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LATIN AMERICA AND UNITED STATES

MILITARY ASSISTANCE

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SELECTED ASPECTS OF US RELATIONS WITH LATIN AMERICA-ASUMMARY

Long before their successful revolt the thirteen English colonies had established with Spain's Latin American empire extensive trade relations--some legal, many contraband. During the eighteenth century New England commerce grew and became fashioned into the "triangle trade" whose base rested upon the Caribbean. In the year 1766 American ports recorded the entry of more than 1400 ships from the West Indies. Pacing this expansion of trade, a territorial advance southward along the eastern seaboard had carried the British toward Florida and into the Caribbean, the traditional focal point of Spain's New World holdings. Into the Anglo-Spanish struggle for trade, for territory, and for control of the seas the Revolutionary War projected an impotent Confederation and, in 1787, the untried constitutional republic. The American Revolution also projected democratic ideas into the dependencies of Spain that were soon to become the independent states of Latin America.[1]

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1. Alfred B. Thomas, Latin America (New York, 1956), 697, 698.

From the moment that the treaty of 1783 was signed, the US replaced Britain as Spain's principal rival in the New World. At the same time Britain's attitude toward her former colonies underwent fundamental revision. For by then the British had flourishing establishments on some of the West Indian Islands and in Central America, and they possessed a vigorous and valuable commerce and a naval and merchant fleet that was coming to be paramount in the Atlantic. They had developed national policies and practices which, sustained in many instances by international law and precedents, protected their traditional position as a maritime empire. To British eyes the upstart Republic appeared as a future challenger for predominance in the New World. As a consequence Britain's attitude toward the US crystallized into a policy not unlike that which a later epoch would term "containment." But events in Europe prevented the British from making the containment of the US a full-time occupation. Engated by the revolutionary upheaval on the continent that culminated in the wide spread and all-absorbing Napoleonic wars, Britain was forced at times to let develop what amounted to a power vacuum in the Western Hemisphere. And in the familiar aphorism of Samuel F. Bemis, "Europe's distresses were America's advantage."[2]

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2. Alexander Marchant, "Britain and the United States in Latin America Before 1865," Current History, XXVIII (Mar 55), 143-145; Samuel F. Bemis, The Latin American Policy of the United States (New York, 1943), 18.

During this violent Napoleonic era, when the political map of the world was being shaped and reshaped, the initial Latin American policy of the US aimed at forestalling the acquisition of the Spanish provinces on its own borderlands by a European rival more powerful than the disintegrating Spanish Empire. The new nation did continue the colonial tradition of cultivating commercial relations with Latin America, and trade with that area grew steadily. But important as this trade might have been, control of the lands to the south, southwest, and west meant much more to the early leaders of the Republic. For at stake, virtually, were the nation's independence and security as well as its dream of becoming a continental Republic extending from the Atlantic to the distant Pacific. This policy inspired the purchase of the Louisiana territory which the French Emperor had filched from Spain; it was certainly a sharper goad to the unsuccessful war with Great Britain in 1812-1815, than was the desire to vindicate the rights of neutrals on the high seas; and it provoked the Florida

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question and led eventually to the inclusion of that territory within the national dominion.[3]

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3. Thomas, Latin America, 698; Bemis, Latin American Policy of the US, 48.

To say that the initial Latin American policy of the US was motivated largely by self-interest is not to agree that it lacked completely in political idealism. From its beginning in 1808 the United States displayed sharp interest in the independence movement in that vast area stretching from California to Cape Horn. It received cordially, though unofficially, the emissaries of the rebel governments, encouraged them, and advised them how to purchase arms, munitions, and even ships in US ports. In fact the US stopped just short of supplying the revolutionists with weapons from its own arsenals.[4]

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4. Julius W. Pratt, A History of United States Foreign Policy (Englewood Cliffs, 1955), 173; Bemis, Latin American Policy of the US, 32.

Thus the South American patriots received sympathetic support from their northern neighbors in the fight for independence. And the struggle, by its patent analogy to the US struggle for freedom from another European power, quickened the growing sense of hemispheric solidarity.[5]

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5. Arthur P. Whitaker, The Western Hemisphere Idea: Its Rise and Decline (Ithaca, 1954), 20, 21.

Though sympathetic to the Latin American cause and becoming increasingly dedicated to the proposition that the peoples of the Western Hemisphere stood in a special relationship to one another which set them apart from the rest of the world, the US nevertheless had to be circumspect and covert in giving aid and comfort to the rebels for fear that Spain would shy from negotiations looking to the cession of all of Florida to the US. But by 1821 the objectives of both the Spanish colonies and the US had been attained: the former had won their independence, while the latter had secured Florida and a boundary to the Louisiana Purchase.[6]

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6. Marchant, "UK and US in LA," 145; Thomas, Latin America, 699.

The following year the US Government began to extend de jure recognition to the new regimes in Latin America. In that same year the Holy Alliance began toying with the notion of aiding Spain to reconquer her colonies and drew from President Monroe in 1823 a public and solemn warning to European states to keep hands off America. Although both its interpretation and its weight in our policy have varied greatly at different periods, the Monroe Doctrine remained the keystone in US-Latin American relations to recent times. Indeed, one distinguished scholar and authority on the message of 1823 has written recently: "Time and the course of events have altered the scope and perhaps diminished the relevancy of the Monroe Doctrine; but this protean idea is not to be pronounced extinct." Its principles may be thus summarized:[7]

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7. Thomas, Latin America, 699; Dexter Perkins, A History of the Monroe Doctrine, (rev ed., Boston, 1955), 33.

(1) the American continents, were henceforth not to be considered as subjects for future colonization;

(2) the US would consider any attempt of European powers to extend their political system to any part of the Western Hemisphere as dangerous to its peace and security, but existing colonies would not be disturbed.

(3) any intervention by any European power for the purpose of oppressing or controlling any American government would be viewed as "manifestation of an unfriendly disposition towards the United States;"

(4) the US would not interfere in the internal concerns of European powers;

(5) with "movements in this hemisphere, we are of necessity more immediately concerned."[8]

8. Text published in ibid, 394-396.

The restoration of crumbled Spanish sovereignty in the New World, carrying with it the prospect of a return to earlier restrictive trade practices was a disturbing proposal to the British--as disturbing perhaps as the giant strides taken toward Latin America by the US since 1783. For these and other reasons Great Britain, whose fleet was to give meaning to the bold pronouncement of the American president, followed a policy parallel to that of the US and opposed the New World intervention in the interest of absolutism on the part of her Holy Allies.[9]

9. Marchant, "UK and US in LA," 144-146; Pratt, History of US Foreign Policy, 181.

Once the specter of Quadruple Alliance intervention in the New World had been exorcised the Latin American policy of the US again focused on the borderlands where beckoned the "Manifest Destiny" of continental expansion. After the acquisition of Texas, the winning of clear title to Oregon south of the 49th parallel, the war with Mexico and the securing of the Rio Grande boundary, US interest centered on the seaways and the island outposts that controlled the isthmian transit between the two ocean coasts of North America. This preoccupation fostered filibustering expeditions in Cuba 1849-1851 and later, in 1854, a demand for its annexation. It also brought the northern republic into collision with Great Britain in Central America.

In the dark days of the sectional crisis of 1850, Washington accepted a compromise which was embodied in the Clayton-Bulwer Treaty. By its terms both powers agreed to pursue a hands-off policy in Central America and pledged themselves to give moral support to any group of capitalists who would undertake the construction of an isthmian waterway.[10]

10. Richard W. Van Alstyne, "Britain in Latin America After 1865," Current History, XXVIII (Mar 55), 149; Bemis, Latin American Policy of the US, 72; Pratt, History of US Foreign Policy, 237.

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During these 3 decades following its enunciation the Monroe Doctrine had not been officially brandished in reference to South America even when conditions seemed to demand it. And in the 1840's and 1850's the doctrine was not fully adhered to in the Caribbean, a region where US interests were most vitally at stake. The doctrine had not, however, been abandoned; but little could have been gained by further defiance of European powers in regard to Central and South America at a time when the US was working her own will in respect to Texas and the Far West. Nor could action be taken at that time in defiance of the fact that Spain, France, and Great Britain all held colonies and naval bases much closer to the isthmus and that France and Britain, at least, far surpassed the US in naval strength.[11]

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11. J. Fred Rippy, South America and Hemisphere Defense (Baton Rouge, 1941), 3, 4; Pratt, History of US Foreign Policy, 289.

If the Clayton-Bulwer Treaty signalized in the historical circumstances of 1850 a victory for American diplomacy, it nevertheless ran contrary to long-range US policy, explicit in the message of 1823, of treating all of North and South America as in the US sphere of influence. But the intersectional controversy resulting in the Civil War absorbed the nation's attention and energies, and it was not until the South was humbled in 1865 that the US became free to consolidate its position in the Western Hemisphere. The ill-starred Mexican venture of the Austrian Hapsburg, Maximilian, under the auspices of Louis Napoleon, helped popularize the Monroe Doctrine as an article of faith in the American credo. Yet during the brilliant diplomatic campaign masterfully conducted by William H. Seward against the intervention never once did the Secretary of State mention the Doctrine by name in his correspondence with the French. And until the 1880's the Doctrine, in its international context, expressed little more than a vague ambition.[12]

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12. Perkins, History of the Monroe Doctrine, 122, 132; Van Alstyne, "UK in Latin America," 150.

Although Britain began early in the nineteenth century playing the role of investment banker to Latin America, substantially in the same manner that she did to the US itself, it was in the period following the American Civil War that the expanding capitalist-industrial economy of Europe first fell with heavy impact on Latin America. Great Britain captured the lion's share of the Latin American export trade while France, whose intellectual influence remained strong in the last quarter of the century, and Spain, who was now promoting a cultural rapprochement with her former colonies under the aegis of a Pan-Hispanic movement, were her principal competitors. Somewhat later Germany became her chief rival.

By 1871 two German steamship lines were providing regular service to Latin America, and Germans in considerable numbers emigrated to the ABC countries as well as to Mexico, Guatemala, and Venezuela. With the growing economic strength of the German Empire, investments followed settlements. Just before the turn of the century about 400,000 persons of German orgin had settled in Latin America, investments totaled about 1/2 billion US dollars, and trade, carried mostly in German bottoms, averaged about $145 million annually. On the eve of World War I these figures had risen to 700,000, $2 billion and $470 million, respectively. As early as 1885 admiration for Prussian military techniques elicited from Chile an invitation for a German military mission. By 1900 a number of German and French military missions were employed in divers Latin American countries.[13]

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13. Lee Ellerich, "France in Latin America," Current History XXVIII (Mar 55), 167; Herbert Dorn, "Germany in Latin America," ibid., 168-169; Arthur P. Whitaker, "The United States in Latin America Since 1865," ibid., 155; Edwin Lieuwen, Arms and Politics in Latin America, (New York, 1960), 32-33.

Conversely, in the two decades following Appomatox, the United States lost ground in her export trade with Latin America. Though intense economic activity marked this period at home, the United States had as yet little surplus capital to invest abroad. Perhaps no American statesman of the time understood better than James G. Blaine, enfant terrible of the Republican Party, the menacing aspects of this European trade activity to the industrial growth of the United States. Uneasiness on this score, together with the desire to provide for the peaceful settlement of inter-American disputes prompted Blaine to bend his efforts to promoting the first Pan-American Congress, which assembled in Washington in 1889. Among the subjects discussed were: the adoption of an inter-American Zollverein or customs union, standardization of trademarks and patents, improved rail and steamship connections among the American states, creation of a Pan-American monetary union, and finally, a definite system for the arbitration of international disputes. Although the tangible results of this first Congress were meager, discussion of a number of common problems did much to dispel the mutual jealousies and suspicions. This Congress was the forerunner of a series of later conferences which culminated in the present Organization of American States (OAS) chartered at the Bogota Conference of 1948.[14]

14. Whitaker, "US in LA," 155; Arthur M. Schlesinger, Political and Social History of the United States 1829-1925 (New York, 1929), 410-411.

This new development in the Latin American policy of the United States--its Pan-American policy--evolved slowly and in the next two decades was nearly totally eclipsed by an equally new departure, called "imperialism" by its critics, which found its application chiefly in Latin America and particularly in the Caribbean area.[15]

15. Whitaker, "US in LA," 155.

Signs of this new spirit in foreign affairs were clearly visible by the 1890's when, as Alfred Thayer Mahan expressed it, the United States was "looking outward." Economically it was rooted in the growth of American industry and agriculture, seeking new outlets for the products of its farms and factories, and, in the development of American finance, looking for new investment opportunities. It found spokesmen such as Henry Cabot Lodge in the political, Mahan in the naval, John Fiske in the academic, and Josiah Strong in the religious field. It was at once reaction to and emulation of the new surge of European imperialism which swept over a large part of Africa and Asia in the second half of the nineteenth century. It contributed to and in return received a powerful stimulus from the events of the Spanish-American War. And it enlisted in its service the Monroe Doctrine.[16]

16. Arthur P. Whitaker, The Western Hemisphere Idea: Its Rise and Decline (Ithaca, 1954), 91, 92; Pratt, History of US Foreign Policy, 368-372.

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Reinterpreted by President Cleveland during the Anglo-Venezuelan border dispute in 1895, the principles of 1823 pretended to nothing less than hemispheric hegemony. Theodore Roosevelt, suspicious of the debt collecting expeditions of European powers in Latin America, proscribed European intervention under the Doctrine and claimed for the United States the right and duty to exercise "international police power" whenever "chronic wrongdoing" in a Latin American country made this necessary. This was the so-called "Roosevelt Corollary," which was, at the same time, the "Contradictory" of the Drago Doctrine, named for the Argentine Minister of Foreign Affairs, who had proposed in 1902 the adoption of an inter-American policy prohibiting armed intervention by any power in any American state for the collection of a public debt. Viewed against the backdrop of his highly dubious machinations in securing canal rights in Panama, Roosevelt's appeal to international morality might appear to be another case of the devil quoting scriptures. Yet it would be cynical not to recognize that the Latin American policy of Roosevelt and the expanionists of 1898 contained a generous element of missionary zeal to carry the gospel of democracy and good government to their politically benighted neighbors to the South--a sort of Yankee version of "White Man's Burden." And although the protective mantle of benevolence thus cast over US policy was scarcely ample enough to cover the ruder outlines of "dollar diplomacy," charges that the Caribbean policy of the United States was essentially one of "financial imperialism" are not sustained by the facts. The dominant motive was certainly political and strategic and not economic. For with the acquisition of the Canal Zone and the construction of the waterway it became a matter of utmost importance in the American defense system that the US itself should control the bases requisite for defense of the canal and that no great rival power should obtain a foothold in the vicinity or on the approaches to it.[17]

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17. Pratt, History of US Foreign Policy, 412, 413; Herbert L. Matthews, "Diplomatic Relations," in The United States and Latin America (New York, 1959), 147-149.

These circumstances help perhaps to explain the sudden concern which the United States began to manifest after the turn of the century in the prevention of revolutions in the nearby countries of Latin America--a seemingly strange reversal of the traditional sympathy with which the American people have generally viewed the subject of revolution and the inherent right of a people to overthrow an oppressive government. As one method of carrying out its broad policy of discouraging revolutions, promoting stability, and protecting American interests in those countries that occupied positions of strategic importance to continental and isthmian defense, the United States began in 1905 the regulation of arms exports. And although the traditional freedom for private American citizens to engage in the export of war materials was still insisted upon, the new policy was applied to the Dominican Republic from 1905 to 1922; it was used intermittently from 1912-1929 with respect to Mexico; and after 1920 it was applied to Honduras, Nicaragua and Cuba.[18]

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18. After 1919 the policy was also applied with respect to China. And in one instance it was invoked with respect to Brazil. Having applied on 22 October 1930 a formal embargo on arms shipments to the Brazilian rebels led by Dr. G. Vargas, Washington was almost immediately confronted with the embarrassment of the revolution's triumph 2 days later. Elton Atwood, American Regulation of Arms Exports, (Washington, 1941), 19, 158, 163-164.

In some instances the restrictions on arms exports during the period 1905-1930 were applied for corollary reasons such as: to bring pressure to bear against a particular government whose policies or actions were displeasing to the United States; to promote "constitutional" or "legitimate" government as contrasted with governments which came into power by violent revolution; and to keep arms from reaching groups who were actively opposing American military or naval intervention. What one authority characterizes as "the most blatant, inexcusable and futile" example of interventionism in the history of US-Latin American relations were the activities of President Wilson which among other things involved the manipulation of the arms supply to Mexico in the period 1913-1917. After arming and encouraging Carranza and Pancho Villa against Huerta, he next found it necessary to occupy Vera Cruz to cut off Huerta's revenues and source of European arms and ammunition.[19]

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19. Ibid., 162; Matthews, "Diplomatic Relations," 151.

Thus while "protective imperalism" brought the United States to a position of overlordship in the Caribbean-Central American area and later dragged the great American idealist into the strange byways of interventionism, it did not, for a variety of reasons, result in an immediate extension of US influence in South America. European influences remained powerful in the southern continent. Even from the standpoint of economic ties the boom era in the trade of the United States and South America did not really begin until 1916, and for this development the First World War was mainly responsible.[20]

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20. Rippy, South America and Hemisphere Defense, 48; Van Alstyne, "UK in Latin America," 150.

For some time before the turn of the century the chancellories of Europe had devoted considerable attention to the relationship between the export of munitions to South American countries and their own broader national objectives.

Relying largely upon military prestige to gain a footing for their military and naval missions abroad, European nations viewed the furnishing of armaments to nonmanufacturing countries as one means of fostering their national arms industry as well as their foreign trade. As noted elsewhere, by 1900 German and French missions were operating in several Latin American countries. In that area, as indeed in the entire world, there was scarcely a navy that had not at some time or another been influenced by British training, equipment, or construction methods. Great Britain had no rival until the growing prestige of the US Navy during the Rough Rider's administration placed US companies in a position to enter the competition of supplying naval armaments to the American republics.[21]

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21. (C) MS, Army Industrial College, (OCMH files) seminar on "Implications of Export of Munitions to Other American Republics," 21 Dec 44, AM sess, 2-4.

The Taft administration took advantage of a South American naval arms race, provoked by Brazil's ambitious program of construction in imitation of the great powers, to try to draw Argentina and her neighbors closer to the United States. As part of this so-called "battleship diplomacy" the State Department instructed American ministers in Buenos Aires and other capitals to assist United States

firms in obtaining arms contracts. From that time onward contacts with the Argentine Navy were cultivated with such good results that within the next generation naval circles in that nation showed a decidedly friendly attitude towards the United States. On the other hand, this same period witnessed the beginning (in 1912) of the Germanization of the larger and politically more important Argentine Army.[22]

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22. Arthur P. Whitaker, The United States and Argentina (Cambridge, Mass, 1954), 97-98.

If Yankee vendors of naval armaments enjoyed a mild success in winning friends for the "Colossus of the North" in certain South American circles, they were patently less successful in selling their hardware. For at the outbreak of World War I the United States had been able to supply to Latin America only two or possibly three gunboats. Indeed, few sales were made until the US adopted the practice of European nations and began sending naval and military missions to other American republics. The vanguard of US naval missions to South America arrived in Brazil in 1918. That same year the first of the Brazilian, British-built battleships sailed northward to undergo modernization in a US navy yard.

This first United States naval mission to Brazil apparently operated under some wartime executive authority, for it was not until 1920 that Congress acted favorably on legislation sponsored jointly by the State and Navy Departments which, in effect, authorized the president to detail naval missions to South American countries. Under this authority a mission was dispatched to Peru in that same year and in 1922 the mission to Brazil, the only South American nation to follow the US into the First World War, was substantially enlarged.[23]

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23. (C) MS, AIC seminar, AM, 4; (S) ODCSOPS, "Chronology of Pertinent Authority for U.S. Military Missions," Tab 1.

At this time the able Secretary of State, Charles Evans Hughes, declared that the aim of the naval mission was to help Brazil develop a naval capability of protecting her own seacoast and thus to make it unnecessary during any future war to divert for this purpose ships from the United States fleet. This declaration of purpose on the part of one whose public utterances and actions tended to give assurance that the interference of the US would be limited to the Caribbean area certainly covered no sinister designs for the projection of US "protection" to the far reaches of the southern continent. It appears rather to represent one early manifestion of a changing US attitude toward Latin America which, evolving after World War I in a new frame of world politics, was to produce a policy that leaned upon mutual cooperation instead of the "Big Stick."[24]

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24. Perkins, History of the Monroe Doctrine, 334; Latin American Policy of the US, 202.

During the Coolidge administration Secretary of the Navy Curtis D. Wilbur provided a more detailed definition of the policy objectives of military missions to Latin America. They were, he stated, "to educate, indoctrinate, guide and train the personnel along lines of the US Navy, to encourage the use of material of standard pattern, and to foster friendly relations." Furthermore he implied that a fourth objective was to encourage Latin American officers to

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aspire for professional and technical training in US military and civil institutions. An act of 19 May 1926 broadened the base for military missions by authorizing the president to detail to this assignment army and marine corps personnel as well as those of the navy. This act is the statutory authority for current service missions to Latin America.

Although the first ground mission under the provisions of this act--an army mission to Guatemala--was not established until 1930, it should be borne in mind that the soldiers had already been engaged for nearly 3 decades in training and modernizing the armed forces of the Caribbean republics and of two of the Central American republics. The US military men, of course, had not been invited by the host countries. But, as instruments of the general national policy of promoting political stability and more responsible government in those countries in which the United States intervened by force of arms, they had undertaken professional military instruction. Thus, after the second military occupation of Cuba in 1906, US Army officers labored to establish a responsible, professional, nonpolitical army in the island republic. In Haiti the US Marines undertook similar tasks from 1915-1934, in the Dominican Republic in 1916-1934, and in Nicaragua during the 1926-1931 occupation. In Panama US Army officers directed the reorganization of that country's police force from 1918 to 1919.[25]

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25. (C) MS, AIC seminar, AM, 5; (S) Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on foreign and US missions in Latin America, ca. 1954. 10; Lieuwen, Arms and Politics, 33.

Professor Bemis points out in his classic study of the Latin American policy of the United States that the progressive liquidation of imperialism during the 1920's and the formal inauguaration of the Good Neighbor policy in the early 1930's was made possible by the apparent disappearance following Versailles of any danger from Europe. At the Washington Conference (1921-22) the great naval powers of the world formally recognized the naval dominance of the United States in the Western Hemisphere. Furthermore, by the end of that decade the United States, with rapidly increasing investments in South America as well as in the Caribbean area, captured first place in the export trade of Latin America, and US investments in Latin America totaled over $5 1/2 billion, the largest single investment of American capital outside of the United States.[26]

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26. Bemis, Latin American Policy of the US, 202-225; Thomas, Latin America, 704.

In these circumstances US strength was at the same time its weakness. Fear of economic domination added dangerous fuel to the fires of Yankeephobia, already well nourished by growing nationalism. Wall Street became to the generality of Latin Americans as opprobrious a symbol as it was to farmers of the United States itself in the days of William Jennings Bryan. Moreover, quickened economic penetration lost for the United States much of the support it had formally had among Latin American liberals. For the latter had become "alienated by the unholy alliance, as they regarded it, between expanding Yankee business enterprise and the reactionary oligarchies" in their own countries.[27]

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27. Whitaker, The Western Hemisphere Idea, 128-129.

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Although the first ground mission under the provisions of this act--an army mission to Guatemala--was not established until 1930, it should be borne in mind that the soldiers had already been engaged for nearly 3 decades in training and modernizing the armed forces of the Caribbean republics and of two of the Central American republics. The US military men, of course, had not been invited by the host countries. But, as instruments of the general national policy of promoting political stability and more responsible government in those countries in which the United States intervened by force of arms, they had undertaken professional military instruction. Thus, after the second military occupation of Cuba in 1906, US Army officers labored to establish a responsible, professional, nonpolitical army in the island republic. In Haiti the US Marines undertook similar tasks from 1915-1934, in the Dominican Republic in 1916-1934, and in Nicaragua during the 1926-1931 occupation. In Panama US Army officers directed the reorganization of that country's police force from 1918 to 1919.[25]

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25. (C) MS, AIC seminar, AM, 5; (S) Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on foreign and US missions in Latin America, ca. 1954. 10; Lieuwen, Arms and Politics, 33.

Professor Bemis points out in his classic study of the Latin American policy of the United States that the progressive liquidation of imperialism during the 1920's and the formal inauguaration of the Good Neighbor policy in the early 1930's was made possible by the apparent disappearance following Versailles of any danger from Europe. At the Washington Conference (1921-22) the great naval powers of the world formally recognized the naval dominance of the United States in the Western Hemisphere. Furthermore, by the end of that decade the United States, with rapidly increasing investments in South America as well as in the Caribbean area, captured first place in the export trade of Latin America, and US investments in Latin America totaled over $5 1/2 billion, the largest single investment of American capital outside of the United States.[26]

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26. Bemis, Latin American Policy of the US, 202-225; Thomas, Latin America, 704.

In these circumstances US strength was at the same time its weakness. Fear of economic domination added dangerous fuel to the fires of Yankeephobia, already well nourished by growing nationalism. Wall Street became to the generality of Latin Americans as opprobrious a symbol as it was to farmers of the United States itself in the days of William Jennings Bryan. Moreover, quickened economic penetration lost for the United States much of the support it had formally had among Latin American liberals. For the latter had become "alienated by the unholy alliance, as they regarded it, between expanding Yankee business enterprise and the reactionary oligarchies" in their own countries.[27]

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27. Whitaker, The Western Hemisphere Idea, 128-129.

Essentially for these reasons, Latin American resentment of the United States seethed during the early 1920's and boiled over at the sixth Inter-American Conference at Havana in 1928. When the conference adjourned it had become clear that to keep the Pan-American movement from foundering the US must alter the set of its sail. The underlying political questions which threatened to upset the "union" centered about the reluctance of the United States to accept wholeheartedly the doctrine of nonintervention which most Latin American countries regarded as the sine qua non of a viable system of American states. Although Washington, in the same mood of international conciliation that animated Secretary of State Kellogg's proposal of the same year for the renunciation of war as an instrument of national policy, declared for the pacific settlement of disputes between American states, it refused specifically to give up the right of intervention as a last resort when justice was denied and arbitration refused.[28]

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28. Bemis, The Latin American Policy of the US, 253; Whitaker, Western Hemisphere Idea, 128-129.

Nearly coincident with this low water mark of Pan-American sentiment reached at Havana in 1928 was the crisis in inter-American economic affairs arising from the onset of the great depression. The collapse of international trade and the necessity for reviving US industry and Latin American raw material production demanded a radically new departure in inter-American economic as well as political affairs. The Hoover administration made some moves to alleviate the economic woes of Latin America, but it was President Roosevelt who went the farthest in this direction. On 14 April 1933 the President formally gave voice to the principles of the Good Neighbor policy in his Pan-American address of 14 April 1933, and after subscribing to the political principle that henceforth no American nation should intervene in the internal affairs of another American nation, the President prescribed for hemispheric economic ills a policy of reciprocal trade. Trade agreements, eventually negotiated with most of the Latin American countries resulted in a huge increase in inter-hemispheric trade during the following years. On the political level the mutual suspicions and malaise formerly existing in the inter-American system were greatly alleviated by a number of conferences: at Montevideo in 1933, which produced a convention on the rights and duties of American states; at Buenos Aires in 1936, that brought forth a declaration of solidarity and established a procedure for consultation in emergencies; and at Lima 2 years later, that resulted in "the Declaration of American Principles," reaffirming the intention of the American republics to support each other in case of attack by any non-American state and providing specifically that their foreign ministers would assemble to decide on policies and plans for common action. Such meetings convened at Panama in October 1939, following the outbreak of war in Europe; at Havana in July 1940, following the fall of France; and at Rio De Janerio in January 1942, after Pearl Harbor.[29]

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29. Thomas, Latin America, 704; Howard Cline, "The Inter-American System," Current History, XXVII (Mar 55), 180-181; Conn and Fairchild MS, 173.

Although the Good Neighbor policy was laying the foundations of closer military relations between the United States and its southern neighbors for a later, more troubled epoch, during most of the period in which it was evolving the US Army had the slenderest of associations with its opposite numbers in Latin America. By 1938 the army had only 6 military attaches among the 20 Latin American Republics plus missions in Brazil and Guatemala. This limited army representation in Latin

America resulted mainly from the workings of two larger policies; first, a political one of avoiding any activity that might be interpreted as an intrusion in the military affairs of Latin America, carried out even to the extent of discouraging private munitions sales by American manufacturers; and second, a military policy of limiting the mission of the armed forces to the defense of continental United States. Both policies reflected the prevailing climate of isolationism as well as popular revulsion, heightened by such "revelations" as the Nye Committee hearings on the "merchants of death," against traffic in arms and war materiel as an evil per se.[30]

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30. Whitaker, Western Hemisphere Idea, 141,142; Walter Millis, Arms and the State (New York, 1958), 16; Conn and Fairchild MS, 173.

While contacts between the US navy and its counterparts in Latin America were somewhat more extensive than those of the army, they were nevertheless sharply limited by these general attitudes and policies, which also sidetracked progress toward the mission objectives enunciated by Secretary Wilbur in the mid-twenties and which threw much of the Latin American armament trade back to European purveyors, chiefly Germans and Italians. Except for military airplanes and airplane parts US arms sales were negligible, averaging about $10 million per year for the period 1936-39. In 1938 naval missions were, however, operating in Brazil, Peru, Argentina, and Columbia. And in respect to the origin of Latin American naval materiel, the situation on the eve of the World War II was more favorable than in World War I. For out of 166 naval vessels of all types in commission in the other American republics Britain had furnished 63, the United States 25, Italy 20, Spain 18, Germany 17, while Portugal, the Netherlands, Finland and Russia had provided the remaining 15.

Owing largely to the early efforts of naval, and later to those of army air missions, the above countries had purchased 584 of the 800 American aircraft sold to Latin America before the passage of lend-lease in the spring of 1941. There were then 1175 aircraft in all of Latin America of which 284 of the 375 non-American planes had been supplied by Germany and Italy. And by that time Axis penetration of Latin American civil aviation had been virtually eliminated. In achieving this timely result the United States Government had used the Pan-American Airways system as the instrument for obtaining air control.[31]

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31. (C) MS, AIC seminar, AM, 3, 4; Stetson Conn and Byron S. Fairchild, "The Framework of Hemisphere Defense" (galley proofs of unpublished MS in OCMH files), 208. For a detailed treatment of the process by which Axis aviation was eliminated see Conn and Fairchild op.cit. especially Chapter X, 238-264, which carefully delineates the War Department role in the affair.

Though isolationists clung fervidly to the hope that the 1935-1937 neutrality legislation would insulate the "hemisphere of peace" from the broils of Europe, the growth of Nazi and Fascist organizations in Latin American countries, the rapid expansion of foreign propaganda, the underwriting of arms sales, the provision of military missions, and the extraordinary efforts of the Germans to develop trade caused increasing uneasiness in Washington. In January 1938 the Department of State, rather than the armed services, took the initiative in convening an informal interdepartmental conference to discuss ways and means of providing greater military assistance to the other American republics. After this meeting, State proposed such measures as: train-

ing additional Latin American students in United States service schools; more frequent "good will" visits of naval vessels and demonstration flights of service aircraft; invitations to high-ranking Latin American officers to visit the United States; and provision of service publications. The State Department also recommended that additional qualified military and naval attaches be assigned to Latin America. Not only was the War Department prepared to act upon these proposals but in April of the same year it advocated the establishment of additional missions and advanced two other suggestions that foreshadowed formal governmental action: the backing of American-owned commercial aviation interests in Latin America and the active promotion of American munition sales.[32]

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32. Whitaker, Western Hemisphere Idea, 141-142; Conn and Fairchild MS, 173-174; Wm. L. Langer and S. Everett Gleason, The Challenge to Isolation 1937-1940 (New York, 1952), 39-40.

That same month Secretary Hull proposed the creation of an inter-departmental committee to deal with these problems in a coordinated fashion. Established with the President's approval, the organization that finally emerged was the Standing Liaison Committee consisting of Under Secretary of State Sumner Welles, Chief of Staff George Marshall, and the Chief of Naval Operations, Admiral Stark. Concerning itself primarily with hemispheric defense problems, the committee displayed much anxiety about the numerous German and Italian military missions in Latin America, about Nazi control of commercial air lines in Brazil and Colombia and particularly about German arms shipments to Brazil, Uruguay, and the Argentine.[33]

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33. Langer and Gleason, Challenge to Isolation, 40, 41; Conn and Fairchild MS, 173, 174.

To offset Nazi and Fascist influences of this sort President Roosevelt instructed Mr. Welles in November 1938 to seek to have adopted legislation that would permit the War and Navy Departments to sell at cost to Latin American republics certain of their surplus military materiel. This course of action, however, was effectively blocked by legal and legislative hurdles until June 1940 when the Pittman Resolution (Public Resolution 83, 76th Congress) was passed which provided that "the President may, in his discretion, authorize the Secretary of War to manufacture in factories and arsenals under his jurisdiction, or otherwise procure, coast-defense and antiaircraft materiel. . . ." and subject to certain provisons, to sell these types of munitions to American republics. Although a reinterpretation of existing statutes cleared the way for sales of other types of equipment as well, the revised policy had little immediate effect. For despite US recognition of the military impotence of most of the Latin American states, their need for additional armaments, and their general inability to pay for them, its own rapid military expansion after the fall of France to meet the Axis threat, and the extensive transfer of military equipment to beleaguered Britain all but eliminated any "surplus" of even obsolete materiel. For acquiring the latter Latin Americans had previously displayed scant enthusiasm. They wanted modern not obsolete arms, and because of their meager resources needed bargain basement prices and easy credit.

This situation greatly complicated the problems relating to Latin America and hemispheric defense at a time when these issues appeared to be the most urgent. Staff conversations, held after the Havana Conference, between the army and officials of 16 Latin American countries and intended primarily to insure the availability to US

forces of Latin American land, air, and sea base facilities, fell far short in many instances of achieving the desired results, principally because the army was virtually powerless to do anything about providing them with arms. This circumstance prompted American ambassadors in a number of countries to advise against further military conversations until the US was able to offer concret assistance towards local external and internal defense.[34]

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34. Conn and Fairchild MS, 182, 211; Langer, Challenge to Isolation, 607.

Aside from the scarcity of weapons, there was another formidable barrier to understanding interposed between North and Latin American arms negotiators during the prewar period. This resulted from diverging strategic concepts which led in turn to differing opinions concerning the type of armament required by the Latin American countries. Approved US war plans envisaged that the principal defense against any Axis assault in strength in any area of the hemisphere would have to be provided by US forces. Consequently, US planners viewed the problem primarily as one of furnishing Latin American countries with enough arms to maintain internal security and to fend off external attacks until the arrival of US forces. Conversely, such a limited defensive role lacked appeal for the Latin Americans. The larger nations aspired to a more active part in any extended hemispheric defense operation and for this purpose, they desired modern, balanced forces, equipped for offensive as well as purely defensive operations.

Guidance on these and related matters was provided by Presidential approval of a policy statement, developed by the War Department and Standing Liaison Committee, in August 1940. It provided:

> a. For arming the countries named to the extent by our estimate of their requirements:
>
> (1) (a) Brazil - To insure her ability to defend herself against a major /Axis/ attack from neighboring states, or from overseas, and against internal disorder, until U.S. armed aid can arrive in sufficient force to insure success.
>
> (b) Mexico - To insure her ability to defend herself against any probable attack from overseas, and against internal disorder, until U.S. armed aid can arrive in sufficient force to insure success.
>
> (2) Ecuador, Colombia, and Venezuela - To insure their ability to meet and repel any probable minor attack from overseas and to insure their internal stability.
>
> (3) Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Cuba, Haiti, and the Dominican Republic - to insure internal stability.
>
> (4) Argentina, Chile, Paraguay, Uruguay, Bolivia, and Peru - To be determined after requirements for the other republics have been computed and plans to supply them have been approved.
>
> b. For providing these items on financial terms these Republics can meet.
>
> c. For assistance in the matter of military, naval, and industrial personnel.
>
> d. For adjusting the economic relations between the United States and Latin American states to insure the latter's political cooperation. Financial arrangements to accomplish this adjustment should be made on the basis of accepting the loss as a proper charge against our National defense.

The few months following this statement of policy witnessed the working out of details for the establishment of an organization to handle all Latin American munitions requests transmitted by the Department of State and to draft a comprehensive program for future arms aid for that area. The charter for the new organization, known as the Joint Advisory Board on American Republics and composed of three army and two navy members was formally approved in mid-December. And in February 1941 it was decided to include Latin America in the lend-lease program, which was approved the following March. But for reasons of over-all strategy, potently beyond the control of this new organization, the problem of arms supply continued to overshadow the military aspects of US relations with Latin America. As the US Army historians of the subject have put it:

> ...its record is a story of good intentions, extensive planning, and refinement of policy by Army staff officers, but of almost no performance on the part of the United States; on the part of the Latin Americans it is a story of exaggerated and frustrated hopes and of understandable irritation.[35]

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35. Conn and Fairchild MS, 214, 211-217.

One of the measures helping to preserve a spirit of hemispheric cooperation despite such vexations was the establishment of an inter-American defense board in the spring of 1942. Proposed by the Department of State and adopted by the Rio de Janiero Conference of foreign ministers, the Inter-American Defense Board (IADB) served throughout the war as a safety valve through which all 21 of the American republics could vent their views and recommendations. The US representation on the IADB consisted of an army general and navy flag officer; the army provided the Board with a secretariat of about 20 officers; and most of the Latin American countries were represented by their military, naval, and air attaches in Washington. Although the bulk of hemispheric defense arrangements between the United States and its southern neighbors continued to be handled on a bilateral basis, thus limiting the work of the board to military matters of only peripheral significance in the conduct of the war, its continuance during the war provided the American nations with a vehicle for maintaining close military association in the postwar period.[36]

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36. Perkins, History of the Monroe Doctrine, 363; Conn and Fairchild MS, 198-200.

In the spring of 1943 production in the US reached a level that permitted regular deliveries of arms to Latin America, but by that time the possibility of a major Axis attack upon the Western Hemisphere appeared remote. From the beginning of the lend-lease program it had been US policy to grant arms aid to the Latin American only for the purpose of hemispheric defense. Thus, heavy offensive weapons and chemical warfare toxic agents were excluded. The sole departure from this policy was made in the case of Brazil and Mexico in order to equip these two nations for their war effort against the Axis overseas. But as foreseen in 1941, some states showed signs of distrust because of arms allocations to others. As a consequence of these developments War and State Department spokesmen agreed in June 1943 that the arms program for Latin America needed re-examination; and in August a revised statement of policy was approved. With only minor exceptions it was adhered to during the last 2 years of the war. It called for continued provision of military equipment to Latin American countries for the following wartime purposes:

(1) The continued development and preparation of such Latin American ground, naval, and air forces with their supporting establishments and installations as may be required for joint employment with forces of the United Nations in anti-submarine and other military operations in defense of our common interests.

(2) The training and equipping of such Latin American forces as may be employed in conjunction with forces of the United Nations in offensive operations overseas.

(3) The repair and maintenance, insofar as may be practicable, of existing equipment and that to be furnished in the future.

(4) The furnishing of munitions and equipment of type and in the quantities best designed to maintain internal stability in those countries whose governments continue to support the United States.[37]

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37. Conn and Fairchild MS, 235, 236.

The final tabulation of all lend-lease aid granted to Latin America during and after the war totaled about $500,000,000. Army aid under the program amounted to about $324,000,000, of which 71 per cent represented military aid to Brazil. While it is true that the military and naval equipment supplied to Latin America amounted to only 1 per cent of the over-all expediture of the US Government under the lend-lease program, it would be misleading to render only a financial accounting of the program as a measure of its and other contributions to inter-American solidarity and the war effort. Sixteen of the southern nations permitted the development on their territory of air and naval bases that were available to US forces during the war and Latin American resources were of incalculable value to the war effort of the United Nations. The lend-lease program the dispatch of military and naval missions, and bilateral staff conversations went a long way toward assuring the military collaboration of the American nations during and after the war.[38]

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38. Ibid., 236, 237.

Lend-lease was, of course, not the only assistance extended to the Latin American countries to enable them to bear more easily their share of the wartime burdens. But it is not necessary to trace here the many steps taken in the economic field to alleviate the desperate plight, resulting from wartime dislocations, of many of the Latin American countries nor to detail the political measures taken against subversion and sabotage. It should be sufficient to say that generally speaking, a structure of intimate collaboration resting on the sound footings of the Good Neighbor policy was erected during the war by the US and other American republics, the only major exception being Argentina, which became a focus of Nazi intrigue and propaganda. But as the war drew near its end, this close collaboration was threatened by a revolution in public opinion and policy by which globalism, in the short space of 4 years, appeared to have supplanted traditional faith in hemispheric exclusiveness. The crux of the matter was this: was the idea of common defense of the Americas, asserted at Havana in 1940 and put into practice in the succeeding years to lose its identity in the more general premise of a world-wide organization for the preservation of the peace?[39]

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39. Whitaker, Western Hemisphere Idea, 168-170; Perkins, History of the Monroe Doctrine, 362-364.

In September of 1943, about the time that the arms policy for Latin America was being revised, this question had been posed in slightly differing form, namely: whether a program for inter-American collaboration would not be a desirable part of the peacetime security system. The Joint Army and Navy Advisory Board on American Republics had been called upon then to study the problem and to draft a postwar program. The problem had also been weighed at various times throughout the remainder of the war by a number of agencies including the IADB, the JCS, and the State-War-Navy Coordinating Committee (SWNCC). The issue was also explored in a new series of bilateral staff conversations.

Both the JCS and the IADB committee on postwar problems arrived at this conclusion: that in the long-term interests of hemispheric security the organization, training, and equipment of the armed forces of the American republics should be standardized, and for this purpose the US should furnish equipment and materiel from surplus stocks. But pending decisions of the Inter-American Conference on Problems of War and Peace (Chapultapec Conference) to be convened from 15 February to 8 Mar 45 in Mexico City and the results of another round of staff conversations, the formulation of a definite policy was deferred.[40]

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40. Byron S. Fairchild, "The Western Hemisphere Defense Program" (from draft MS of history of military assistance program in OCMH files), 31-32.

Reaffirming the solidarity of the American republics and their fidelity to the articles of American faith--democracy, nonintervention and the peaceful settlement of international disputes--the Conference adopted an "economic Charter of the Americas" and a declaration of human rights which the individual governments were enjoined to make effective. It recommended measures for the control of Axis propaganda and centers of influence, and called upon apostate Argentina to accept the principles and policies adopted by the Conference and, thus, to restore the republican communion of the Western Hemisphere to full membership. In the Act of Chapultepec the Conference declared that until the end of the war, any act or threat of aggression against an American state would be regarded as an act against all and would be dealt with by whatever measures were required. For meeting such threats after war's end, the signatories proposed treaty arrangements that would define the measures to be used as well as the procedures for instituting them.[41]

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41. Pratt, Foreign Policy of the US, 765, 766.

But the objectionable character of the Argentine Government, US opinion that that government had failed to carry out the principles that it accepted in adhering to the Mexico City declarations, and the galling retrospect of Argentine pro-Axis activity during the war led Washington to undertake a series of unsuccessful diplomatic maneuvers to eliminate this quasi-Fascist regime in a sister republic. Thus the inter-American conference that was to give permanent form to the collective security arrangements of the Act of Chapultapec was delayed until August 1947 when, the US having abandoned its feud with Peron, the American republics assembled at Rio de Janiero.[42]

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42. Ibid., 266, 267.

With other European countries Chilean relations are more varied. With France, the Low Countries, and other western European nations there are cultural and commercial ties which are strong today. With eastern Europe there have been few contacts. During the later years of World War II, Chile was one of the very few Latin American nations to establish diplomatic relations with the USSR, but this period of friendly contact was a very brief one. In October 1947, after an interchange of communications with the Russian, Yugoslav, and Czechoslovak missions, relations between Chile and these countries were broken off. According to the Chilean Foreign Office, the cause of the break was the subversive activities of two Yugoslav diplomats against the political independence and security of Chile. The break with Russia and Czechoslovakia was based on the allegation that the strikes and disturbances in the mining areas at that time had been instigated by the Communist International directed from the Soviet Union, which was thus conspiring to undermine the political independence of the republic. From this time, Chile has maintained an anti-Communist stand which has been one of the most antagonistic to Soviet policy. The small Yugoslav minorities in the country are, on the whole, sympathetic to the regime in Yugoslavia, and the break with that country was, therefore, scarcely popular with them. The Tito-Cominform struggle later mitigated the situation to some extent.

Latin America*

With Argentina, Chile's relations since its independence have varied between comparative cordiality and the brink of war. That the latter occasions have been few and far between is partly due to the desert and mountain barrier separating the two countries. Where this frontier was less well defined, particularly in the far south, competing claims to territory, unresolved for some 10 years, led to much friction and the threat of armed conflict.

In 1843 Argentina disputed Chile's claim to sovereignty over the Straits of Magellan (the major water passage between the Atlantic and Pacific oceans prior to the Panama Canal). The dispute, although never culminating in armed conflict, was not settled until 1881, when Chilean sovereignty over the Straits was finally recognized by Argentina. The treaty between the two countries also provided that the Straits of Magellan would be neutralized forever and fortifications or military defenses would be forbidden.

In the last half century of turmoil in international relations and many crises in the internal affairs of both republics, Chile and Argentina have pursued courses in some respects parallel, in others greatly divergent. In World War I both nations remained outside the conflict, in the Second War, they were the last two in Latin America to break off relations with the Axis powers. At times the rapprochement has been close, as is witnessed by the Reciprocal Trade Agreement of 1932 and the efforts in 1947 and 1953 to re-establish the 1856-1868 "Free Cordillera" and expand it into a full customs union of the two republics.

The visit of Gonzalez Videla to Argentina in 1947, during which trade and cultural agreements were signed, is an example of the developing friendship between the two nations. Yet there exists also a subtle incompatibility which exhibits itself in three major ways. Politically it is based on an innate suspicious fear of Argentine hegemony in the southern half of the continent. The fear of economic

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* The information in this section has been obtained from the following sources: Butland, Chile, 105-115; Stanford University, Hispanic American Report, XI (Aug 58), 456.

domination is another facet of the suspicion of Argentine hegemony, and accounts for the opposition to a full economic union and the penetration of Chilean development by large-scale investment of Argentine capital, as was suggested in 1946 and 1953, lest Argentina should secure by economic means what would be so fiercely resisted in the political field. And mentally, there is Chilean scorn of some of the Argentinian's psychological characteristics, especially an aggressive confidence often accompanied by ignorance of the neighboring republic.

Fundamentally, except for three unimportant islands and overlapping claims to Antarctic sectors, there is no dispute which divides them in the field of foreign relations. In the case of Antarctica, though Argentina protested the Chilean claim in 1940, in the postwar years the opposition of Great Britain to both their claims has resulted in a working agreement to respect their mutual interests and to act together in the matter. And they have joined with the US in an agreement to refrain from naval demonstrations south of 60° S.

The "perpetual accord" between Argentina and Chile commemorated by the erection in 1902 of the Christ of the Andes statue on the boundary between the two nations was marred by angry Chilean denunciations of Argentine aggression against Snipe Island. The island, small enough to fit inside Mexico City's main bull ring, had been neglected until January 1958 when Chile installed a lighthouse there which Argentina destroyed in May replacing it with an Argentine one which Chile in turn replaced. When the Argentine Navy again destroyed the Chilean installation, this time landing 80 marines, Chile recalled its ambassador from Buenos Aires, students staged protest demonstrations, and Argentine flags were publicly burned in several Chilean cities. Strategically located in the Beagle Channel off the southern tip of South America, the island has assumed added significance with the discovery of oil in Tierra del Fuego. Under international law the maintenance of a lighthouse would doubtlessly have been a telling point when the ownership of the island was finally settled, but the two nations--apparently aware of the folly and danger of alternately performing "acts of sovereignty" on the island--agreed to leave it alone until its fate could be determined by peaceful negotiation.

With Peru and Bolivia, Chile's relations in the past 20 years have been friendlier than at any time in the modern history of Chile. This stems from the fact that the last legacy of the War of the Pacific against these two republics, the Tacna-Arica dispute, was finally settled in 1929.

In the case of Peru the wounds of conflict have generally healed. There exists no bond of great cordiality between the two nations for their geographical bases are so different and their political development poles apart. The short common frontier lies in a sparsely inhabited desert zone where local customs permit an easy arrangement and through which the Arica-Tacna railway links the extreme south Peruvian settlement to its Chilean port. The economic dependence of Chile on Peruvian petroleum, sugar, and cotton leads to an enormous disequilibrium in trade between the two countries. It has, however, facilitated reciprocal trade agreements, one in 1948 providing for the reciprocal removal of restrictions on imports. Otherwise, Peruvian-Chilean contacts are less traditional than those with Ecuador, with which Chile has long had close ties.

Relations with Bolivia are inextricably bound up with past history and the deprivation of this country of a Pacific coastline. There is, however, on the whole, remarkably little bitterness, and the close communications network and port facilities Chile has shared with Bolivia have done much to palliate the latter's land-locked condition. While alternative routes have been opened or projected

Adumbrated by the Act of Chapultapec, peacetime inter-American military collaboration had already in the spring of 1945 assumed in the eyes of Latin America the form of an actual commitment on the part of the US to provide materiel and training. Near the end of May the War Department concluded that a definite program should be set up and put into effect. State, War, and Navy found little difficulty in coming to agreement on general principles as well as upon an acceptable division of responsibility. President Truman approved the agreed policy statement (SWNCC 4-10) in July 1945. This "Policy Governing Provisions by U.S. of Indoctrination, Training, and Equipment For Armed Forces of the Other American States" provided that, subject to the completion of bilateral agreements, the US would: furnish standard arms, munitions, and equipment to the Latin American military establishments, which should conform to common tables of organization; send training missions to the other republics; provide training and instruction in the US for members of Latin American armed forces; and undertake joint planning for the defense of the hemisphere.

Recognizing that a program of military collaboration involved political and economic considerations that affected the broader aspects of US Latin American policy, the State, War and Navy Departments specifically engaged not to develop in any of the republics a program for a military establishment that was beyond its means to support. The same logic compelled the departments to specify that every effort should be made to insure that the training and equipment furnished by the US would not be used to deprive the peoples of the other American republics of their democratic rights and liberties. They further agreed that equipment and training should not be provided when there were indications that it might be used for aggressive purposes against a neighboring republic.[43]

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43. Fairchild MS, 33, 34; Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on foreign and US missions in Latin America, ca. 1954, 23-25.

The termination of lend-lease 2 months later, although not unexpected, made urgent the need for agreement on a long-range program and new legislation for its implementation. But it was not until the following spring that differing departmental views on the matter were reconciled and SWNCC approved a draft bill which President Truman submitted to Congress by a special message on 6 May 1946. The proposed law, the Inter-American Military Cooperation Act, authorized the President to establish a program similar in scope to that visualized in the policy statement of July the preceding year. Yet neither in 1946 nor in 1947, when the bill was resubmitted, did Congress act upon it.

As an expedient measure for meeting Latin American demands for arms the US Government had, after the cancellation of land-lease, adopted the so-called Interim Allocation Program. Under this program the Surplus Property Acts of 1920 and 1944, Public Resolution 83, and certain statutes permitting the President to authorize the disposal of any military stores judged unsuitable for US service constituted the only legal bases for the transfer of military equipment and supplies. Inadequate and administratively cumbersome, at best, these statutes by the end of 1948 had become virtually useless since the stocks of surplus items were depleted and other categories not available. At that time the bulk of Latin American armament was still old and of European origin. Although acquisitions under lend-lease and the Interim Allocation Program had substantially increased the amount of US equipment possessed by the Latin American armed forces, they were not enough to affect, with the possible exception of Brazil, more than a small percentage of the total forces.[44]

[redacted] [redacted]

44. (S) State Dept, "Military Assistance and Latin America" Special Paper A-7-10, 20 Sep 57, 3, 4; Fairchild MS, 39-43.

Pressure from Latin American nations for US arms aid increased after the conclusion of the Inter-American Treaty of Reciprocal Assistance in Rio de Janeiro (15 August to 2 September 1947). For by Article 3, providing that an armed attack against another American state shall be considered as an attack against all American states, and Article 4, delineating a hemispheric defense region covering both North and South America, the Rio pact placed upon Latin America as well as the US responsibilities for collective security. Currently in force, the treaty stipulates that the nature of the action to be taken by the American states to meet an act of aggression is to be determined by a two-thirds vote of a meeting of the foreign ministers and might include such sanctions as the severence of diplomatic and economic relations with the attacking state. An important exception to this provision is, however, the use of armed force, which each state can decide for itself.[45]

45. Pratt, History of US Foreign Policy, 767, 768, (S) Dept of State, Spec Paper A-7-10, 6.

Efforts on the part of certain Latin American delegations to introduce economic questions at the Rio Conference were voted down, but assurances were given that these issues would be considered by the ninth conference in the series, scheduled to meet the following year. Meeting at Bogota, Colombia 30 March to 2 May 1948 the conference provided for the first time a charter for the Organization of American States (OAS). This document reaffirmed the "fundamental rights and duties of states," named the organs of the organization, and defined their powers and duties. The plenary organ is the Inter-American Conference which meets at 5-year intervals; the Meeting of Consultation by Foreign Ministers, the emergency organ, convenes only when matters of great urgency demand that the governments consult and agree by a two-thirds vote upon immediate action. Such a meeting was held in Washington after the outbreak of war in Korea. And it was at this session that the decision was taken to charge the IADB, which was given permanency by the Bogota agreements, with preparing as vigorously as possible, and keeping current, plans for the common defense of the hemisphere. The permanent, day to day, organs of the OAS are its Council, which functions in Washington as an executive body, and the Pan-American Union, which acts as secretariat. Operating under the direction of the Council are an Economic and Social Council, a Cultural Council, and an Inter-American Council of Jurists.

Of particular relevance to later charges that the US supports dictators, charges which were to come forcefully to light after the unfortunate demonstrations during the Vice President's South American tour, was Resolution XXXV adopted by all the signatories which stressed the desirability of continuous diplomatic relations regardless of what type of government happens to be in power. Reflecting increasing US concern with the exigencies of the Cold War, Resolution XXXII on "the Preservation and Defense of Democracy in America" condemned the activities of the international communism. This latter resolution was reaffirmed and more clearly spelled out at the Caracas Conference of 1954 which adopted Resoltuion XCIII entitled: "Declaration of Solidarity for the Preservation of the Political Integrity of the American States."[46]

46. Cline, "Inter-American System," 182-183; Pratt, History of US Foreign Policy, 768; Matthews, "Diplomatic Relations," 164-165, United States Government Organization Manual 1959-60(Washington,1959),

[redacted] [redacted]

559; Dept of State, "A Study of the Causes of Hostility Toward the United States:Argentina," External Research Paper No. 126.2, 27 May 57, 2, 3.

Though milestones in postwar inter-American cooperation the signing of the Rio and Bogota pacts hardly marked stages on the main highway of the evolving Cold War policy of the US. By 1947 the magnitude of the Communist pattern for world domination loomed ominously. Already the iron curtain had been bolted down in front of much of eastern Europe and large sections of Asia. Greece, Turkey, and Iran, vitally strategic and close to the sources of Communist power, were seriously endangered by civil war or external aggression. During the period 1947-1949 while arms, ammunition, and military equipment, technical assistance, and economic aid flowed to these countries on a priority basis, only a thin trickle reached Latin America.

By 1949 procurement prices were so high and dollars in such short supply that few of the Latin American countries could afford to purchase US equipment on the open market. At this time some Latin American countries, particularly Argentina and the Dominican Republic began making purchases from non-US sources. Western European purveyors offered attractive credit terms and occasionally flexible barter arrangements. And the trend away from naval standardization began in 1950 after the enactment of the Military Defense Assistance Act (MDAA) of 1949 which, theoretically, made arms more easily available. This program for naval standardization, and the air program both bogged down more than that for army materiel. Of some $600 million of all types of equipment acquired by Latin American nations from 1951-1957 about two-thirds was purchased in Europe.[47] Another

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47. (S) Dept of State, Office of Inter-American Regional Pol Aff, "Progress Report on Military Policy and Programs in Latin America," 26 Apr 57, 5, 6; For a summary of naval vessels purchased from non-US sources, see Porter Hardy Report, cited supra, 7.

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factor contributing to the limited success of standardization has been basic disagreement, especially on the part of the larger countries, with US military planning. While the US views the problem as primarily one of hemispheric defense and restricts grant aid under MAP to specific units designated for this purpose, many Latin American governments have refused to limit the size and scope of their armed forces. Military leaders of these countries desired larger and more expensive modern equipment, particularly air and naval, in line with what they consider their country's world position and prestige. Unable to procure the equipment in the US, they sought it abroad. similarly, rather than viewing the USSR as the principal threat, these governments were more fearful of potential hostile neighbors and internal revolts. This view has encouraged governments to seek arms from non-US sources. Unfortunately for US interests, purchases of non-standard equipment have tended to limit the effectiveness of the US training missions which are currently operating in all countries except Mexico and Cuba and which are recognized as an established and effective instrument of national policy. With an increasing amount of European equipment, the prospect of the reintroduction of European training missions arises.[48]

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48. US House, "Military Assistance Advisory Groups:Military, Naval, and Air Force Missions in Latin America" (Report by Porter Hardy, Cmte on Armed Services; Washington, 1956), 7; (S) Dept of State, Spec Paper A-7-10, 10, 11.

The Mutual Security Act of 1951 replaced the MDAA of 1949 and was in turn repealed by the Mutual Security Act of 1954, which today as amended, authorized military aid and also the economic aid programs administered by ICA of the State Department. But once again US global committments after 1950, especially the Far East, placed Latin America low on the priority list. Nevertheless, the Mutual Security Act of 1951 added Latin America to the Mutual Defense Assistance Program (now called the Military Assistance Program (MAP) and provided for direct sales to any Latin American country and direct grants of equipment and other assistance to those countries which enter into bilateral military assistance agreements with the US.

These bilateral agreements are almost exactly identical for all 12 of the Latin American countries with which they have been concluded. Their major provisions are the following: Article I stipulates that the US will furnish available military equipment and services that are to be used exclusively for hemispheric defense. Article II provides that the public shall be kept informed of the purposes and operations of the pact. Articles IV and V stipulate that representatives of the US armed forces shall be assigned to the respective contracting Latin American country to instruct in the use of equipment and that Latin American personnel will be trained in the US. Article VII envisages the production and expedition of strategic raw materials to the US under terms and conditions agreeable to both parties. Article VIII specifies that the receiving government will take measures to control trade with any nations menacing the security of the continent. In effect this article strongly discourages trade with the USSR. Under Article IX the recipient government contracts to make full contribution to the defensive strength of the free world, and Article XI provides that the treaty is binding until denounced by either party with one year's advance notice of termination.[49]

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49. (S) Dept of State, Spec Paper @-7-10, 6, 7; Robt D. Tomasek, "Defense of the Western Hemisphere: A Need for Reexamination of United States Policy," Midwest Journal of Political Science, III (Nov 59), 377, 378.

By the end of FY 1959 assistance to Latin American countries under the Mutual Security Program totaled $772.6 million of which $308 million represented military assistance. In addition Latin America as a whole received $115.4 million in grant military assistance from the excess stocks of US military departments. Under this program the US expended in military aid for its NATO ally, Portugal, about $31 million more than for all of Latin America. Appropriations for all types of US assistance to Latin America for FY 1959 (about $677 million) revealed that 13 per cent consisted of military aid and 87 per cent of economic assistance - the latter including Export-Import Bank Loans, Public Law 480 and MSP economic programs, Development Loan Funds, and certain multilateral programs such as, IBRD and IMF. Since World War II the US Government has extended to Latin America, in the form of grants, loans, and the like, assistance of which the dollar value exceeds $3.75 billion. About $315 million or 12 per cent of the total consisted of military aid. In addition, US direct private investments rose sharply during the postwar period, amounting to $6.5 billion in 1955 and, in 1959, to over $9 billion, a sum greater than that invested in any other region of the world.[50]

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50. (C) ICA, "U.S. External Assistance," 16 Mar 60, 55, US House, "Conclusions Concerning the Mutual Security Program" (H. Doc 215, Cmte on For Aff, 86th Cong, 1st sess; Washington, 1959, 26-29.

From 1946 to 1959 total US expenditures for all external assistance climbed over $82 billion. Latin American's share represented only about 4 per cent of the total. This disparity, that to the US seemed reasonable enough, helped produce in Latin America a wide-screen image of a parsimonious Uncle Sam. Even those elements habitually friendly toward the US seemed to forget that Latin America was neither devastated by war nor menaced by overt Communist aggression and to resent the billions of dollars the US was spending in other areas under the Truman, Marshall, and MSA programs.[51]

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51. (C) ICA, "U.S. External Assistance," 16 Mar 60, 15, 54.

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US POLICY TOWARDS LATIN AMERICA 1950-1957

In May 1950 the NSC took a look at US policy toward inter-American military collaboration in the light of its development during the half decade following World War II. Its review started from the premise that: "In global war, the security of the Western Hemisphere and US access to its resources and manpower would be essential to the trans-oceanic projection of major US offensive power." Since this projection would be facilitated by minimizing the diversion of US forces for defense of the Western Hemisphere, the Council agreed that the United States should make every effort to assure the availability and use of Latin American armed forces for military tasks which they were capable of performing. The NSC envisaged that the armed forces maintained by the other American republics should be able to:

(1) maintain internal order and security; (2) provide local defense against isolated attacks or raids; (3) protect coastwise shipping; (4) augment the Armed Forces of the US in protecting overseas commerce; (5) provide facilities for the use of such US or other American forces as may be required for protection against external aggression; (6) in some cases to provide forces for augmenting US forces outside the hemisphere.

Concluding that the security interests of the United States would be advanced by the maintenance and further strengthening of inter-American military collaboration--including standardization of arms and continued military orientation of Latin American states toward the United States--the Council emphasized the requirement for developing and obtaining the acceptance by the other American republics of a Western Hemisphere Defense Scheme. When a Western Hemisphere Defense Scheme had been approved, the US was to prepare for its own purposes a careful estimate of the requirement of each of the other American republics for the maintenance of forces essential to Hemispheric defense. These estimates were to serve as guide for providing such mutual assistance as might be necessary to assure adequate implementation of the Hemispheric Defense Scheme.

Recognizing that most of the Latin American leaders in approaching the problem of inter-American military collaboration would be inspired more "by their own ambitions and by fears regarding their neighbors than by the basic requirements of hemispheric defense," the policy statement specified that the United States should seek to persuade the Latin American nations to minimize their peacetime military expenditures by maintaining only those armed forces necessary to meet their obligations for collective defense. It was similarly recognized that accomplishment of the latter objective might in some instances make it necessary for the US to assist Latin American nations to obtain arms from US sources and to encourage and advise Latin America nations through US missions and other training media to make optimum use of their forces in the interests of collective defense.

As broad guide lines for the development and implementation of the program, which was approved by the President 19 May 50 for coordination under the Secretary of State, the Council recommended that the following factors be taken into consideration: (1) the military requirements of the United States in the event of war; (2) the strategic justification for the defense roles assumed by the American republics; (3) the need for limitation or exclusion of extra-Hemisphere military influence in Latin America; (4) the economic condition of each Latin American state; (5) relative priorities for the allocation of U.S. assistance to foreign countries; (6) political factors in the foreign relations of the United States, particularly inter-American relationships such as those involving political instability

[redacted]

1. (TS) NSC 56/2, 18 May 50.

Requested by the Secretary of Defense to comment upon the draft statement of this policy, the Joint Chiefs of Staff registered their general approval but in the interest of internal consistency, made several suggestions which were incorporated in the final paper (NSC 56/2).[2]

2. (TS) Memo, JCS to SecDef, "US Policy Toward Inter-American Military Collaboration," 12 May 50.

The years 1948-52, the period in which NSC 56/2 was formulated, witnessed a breakdown of orderly democratic processes in Latin America. Once in power, political parties were seldom willing to risk defeat at the polls. Revolution followed revolution as bullets rather than ballots became the final arbiter of political mastery. Other than in the states of Uruguay and Costa Rica it was difficult to find a Latin American country whose reigning politicians paid more than lip service to the principles of a democratic society. Admirers and imitators of Juan D. Peron controlled Bolivia, Chile and Ecuador and reportedly had enjoyed his support in their rise to power. Concurrent with this anti-democratic trend resentment of the United States grew because of these political differences as well as for other reasons. Among the latter might be included dissatisfaction with US economic and mutual assistance policies as well as its NATO oriented diplomacy. And although the Latin American nations verbally supported the initial action taken by the UN Security Council against North Korean aggression and seventeen of them in response to US urgings promised to provide at least token assistance to the efforts of UN forces, only Colombia actually sent troops.[3]

3. (TS) "Fourth Progress Report on NSC 56/2," 12 June 51; Pratt, US For. Pol., 769.

In March 1953 the NSC, taking note of this trend toward nationalistic regimes maintained largely by demagoguery, of the concurrent "rising level of expectations," and of the resulting intense pressure on most Latin American governments to increase production and to diversify their economies, undertook to define US objectives in that region and to recommend courses of action to arrest the drift toward radical and nationalistic regimes. It was similarly recognized that this nationalism drew strength from historic anti-Yanqui attitudes and was being exploited by the Communists.

The Council catalogued United States objectives in Latin America as being:

(1) Hemisphere solidarity in support of our world policies, particularly in the UN and other international organizations. (2) An orderly political and 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. (3) The safeguarding of the hemisphere, including sea and air approaches, by individual and collective defense measures against external aggression through the development of indigenous military forces and local bases necessary for hemisphere defense. (4) The reduction and elimination of the menace of internal Communist or other anti-U.S. subversion.

(5) Adequate production in Latin America of, and access by the United States to, raw materials essential to US security. (6) Support by Latin America of collective action in defense of other areas of the free world. (7) The ultimate standardization of Latin American military organization, training, doctrine and equipment along US lines.

Throughthe sections devoted to political courses of action ran the leitmotif that the United States could achieve a greater degree of hemispheric solidarity by wider use of the multilateral approach to hemispheric problems. In the economic portions of the policy statement the Council placed primary reliance upon private capital and enterprise, operating in a favorable climate created by the Latin Americans themselves, to meet the requirements of economic development.

In the paragraphs covering military collaboration the Council decided that the United States should encourage acceptance of the concept that each of the Latin American states was responsible for maximizing its contribution to:

> (a) The internal security of its own territory.
> (b) The defense of its own territory, including land communication, coastal waters, ports and approaches thereto, bases located within its area of responsibility and air lanes of communication associated therewith.
> (c) The allied defense effort, including participation in combined operations within the hemisphere and support of collective actions in other theaters by forces beyond the requirements of hemisphere security.

In support of these courses of action the United States was to provide military assistance to Latin America consistent with the agreed plans of the Inter-American Defense Board and other bilateral or multilateral military agreements to which the United States was a party. US military assistance should be designed to reduce to a minimum the diversion of US forces for the maintenance of hemisphere security; and in determining the type of military assistance to be provided each nation, consideration was to be given to its role in hemisphere defense.

Besides assuming primary responsibility for military operations in the Atlantic and Pacific Oceans and the Caribbean Sea, including sea and air approaches to the Panama Canal, the United States should at the appropriate time seek from other American states acceptance of its control of the defense of these areas.

The Council also agreed that to the extent that military bases other than US bases in Latin America were required to further joint defense efforts, the United States should guide technically and assist the Latin American countries in their development and maintenance and seek agreements providing for their reciprocal use, rights of air transit and technical stops, and availability for common defense purposes. At the same time the United States should take political, economic or military action, as appropriate, to insure the continued availability of US bases in Latin America. Although the Council envisaged that each of the Latin American countries would organize its own civil defense, it was also recognized that where necessary the US would assist in the protection of sources and processing facilities of strategic materials and related land transportation.

In providing military aid and seeking military commitments the Council cautioned against encouraging Latin American nations to contribute to the military effort to an extent which would jeopardize their economic stability.

[redacted]

In addition, NSC 144/1 specified that the US should:

> (a) Continue the planning of the Inter-American Defense Board and of the Joint US-Brazil and US-Mexico Military Commissions.
> (b) Continue and establish where appropriate, military training missions in Latin American nations.
> (c) Continue to provide training in the United States for selected Latin American military Personnel.
> (d) Seek a wider participation by Latin America in the UN action in Korea where the type of participation will improve UN capabilities.
> (e) Seek the ultimate standardization along US lines of the organization, training, doctrine and equipment of Latin American armed forces.[4]

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4. (TS) NSC 144/1, 18 March 1953

Although the JCS were in general agreement with those portions of the NSC 144 having military implications, they considered that certain sections of the proposed policy lacked focus in that they appeared to condemn nationalism as a force inimical to US interest. It was their belief that nationalism could be, in many cases, a strong force working against Communism in the interest of the Free World. The Chiefs also pointed out that that portion of the paper dealing with provisions of military assistance . . . "consistent with the agreed plans of the Inter-American Defense Board and bi-lateral military agreements made thereunder" was unduly restrictive. The final policy statement NSC 144/1 did not incorporate the JCS views regarding the focus of the policy; it did, however, contain changes responding to the above comment that the draft statement was "unduly restrictive."

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5. (TS) Memo, JCS to SecDef, "United States Objectives and Courses of Action with Respect to Latin America," 11 Mar 53.

During the period that the National Security Council was considering NSC 144/1, it had recognized that the situation in certain countries, such as Argentina and Guatemala, would make necessary subsequent separate policy statements. In a 9 April 53 letter to the Secretary of Defense, Mr. Dulles brought up the question of Guatemala, stating that his Department was:

> . . . making every practicable effort at the diplomatic level to diminish the strength of communist elements in Central America, particularly in Guatemala, and to increase the willingness and ability of Central American States to resist communist subversion and pressure from whatever source. In these circumstances, the Department of State believes that an offer by the United States of military grant-aid to Salvador, Honduras and Nicaragua would be regarded by those countries as tangible evidence of this Government's intentions, under the Inter-American Treaty of Reciprocal Assistance, to help them repel any unprovoked invasion of their territory. The Department of State believes that the implicit emphasis of Guatemala's ineligibility to receive grant assistance, in the face of tanbible United States assistance to neighboring states, would help establish a political climate in Guatemala of benefit to

anticommunist Guatemalan elements, including elements in the Guatemalan armed forces disposed to combat communist domination of the present Guatemalan Government.

For these reasons the Secretary of State believed that the attainment of US political and psychological objectives in relation to communist activities in Central America would be furthered by making available relatively small amounts of military grant assistance to El Salvador, Honduras and Nicaragua, in the event that those governments agreed to conclude bilateral agreements with the United States. As a first step in establishing the eligibility of the three countries for US grant assistance, Mr. Dulles recommended "that the Department of Defense determine the specified hemisphere defense missions which each of these countries could effectively perform . . . . [6]

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6. (TS) Ltr, SecState to SecDef, 9 Apr 53.

In full agreement with the objectives of the State Department in its efforts to diminish Communist strength in Central America, the JCS were nevertheless unable, because of the negligible military value of any hemispheric defense task which El Salvador and Honduras could effectively perform, to recommend the inclusion of these two countries in MDAP. But after discussion with the Assistant Secretary of Defense (ISA) and with representatives of the Department of State, they concluded that Nicaragua should be certified eligible to receive grant military assistance and undertook to develop specific hemisphere defense missions for that country.[7]

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7. (TS) Memo, JCS to SecDef, 15 May 53.

State (b)(1) (a)(5)

As a result of cold war developments during the early fall of 1953, the Department of State [ ] informed the OCB that an overriding requirement existed for the inclusion of El Salvador and Honduras in the MAP. Requested by the Secretary of Defense to reexamine their determination that El Salvador and Honduras were not eligible and to develop for them specific hemisphere defense tasks, the JCS reaffirmed their earlier position that the defense role which these two countries could effectively perform with grant assistance would be of negligible military value. But realizing that for reasons other than military the interests of the US might be served best by finding El Salavador and Honduras eligible for military assistance, the JCS agreed to develop as a matter of priority specific hemisphere defense missions for these two countries.[8]

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8. (C) Memo, JCS to Sec Def, 24 Oct 53.

During May 1954 tensions between the Communist infiltrated government of Guatemala and the Hondura government intensified. A strike situation in Honduras, which may have had inspiration and support from the Guatemalan side of its northern frontier, and the arrival in the middle of that month at Puerto Barrios (Guatemala) of Czech-produced armaments outloaded from the port of Stettin, raised fears for the stability of Honduran government as well as for the ability of other governments in Central America to withstand Communist penetration or control. It was under these circumstances that the Planning Board prepared NSC 5419, "U.S. Policy in the Event of Guatemalan Agression in Latin America." In brief, the proposed policy

envisaged that if any OAS member requested assistance in the premised contingency, the President would determine such an armed attack to be an attack against all American states under Article 3 of the Rio Treaty and would, in collaboration with the armed forces of other members of the OAS to the extent feasible, take military action to the extent necessary to counteract the attack and eliminate the danger to the state attacked.

In their review of the draft statement of policy, which they considered generally satisfactory, the Joint Chiefs of Staff recommended that this paragraph pertaining to military action be revised to indicate that such action should be taken unilaterally only as a last resort. This recommendation was subsequently incorporated in approved policy statement. Commenting on political steps proposed in the event of Guatemalan aggression, the chiefs stated their assumption that early action would be initiated to convene the Organ of Consultation of the OAS.

In approving NSC 5419, as amended, the President, in the interests of national security and specifically to defend the Panama Canal, authorized the Navy "to halt on the high seas off the Guatemalan coast vessels, including foreign flag vessels, suspected of carrying munitions of war destined for Guatemala, in order to inspect their cargoes and if such inspection is refused, to escort such vessels by force, if necessary, to Panama for inspection; such action to be taken, where time permits: (1) after notice to the country of registry of any such vessel in order to obtain, if possible, such country's consent to such inspection, and (2) after notice to the Organization of American States and, if possible, with the approval of such Organization."[9]

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9. (TS) NSC 5419/1, 28 May 54, (TS) NSC Action 1135.

In August 1954, the month following the fall of the red-tinted Arbenz regime in Guatemala, the NSC undertook a review of US Policy toward Latin America. Developed to supersede NSC 144/1 and 5419/1, the draft statement of policy (NSC 5432) placed greater emphasis on the importance of helping Latin America to reverse the trends which offered opportunities for Communist penetration. In the economic field Latin American development was to be speeded up and stability fostered by increasing trade, helping to finance sound projects, and encouraging a climate conducive to private investment. In order to bring the policy into conformity with the "Caracas Anti-Sommunist Resolution" the Board recommended a new course of action under which the US was to promote and cooperate in applying the sanctions of the Rio treaty, including military action, in case of threatened or actual domination of a Latin American State by Communism.

The proposed revision of policy also envisaged strengthening US-Latin American Military Relations. The paragraphs devoted to this aspect of policy stated:

> 13. The United States should encourage acceptance of the concept that each of the Latin American states is responsible for maximizing its contribution, by military and mobilization measures, to:
>
> a. The internal security of its own territory.
>
> b. The defense of its own territory, including land communication, coastal waters, ports and approaches thereto, bases located within its area of responsibility and air lanes of communication associated therewith.

c. The allied defense effort, including participation in combined operations within the hemisphere and support of collective actions in other theaters by forces beyond the requirements of hemisphere security.

14. In support of the course of action in paragraph 13, the United States should provide military assistance to Latin America consistent with the agreed plans of the Inter-American Defense Board and other bilateral or multilateral military agreements to which the United States is a party. U.S. military assistance should be designed to reduce to a minimum the diversion of U.S. forces for the maintenance of hemisphere security, and in determining the type of military assistance to be provided each nation, consideration should be given to its role in hemisphere defense.

15. The United States should assume primary responsibility for military operations in the Atlantic and Pacific Oceans and the Caribbean Sea, including sea and air approaches to the Panama Canal, and at the appropriate time should seek from other American states acceptance of U.S. military control of the defense of these areas.

16. To the extent that military bases other than U.S. bases in Latin America are required to further joint defense efforts, the United States should technically guide and assist the Latin American countries in their development and maintenance and seek agreements providing for their reciprocal use, rights of air transit and technical stops, and availability for common defense purposes.

17. The United States should take political, economic or military action, as appropriate, to insure the continued availability of U.S. bases in Latin America.

18. Where necessary the United States should assist in the protection of sources and processing facilities of strategic materials and land transportation related thereto. However, each of the Latin American countries should organize its own civil defense.

19. In providing military aid and seeking military commitments the United States should not encourage Latin American nations to contribute to the military effort to an extent which would jeopardize their economic stability.

20. In addition, the United States should:

a. Continue the planning of the Inter-American Defense Board and the Military Commissions on which we are jointly members with Brazil and Mexico.

b. Continue and establish where appropriate, military training missions in Latin American nations.

c. Increase the quotas of qualified Latin American personnel for training in U.S. Armed Forces schools and training centers; encourage Latin American countries to fill their authorized quotas for the U.S. Military and Naval Academies; and provide and encourage Latin American countries to fill, a similar quota for the Air Force Academy.

d. Foster closer relations between Latin American and U.S. military personnel in order to increase the

understanding of, and orientation toward, U.S. objectives on the part of the Latin American military, recognizing that the military establishments of most Latin American states play an influential role in government.

e. Seek ultimate military standardization, along U.S. lines, of the organization, training, doctrine, and equipment of Latin American armed forces; countering trends toward the establishment of European military missions in Latin America, and facilitating the purchase of U.S. equipment by offering Latin American countries competitive prices, more rapid delivery /if necessary by higher priorities/* and credit terms, including long-term payments, pre-delivery financing of long lead-time items, and, if feasible, use of foreign currency and, in exceptional cases, barter arrangements.

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* State and FOA proposal.

The JCS were in general agreement with the draft statement of policy contained in NSC 5432. They recommended, however, omitting the bracketed phrase in subparagraph 20(e) for the following reason:

> Priorities governing the allocation of military equipment to United States forces and to the forces of friendly countries are established in accordance with criteria designed to correlate the supplying of such equipment with world-wide strategic requirements. Changes in the order of precedence should be responsive to changes in these strategic requirements and should neither be considered in isolation nor be resorted to as a device to accelerate deliveries to a particular country or group of countries.

They also believed that this subparagraph should be revised in part as follows: ..."countering trends towards the establishment of European military missions in Latin America, <u>or agencies or individuals with a similar function, other than those of the United States</u> . . . ." For this recommendation they gave this reason:

> The exclusion of only European countries is too limited. Although the principal supplier of non-U.S. military equipment to Latin America is Europe, the introduction of any mission other than U.S. into a Latin American country would detract from the ultimate goal of military standardization along U.S. lines.

The JCS suggested that subparagraph 20(c) be deleted and replaced by: "continue to provide training in the United States for selected Latin American military personnel." To support this suggestion the Chiefs stated that:

> The current program for the more popular schools, such as C&GSC and advance branch schools requires maximum-capacity operation and would preclude an increase as a general policy. With respect to the U.S. Military Academy, Canada and Latin America have a quota of 20 cadetships. Army sponsored legislation

being processed would allot only 20 cadetships world-wide. To encourage Latin America to fill its quota at the U.S. Military Academy could prove embarrassing if the aforementioned legislation is enacted.

It was also the opinion of the JCS that recent developments in Latin America had demonstrated the need for an intensification of US information activities in that region as a measure toward countering communist and other anti-US subversion. The final policy statement (NSC 5432/1) approved, as amended, on 3 September 1954, reflected the two recommendations of the JCS in regard to subparagraph 20(e) as well as their views concerning the expansion of information activities.[10]

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10. (TS) Memo, JCS to Sec Def, "US Policy Toward Latin America" 31 Aug 54; (TS) NSC 5432, 18 Aug 54; (TS) NSC 5432/1 and NSC Action 1209, both 3 Sept 54.

NSC 5432/1 had been developed in September 1954 after the overthrow of the Communist infected government of Guatemala but before the Soviet Bloc launched its trade-diplomatic-psychological offensive in Latin America. In January 1956, Bulganin offered to expand diplomatic, economic and cultural relations, to extend technical assistance, and to conclude trading relations. Similar offers were made by Hungary and Rumania. At the same time it was reported that the Soviet Bloc had offered to sell arms to Brazil, Argentina, Uruguay and Ecuador. In view of these and other developments the OCB concluded in March 1956 that policies set forth in NSC 5432/1 were inadequate to meet the intensified Soviet challenge and its new tactics in Latin America. Other important factors which prompted the OCB to recommend a policy review of NSC 5432/1 were:

(1) the contradiction inherent in fostering the concept in all Latin American nations of maximizing support of collective actions in other theaters by forces beyond the requirements of hemisphere security, which may have a tendency to stimulate a desire for arms and equipment beyond the abilities of some countries to maintain and beyond what the US is prepared to furnish;

(2) the tendency of some Latin American countries to devote to military expenditures resources which could better be devoted to economic development.

Although the OCB considered that modest progress had been made toward most of the objectives in NSC 5432/1, the Board pointed out that the standardization program had lost ground because the United States had for various reasons been unable to satisfy Latin American requests for military equipment. As a consequence these countries had obtained materiel from Europe and the United States thus had lost its ability to restrain excessive military purchases by certain countries. This resulted in an absorption of limited resources that might otherwise have been used for economic development projects.[11]

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11. (TS) Progress Report on NSC 5432/1, transmitted to NSC 6 Apr 56.

The NSC completed its policy review in September 1956 and President approved the new statement (NSC 5613/1) on the 25th of that month. The military portions of the revised policy have been characterized in a progress report in the following summary, if somewhat over-simplified, form:

We desire that the Latin Americans be responsible for their own internal security. We will help train their forces and sell them equipment (on credit if necessary) for this purpose. We want them to help guard strategic areas in the hemisphere and patrol sea and air lines of communication and, if necessary, will equip units of their armed forces to do this. We will accept their participation in the defense of such areas as the Panama Canal if this proves to be essential. We do not expect that they will send forces overseas but, if they do, we will consider supporting these forces logistically. We do not want them to over-extend themselves militarily because to do so adversely affects their ability to perform essential military missions and to progress economically. Accordingly, we will discourage them from acquiring military equipment that they do not need unless, because of their insistence on having it, it becomes politically essential to provide it. If neither military nor political considerations are involved, we will not provide it and will not object if they get it elsewhere, but will keep such purchases in mind when they ask for economic assistance. In any event, however, we will take necessary measures to prevent establishment of any military relations with the Soviets. [12]

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12. (S) Dept of State, Office of Inter-American Regional Pol Aff, "Progress Report on Military Policy and Programs in Latin America," 26 Apr 57, 5, 6.

Although NSC 5613/1 was approved as policy in September 1956 there were certain problems relating to its military portions that had not been completely resolved. The policy seemed to imply that it was possible to determine the "minimum" which Latin America required for military purposes. In reply to State Department requests for such a statement of requirements, Admiral Radford sent, on 15 April 1957, the following memorandum to the chairman of the OCB:

1. Reference is made to our recent conversation regarding the establishment of estimates of military force structures required by each Latin American country. In response to your request, the following views are furnished in support of a recent position taken by the Joint Chiefs of Staff that such estimates for each Latin American country should not be established.

2. MAP Force Objectives, developed primarily from military considerations, are used to assist in determining the grant assistance program for Latin America. However, it is not considered that the military need will be the determining factor as to U.S. response on future requests for reimbursable assistance. Generally, our response will be affected primarily by political considerations or our desire to exclude influences of other nations from Latin America.

3. After thorough consideration of the practicability of developing force structures, which would include the country as well as MDAP-supported forces of each Latin American nation, the Joint Chiefs of Staff conclude that no valid basis for developing firm and comprehensive force structures exists. Establishment

of a list of estimated Latin American force requirements for use as a criterion in determining the military needs of Latin American countries is, therefore, impracticable.

4. Furthermore, despite the best of intentions, it is considered that there is a tendency for lists to become regarded as programs, which could lead to additional requests for both grant and reimbursable assistance and result in embarrassment or undue expense to the United States.[13]

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13. (S) CM-473-57, 15 Apr 57.

The JCS did nevertheless develop a general reappraisal of Latin American requirements in "US Military Planning Guidance-Latin America." This document was approved by DOD in August 1957 as implementing instrument in this regard for the policy contained in NSC 5613/1.[14]

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14. (S) Ltr, ASD/ISA to Deputy Undersecretary of State, "Military Force Structure Requirements for Latin America," 2 Aug 59.

(On 16 February 1959 the President approved a new statement of "US Policy Toward Latin America," NSC 5902. Since this policy is the one currently in force, it has not been considered necessary to outline it in this background study.)

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BRAZIL

National Development *

In Latin America only Brazil possesses the vast unexploited resources necessary to transform a second rank nation into a great power. Brazil is larger than the US (without Alaska), has almost as much territory and almost as many people as the other nine nations of South America combined. The Brazilians are concentrated in a relatively small area--the eastern plateau paralleling the coast--small, that is, by Brazil's standards, for the plateau comprises as much territory as Great Britain, France, and Germany combined. Brazil is a land of incredible natural wealth. Agronomists claim that any plant growth on earth is capable of being cultivated in this extraordinary land; and its mineral wealth is almost as lavish as its fertility although not so diversified nor so conveniently distributed.

Certain features of Brazil's population are particularly noteworthy. Though the US proudly refers to itself as the great melting pot, it has only successfully fused the nationalities of Europe. Brazil has gone much further: its 63 million people are the product of every race on earth. The races have intermarried with such little regard to color that it is impossible to distinguish them; and although the leading families are chiefly white and most of the wealth is in their hands, no color line, as known in the Anglo-Saxon world, exists. It remains true that the white elements retain their social superiority, but not so much because of their race as because of their education and economic power. Brazil, Portugal's only American child of imperial days, has also preserved the distinctive heritage of the mother country in its language and institutions. In several important respects, therefore, it stands apart from the other nations of Latin America.

In comparison with the other nations of the area, Brazil's history has been untroubled. Its transition from colony to independent status was far less violent than that of its Hispanic neighbors. For almost three-quarters of a century after the break with the mother country it continued to accept the rule of a legitimate Braganza prince. During these formative years of the empire it had time and opportunity to experiment with the machinery of modern government--a constitution, campaigns and elections, political parties, parliamentary procedure, ministerial responsibility, local and provincial self-government, and administration. By the time empire made way for the republic, Brazilians had acquired a certain political maturity. Although it has had revolutions, coups d'etat, and dictators, even quite recently, its record is far brighter than that of most other Latin American nations.

For a number of years, because in 1808 Napoleon's armies had forced the Portuguese family into exile in its American colony, Brazil was the center of the Portuguese Empire; this was a stroke of great fortune for Brazil. No longer colonists, the Brazilians enjoyed the privileges and responsibilities of citizens of a sovereign nation. They established a printing press, new educational centers, a supreme court and other tribunals; welcomed foreign scientists and settlers; and threw open their trade to all nations. When Napoleon was finally defeated, the king returned to the mother country, leaving his son, Dom Pedro, in charge of Brazilian affairs. So great was the prince's popularity among his Brazilian subjects that demonstrations broke out

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* The information in this section is from the following sources: J.F. Bannon and P.M. Dunne, Latin America: An Historical Survey, rev ed (Milwaukee, 1958); A.B. Thomas, Latin America: A History (New York, 1956); A.F. MacDonald, Latin American Politics and Government (New York, 1954); J.A Comacho, Brazil (London, 1952); "Atlantic Reports," The Atlantic, CCIV (September, 1959); and (S) NIS 94, "Brazil" sec 55, Mar 54; New York Times, 12 Nov 55 through 26 Nov 60; State IR 73 43, 20 Feb 57.

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among his subjects when his father called him back to Portugal. Faced with the possible loss of the prince and with the prospect that the restored monarchy would return to its old policies of mercantilism and colonialism, the people demanded Dom Pedro's retention. On 9 January 1822 Dom Pedro answered: "If it be for the good of all and the general happiness of the nation, tell the people that I remain." Brazilian independence day has since been celebrated on 9 January "I remain" day.

Unfortunately Dom Pedro, crowned Emperor of Brazil on 22 December 1822, did not fulfill his early promise of enlightened leadership. He governed with almost no regard for public opinion and maintained a secret police to uncover any opposition. Any criticism of the regime he ruthlessly suppressed, and imperial prerogatives he so jealously guarded that the effort to draft a constitution in May 1823 was abortive. The Emperor exiled the assembly's leader, Jose Bonifacio Andrada, and in November dissolved the group, promising that he would give the country a liberal constitution of his own making. The document promulgated in March 1824 was not precisely liberal, but it did serve, temporarily at least, as the nation's first organic law. As time went on, however, Pedro refused to abide by the provisions of his own constitution. Although the new constitution provided for a chamber of deputies and a senate, it was not until 1827 that Pedro called these bodies. When they met, the fight was immediately joined. Faced with the united opposition of the liberal leaders, Pedro dissolved the legislature. The next one, elected in 1830, was even more hostile to imperial caprice.

Pedro's popularity, already at low ebb because of his arbitrary rule and constant quibbling with his legislature, suffered a further blow when Brazil lost its Banda Oriental province in the conflict with Argentina. The dissolute life of the Emperor and the character of some of his intimate friends and advisers served as further targets for criticism. In foreign affairs he was influenced by the British; in domestic, by his mistress. By 1830 almost all of the 33 newspapers published in the nation were using the constitutionally guaranteed freedom of the press to attack Pedro, his friends, and his dictatorial methods. Last minute attempts by the Emperor at conciliation failed. No longer able to count on the support of his own troops, who had gone over to the side of the revolutionists, he abdicated on 6 April 1831 in favor of his young son, Dom Pedro de Alcantara.

The abdication of Dom Pedro I released the economic and political forces generated in the revolutionary period but held in check by the Emperor. Despite much talk of republicanism, however, there were many in the country who retained a basic loyalty to the House of Braganza and were willing enough to give the imperial idea another trial. A regency of three governed during the minority of Pedro II, but congress became the power of the state. Political parties emerged, representing both rightist and liberal factions. The former formed the Liberal Monarchists, who demanded that control of local government be returned to the provinces; the latter divided into two parties, the Moderates who advocated a limited monarchy, and the Exalted Liberals, who favored a federal republic. Until Pedro II assumed active rule in 1830, the squabbles of the contending parties threatened to divide Brazil into three separate countries. Revolts broke out in several areas, the most significant in Rio Grande do Sul where the republican ideas of the neighboring states of Uruguay and Argentina seemed to influence local leaders. The regency was unable to crush the rebellion. This failure, together with the violent opposition to the absolutist policies of Father Diogo Antonio Feigo, who became sole regent in 1835, produced a crisis that was solved only with the elevation of Dom Pedro, barely 16 in 1840, to the office of emperor.

Although the 9 years of the regency proved difficult for Brazil, many important gains were registered during this period. For the first time Brazilians assumed the control of their government; the constitution

was revised; a code of criminal procedure was formulated; economic growth was stimulated, particularly in the increased exportation of coffee; and favorable laws were enacted to encourage European immigration.

Dom Pedro II was a remarkable ruler, in many ways an ideal monarch. Modest, preferring simplicity in dress and manner, he avoided pomp and circumstance. Democratic in outlook, he tolerated criticism of his person unequaled by any other nineteenth-century monarch. His regard for law, his interest in education, and his respect for parliamentary institutions aided the growth of the democratic tradition in Brazil. However, the Emperor was determined to be emperor in fact, and not merely in name. He subdued the rebellions in the provinces and expanded the southern and western boundaries of the nation by annexing territory from Uruguay and Paraguay. Using his powers under the constitution he made ministries dependent on his will, not on the Assembly or even on the majority party in that body; dissolved the Assembly at his own discretion, which he did on eleven occasions; and controlled the elections to a large degree with the constitutional provisions for indirect election of assemblymen and imperial appointment of senators.

By mid-century the political stability realized under Pedro II provided Brazil with a favorable climate for economic advancement. Transportation and communication, always major problems in vast Brazil, received a stimulus with the establishment of steamboat service on regular coastal runs and inland along the greater rivers, and the introduction of railroads and telegraph service into the interior. One of the causes of this railroad expansion was the sudden spurt in coffee production after 1855. The plantation aristocracy, long the economic masters of Brazil because of the sugar trade, were able, by branching out into coffee, tobacco, and cotton production, to enhance their personal economic stature. At the same time increased trade in these products, coupled with the fantastic boom in the rubber market benefited the national economy. The favorable trade balance swelled, corporations increased, and small industries began to appear, marking the growth of modern businesses. Competition with the British, the limited supply of free labor, and the lack of capital, however, all served to limit the growth of industralization.

In spite of its peace and prosperity, the Empire of Brazil was dying. The major cause of the collapse was the failure of Dom Pedro to retain the support of the aristocracy and the Church at a time when the forces of republicanism were becoming increasingly powerful. The Emperor alienated the great land owners during the slavery controversy and the Church in the crisis over Masonry. The pronouncements of Pius IX against Freemasonry caused great consternation in Brazil where the brotherhood had lived in harmony with the Church and had enlisted many of the leading Catholics in its orders. By the 1870's however, the masons had become increasingly critical of the Church. Soon the battle was joined between the episcopacy, who attempted to enforce the papal decrees and the leaders of the Masons, who held the leading posts in Pedro's government. Pedro sided with his Masons. When he failed to get a moderation of the papal pronouncements, he attacked the bishops, condemning several to prison terms. The monarchy suffered a loss of prestige by this policy. Though Pedro granted amnesty to the condemned prelates in 1875, this conciliatory act came too late. He could no longer hold the unquestioning loyalty of many of his people.

In 1888, while the Emperor was temporarily absent, his daughter Isabel, who was serving as regent, was persuaded to sign the "Golden Law" under which all slaves in Brazil were declared free with no compensation to their owners. The proposal was not new; it had long been endorsed by nearly all liberal Brazilians and many of the provinces already had similar laws on their books. But the conservative slaveholders, who had always opposed most strongly any proposal to abolish

the monarchy, had assumed that they could count on the monarch to protect their interests. When they suddenly found themselves deprived, with royal approval, of the manpower necessary to operate their great estates, most of them turned against the Emperor.

The immediate cause of the overthrow of the empire was the revolution of 1889. Although republican sentiment had been fostered for years by the powerful Republican Party (ever-tolerant Dom Pedro had extended protection to the party that openly advocated the abolition of the monarchy), it was not a people's movement in any sense. It was a military coup plotted and carried out by the army under the leadership of Marshal Deodoro da Fonseca and Benjamin Constant. The revolutionaries captured the government on 15 November with practically no bloodshed; Dom Pedro, as usual with the welfare of Brazil in mind, offered no resistance. He went into exile in Paris where he spent his last days strengthening the new republic by refusing to join in any counterrevolutionary plots.

On 16 November 1889 Brazil was declared a republic and Marshal Deodoro became provisional president. A brave and loyal man, Fonseca was limited, unfortunately, in intelligence and experience in the management of public affairs. He quarreled constantly with his advisers, replacing one group with another. There was virtually only one man of great ability who possessed influence with General Fonseca—Ruy Barbosa, who became minister of finance in the provisional government. He drafted a decree separating church and state that was a model of tolerance. Though stripping the Church of most of the prerogatives that it had enjoyed for centuries, it did so in a moderate spirit and without bitterness. Thus Brazil escaped the religious strife that marred so much of Mexico's history. Barbosa was also responsible for the adoption of an excellent criminal code and improvements in the organization of the courts.

After the adoption of a new constitution in 1890 Fonseca was elected first president of the republic. Less than a year after his election, however, he dismissed the Congress and threatened to run the country alone. There seems to be little doubt that his motives were good; less can be said for his judgment. By dissolving Congress and thus violating the new constitution he alienated his remaining supporters. When the army wavered in its allegiance to its old commander, Fonseca was forced to resign, and his vice-president, Floriano Peixoto, succeeded to the presidency. Although Peixoto's short administration was faced with rebellions in the armed forces and revolts in the provinces, the president was able to manage the survival of his ailing government to the end of its constitutional life.

With the semimilitary governments of Fonseca and Peixoto out of the way, Brazil elected civilian presidents who, under the constitution of 1890, began to guide the nation toward political maturity. Brazil's finances were put in order, laying the foundation for an era of prosperity. Railroads and harbors were developed, and the nation's natural resources were exploited as never before. In 1902 the brilliant Oswaldo Cruz was named Minister of Health. He succeeded in instituting a vast sanitary program that eventually eliminated such dread diseases as yellow fever, bubonic plague, and smallpox, which had ravaged the country for many years.

The country's increasing reliance upon coffee as its principal source of income produced a shadow in the economic progress Brazil experienced under the new republic. In 1907 it caused national financial disaster when a surplus of 11 million bags on the world market forced the Sao Paulo growers to the verge of bankruptcy. Complicating the crisis were the huge quantities of unsupported paper money issued by the Penna administration. The loss of income from coffee forced the government to seek large loans abroad with which to

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salvage the planters under a plan called valorization, that is, government purchase of surplus coffee. This added to the growing discontent in Brazil since foreign loans placed heavy tax burdens upon states not benefiting from the program. Economic prosperity was further marred in this era by the collapse of the rubber market. In 1910 the British East India rubber plantations entered the world market, and virtually overnight the great rubber cities of the Amazon became ghost towns. Once more the government was forced to issue great quantities of unconvertible paper money.

World War I provided an impetus to Brazilian commerce: coffee production was stimulated; industries grew rapidly, particularly the textile and leather industries; and foreign capital, largely from the US, became available for modernization. The growth of organized labor on a national basis paralleled the new growth in industry. The inevitable postwar depression was particularly hard on Brazil, however, and the government's retrenchment policies, while beneficial to the coffee and mineral interests, overlooked the needs of the rising classes, industry and labor. These new forces produced political and economic conflicts which led directly to the revolution of 1930.

Republic Brazil led a generally peaceful and orderly political life until 1930. It was untroubled by caudillismo except for the five years following the overthrow of the empire, although the military continued to play a political role. Fraud and corruption were ever present in elections and public administration though not to an alarming degree, and, although personalities rather than principles dominated presidential elections, usually the men elected were honest and public spirited.

Strong political parties, in the American sense of the term, had never developed in Brazil. Political groups were constantly changing and lacked the organization and discipline necessary to permanent existence. The tradition had gradually developed that Brazil's two great states, Sao Paulo and Minas Geraes, should have a monopoly on presidential candidates. A statesman from any other part of the country, regardless of his other qualifications, could scarcely hope to be considered. There were several exceptions, but as a rule the retiring governor of Sao Paulo would become president for four years, and would then be succeeded by the retiring governor of Minas Geraes. It was an endless circle, and to the inhabitants of Brazil's other 18 states, it seemed a vicious circle. By 1930 it had become so firmly established that it was sometimes called an unwritten part of the constitution.

In 1930 it was assumed that the governor of Minas Geraes would succeed Washington Luis of Sao Paulo. But the governor declined the office and announced his support of Getulio Vargas, the young governor of Rio Grande do Sul. President Luis refused to accept this turn of events; he threw his support to Julio Prestes of Sao Paulo. Prestes won the election by a considerable margin, but the election was declared a fraud by Vargas. Dissatisfaction spread throughout the nation. It was fanned by the world depression, which was felt severely in Brazil: artifically high coffee prices suddenly collapsed, and hundreds of planters were ruined; foreign trade, Brazil's life stream, slowed to a mere trickle. Underlying all this was the growing discontent of the industrial and labor classes, who resented the preferential treatment afforded the planters. The government was generally blamed for this state of affairs, so when the supporters of Vargas decided to install him in the presidency by force of arms they encountere surprisingly little opposition. The revolutionary forces struck on 4 October 1930. Luis was forced into exile, and Vargas was declared president of Brazil, "by the grace of God"--and the Brazilian army.

From 1930 to 1945 Getulio Vargas governed Brazil nominally as

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president but throughout the greater part of the time as dictator, his personal power extending down to the provincial and municipal levels. In many ways Vargas was one of Brazil's forgotten majority whose aspirations he was pledged to fulfill. Of mixed white-Indian parentage, Vargas had started his career as a gaucho on the plains of his native state, Rio Grande do Sul. He joined the army but quickly abandoned it for the law, preferring this means as a steppingstone toward a career in politics. In personal habits, democratic; in family life, honorable; and in official life, scrupulously honest, Vargas was nevertheless a thorough-going dictator--no novelty in Latin America, but almost unprecedented in Brazil. He lessened the shock by governing with moderation. Firing squads were not a part of his stock in trade; his amnesty to the large majority of his enemies often succeeded in converting them into staunch supporters. From the outset of the new regime, however, it was evident that a strong man had seized the reins of power. He suspended the constitution of 1891 and issued a decree conferring upon himself all the executive and legislative powers of the nation. He dissolved not only the national Congress, but all state legislatures and municipal councils. He suspended all the constitutional guarantees of individual liberty and prohibited the courts from reviewing the legality of any of the acts of the government. Loyalty to the new regime became the primary qualification for all public offices.

Paradoxically, it was the reforms achieved under the dictator Vargas that launched Brazil on its democratic journey. Vargas made a series of basic reforms by decree, later incorporated into law. The most significant ended the power of the states to levy internal tariffs and export taxes, thus providing the central government with a source of income commensurable with its obligations. Ranking next in importance were decrees restricting the planting of coffee trees and destroying rather than purchasing the vast surpluses. By 1934 over 29 million bags of coffee had been destroyed. Other decrees reduced the production of sugar, revived by World War I demands. Paralleling these restrictive decrees was a series of measures to stimulate the nation's sadly lagging economy. Subsidies were granted several of the basic industries, and manufacturers were aided by protection from foreign competition and benefited also from stringent laws requiring foreign corporations to use Brazilian raw materials and employ more Brazilians in their industries.

Politically, Vargas governed Brazil with interventors, who, replacing the former state executives, prevented the old political machines from organizing a counterrevolution and who put into effect the government's measures outlined above. Only one serious revolt occurred during these first years. Opposition to his reign centered in the coffee state of Sao Paulo where the fighting broke out in August 1932. Vargas quickly smoothered the rebellion, and as usual, adopted a general policy of clemency for the rebels. The collapse of the Sao Paulo rebellion left the nation without any effective opposition to Vargas, but widespread dissatisfaction with the dictator's political acts still existed. Vargas was too shrewd a politician to disregard the signs of widespread dissatisfaction; he decided, at long last, to call a constitutional convention.

The constitution of 1934 was in many ways an admirable document. It provided for a popularly elected ~~two-~~house legislature, a president with strictly limited powers to be elected for a 4-year term with no right to succeed himself, and a supreme court with the right of judicial review. Moreover, the powers of the states were to be restored, and the cities were to have their popularly elected municipal councils. To crown its work, the constitutional convention named Vargas as president for the term 1934-1938. Although Vargas, too, cared to live within both the letter and the spirit of the new constitution, he chafed under the restrictions of a parliamentary regime. A minor revolt of junior army officers and industrial workers in 1937 provided

him with the excuse to establish an emergency government and suspend all constitutional guarantees for more than a year. The president, however, continued the economic reforms outlined in the 1934 constitution, developing the resources of Brazil on a broad basis and encouraging the growth of industry. Unfortunately, he disregarded the plight of labor, whose condition grew steadily worse as the world-wide depression deepened. Finally, the labor unions joined the Communists, led by Carlos Prestes, in an unsuccessful revolt against the government.

The Brazilian Fascist movement, called integralismo, played an important part in quelling the revolt of the Communists and labor unions in 1934. The movement was led by Plinio Salgado, described by several historians as a dangerous mystic, who had been greatly influenced by the success of Mussolini's regime in Italy. The movement proclaimed "God, Country, and Family" as its slogan. It was violently anti-Communist, antisemitic, and antiforeign, and professed an extreme and exalted nationalism. The members of the movement borrowed from their European counterparts uniforms (they used a green shirt to match the green jungles of of Brazil) and armbands bearing the Greek letter sigma, which of course had no significance and therefore required no explanation. The fascist salute with upraised arm was adopted. At first integralismo was taken as a joke by the Brazilians, but soon businessmen, workers, and even some public officials joined the movement. There were monster parades and mass meetings. By 1935 it claimed a membership of over 200,000 and a year later this figure was doubled. Money began to flow into the party treasury, a substantial part of it coming from the German embassy. Salgado, the integralist Fuhrer, announced his candidacy for the 1938 presidential election.

Three major candidates vied for the presidency in 1938: Amando Salles of the Democratic Union Party, an outspoken critic of dictatorship who accepted the support of the liberal forces, including the Communists; Jose America, Vargas' Minister of Transport, who was generally regarded as the official apologist of the existing regime and received the support of the conservative forces; and Salgado. Jose America proved to be a poor choice, failing to attract the voters. When the Democratic Union candidate lost the support of General Flores of Rio Grande do Sul, who had been forced into exile by Vargas, Plinio Salgado was the only candidate left.

On 10 November 1937 Vargas acted. He suspended the elections indefinitely. Claiming the support of the armed forces and public opinion, Vargas staged a coup d'etat, annulled the 3-year old constitution, and prescribed a new dose of absolutism for Brazil. Vargas immediately promulgated a new constitution that centralized most powers in the hands of the executive, establishing a semi-Fascist corporate state. Although guarantees of individual liberty were included in the document, articles were also included that provided for their suspension at the will of the president. Perhaps the most remarkable aspect of the 1937 constitution, however, was the manner in which it was systematically ignored. Large sections of it never went into effect; Vargas ruled instead by presidential decree for 8 years. The remaining years of the Vargas regime, O Estado Novo (The New State), were characterized by a quasi-Fascist supernationalism. Foreign nationals and capital were still welcome, but they had to accept fairly strict regulation: at least two-thirds of the employees of every foreign company doing business in Brazil had to be Brazilians, two-thirds of the workers in every job category had to be natives, 20 per cent of all coal bought by the factories had to be Brazilian, and some alcohol from Brazilian sugar had to be mixed with all gasoline. Patriotic emotions were stimulated by flags, presidential portraits, and propaganda from the press and radio. New labor legislation was introduced, which succeeded in establishing Vargas as the champion of the common man.

It would be unjust to Vargas to equate his rule in Brazil with

the ordinary brand of Latin American caudillismo. A mild and reasonable man, Vargas allowed considerable criticism of the regime in the universities and, to a considerable extent, in the press. No widespread purges ever occurred during his administrations, and citizens were free to express their opinion against his policies. Far from trying to enrich himself or his family, Vargas seemed truly dedicated to instituting social legislation to enhance the life of the common man and to bring economic prosperity by attracting foreign capital, stimulating native industry, and regulating the production of Brazilian products. In all this he was eminently successful.

As World War II drew to a close, Vargas faced a growing demand for an end to his long dictatorship and the restoration of democratic government. Moreover, the inevitable scarcities and high prices of war intensified the political dissatisfaction among the Brazilian people. Vargas was totally unprepared for the blast of press criticism when wartime censorship was lifted. In the face of mounting pressure he announced his intention to resign and fixed 2 December 1945 as the day for the presidential election. Well acquainted with the Vargas technique of gaining personal victory by such carefully calculated retreats, the opposition understandably feared the outcome of the election, if indeed such an election would ever truly come about. On 29 October the chiefs of the armed forces settled the problem by forcing the president's resignation. Vargas peacefully retired to his cattle ranches in the South.

Chief Justice of the Supreme Court Jose Linhares became provisional president of Brazil. He lost no time in giving the Brazilian bureaucracy a thorough overhauling by dismissing the state "interventors" and national officials and replacing them with men of his own choosing. On 20 November, just 12 days before the election, he suspended the mayors of all cities appointing in their places judges of the courts to manage municipal affairs and supervise the counting of the ballots. On 2 December the people went to the polls for the first time in 15 years and overwhelmingly elected General Gaspar Dutra as president. General Dutra was considered the conservative candidate, although there was little difference between his politics and those of his principal opponent, Eduardo Gomes. The Communists, behind their leader Prestes, showed some, but not alarming, strength.

One of President Dutra's most important steps was to carry out the framing of a new constitution, based on the republic's first document of 1891. The constitution presented to the nation in September 1946 proved to be fairly liberal: it provided for a directly elected, one-term president of limited powers and a Congress with real law-making powers. The Estado Novo constitution of 1937 was not discarded entirely, however. Many of its economic provisions, particularly in the areas of industralization, labor reforms, and land distribution, were reminiscent of the Vargas programs listed in the 1937 document. Operating under this basic law, President Dutra gave the country one of the finest democratic regimes the republic had known. The press enjoyed complete freedom and in fact voiced embittered criticism of the government without any apparent resentment on the part of the president.

The critics were both loud and persistent. Almost from the day he took office, the president was forced to grapple with grave economic problems. Prices continued to rise causing a disastrous drop in the already low standard of living of the Brazilian masses. Strikes and riots occurred with alarming frequency. While the administration concerned itself with the problems of industrialization, favorable tariffs, loans, and the like, the interests of the laboring classes were disregarded.

In fact, both the main political organizations, the Social Democratic Party (PSD) and the opposing Democratic National Union (UDN),

controlled by the traditionalist elements, also ignored the mounting problems that were causing great social unrest. Nor did the armed forces show any great cognizance of the plight of the laborers. One man, however, did recognize the political potential of the new social classes. Getulio Vargas launched a new organization, the Brazilian Labor party and, posing as the champion of the downtrodden, launched his political comeback. Instead of meeting the problem of high prices, the government placed the blame for all unrest on the Communists. But it was labor's discontent that gave the Communist party a foothold from which to extend its influence. In the local elections of January 1947, much to the discomfort of the administration, the party polled some 800,000 votes. The administration acted with alacrity. Using the powers of the new constitution, it declared the party illegal on the ground that it was subservient to a foreign government, expelled duly elected Communists from office, and sent the Communist leader Prestes into exile.

In the elections of November 1950,with the massive support of labor,Vargas won in an honest election with an impressive majority and replaced Dutra. Vargas was now 67, and it was soon clear that he had lost the old touch. Although he had been elected with a million and a half vote majority, his supporters in Congress faired poorly. He was forced, therefore, into a coalition arrangement in order to maintain a majority in Congress. Also the men with whom he surrounded himself lost him much popular support. Some were incompetent; others corrupt. Least popular was Joao Goulart, Minister of War, who was strongly suspected of making common cause with the Communists, still a potent force in Brazil.

During the early 1950's the national finances of Brazil were in a desperate state, even though production increased, new businesses appeared, and the export trade rose over a billion dollars annually. The government's efforts to check the inflationary spiral proved ineffective with the result that prices continued to soar while wages lagged far behind. Vargas was forced to recall as Minister of Finance his former friend but now bitter enemy, Oswaldo Aranha. Aranha imposed a rigid regime of economy, but he could do little about the rapid nationalism which in recent years had plagued Brazilian economic life. The difficulty of getting necessary foreign capital had been greatly increased by a series of laws excluding foreigners from certain industries and restricting the export of profits. These laws had been passed at the insistence of extreme patriots and supernationalists, and anyone who suggested their modification was likely to be branded as the tool of foreign interests.

By August 1954 it was clear that Vargas was headed for defeat. The people, probably unfairly, placed the blame for the killing inflation at his door. Faced with a moderate-conservative opposition majority in Congress, he was powerless, by constitutional means, to deliver on his campaign promises. When his radical young labor minister, Joao Goulart, attempted to stir the workers to action early in 1954, the army stepped in and forced his dismissal. As the country's economic deterioration and political stagnation continued, Vargas tried desperately to intrigue his way out of his constitutional limitations by manipulating strikes and by directing the pressure of the masses against existing institutions. But the generals became increasingly restless. In the summer of 1954, after an air corps major had been killed, apparently by one of the presidnet's henchmen, the army stepped in, and deposed Vargas. On 24 August, unnerved by this turn of events, Vargas took his own life. All the reasons surrounding this action are still hidden. In any case one of the most remarkable men in Brazil's history passed from the scene. He had maintained democratic government since his election; he had undercut Communist growth; and over the years he had given labor protection in an increasingly industrialized state. In his last years he seems to have become what he never was before--a sincere democrat.

Vice-president Joao Cafe Filho became president to finish Vargas' term. He immediately cleared the Vargas henchmen out of key offices and set out to restore respect for the government. During his 14 months at the helm he concentrated his efforts on industrialization and the search for foreign loans to meet the mounting cost of government. But by the end of 1955 he had made little progress in the fight against inflation. In this continuing crisis, sharpened by the suicide of Vargas, Brazil faced the election of a new president in 1955. In spite of the open talk of a military dictatorship, however, the candidates were properly nominated and conducted a spirited campaign. The peaceful election gave the office to Juscelino Kubitschek, the nominee of the PSD and governor of the state of Minas Gerais.

In Brazil, as in most Latin American nations, not every president-elect can count on becoming president. In the month following Kubitschek's election in 1955 a small minority in Congress and in the army, abetted by influential newspapers, began a campaign to prevent him from assuming office. The situation became critical early in November when Cafe Filho took a leave of absence to recover from a heart attack, and Carlos Luz, President of the Chamber of Deputies, succeeded him as provisional president. The army, suspecting that Luz and the anti-Kubitschek elements were conspiring to prevent the inauguration of the moderate Kubitschek, prepared to act under the leadership of General Lott, a firm believer in the army's constitutional mission. Supported by the great majority of the officer corps on 11 November General Lott led the army in a typical Brazilian revolution: bloodless, almost gentle, and bewilderingly swift. Luz fled, and Nereu Ramos was declared provisional president by the Chamber of Deputies.

Ten days later, after being examined by a group of distinguished Brazilian doctors and being pronounced fit to resume his presidential duties, Cafe Filho declared he would return to the presidency. Believing that Cafe Filho was sympathetic to, if not directly involved with, the anti-Kubitschek forces Ramos and General Lott resisted his return to the presidency. The result was that the Brazilian Senate on 24 November voted a state of siege, thus giving the government the additional powers needed to prevent Cafe Filho's return to office. The preventive revolution or anti-coup, as the army called it, cleared the way for the inauguration of Kubitschek and Goulart on 31 January 1956.

Probably nothing typifies the present administration of Brazil more than the transfer of the capital from Rio to Brasilia in the cool, green hinterland of the interior. As the journalists enjoy saying, "Brazil is a land in a hurry." Like any land in a hurry, however, it suffers from chronic economic growing pains and Kubitschek's administration has suffered much criticism because of it. Inflation has spiraled at a rate of 2 per cent per month despite the government's heroic efforts to keep it within bounds. The Bank of Brazil tries to restrict credit, but the producers, who need credit in order to expand, sometimes bring irresistible pressures on the government to ease up. Vast fertile areas lie fallow, yet Brazil has a hard time feeding itself because only a handful of Brazilians and immigrants have been willing to move back more than a hundred miles from the sea. Proceeds from the sale of coffee, the principal export, are insufficient to pay for the imports Brazil needs, yet other exports have not yet increased sufficiently to make up the difference.

Nevertheless, Brazil is enjoying increasing political stability. There are 12 legally registered parties, all of them formed in 1945 or later. Only three, however, are organized on a nationwide basis and play a significant part in the present government. President Kubitschek is a member of the largest party, the PSD, and receives his support chiefly from the middle and upper classes of Brazilian society.

To the left of PSD in emphasis on labor and social-welfare legislation and on state intervention in the economy is the Brazilian Labor Party (PTB). These two parties form a somewhat uneasy alliance in the Brazilian legislature; uneasy because the PSD is in some respects even more conservative than the opposition party, the National Democratic Union (UDN). The second largest party in the country, the UDN receives support from all segments of the population but has little urban labor support outside the Federal District (Rio). It favors a program similar, in general, to the present administration's; its opposition on individual issues is often dictated principally by a desire to embarrass or oppose the government. Fortunately for the political stability of Brazil, the results of the 1958 election showed a leveling in the strength of the three major parties. The UDN, which before the election harbored extremists who condoned the use of violence to reach power, now sees political control possible through peaceful means and is beginning to show a more statesmanlike approach to national problems. Another encouraging aspect of the elections was the fact that many of the ultranationalists who had built their legislative reputations on anti-Americansim and ultranationalsim were repudiated by their constituents.

A stable government, however, has not been able to halt the Latin predilection for staging coups. On 3 December 1959 a handful of Brazilian Air Force officers led an attempted military coup against the government but political and military leaders, including the opposition UDN, rallied to support Kubitschek. Although the administration has witnessed mounting popular unrest intensified by the economic problems of a country growing at breakneck speed, the legacy of democratic processes inaugurated by the dictator Vargas and fostered by the democrats Dutra and Kubitschek should insure a brighter political future for the Latin American giant.

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Brazil-Foreign Relations

The Brazilian is by nature and tradition peaceful, and his preference for peace is reflected in his country's foreign relations. Brazil has had "no desire to expand, nor any imperialistic tendencies. No neighbour can demand anything from her, and she does not demand anything from her neighbours. Never has the peace of the world been threatened by her politics. . . ." Nor, continues Stefan Zweig, has this peaceful policy been the accident of a particular ruler or leader. "It is the natural product of a people's character, the innate tolerance of the Brazilian, which again and again has proved itself in the course of history."[1]

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1. From Stefan Zweig, Brazil, Land of the Future (London, 1942), quoted in J.A. Camacho, Brazil: An Interim Assessment (London, 1952) 66, 67.

Brazil's initial orientation in international affairs, fixed even before independence by the residence-in-exile of the Portuguese ruler in Brazil, focused naturally on Great Britain, traditional friend of Portugal and naval arbiter between the New World and the Old. Indeed, the British navy was a cardinal factor in Brazil's foreign policy. For the protection afforded Brazil by his majesty's men-of-war, Brazil, in the first half of the nineteenth century, gave Britain an inside position in its foreign trade. When Brazil broke away from Portugal in 1822 it presented the UK with a dilemma: how to preserve its favorable trade position in Brazil without alienating its friend Portugal. The task was accomplished with characteristic British efficiency, but not before the US had beaten the UK to recognition of Brazil (1824).

In support of the generalization that Brazil is essentially a peace-loving nation, it has been pointed out that Brazilians have fought in only five wars, one of them the result of a pre-independence conquest, the other four against militarist rulers.

The first of these wars was the upshot of the Uruguayan revolt. In 1816 Brazil had annexed Uruguay--or the Banda Oriental as it was then called--and added it to its domain as the Cisplatine Province. In 1825, therefore, when Buenos Aires supported the Uruguayan revolt of Juan Antonio Lavalleja against Brazil, the expected clash between Brazil and Buenos Aires could no longer be postponed. But its effects could be moderated, and this, the UK, when its own trading interests were threatened, hastened to do. Largely through British mediation much acerbity, past and prospective, between Brazil and Argentina over the Banda Oriental was neutralized by the creation in 1828 of the buffer state of Uruguay.[2]

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2. Ibid., 68, 69; George Pendle, Uruguay: South America's First Welfare State, 12, 13.

Brazil's next resort to arms came in response to the challenge of Argentine dictator Rosas' expansionism, which culminated in the declaration of war in 1849. In league with Paraguay and Uruguay, which Rosas had intended to unite with Buenos Aires, Brazil completely defeated Rosas' army and destroyed the dictator's power. Never since has there been armed conflict between Brazil and Argentina.

Sixteen years after disposing of Rosas, Brazil was fighting another dictator--this time the notorious Lopez of Paraguay--in the

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War of the Triple Alliance, or Paraguayan War (1865-1870). A long and costly struggle, it brought to an end the strife of the Plata region. The friendly relations that have existed there since have prevailed in part because of the conciliatory attitude of Brazil.

For the next 47 years, a period during which its foreign policy was dictated by common-sense empiricism, Brazil remained at peace. Moreover, it set an example of international comity by settling a series of outstanding frontier disputes by peaceful negotiation or arbitration. The period was also marked by a great influx of immigration, especially of Germans, Italians, and Japanese, as well as a decline in British and a corresponding increase in US influence in Brazil.[3]

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3. Camacho, Brazil, 69, 70.

In spite of the large immigration from what became the Axis powers, public opinion in Brazil at the outbreak of World War I was wholeheartedly pro-Allied. In fact the foreign minister's overt sympathy for the Allies probably amounted to a violation of the laws of neutrality. In April 1917 the sinking of Brazilian ships led to the severance of relations, and in October of the same year the Brazilian legislature passed a resolution recognizing a state of war with Germany. Though Brazil's material contribution to the war effort was relatively small, its moral stand, shoulder to shoulder with the US, for the ideals shared by the two greatest states of the Western Hemisphere was auspicious not only for the Allied cause but also for the cause of hemisphere solidarity.[4]

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4. Ibid., 70, 71; Graham H. Stuart, Latin America and the United States, 5th ed, (New York, 1955), 436.

After the war Brazil continued to exhibit the friendship toward the US that it had shown during the conflict. Although regretting the fact that the US did not retain the lead that it had taken in "that great project" the League of Nations, Brazil showed its confidence in the US by voting for US statesman Elihu Root for one of the judges of the Permanent Court of International Justice. Brazil provided further evidence of its friendship for the US in 1922 when it contracted for a 4-year US naval mission to help reorganize the Brazilian Navy. This Brazilian-US military amity was not without its complications, however; Argentina resented it and claimed that it interfered with any program for the limitation of armament between the ABC (Argentina, Brazil, and Chile) powers. Nevertheless, the mission, which it was argued was not trying to persuade Brazil to enlarge but merely to improve its navy, was renewed in 1926, and, after a 2-year hiatus, again in 1932 and 1936. When military cooperation between the US and Brazil expanded to include the loan of several decommissioned US destroyers for training the Brazilian Navy, Brazil's neighbors objected emphatically. So vocal were these protests that the US and Brazil felt obliged to reply. On 20 August 1937 the two governments issued a joint statement declaring the plan in entire harmony with precedent and regretting that "a question of such limited importance should even for a few days be allowed to divert attention from the high ideals and . . . program which the 'good neighbor' policy comprises."[5]

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5. Stuart, LA & the US, 437, 438.

Brazil affords an excellent example of the chronic predicament faced by the US in attempting to formulate an arms exportation policy for Latin America. The Brazilian dilemma arose in 1930 when Getulio Vargas, questioning the honesty of the presidential election of that year, raised the standard of revolt against the Luis government. Vargas struck on 4 October. On 10 October the State Department announced that it had not considered an arms embargo and would probably not do so unless the Government of Brazil requested it. A few days later when the Brazilian Government bought 10 planes, Secretary of State Stimson, referring to the purchase, announced that like any other friendly government Brazil had a perfect right to buy munitions in the US. But the issue clouded up considerably a week later when the Brazilian ambassador asked the US to establish an embargo on arms shipments to the rebels. The US could hardly refuse the request, for though conditions in Brazil were not causing distrubances prejudicial to US interests such as had warranted embargoes in Cuba, Mexico, Honduras, or Nicaragua, a refusal could have been interpreted as an unfriendly act as well as an act inconsistent with the US policy of supporting recognized governments in Latin America. Thus faced, in effect, with a choice between Vargas and the government, the US bet on the government. President Hoover announced the embargo on 22 October, prohibiting the export to Brazil of arms and munitions of war, with the exception of such shipments approved by the Government of the US for the recognized Government of Brazil. Two days later the State Department had the misfortune to watch its horse run completely out of the money as Dr. Vargas brought the revolution home by several lengths.[6]

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6. Elton Atwater, American Regulation of Arms Exports (Washington, 1941), 157-161.

In an attempt to mitigate the effects of its diplomatic faux pas the State Department quickly extended recognition to Vargas. Thereafter, in spite of the authoritarianism of the regime, the US made a point of staying on good terms with the dictator. In an address on 6 December in 1937. Under Secretary of State Sumner Welles, in reference to the Vargas coup of that year, declared that the traditional friendship between the people of Brazil and the US was not impaired by "misinterpretations" placed upon the coup. He recalled the unanimous agreement of the Buenos Aires Conference that no state should interfere with the internal affairs of another.

In the few years remaining before US entry into the Second World War, US-Brazilian economic and military ties grew stronger. In the spring of 1939 Foreign Minister Aranha worked out with Washington an elaborate program for closer economic collaboration with the US. The program embraced a $19 million credit from the Export-Import Bank to ease commercial transactions and a survey by US experts of tropical agricultural possibilities. The following year the Bank granted Brazil a loan of $20 million for the construction of a steel plant, the machinery for which would be supplied by the US. Another economic arrangement of particular interest to Brazil was the Coffee Marketing Agreement signed on 18 November 1940. By means of this agreement the American republics divided fairly the US and world coffee market, establishing a basic annual quota for each of the coffee-producing countries of Latin America. Brazil's quota was by far the largest--9,300,000 bags of coffee annually compared to Colombia's 3,150,000.[7]

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7. Stuart, LA and the US, 438-440.

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At the outbreak of the Second World War Brazil's future attitude toward the disputants was a matter for speculation. Although relations with the UK and with the US were friendly and ties with the US growing increasingly important, there were signs that lent credence to the belief that Brazil inclined toward the Axis. The Constitution of 1937 bred fears of totalitarianism, and a Vargas speech during the early part of the war was interpreted as pro-Axis. Moreover, in June 1940 the chief of the military mission reported to the US ambassador that though Brazilians did not trust Germany, they had great admiration for its fighting machine, believed that Germany was the only country from which they could obtain arms on reasonable terms, and doubted the ability of the US to protect them from aggression.[8]

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8. (S) Brazil Briefing Book, 279; Camacho, Brazil, 73, 74.

Indeed, it was upon the question of supply of armaments, according to then Major Matthew Ridgway of the War Plans Division (WPD), that our future relations with Brazil appeared to depend. Brazil's price for cooperation in the defense of its strategic "bulge," was the assurance that the US would satisfy its armaments requirements, which in some cases were formidable. (One item requested was larger than the total amount available to US forces.) To the Brazilian general who had been sent to negotiate an arms agreement General Marshall promised only that Brazil's requests would have preference over those of the other Latin American nations.

As the situation in Europe deteriorated, the War Department grew increasingly anxious to place US troops on the Brazilian bulge. But the highly nationalistic Brazilians, jealous of their sovereignty, resisted any measures that might have been interpreted as an infringement of it. "The Brazilians," in the words of one writer, "wanted to participate in hemisphere defense measures, not merely to acquiesce in them." As late as October 1941 their major objective in joint military planning meetings with the US was still to secure arms and equipment. Unfortunately, US efforts during 1941 to supply arms to Brazil resulted more in disappointment than in satisfaction. The only military aircraft actually provided before Pearl Harbor were three primary trainers.

Nevertheless, in spite of these discordant notes, Brazil and the US were soon playing harmoniously their parts in hemisphere and United Nations defense. A lend-lease agreement signed on 1 October 1941 paved the way for a large and steady flow of military equipment starting in 1942 and continuing throughout the war. On 28 January 1942, at the close of the Rio Conference, Brazil broke diplomatic relations with the Axis nations. Finally on 22 August 1942, after several Brazilian vessels had been torpedoed by German U-boats, Brazil declared war on Germany and Italy. On 15 December US marines took off from Quantico to protect airfields in northeast Brazil.

Brazil's contribution to the Second World War was much greater than its contribution to the First. Nowhere in South America did fifth columnists suffer harsher treatment than at the hands of Getulio Vargas. The huge air base at Natal--during the war one of the largest depots in the world--was an invaluable aid in the transportation of troops and supplies to the African and European theaters. Brazil and the US collaborated in cleansing the South Atlantic of German submarines. Brazil's production of strategic materials was a tremendous boon. And, of course, it is impossible to overlook the performance of the 25,000 Brazilian troops and one air squadron that saw active service in the Italian theater between September 1944 and May 1945. Considering their training, movement, and equipment, these Brazilian units acquitted themselves well.[9]

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9. Conn and Fairchild MS, 282, 294-296, 305, 313, 324, 329, 330; Camacho, Brazil, 75; Stuart, LA and the US, 440, 441.

Brazilian-US collaboration during the war contributed to a closer relationship after the war. The Joint Brazil-US Defense Commission (JBUSDC) and the Joint Brazil-US Military Commission (JBUSMC) established in 1942 continued in operation after the defeat of the Axis and gradually oriented themselves to their cold-war environment. The administration that supplanted Vargas, worried by an apparently growing Communist influence, suppressed the local Communist Party and broke diplomatic relations with the USSR in 1947. (Among the Bloc countries only Czechoslovakia and Poland had diplomatic representation in Brazil as of April 1959.) In 1948 the US and Brazil established a joint technical commission (called the Abbink Mission after its[10]

10. (S) Brazil Briefing Book

chairman) and in 1950 signed a cultural agreement encouraging the exchange of students and professors. Brazil was the first Latin American government to sign a bilateral military agreement with the US. (It did not ratify the agreement, however, until May 1953.) By 1952 technical assistance loans to Brazil amounted to $295 million. Brazilian trade with the US in 1952 totaled over $1,600 million, with a favorable balance for Brazil of $50 million. Moreover, despite a Communist attempt to blame the US for the tragic demise of President Vargas, the government that took over the 1954 showed itself even more friendly to the US than its predecessor. On these supports--military, economic, and political--a bridge of cooperation was constructed between Brazil and the US.[11]

11. Stuart, LA and the US, 442-446; Conn and Fairchild MS, 329; Brazil Briefing Book.

Yet this bridge was not without its stresses and strains. The Vargas years saw a retreat from exaggerated regionalism and a concurrent emphasis on national identity. This new nationalism, propelled by Brazil's creditable participation in the war, had a noticeable effect on Brazil's international--especially US--relations. For notwithstanding the economic dependence of Brazil on the US, the rivalry between Brazil and Argentina for US favor, and the absence in Brazil of fear of US domination, Brazilians have shown signs of testiness in their relation with the US. The main sources of this disaffection have been the US economic and military aid programs. They are keenly sensitive to their distinctive cultural heritage as well as their size and importance in the hemisphere, and dislike being lumped indiscriminately with the rest of Latin America. Moreover, they feel that the aid they have received has not been commensurate with the significant contribution they made in World War II and after. This stiffening attitude was illustrated in the negotiations over a missle-tracking site on the island of Fernando de Noronha off the Brazilian coast. Brazil related these negotiations over the base rights directly to the question of increased US military assistance. On its part, the US tried to avoid a quid-pro-quo confrontation, but eventually had to settle for a compromise: in exchange for the tracking station the US agreed to take into consideration "the extent of responsibilities that may be involved" in arriving at a program of military aid to Brazil. The list of requirements subsequently submitted by Brazil--estimated to cost $600 million--was privately

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described by US officials as "entirely infeasible" and "inappropriate." The JCS countered with a recommendation for an $87.1 million program, a recommendation agreed to by DOD, the Department of State, and ICA, and eventually by Brazil.[12]

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12. Brazil Briefing Book; (S) "Brazil," NIS 94, sec 55, Mar 54, 9.

The result of the combination of ultranationalist pressures, economic frustration, and disappointment with US aid has complicated US-Brazil relations. Abandoning its traditional role as arbiter between the US and Latin America, Brazil has recently emerged--as, for instance, in the case of Operation Pan America--as the spokesman for the underdeveloped countries. Nor has the approach of the Brazilian presidential election of November 1960 simplified the problem. As in the US, all issues, including foreign policy issues, increase, multiply, and magnify during a presidential year. In Brazil, relations with the US are clearly a major campaign issue. In November 1959 President Kubitschek, in a speech on the deterioration of Brazil-US relations, declared that the problems that gave rise to the attacks on Vice President Nixon still persisted and that the US could no longer take the friendship of Brazil for granted. Kubitschek's PSD had already chosen as its presidential candidate Minister of War Henrique Teixera Lott, who announced that should he be elected he would continue the president's policy of rapid economic development and government financing. Brazilian Communist leader Prestes, endorsing Lott, called him the candidate of the people. At the same time, Prestes dismissed Janio Quadros, the most formidable opposition candidate, as an entreguista (a servant of foreign vested interests) and the worst type of Sao Paulo reactionary.

Recent events that bear notation but, because of their proximity defy interpretation were the 3-year Soviet-Brazil trade agreement of November 1959 and President Eisenhower's good-will visit in February of this year. Between these two events came a New Year's message to the nation on 31 December by President Kubitschek in which he foresaw an "era of mutual understanding" between Brazil and the US.[13]

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13. HAR, XII(Sep 59, Jan, Feb 60), 406, 632, 698; Brazil Briefing Book.

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Communism in Brazil*

The birth of the Brazilian Communist Party (PCB) early in 1922 was essentially a manifestation of the quickening pace of the socio-economic changes in Brazil. Initially comprised of only 100-odd intellectuals, the PCB caused little or no stir among Brazilians, who were understandably ignorant of the party's principles and modus operandi. Immediately after its founding the PCB associated itself with the Third International and launched a magazine, Movimento Comunista, which publicly proclaimed the party's allegiance to the Comintern, but occasioned only a barely discernible ripple on the surface of Brazilian political life. In July 1922, however, in the aftermath of a short-lived revolt by the armed forces, the government outlawed all subversive movements, including the Communist party, and for the next 23 years the PCB was illegal.

As an underground party the PCB, working incessantly, gradually widened its following and influence among urban labor, student, and professional groups. But from 1922 to 1932 its effectiveness was impaired by doctrinaire leadership, internal differences, and the limited role it was able to play in the body politic of Brazil. The isolation of the PCB from the mainstream of Brazilian political life was amply demonstrated, for example, by its failure to recognize the significance of, and use to its advantage, the sociopolitical revolution that raised Getulio Vargas to power in 1930.

Perhaps the most valuable asset of the PCB in Brazil has been, and continues to be, the leadership provided by Luis Carlos Prestes. In 1924 Prestes headed an uprising which lasted more than 2 years before the government succeeded in suppressing it. Despite its failure, this uprising brought Prestes considerable popularity. As the leader of an insurgent column, Prestes led his men in a 20,000-mile march through the backlands, and earned the sobriquet, "Knight of Hope." When Vargas gained power in 1930, Prestes for a short period collaborated with him, but the two eventually fell out, and Prestes went into exile. From 1931 to 1934 he remained in Moscow, where he was a member of the executive committee of the Comintern.

With Prestes in the USSR the PCB, responding to pressure from the Comintern, modified its position and in 1934 joined forces with other leftists, anti-Vargas liberals, and anti-Fascists to form a strong revolutionary movement known as the National Liberation Alliance (Alianca Nacional Libertadora-ANL).

Early in 1935 Prestes returned from 4 years of Comintern training to head both the PCB and the ANL. Under his leadership an abortive attempt was made to overthrow the Vargas government in November 1935. The uprising was quickly suppressed; Prestes and most of the remainder of the PCB top command were imprisioned for long terms; and the Communist movement in Brazil was virtually destroyed. Only a small core of militant Communists survived from 1936 to 1945 to give continuity to the underground party.

Although in the late 1930's Vargas used an alleged Communist threat as an excuse for extending his own power, by 1945 his political fortunes had undergone such a change that he turned to the PCB for support. Prestes, previously sentenced to almost 50 years in prison, was freed and was soon stumping for Vargas. In return Vargas legalized the PCB in 1945. He apparently expected Communist support in an

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*US Sen, "United States-Latin American Relations" (Study by Corp for Eco and Ind Research for Cmte on For Rel, 80th Cong, 2d sess; Washington, 1960); NIS 94, "Brazil," sec 57, May 56.

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attempt to retain the presidency, but the 1945 elections did not take place until after a coup d'etat had toppled Vargas from power. Perhaps the major surprise of the elections was the relatively strong showing of the PCB. The party received more than 600,000 votes, winning 14 seats in the Chamber of Deputies and a place in the Senate for Prestes. Less than a year earlier the PCB had made the modest claim of 3,000 members, and to many Brazilians this claim seemed an exaggeration of Communist strength. In the elections of 1947 the Communists polled 800,000--about 16 per cent of the total. They elected 2 senators, 14 deputies, and about 70 members of state legislatures. The new President, Dutra, greatly disturbed by this manifestation of Communist strength, determined to dispose of the threat. As a result, within a few months the party was declared illegal and officially dissolved. In October 1947 Brazil, which had recognized the USSR 2 years earlier, severed relations with the Soviet Union; and a short time after this the Communist members were expelled from Congress. Thus communism in Brazil was once more forced underground.

Since 1947 Communist newspapers and periodicals have continued to publish, and PCB members have continued to participate actively in politics. By supporting the candidates of other political parties the PCB has succeeded, through a quid pro quo arrangement, in securing non-Communist support for its own candidates running on non-Communist tickets. Though open PCB collaboration with the victorious political coalition in the 1955 presidential elections raised Communist prestige to its highest point since 1947, thereafter the influence of the party apparently declined. In the 1958 congressional and state elections candidates of parties that accepted Communist support lost heavily. At this time the PCB was reported to have approximately 50,000 members--less than one-tenth of 1 per cent of Brazil's estimated population of around 63 million.

In recent instructions to the PCB, published in the "outlawed" Communist press, Prestes has stated, among other things, that there is only one real test for Brazilian policy: "Is it anti-United States?" In March 1958, Prestes was permitted to come out of hiding with the understanding that he might have to stand trial. Since his emergence from the underground he has been conducting a campaign for legalization of his party. It is quite possible that if the Communists regain legal status, they may show a new vitality, as was the case after 1945, and as has happened in certain other Latin American countries.

The Communist movement in Brazil has traditionally been a revolutionary movement that has held the development of paramilitary capabilities as one of its objectives, although the emphasis placed upon the use of force for political ends has varied from time to time. The PCB has in the past frequently cited the Chinese Communist revolution as an example it should be prepared to emulate. There is no doubt that the party's educational program includes training in the use of firearms, and the PCB is known to have small stores of arms in widely scattered areas of Brazil. Although the PCB is still unable to exert a decisive influence on the course of national policies, it is a force no government in Brazil can afford to ignore.

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US and Foreign Missions in Brazil

Foreign Missions. Before World War II the history of foreign military influence in Brazil is largely the story of the French military mission that from 1919 to 1940 played the predominant role in the development of the Brazilian Army. Although French missions were active in other Latin American countries in the period between the two World Wars, it was in Brazil that French military influence scored its great triumph. In 1927 at the peak of its prestige the French mission included a major general, 2 brigadier generals and 70 officers and enlisted men. Through the careful selection of highly qualified officers for duty with the mission, the fostering of cordial relations with Brazilian leaders, and the judicious award of decorations to high ranking army officers, the French mission succeeded in implanting French strategic and tactical doctrines in the Brazilian Army, doctrines that were not supplanted until the mid-forties when burgeoning US military influence in Brazil led to acceptance of US concepts. During its long tenure in Brazil the French mission also succeeded in arranging preference for France in the purchase of munitions by Brazil. With respect to military aviation purchases, this preference had evolved by 1931 into a virtual strangle hold on the military aviation market in Brazil. Shortly after 1931, however, growing Brazilian nationalism, French sales of inferior materiel, and the competition from US missions all contributed to the decline of the French influence in Brazilian military matters. The mission's contract was renewed on a 1- or 2-year basis until 1939 and then terminated in December 1940.

In addition to the French mission, two small Austrian cartographic missions and a group of four Czechoslovakian civilian engineers also served in Brazil. One of the Austrian missions composed of four ex-officers and seven assistants, served from 1920 to approximately 1926, and during this period reorganized the Brazilian geographical service, made maps, and trained Brazilian personnel in cartography. The other Austrian mission, comprised of three officers, was in Brazil during the years 1934-1935. Nothing is known of their work in Brazil. Only a little more is known about the Czechoslovakian group. The services of these Czech civilian engineers were arranged for by the Brazilian military attache in Berlin, and they arrived in Brazil in 1940 to act, ostensibly, as technical ordnance advisers.

US Naval Mission. Except for a short lapse in the depression years of the thirties a US naval mission has been part of the naval scene in Brazil from World War I up to the present time. Brazil, with its long history of friendly relations with the US, was the first Latin American nation to request a US military or naval mission. In 1918 as World War I was drawing to a close Brazil requested and received the services of a US naval mission. This mission got off to an auspicious start when in the next 2 years it was instrumental in arranging for the modernization of Brazil's two old battleships in a US navy yard, notwithstanding the fact that the battleships had been built in England.

In 1922 the naval mission in Brazil was greatly enlarged. In view of the contemporary role envisaged for Brazil in the common defense of the Western Hemisphere, it should be noted that on this occasion Secretary of State Charles Evans Hughes announced that the basic purpose of the naval mission was to assist in the development of Brazil's seapower in order that Brazil might protect its own shores without the assistance of the US fleet.[14]

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14. (S) ODCSOPS, "Chronology of Pertinent Authority for U.S. Military Missions," Tab B; US House, Hardy Rpt, 1956, 14; (C)MS, AIC seminar, AM, 5.

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In the Naval Mission Agreement signed between the US and Brazil on 27 May 1936 the purpose and duties of the mission were described as follows:

> The purpose of the Naval Mission is to cooperate with the Minister of Marine and the Officers of the Brazilian Navy, with a view to enhancing the efficiency of the Brazilian Navy.
>
> . . . . . .
>
> It is the duty of the Naval Mission to advise, through the Minister of Marine, the Chief of Staff of the Navy, the Directors of Instruction of the Naval War School, of the Naval Arsenal, of Naval Engineering and of Aeronautics, cooperating with them in all matters within their province, always indicating the necessary measures, as well as the training to be given, for the greater efficiency of the Navy.

A new agreement between the two countries was signed on 7 May 1942, and when in 1946 this accord was extended it was also agreed that the members of the US naval mission would be permitted to represent the US on "any commission and in any other capacity having to do with military cooperation or hemispheric defense without prejudice to this contract." By the summer of 1948 the naval mission in Brazil had a strength of 18 officers and 13 enlisted men. The US naval mission in Brazil has continued to provide a channel for the flow of US influence in Brazilian naval affairs down to the present time.

US Military Mission. Owing to the almost exclusive influence of the French mission in Brazilian Army matters after World War I, it was not until the mid-thirties that a US military mission was requested by Brazil. At that time a four-man US Army mission arrived, and up to the outbreak of World War II helped advise and instruct the Brazilian Army in coast defense, ordnance, and chemical warfare matters. The circumstances and date of termination of this mission are not clear, but what is certain is that from the beginning of the Second World War the relations between the US and Brazilian Armies grew steadily closer.

US Military Advisory Mission. In July 1948 at the request of the Brazilian Government an agreement was signed for the provision by the US of a military advisory mission comprised of officers and enlisted men of the United States Army, Navy, and Air Forces. The stated purpose of the mission was to advise the President of Brazil "or his representative in the establishment and operation of a school for senior officers of the Brazilian Army, Navy, and Air Force for combined operations similar to the United States National War College in Washington." Eventually, however, Brazil requested the disestablishment of the mission because of the expense involved, but agreed in November 1955 to continue the services of the US advisors on a rotational basis.

Joint Brazil-United States Military Commission (JBUSMC). By an exchange of notes in May 1942 the US and Brazil agreed to the creation of two US-Brazilian technical military mixed commissions, one in Brazil and one in the US. These commissions, made up of army, navy, and air force officers of each country, were charged with the "preparation of detailed plans and with concluding agreements between the General Staffs necessary for mutual defense." The US delegation of the JBUSMC in Brazil was organized into three sections, army, navy, and air force, and all sections were assigned a technical advisory function. In the summer of 1956 the army section consisted of 28 officers, 24 enlisted men, and 12 US civilian employees; the air force section was made up

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of 14 officers, 33 enlisted men, and 19 civilian employees. In Brazil the MAAG functions are performed by the service sections of the JBUSMC.[15]

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15. Dept of State, United States Treaties and Other International Agreements, EAS 94, TIAS 1559; Conn and Fairchild MS, 267; (S) Brazil Briefing Book; US House, Hardy Rpt, 1956, 3.

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Armed Forces

Role in Brazilian Political Life: Of the Latin American countries only Brazil, where independence was achieved without prolonged fighting and where a new emperor preserved the existing governmental structure, avoided the post-independence curse of predatory militarism. Moveover, during the country's first century of independence there was only one brief exception to civilian rule: the 5-year caudillo-praetorian interlude that followed the collpase of the Empire in 1889 and preceded the era of stable democratic government.

Historians have in part explained this enviable record by the economic development enjoyed by Brazil during the period. In contrast to some of its neighbors, whose large Indian populations lived in poverty under the traditional order of society (landowner oligarchies) and politics (caudillismo), Brazil experienced an early and steady influx of immigrants who possessed technical skills that reinforced the trend towards industrialization and assured the growth of a powerful middle class. This is not to deny the very real influence of the traditional oligarchy on Brazilian policy. In fact, the great plantation owners continued to rule Brazil until World War I, but necessarily with the advice and consent of the middle class.

According to US intelligence sources and several Latin American experts, however, Brazil's traditional freedom from the heavy hand of the military has, in recent decades, been impaired; the nation has surrendered to its armed forces the role of censor of its political order. The military, particularly the army, has felt that the armed forces have an obligation above the constitution to intervene in the political process whenever, in their judgment, such action is necessary to preserve established institutions. The fact that the populace has accepted the principle of military intervention in the political process, at least for a short period of time, has contributed to the development of a powerful interdictive influence by the armed forces on Brazilain politics. Although the armed forces have outwardly at least remained aloof from partisan politics, there can be no gainsaying their potent influence on political decisions made by civilian leaders.

In Brazil acceptance of the principle of military intervention for the public good is not an old phenomenon, it dates back only to 1930. In that year, the year Vargas first rose to power, the armed forces first became the essential element in the formula for stable Brazilian political life. The young army officers, the so-called tenentes, had begun their climb to power in the days following World War I. Their discontent was twofold: first, they shared the nationwide distaste for the rising industrialists, professional groups, and urban labor (and sympathized with the rural and regional oligarchies of Minas Gerais and Sao Paulo); and second, they believed the senior officers incompetent and insufficiently attentive to the needs of the military organization. In 1930, following several unsuccessful uprisings in the provinces, the tenente minority, joining forces with Vargas, took part in the Rio Grande do Sul rebellion, and was largely instrumental in its successful outcome. Though the army remained largely under the control of high-ranking regular officers, Vargas managed to place his tenentes in charge of many state governments. Here, though initially a radical minority in an essentially moderate coalition, the tenentes began to lose their zeal for reform. They did, however, by threats of military intervention help Vargas force the 1934 constitution through a procrastinating civilian constituent assembly. But three years later the tenentes quietly acquiesced when the dictator set up his semi-Fascist corporate state. This shift from liberal to conservative action in the junior officer corps of the Brazilian Army between 1930 and 1937 illustrates how difficult it is to make reliable generalizations about the socio-political attitudes

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of the officer corps in a single country, let alone in Latin America as a whole.

During the decade prior to World War II heightened nationalism in Brazil was a powerful support for the aspirations of the military. Hero worship and the reverence for national honor, already existing in Brazil, grew in intensity and public approval. Under Vargas there were no official uniforms, except for those in the armed forces, nor any official greeting or outstretched arm. But in patriotic obeisance the flag of the republic was frequently and widely displayed. Every shop and every office was expected to display a portrait of Vargas. Even radio broadcasts were used to stimulate patriotic emotions. The army strongly supported these external manifestations of nationalism, and understandably; for caught up in a wave of supernationalism the nation came to accept the right of the military to protect its honor and dignidad from enemies both foreign and domestic. The public soon accepted the idea that if the politicians used power in a way that reflected unfavorably upon the national honor, it was within the province of the military to intervene and set things right.

It should be noted, however, that as often as not the army's motivation for suspending the traditional political process was probably patriotism and enlightened conservatism. It is generally recognized that the ability of the nation to survive the incredibly rapid transition to industrialization without discarding its basic political structure was owing in no small part to the army, which, under the leadership of the General Staff, exerted stabilizing influence in Brazil, and prevented the political pendulum from swinging too far to either right or left. The role of the army as a stabilizing factor was best illustrated by the relations between the military and President Vargas in 1945 and in 1954. In the first instance, when the rightist policies of the Vargas dictatorship seemed destined to continue after World War II, the army stepped in and deposed the president. By turning over the government to the president of the supreme court and calling for general elections, the military showed its determination to stand aside while the civil leaders laid the foundations for democracy. In 1954 the armed forces again intervened, but this time in a conservative role. By this date Vargas had veered considerably to the left, was scorning constitutional limitations, and emulating Peron in demagogic appeals for the support of the masses. Therefore the armed forces stepped in and deposed him. It has been said in behalf of the armed forces of Brazil that they have played an antidespotic political role, intervening either to terminate the tyranny of one of their own colleagues or to supply a corrective to the excesses of civilian politicans.

Several Latin American scholars have suggested that US lend-lease aid was a major factor in the Brazilian army's ouster of Vargas in 1945. The plentiful new equipment available to the Brazilian armed forces no doubt increased the confidence of the officer caste in its ability to make and break governments. But to point to US aid as the determining factor in the army's rise to power would be rather naive since the influence of the army was apparent long before the initiation of foreign aid.

As much as US military aid, two other factors--a national outlook and administrative skill--certainly deserve consideration as major causes of the present position of the Brazilian armed forces in the nation's political life. The army, largely free from parochial loyalties, has developed strength through a united national outlook. On the other hand, the dominant civilian leaders have inherited regional loyalties as a legacy of the extreme federalism that has been a feature of Brazilian history since independence. This regionalism has diminished, but continues to handicap civilian politicians. Moreover, national political parties are a recent innovation. Of the

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three present nationally organized parties, only Kubitschek's PSD has truly national representation. Although the inevitable expansion of the modern political parties into national organizations and the emergence of labor as a political force will tend to limit the military's freedom of political action, this national-unity outlook has been a major force of the army's present power. A second factor contributing to its power in the government since 1945 has been its ability, unmatched by civilian sources, to furnish the trained administrators required by the rapidly expanding functions of the state. Thus the military has been assured an important say in the government, not only in defense, national security, and international policies, but also in domestic politics.

Within the Brazilian military establishment interest in politics and the capability to play a vital political role have of course varied considerably from one service to another. Ordinarily the army, as the largest military service, has taken the most active part; the air force usually has been content to follow the lead of the army; and the navy has limited its actions more often to tacit support of the army position. Army pressure for the modification of governmental policies has often been exerted through its Military Club (Club Militar). Created earlier in the century primarily as a social organization for army officers, the Club Militar has become increasingly political since 1950. In the biennial election of club officials candidates have been selected on the basis of their support for or opposition to the government in power. The election of leftist-oriented General Estillas Leal as club president in 1952, for example, was hailed as indicative of widespread army acceptance of the then leftist Vargas regime; the election of an anti-Vargas slate in 1954 as presaging the fall of that regime. In 1956 club officials believed to be active supporters of the Kubitschek administration were chosen in an election that was considered a military vote of confidence in the government.

In summary, the army's role in Brazilian politics can be described as one of complete autonomy. In its dedication to existing institutions, it continues to resist social change, not so much because of an antagonism toward the rising new political groups who clamor for change, but because it is dedicated to its mission of preserving internal order. Today it is the Brazilian army that is largely responsible for the Kubitschek government's hewing to a moderate, cautious line in a period of unprecedented social and economic pressures.

Foreign Purchases: During the past 5 years Brazil has demonstrated that though it would prefer US equipment, simple dollars-and-cents arithmetic frequently dictates otherwise. Since 1952 Brazil's deteriorating dollar exchange position has forced its armed services to turn to Europe and Japan for significant amounts of military material, which often can be obtained for lower prices and on more favorable credit terms than are available in the US.

This situation has been particularly true in the case of naval vessels. Brazil's biggest acquisition to date has been a British aircraft carrier (13,190 tons), which it purchased in 1956 for $16 million; subsequently Brazil spent an additional $15 million on the vessel. From the Netherlands it acquired 6 sea-going tugs (130 tons) in 1953; 6 harbor transports (600 tons) in the period 1954-1955; 5 river gunboats (150 tons) in 1955; and 10 corvettes (911 tons) in 1955. The Ishikawajima Heavy Industries Company of Tokyo sold to Brazil 28 LCVP landing craft in the July 1953-July 1955 period; 4 transports (7300 tons), 2 in 1954 and 1 each in 1956 and 1957; and 2

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frigate-type surveying vessels (1,463 tons), 1 in 1957 and the other in 1958. Except for the aircraft carrier, the cost and terms of purchase of the above vessels is unknown

National prestige, it seems is an important factor in Brazil's decision to purchase non-US equipment. This apparently was particularly so in the case of the aircraft carrier mentioned above. A request for a carrier from the US was refused on the grounds that: (1) the carrier was too expensive to justify its limited usefulness; (2) aircraft suitable for the requested carrier were no longer available; and (3) sale of a carrier to Brazil would lead to similar requests from other Latin American countries. Though these arguments appeared sound from US military and economic points of view, they did not impress the Brazilians, who were determined, apparently, to obtain and possess the military symbols of world power.

The same prestige considerations have also been responsible for Brazil's attempts to obtain jet aircraft. Since 1948, when Argentina obtained jets, the Brazilian Air Force has exerted pressure upon the government to procure equal or superior equipment. Jets were not available from the US on grant or reimbursable aid, and Brazilian efforts to purchase jet aircraft from private sources in the US were unfruitful. Consequently, in 1952 Brazil exchanged surplus cotton for 70 jet planes from Britain. These included 10 Mark 7 Meteors (trainers) and 60 Mark 8 Meteors (fighters). It is no secret that the Brazilian Government regards possession of a jet air fleet essential to Brazil's position as the ranking power in Latin America, and has resented US unwillingness to make such material available.

In addition to the naval vessels and aircraft listed above, Brazil had purchased, as of July 1955, rifles and ammunition from Belgium, and antiaircraft guns from Sweden. It also purchased, probably for cash, miscellaneous guns and stores from Britain worth $117,877. [16]

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16. Jane's Fighting Ships, 1959-1960 (London, 1959), 121-127; (S) State Dept, "Military Assistance and Latin America" Special Paper A-7-10, 20 Sep 57, 18-21; (C) Dept of State, "An Evaluation of Latin American Armament Expenditures," Int Rpt No. 6986, 14 Sep 55, App, Table I.

Military Expenditures: The percentage of total Brazilian expenditures devoted to defense for certain selected years is shown in the following tables. Any analysis of these statistics should take into consideration the inadequate and often unreliable Brazilian reports as well as the serious inflation that has afflicted the Brazilian economy in recent years.

Chart I
(Millions of Cruzeiros)

	1938	1944	1948	1949	1950
Total Expenditures	4,735	10,398	15,696	20,727	23,670
Defense Expenditures	1,442	4,367	4,772	5,871	6,340
% of Expenditures Devoted to Defense	30.5	42	30	28	26.8

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Chart II
(Millions of US Dollars)

	1954 (Actual)	1955 (Actual)	1956 (Actual)	1957 (Actual)	1958 (Budget)
Total Expenditures	801	995	1,657	1,948	2,097
Defense Expenditures	186	249	399	563	580
% of Expenditures Devoted to Defense	23	25	24	29	27.5

It should be noted that the figures in the first chart are in Brazilian cruzeiros while those in the second are in US dollars. With the exception of 1958 statistics, which show budgeted figures, all percentages represent the per cent of actual defense expenditures to actual total government expenditures. The high percentage of the military outlay in 1944 undoubtedly reflects Brazil's participation in World War II. Although military expenditures have continued to increase since the end of World War II, they now absorb a smaller percentage of the budget than in prewar years. The percentage of the budget devoted to military expenditures is not a completely accurate reflection of the ratio between civil and military expenditures, however, since a large portion of activities that are assumed by the central government in other Latin American countries is assumed in Brazil by the states. In 1956, for example, the budget of the state of Sao Paulo alone was more than 25 per cent as much as the federal budget.[17]

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17. (C) "Brazil", NIS 94, sec 65, Oct 51, 14-15; (S) Brazil Briefing Book.

Strength, Equipment, and Effectiveness of Armed Forces. In 1959 the Brazilian armed forces totaled 212,542 (0.33 per cent of the total population), distributed as follows: 98,000 army, 57,000 military police or state guard, 28,371 navy (including 7,664 naval infantry or marines), and 29,171 air force. The army is capable of maintaining internal security and defending the country against ground attack by any other Latin American country. Sustained combat operations, however, would be hampered by an inadequate transportation system, lack of a sound logistics system, inadequate industrial capacity, and lack of foreign exchange for foreign procurement. With adequate US aid Brazil could defend its long coastline from extrahemisphere attack as well as provide a small expeditionary force as it did in World War II. Although the officer corps is well educated and has some modern combat experience, the scarcity of specialists and technicians and the high rate of illiteracy among the enlisted personnel, along with frequent conscript turnover, do not permit thorough troop training.

Brazil's arms manufacturing capabilities are limited to the production of small arms (recoiless rifles, antiaircraft guns, rockets, mortars) and ammunition in quantities sufficient for peacetime needs. Seven government arsenals and four private arms plants handle this production. Brazil continues to depend, however, on foreign sources for heavier equipment and for considerable amounts of essential alloy steels for its own arms factories.

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As of 15 May 1959, the army's heavy equipment included:

Quantity	Item	Origin
419	Light Tanks	United States
179	Medium Tanks	United States
97	Armored cars	United States
83	Scout cars	United States
32	Personnel carriers	United States
1	Tank recovery vehicle	United States
252	Antiaircraft artillery pieces (various calibres)	United States, Germany, Sweden, Switzerland, and Denmark
1121	Artillery pieces various calibres)	United States, Germany, France, Sweden, and United Kingdom
1869	Mortars	United States, France, Brazil
55	57mm and 75mm Recoilless rifle	United States, Brazil
492	37mm and 75mm guns	United States
2109	2.36-in rocket launcher	United States
5474	Grenade launchers	United States

Much of this equipment is obsolete and the wide variety of makes and calibres render the procurement of ammunition and replacement parts extremely difficult. One tank recovery vehicle for some 600 tanks and 200 other armored vehicles illustrates the unrealistic approach to equipment needs.[18]

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18. (S) Brazil Briefing Book.

Although on paper Brazil possesses the second largest navy in Latin America, its effectiveness declined after World War II so that as late as 1955 both Argentina and Chile were presumed to have more effective navies. Since that time, however, fleet maintenance has improved significantly, and one-half of the navy's combat vessels are in good-to-excellent condition.

Though the majority of her warships have been purchased from foreign sources, Brazil does have limited shipbuilding facilities of her own. It has constructed 6 destroyers, 5 minelayers, 6 seaward defense boats, and 2 river monitors in its shipyards at Rio. Three surveying vessels are now under construction.

Brazil maintains approximately 50 combatant vessels, but, as many of these ships are continually plagued by lack of spare parts and qualified personnel, few of them are fully operational at any

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given time. Almost all of the ships were completed during World War II or in the years immediately preceeding its outbreak. Vessels in the Brazilian Navy include 1 aircraft carrier (UK), 2 cruisers (US), 13 destroyers (US and Brazil), 8 destroyer escorts (US), 5 submarines (US and Italy), and various patrol boats, minesweepers, and other auxiliary craft. The Brazilian Government has approved the establishment of a naval air arm, and an aircraft carrier has been purchased from Great Britain, but no decision has yet been made on which service--the navy or air force--will be assigned control over carrier-based aviation.[19]

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19. Ibid., Jane's Fighting Ships, 1959-1960, 121-127.

The Brazilian Air Force is composed of 744 aircraft including 89 jets (US and UK). Of these, 471 aircraft, including 77 jets, are assigned to tactical units organized into 18 squadrons. A carrier air group has been organized to conduct operations from the recently purchased aircraft carrier, but the group has no aircraft or crews yet. Air force capabilities are limited, however, because of obsolescence of equipment and dependence on foreign sources for equipment and logistical support, including petroluem. There is a continual shortage of spare parts and maintenance is poor, with only 40 to 50 per cent of the aircraft operations.[20]

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20. (S) Brazil Briefing Book.

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Military Assistance to Brazil. The rapid technological advances in aeronautics in the decade preceding World War II radically altered strategic planning for the defense of the Western Hemisphere. More specifically they focused attention on the Brazilian bulge, only 1800 miles by air from west Africa. In 1939, when the bulge became the keystone of US defense planning for the hemisphere, Brazilian capacity for defending its own northeast was close to nil. Despite its size and natural wealth its military strength was almost nonexistent: its army of 66,000 lacked modern combat equipment; its navy was antiquated; and its air arm, with no combat-worthy aircraft, was weaker than those of Argentina and Peru. This military weakness, coupled with the fact that internal security and intrahemispheric security considerations kept any available forces in the southeast, meant that the 2,500-mile coastline north of Rio de Janeiro was, for practical purposes, defenseless.

The US and Brazil took divergent approaches to the problem of defending Brazil from outside aggression. The War Department favored sending US troops; Brazil insisted on defending the bulge with its own troops, heavily reinforced by US equipment, financial and technical assistance, and naval and air support. Informal joint planning conducted by the two military establishments in the summer of 1939 seemed to hinge on the question of munitions. If the US could furnish the arms Brazil wanted, Major Ridgway reported, the remaining steps toward military collaboration would be relatively easy. But the US Army was prevented by legal restrictions from transferring supplies from its own stocks, and private US manufacturers could not meet European competition. In fact, except for aircraft, Brazil had previously obtained its military material almost exclusively from Europe. Of the 283 planes on hand in March 1941, 209 were from the US, 46 from Germany, and 25 from the UK. But none of its combat vessels were US-made, and most of its ground equipment came from European sources.

When the outbreak of the war in Europe made the delivery of German arms shipments precarious, the Brazilian Army became increasingly anxious to secure arms from the US. Fortunately for the army's cause, President Roosevelt's attention was directed to Brazil in September 1939 by reports that the Germans intended to seize the island of Fernando de Noronha for a submarine base. US solicitude over the islands apparently lubricated the legal machinery impeding the transfer of equipment to foreign governments, for in November both the President and the Secretary of War approved the sale of some surplus coast artillery equipment to Brazil at nominal prices. Between January and May 1940 Brazil bought for cash 99 6-inch, 18 7-inch, and 26 12-inch guns. As it happened, the sale made no contribution to the defense of Brazil prior to Pearl Harbor because the US, which finally shipped some of the 6-inch guns before the end of 1941, failed to supply ammunition for them, and Brazil could not manufacture its own.

Actually the US was more successful in persuading the UK to permit German arms shipments to Brazil through the British blockade than it was in supplying Brazil directly. For though Brazil received only a fraction of a large arms order it had placed with the German Krupp works, it was far more than the US was able to purvey during the prewar years. Only when the Lend-Lease Act removed the last obstacle to large-scale assistance did the flow of arms to Brazil, even on paper, amount to more than a trickle.[21]

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21. Conn and Fairchild MS, 265-272.

From November 1935 to December 1939 the US licensed for export to Brazil a total of just over $7 million in munitions. For the first 6 months of 1940 the figure was $1.7 million. Early in 1941

the US offered a $12 million credit to Brazil to purchase military supplies, but Brazil never used the credit, for it preferred to wait for the more liberal terms of the pending lend-lease agreement. The agreement, signed on 1 October 1941, promised delivery of $16 million worth of equipment by September 1942 and another $84 million later. Still, before Pearl Harbor actual deliveries contrasted starkly with promised deliveries. A token shipment of trucks and tanks, which arrived in time to be paraded in an independence-day celebration, produced a favorable psychological reaction, but, as the Brazilian Foreign Minister pointed out, the shipment was hardly suitable for defending Natal.

In December 1941 a Joint Military Board for the Northeast was created to supervise the construction of new base facilities. This board, which began meeting in January 1942, soon ran into the bogey of munitions shipments. The Brazilians on the board advised their US colleagues that any concrete arrangements would have to await an agreement between the US and Brazil on joint defense responsibilities; this agreement in turn still implicitly depended upon arms shipments. At the close of the Rio Conference on 28 January 1942 President Vargas, overruling the objections of the army, broke relations with the Axis. He told Sumner Welles that stationing US ground forces in Brazil was out of the question then, and in the future would be contingent on the delivery of sufficient military equipment to enable Brazilian troops to share on an equal footing in joint defense measures.

The Brazilian--rather than the US--concept of joint defense of the bulge was finally accepted by the US. In February 1942 the US authorized the immediate delivery of 20 light tanks and 4 3-inch antiaircraft guns to Brazil; in March the two countries signed a new lend-lease agreement calling for eventual delivery of $200 million worth of equipment, double the amount planned in the original agreement; and the US pledged the delivery of certain items--tanks, planes, and antiaircraft guns--before the end of 1942. In April the US flew in 6 B-25's and 6 P-40's for General Gomes' Brazilian Air Force. By June the War Department had officially recognized the new concept of defense of the northeast--Brazilian troops supported by US equipment, training, airpower, and seapower.

After June 1942 the flow of military equipment to Brazil was steady and voluminous. By the end of the program Brazil had been charged with about $360 million in lend-lease aid, or about 73 per cent of the total for the 19 participating Latin American republics. Lend-lease aid to Brazil was distributed approximately as follows:

aircraft and aeronautical material	$89 million
vessels and other watercraft	83 "
tanks and other vehicles	55 "
ordnance and ordnance stores	42 "
miscellaneous military equipment	37 "
agricultural, industrial, and other commodities	30 "
services and expenses	12 "
facilities and equipment	8 "
testing, reconditioning, etc., of defense articles	4 " 22

22. Ibid., 293-296, 306-319; US House, "Thirty-second Report to Congress on Lend-Lease Operations" (House Doc. No. 227, 82d Cong, 1st sess; Washington, 1951), App I (b).

At the close of World War II lend-lease assistance was terminated, and the US adopted the so-called Interim Allocation Program (1945-1948). Under this program, and within the provisions of the Surplus Property Act the US military establishment on 26 December 1945 was authorized to provide military assistance to Brazil. By 31 October 1948 $40,688,000 of military assistance had been programmed for Brazil, and $26,950,000 had actually been delivered.[23]

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23. (TS) Table, "Current Foreign Military Aid Programs," Encl to memo, JMAC to SecA, SecNav, and SecAF, 9 Nov 48.

If it is true that Brazil has been dissatisfied with US military and economic assistance since World War II, it is decidedly not true that Brazil, in comparison with other Latin American countries, has been neglected. Under the Mutual Security Program, of the total of $256.3 million in grant military aid given to all of Latin America during the fiscal years 1952 through 1959, Brazil received $101.4 million, or almost 40 per cent. Similarly, during the same period, it received $66.5 million worth of excess US stocks, or 58 per cent of the Latin American total; $1,189.7 million worth of non-MAP economic aid, or 39 per cent of the Latin American total in that category; and $30.5 million or 6.6 per cent of the MAP economic aid. In all, excluding deliveries of excess stocks, Brazil got $1,321.6 million in various types of US assistance, amounting to 34 per cent of the total US outlay in Latin America. In addition Brazil purchased for cash during the period (FY 1952-1959) $23.2 million worth of US military equipment, and in 1957 received a $6.9 million military equipment loan (a transfer of a specific item or items, usually vessels, requiring only the return of the item).

In exchange for permission to use Fernando de Noronha as a missile-tracking station, the US agreed to an $87 million grant aid program. Accordingly, the US programmed for Brazil $8.8 million in FY 1958, $23.5 in FY 1959, and $17.3 million in FY 1960; and the Defense Department proposed a program of $26.6 million for FY 1961. These increments are included in the MAP program for Brazil.

The major categories of grant military assistance for Brazil since the inception of MAP are as follows (in thousands of dollars):

	Cum est. Deliveries through FY 1959	Programmed FY 1960	Proposed FY 1961
aircraft and equipment	17,195	4,538	2,507
ships and equipment	9,153	--	6,926
tanks and other vehicles	19,991	4,377	2,659
ammunition	7,188	288	1,219
electronic equipment	9,626	383	1,689
spare parts	1,890	1,498	4,817
training	1,603	1,333	2,210
packing, crating, handling	7,694	2,354	3,096

The major items transferred or promised included 6 C119's, 37 F80C's, 3 HUL 1's, 6 52F's, 4 T33's, 4 H19's, 3 DD's, 8 DE's, 2 MSP's and 2 submarines as well as a variety of vehicles, guns, and ammunition.

The military assistance program supports Brazil's mutual security forces--1 armored cavalry btn., 1 infantry RCT, 1 airborne RCT, 4 field artillery btns., 1 engineer combat btn., 1/3 marine regimental landing team, 45 vessels, and 7 air squadrons--a total of 19,341 men, which represents 9 per cent of the country's total armed forces. The

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program is administered by the US delegation of the JBUSMC, which functions as the MAAG for Brazil.[24]

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24. (C) ICA, "U.S. External Assistance," 16 Mar 60, 54, 57; ASD (ASD/ISA files), "Mutual Security Program: Fiscal Year 1960 and 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, 223, 224; ASD/ISA, Office, Reg Dir Western Hemisphere, "Mutual Security Forces: Strength of MAP-Supported Units," MS table.

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That the Brazilian armed forces are a vital force in Brazilian political life has already been detailed earlier in the study, but because of its cogency and direct application in a situation of major US interest, the Country Team's description of the Brazilian armed forces' power and influence is here quoted in full:

> In considering the relationship of military assistance to overall U.S. objectives in Brazil it is necessary to understand the special position of the Armed Forces in Brazilian national life. The Brazilian Army is perhaps the major force which keeps this strategically located, potentially wealthy, heterogeneous nation united-along with the Church and the Portuguese language. Its preponderant importance is based on the fact that the Army bears the principal responsibility for maintaining internal security, political stability and security against foreign attack. The army, in addition, in many instances has a decisive role in civilian affairs, many of which are of direct concern to the United States. While the influence of the Brazilian Armed Forces in national affairs varies in inverse proportion to the strength, efficiency and forcefulness of civilian administration, it is at all

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times, today as it has been historically, a principal force, fortunately usually a democratic and stabilizing one. The attitudes of the Brazilian Armed Forces toward the United States are therefore of great importance to U.S. national security and foreign policy objectives. While military aid cannot in itself assure friendly attitudes toward all objectives of importance to the U.S., friendly attitudes of the military would probably be impossible to achieve without military aid.

What is more, Brazil clearly does not intend to cut its own armed forces expenditures. In the recent past there has been isolated comment questioning the costs involved in maintaining the Brazilian armed forces, but such cries have been "voices in the wilderness." One daily opposition newspaper has questioned the wisdon of continuing to demand compensation in military hardware for Brazilian military cooperation when the nation was in dire need of economic assistance to develop its resources, and one member of the Chamber of Deputies has censured the government for continuing to devote a large portion of the national budget to military expenditures at a time when the budgets of other agencies were being drastically reduced. Neither, however, was able to rally any noticeable support.

In the words of the Brazil Country Team: "The provision of U.S. military assistance to Brazil has contributed to the accomplishment of overall U.S. security objectives. Specifically: U.S. military aid has permitted Brazil to maintain certain relatively modern combat units in all three services; it has enhanced Brazil's capabilities to maintain internal security; and it has permitted Brazil to maintain forces in being which could contribute to the Western Hemisphere defense effort. In this latter area the contribution would be principally connected with defending her coastal sea lines of communication."[25]

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25. (C) US Embassy Brazil, (OSD/ISA files) "Country Team Analysis," CA 9585, 1 July 59.

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Brazil - A New World Force?

Today recognition is growing that Brazil, the long-quiescent leviathan of the Southern Hemisphere, is stirring restively--and threatening to burst on the world stage as a new great force. That Brazil has such aspirations cannot be doubted. But less clear is the form in which these aspirations will finally be cast. Potentially a world power in its own right, Brazil has of late manifested deep interest in the creation of a consortium of Latin American nations; it goes without saying that in such a union Brazil would be the major force and senior partner. Whatever the final form of its intrusion in world affairs as a major participant, Brazil demands, now and in the future, special study and the continuing close attention of the United States. For should Brazil develop into a great new force, it would very likely steer an independent course, perhaps in opposition to US global objectives.

It is Brazil's good fortune to contain vast natural resources and abundant industrial potential. Brazil also possesses a large, growing, and ambitious population, whose level of technical skill is steadily rising. Further, it is a nation with an increasing awareness of its own muscularity in the hemisphere and--perhaps most important--an ardent nationalism, jealous of its prerogative in the world community. Nationalism, which over the past two decades has become deeply ingrained in the Brazilians, has been a key factor affecting national policy. Conscious of the country's economic potential, of its high rate of population growth, and of the increasing respect and attention the nation commands abroad, Brazil has acquired a sense of destiny. It is perhaps shocking to students of Western history to learn that Brazilians consider their nation the equal of France in world importance and the possessor of even greater potentialities. This psychological environment, together with the growing influence of the national government in the economic and financial affairs of the nation, has militated against particularism. It also has fostered in the nation a reconciliation of competing economic and social interests. Thus, all population sectors support the country's economic diversification, and even agricultural interests have become converted to industrialization as a national goal. Similarly, Brazil's heightened national aspirations have favored acceptance by the ruling group of measures to improve the economic and social lot of the workers.

It is axiomatic that any country striving toward greatness must have access to diversified natural resources and possess the necessary industrial complex to exploit these resources. Brazil's natural richness has already been outlined; the development of its industry, a relatively recent phenomenon, has yet to be related. Vargas launched Brazil on its program of industrialization in 1939. Armed with a comprehensive survey of the country's resources that revealed the incredible richness of its mineral deposits, he instituted a Five Year Plan for the development of basic industries. With the help of a $20 million loan from the US, Brazil constructed steel mills at Volta Redonda. In the past 20 years these mills have been augmented by several new plants begun in Sao Paulo, Espiritu Santo, and Santa Catharian, and in 1959 Brazil's steel output was estimated at about 4.5 million tons. (Italy's output was 6.5, France's 15, and the UK's 20 million tons.) Vargas also stimulated the expansion and use of Brazil's vast forests and rich farmlands. The revival of the rubber industry, a step demanded by the industrialization program, and agricultural diversification were also major objectives of the Vargas plan.

The industrialization begun by Vargas prior to World War II has continued at an even faster pace under succeeding administrations. The US responded to these plans for industrialization by forming with

Brazil a joint commission to foster the economic development of Brazil's industry, transportation, power, mining, and farming. Financial assistance has been provided by the Export-Import Bank and the World Bank to improve docks and harbors, extend railroads and highways, and establish important industries, especially hydroelectric plants, so important to Brazil where to date proven oil and coal deposits constitute the only poverty in natural resources.

Brazil has long recognized the importance of immigration to national development. Confronted with vast natural wealth and committed to plans for a highly industrialized future, the country, in order to realize its objectives, must greatly increase its population. (Among the nations of the world Brazil ranks eighth in population, but ahead of all the Western powers except the US.) Until 1930 immigration policy was primarily a function of state governments and private interests; under Vargas the national government assumed it as a major responsibility. A further liberalization of immigration policies was stimulated by the war-born business boom, which has increased the demand for skilled and semi-skilled laborers and technicians. This has included millions from Italy and Germany; some from Portugal, Spain, and France; and in recent years over half a million Japanese.

Although Brazil, hurrying toward its rendezvous with destiny, seems to possess all the elements of power necessary for a brilliant career in world politics, it has been hampered by a variety of obstacles that have slowed its pace. The nation's greatest problem at present is to control its rapid economic development. But President Kubitschek's programs--to attract foreign capital, to curtail the crippling inflation, and thus to pave the way for a rational development of Brazil's vast resources--have failed rather spectacularly on several counts. Industrialization, for example, though advancing rapidly is still in an early stage; communication and transportation are hindered by obdurate physical barriers; too many Brazilians subsist at too low a standard of living; some of the basic foods are underproduced while the economy revolves precariously around coffee. Even Brazil's nationalism is, in some respects, itself a barrier to progress. Foreign private capital, viewed by important nationalist groups as an instrument of foreign domination, has been prevented from making its full contribution to Brazilian development. For instance, in spite of its need for petroleum products, and its incapacity to exploit its own petroleum resources, Brazil has recently excluded foreign development capital from this field. Unable to attract foreign private investment on its own terms, Brazil has turned to foreign loans to finance its expansion. But here again its nationalistic economic policies, by weakening its credit, have worked against Brazil. Nevertheless, these obstacles, both the natural and the man-made, are all within Brazil's power to remove. And as one careful observer has written, "the next twenty-five years may well see Brazil become one of the great powers of the world, ... Brazilian statesmen are faced with a challenge which will require all their energy, imagination, and intelligence to meet." 26

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26. Camacho, Brazil, (rev. ed., London), 113, 115, 118.

The historic opponent of Brazil, Argentina is the only nation capable of vying with Brazil for leadership in Latin America, but Brazil holds certain assets that give it a distinct advantage over its rival, including its much greater economic potential and the confidence which it inspires among most of its neighbors. In the early postwar years there was increased pressure for a genuine rapprochement with Argentina among segments of Brazilian public opinion sympathetic with the anti-US stand of the Argentine Government. Today Brazil seems

inclined to stand with its southern neighbor to maintain continental solidarity against outside criticism, probably partly out of fear that it might otherwise jeopardize its prestige in Latin America, and partly to reinforce its claim as spokesman of Latin America.

Brazil's determination to assume a position of leadership in Latin American affairs was well illustrated by President Kubitschek's recent ventures into international politics: his Operation Pan America, and his more recent demands for Big Three recognition of Brazil as a world power. Following the ill-starred visit of Vice President Nixon to Latin America in May 1958, Kubitschek announced his Operation Pan America, a program conceived to foster the systematic economic development of Latin America and thereby to remove differences which were straining hemispheric relations. In devising a program embracing the fields of private and public investment, technical assistance, inflation controls, stabilization of export prices, the impact of the European Common Market, and the possibility of establishing a similar common market in Latin America, Brazil was apparently casting itself in the role of Latin American leader. When the program was presented before the Special Committee to Study the Formulation of New Measures for Economic Cooperation, the other Latin American nations accepted Brazilian leadership and supported the plan in spite of some US opposition.

In a letter to President Eisenhower on 23 July 1958 President Kubitschek summed up his position on the role of Latin America in world affairs. He began by emphasizing the necessity of Latin America's being represented at the forthcoming summit meeting. "It would be consistent and just, even indispensable, that the Latin American group--which not only comprises a population of almost two hundred million but is also representative of a particular civilization and culture--be present at the meeting . . . ." He reminded Eisenhower that he was only being consistent with his own previous statements that this substantial part of the American continent must be freed from the muted role it has played in the international arena and that its voice now be heard and heeded in the councils of the world.[27]

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27. (U) Ltr, Kubitschek to Eisenhower in Dept of State Bulletin, XXXIV (18 Aug 58), 282.

ARGENTINA*

Argentina, although the eighth largest country in the world and the second largest among the 20 Latin American nations, is about one-third the size of the US. Argentina's main asset is the broad stretch of fertile prairie in central Argentina called the Pampas, one of the finest farming areas in the world. Northern Argentina consists of the eastern slopes of the Southern Andes and the hot Chaco plain, while the southern fourth of the country, Patagonia, is cool and windswept and is primarily a sheep raising region. The area between the Parana and Uruguay rivers, the two chief tributaries of the Plate River, along with the important province of Buenos Aires directly to the south, form the heart of the country.

This land of 20 million people is culturally, with the exception of Uruguay, the most Europeanized country in all Latin America. Its literacy rate (about 86 per cent) is the highest in Latin America. The Argentine middle class, one of the oldest, largest, and most highly urbanized of the Latin American countries, is made up primarily of immigrant stock from Spain, Italy, and Germany. Throughout their history, the Argentines generally have lived well, with relatively constant opportunity for employment and little danger of hunger.

In its early history the Argentine was one of Spain's least prized and most underdeveloped possessions in the New World. The first permanent settlement was not made until 1553, and it was not until 1776, the year of the US Declaration of Independence, that Spain created the Viceroyalty of the Rio de La Plata, with Buenos Aires as its capital. The new viceroyalty, which included modern Argentina, Uruguay, Paraguay, and part of southern Boliva, had as its principal purpose the unification of the southeastern part of South America and the binding of this region more closely with the mother country.

Although the independence movement did not come out into the open until 1810, prior to this time varied domestic and foreign influences had already nurtured it. Particularly instrumental in this respect were the successful US revolution and the repulse of the British invasions of 1806 and 1807 by Argentine forces without the aid of Spain. The first step on the road to independence was taken in May 1810 when an autonomous "caretaker" government was set up at Buenos Aires to administer the region while Spain was under the temporary rule of Napoleon's brother. Six years later, on 9 July 1816, the Argentines raised the flag of independence. As soon as they had severed their own ties with Spain, Argentina's great liberator, Jose de San Martin, led an Argentine force across the Andes to aid Chilean patriots in their fight for independence. The Argentine force was of great assistance in the victorious Chilean struggle.

Although Argentina had become independent, her newly won independence did not result in an immediate unification of the country. For many years there was constant turmoil between the city of Buenos Aires and the outlying provinces. Efforts to hold the old viceroyalty together failed; Paraguay declared herself independent in 1814, Bolivia in 1825, and Uruguay in 1828. Unification of the remaining provinces was finally achieved under the dictatorship of Juan Manuel Rosas (1835-1852). In 1852 under the triple misfortune of invasions by Brazil and Uruguay and a revolt of the Argentine Army, Rosas fell from power.

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*Unless otherwise noted, the following sources were used in preparing this study on Argentina: Arthur P. Whitaker, The United States and Argentina (Cambridge, Mass., 1954); Whitaker, Argentine Upheaval (New York, 1956); and Department of State, "A Study of the Causes of Hostility Toward the United States in Latin America: Argentina," External Research Paper No. 126.2, 27 May 57.

One of the first acts of Rosas' successor, General Urquiza, was the sponsoring of a new constitution in 1853. Though extensively amended during the following century, this constitution still guides Argentine Governments today. The framers of the new constitution relied heavily upon foreign constitutions, especially that of the US. General Urquiza himself in 1854 was elected the republic's first president, but despite an auspicious start the next 27 years were rife with turmoil and civil war. The principal causes of conflict were differences between Buenos Aires and the provinces over federation and control of the income from the customhouses. On the issue of federation, the provinces desired considerable autonomy; Buenos Aires, ... considerable centralization. Although the issue was not entirely settled until 1880 when the city of Buenos Aires became the national capital, extensive changes in the constitution in 1860 resolved most of the differences.

From 1860 to 1880 Argentina made considerable progress under such able and dedicated presidents as Bartolome Mitre (1862-1868), Domingo Sarmiento (1868-1874), and Nicolas Avellaneda (1874-1880). Great strides were made in the fields of law, finance, education, foreign trade, and transportation. Immigration was encouraged, and more than 250,000 immigrants entered the country during Avellaneda's administration alone. In 1879 General Julio Roca, Minister of War, led a campaign against the remaining Indians in southern Argentina. He inflicted a crushing and lasting defeat on them and thus opened the region known as Patagonia for settlement. Apparently not even the war with Paraguay (1865-1870) had much effect on the nation's progress during this period.

For 35 years after 1880 the Argentine Government was dominated by a new conservative oligarchy. In many ways this period was best represented by General Roca, hero of the Indian wars of 1879 and president from 1880 to 1886 and again from 1898 to 1904. Even though the years from 1880 on were years of serious social and political discontent, Argentina on the whole was a model of political good behavior, at least as compared with most other Latin American countries of that time. Immigrants poured in, building up the Argentine middle class and taking an active interest in politics. Before long this group demanded political power commensurate with its economic strength. This was the beginning of what later was to become the Radical party under the leadership of Hipolito Irigoyen.

The downfall of the conservative oligarchy and the subsequent rise of the Radicals was brought about by President Roque Saenz Pena (1910-1916). Although nominally one of the Conservatives, Roque Pena believed that the middle and lower classes should have more participation in the government. Acting on his convictions he presented the Argentine Congress with an electoral reform bill in 1911 which expanded the franchise, called for secret ballot, and made voting compulsory. The bill was passed, and in the national elections in 1916 the Radicals swept Hipolito Irigoyen into the presidency.

The Radicals remained in power until 1930 with Irigoyen as president from 1916 to 1922 and again from 1928 to 1930. Though Irigoyen was not a good administrator, and his administration was marred by graft and corruption, he did have a keen grasp of the social questions of the time. Consequently he succeeded in passing many laws for the benefit of the lower classes. In fact, it was during Irigoyen's tenure that the Argentine lower classes first became a political force.

Argentina, because of a particularly vulnerable economy, was one of the first countries to feel the impact of the depression of 1929. Irigoyen, unable to cope with the situation, and unwilling to step down, did nothing. The stage was thus set for revolt.

Early in September 1930 the army, under the leadership of General Jose Uriburu, overthrew the Irigoyen government. (Among General Uriburu's revolutionary followers was a Captain Juan Peron.) General Uriburu instituted a dictatorial regime and delayed the election of a new government as long as possible. But in November 1931 public opinion finally forced him to hold elections. Lacking popular support, Uriburu's regime was ousted, and General Agustin Justo, a firm believer in San Martin's concept of a non-political army, was elevated to the presidency. It is generally agreed that Justo did a reasonably good job of dealing with the problems created by the world-wide depression.

In 1937 the government's hand-picked candidate, Roberto Ortiz, was elected president in a contest which has been described as the most fraudulent in Argentine history. Once in office, however, Ortiz refused to be dictated to by those responsible for his election. He was a great admirer of Franklin D. Roosevelt and his policies. But before Ortiz really had a chance to put his policies into practice he became seriously ill and was forced to turn the duties of his office over to Vice President Ramon Castillo, who did not enjoy broad public approval. Castillo belonged to the ultraconservative group of the oligarchy and was pro-German in his sympathies. Although the Nazi party had been officially dissolved in 1939, its continuing subversive activities were overlooked by Castillo. After 7 December 1941 Castillo declared Argentina's neutrality, but he did accord the US a nonbelligerent status. When President Ortiz died in July 1942, Castillo gained control of the government in his own right.

Opposition to Castillo mounted steadily and when in the spring of 1943 he attempted to hand-pick his successor, the army once more stepped into the picture. On 4 June 1943 a conspiratorial band of army officers known as the Grupo de Oficiales Unidos (Group of United Officers, hereafter referred to as the GOU) overthrew Castillo. Although the coup d'etat was led by General Arturo Rawson, he was soon ousted, and it was General Edelmiro Farrell who finally assumed the presidency. Active within the GOU during this period was Colonel Juan Peron, who was appointed head of the Ministry of War secretariat by General Farrell. In addition to this post, Peron also assumed the portfolio of the Department of Labor and Social Security. This additional appointment to an apparently insignificant post was a serious mistake on the part of General Farrell. Although Irigoyen had established the lower classes as a political force. it was Peron who, capitalizing on this new force for political ends, formulated a program of social and economic revolution for the Argentine lower classes. As a result these descamisados, or "shirtless ones," as they came to be called, gave Peron their undivided support and furnished him with a potential counterpoise to the power of the army.

Under President Farrell, Peron became Vice-President and Minister of War as well as Secretary of Labor and Social Security. To weaken his opposition Peron dissolved the GOU, replacing it with a "Colonel's Clique" headed by himself. When Farrell announced that elections would be held by the end of the year, Peron's labor "army" of descamisados took up the cry of "Peron for President." The armed services, already alienated by Peron's program of social revolution, staged an uprising, forced Peron to resign his posts, and imprisoned him on a penal island in the Plate River. Eva Duarte,Peron's mistress, whipped up the laboring masses to violent mass demonstrations and demanded the recall of Peron. Farrell, fearing anarchy, gave way, and on 17 October 1945 Peron returned to Buenos Aires in triumph.

From that date until he was elected president in June 1946 Peron, with his cohorts, controlled the government. After his election Peron and Eva, with the support of the descamisados, gradually tightened their hold on the country. Peron kept the armed forces divided by

creating rivalries among the services. He purged the Argentine Supreme Court and the universities, promulgated a new constitution in 1948, and dissolved all political parties except the Peronista party. With the seizure of the newspaper La Prensa in 1951, Peron's conquest was complete.

Peron's manipulation of the constitution legalized his candidacy for a second term in 1951. It was in that election, however, that Peron, though victorious, suffered his first reverses. Owing to the opposition of a large group of army officers, the dictator was unable to impose his wife Eva on the party as its vice-presidential candidate. The withdrawal of Eva's candidacy apparently failed to appease all the officers, for shortly before the election a group of them revolted. Though quickly suppressed, the revolt presented convincing evidence that substantial opposition existed among army officers both to the regime and to organized labor as well. The immediate effect of the abortive revolt, however, was an increase in Peron's power over the armed forces. Using the coup attempt as an excuse, the president persuaded Congress to give him the power to promote, demote, or retire any officer at will.

Although successful in a relatively honest canvass, the peronistas had little reason to rejoice over the results of the election. For despite Peron's enormous advantages--a monopoly of all propaganda media, the prohibition of rival coalitions, and the support of Eva's Peronista Women's Party--the Radical party, with a Balbin-Frondizi ticket, garnered one-third of the total vote.

The Peron regime suffered a second shock with the death of Eva Peron in July 1952. Peron took over most of her important roles himself, and to ensure that the various organizations and machines she had built up did not perpetuate themselves, he eliminated her chief henchmen and substituted his own.

In the early years of his regime Peron had successfully solicitated the support of the Catholic Church. Now a gradually widening rift developed between the two. Charging the Church with political interference, Peron's police began arresting Catholic priests and lay leaders. When the Church authorities failed to obey a government order forbidding a religious procession, a riot ensued. As a result of this incident Peron ordered two Catholic prelates expelled from Argentina. The prelates took their case to the Vatican, and Peron was excommunicated.

Taking advantage of Peron's alienation from the Church, the naval air force, with some support from the regular air force, revolted on 16 June 1955. When the army failed to support the rebels, however, the revolt collapsed. But as discontent grew the Radicals, under Arturo Frondizi, became more outspoken, and the pillars of the Peron regime began to crumble. Finally, in a last desperate effort to avert disaster, Peron attempted to call out the "shirtless ones" in a demonstration of strength as Eva had done so successfully in October 1945. This time it did not suffice, for the three military services were now active together. The uprising began on 16 September and in 4 days Peron was overthrown.

The new revolutionary regime was headed by General Eduardo Lonardi as provisional president and Admiral Isaac Rojas as vice-president. Soon, however, the military junta became dissatisfied with General Lonardi's handling of various issues including the "de-Peronizing" of the country's institutions. In November Lonardi was ousted and General Pedro Aramburu took over as provisional president. Admiral Rojas remained as vice-president. Elections were promised as soon as some semblance of stability could be attained. These elections were held in February 1958, ending in the victory of Arturo Frondizi, the

Radical candidate. General Aramburu was not pleased with the outcome, but turned over the government to Frondizi as he had pledged.

While still in bad shape economically, Argentina, under Frondizi, is beginning to regain some degree of stability and with outside financial help should be able to make greater strides toward political and economic health.

US-Argentine Relations

Although they are alike in many ways, the US and Argentina historically have found little in common. During the 150 years of their relationship they have frequently been at odds, three fundamental causes being: (1) economic rivalry; (2) rivalry for leadership in Latin America; and (3) Argentine bilateral vs. US multilateral foreign policies.

US relations with Argentina began in 1810--during the period of the "caretaker" government appointed while Napoleon controlled Spain--with the appointment by President Madison of Joel Poinsett as "an agent for seamen and commerce." The Buenos Aires "caretaker" government gave full accreditation to Poinsett, even though they had not yet declared their independence from Spain. A little over a year later William Gilchrist Miller of Philadelphia was recognized as US vice consul by Buenos Aires, the first formal representative of any government to be recognized by an Argentine Government.

As soon as Argentina declared her independence in 1816 she sent a series of envoys to the US seeking recognition. The US temporarily withheld its recognition, however, because it felt this would complicate pending negotiations with Spain over the purchase of Florida. In addition, France and Russia were showing some signs of aiding Spain in her fight to hold her colonies, and the US had no desire to tangle with the great powers of Europe. After signing a treaty with Spain over the purchase of Florida, President Monroe recognized the Argentine Government in 1823. Despite its vacillation the US was the first government outside of Latin America to recognize the independence of Argentina.

President Monroe's announcement in December 1823 of the famous doctrine on non-colonization and noninterference in the New World was received without much enthusiasm in Buenos Aires. Furthermore, US interpretations of what constituted a violation of the Monroe Doctrine have periodically strained US-Argentine relations. An example of US arbitrariness in this matter may be found in the case of the disputed ownership of the Falkland Islands, a group of islands just east of the southern tip of Argentina. Both Britain and Spain had previously claimed the islands, but Britain withdrew its settlement in 1774, and Spain its colony in 1811. Argentina, reasoning that earlier Spanish claims under the viceroyalty naturally went to her in 1810 when she declared her independence, proceeded to occupy the islands. In 1833 however, the British by armed intervention dispossessed Argentina. Despite the injunction of the Monroe Doctrine the US recognized British sovereignty over the islands, whereupon Argentina broke off diplomatic relations with the US. When in 1845 the British and the French blockaded Buenos Aires and landed forces in Uruguay to halt Argentine intervention there, Argentine President Rosas appealed to the US in the name of the Monroe Doctrine, but again the US took no action.

Except for this incident, official relations between the US and the Rosas regime were on the whole cordial. The US was more interested in Texas and the Far West in the middle of the nineteenth century and as a result, British influence became firmly established in Argentina.

Two Argentine presidents, Bartolome Mitre (1862-1868) and Domingo Sarmiento (1868-1874), were great admirers of the US, the latter being probably the warmest admirer the US ever had in Argentina, or in all Latin America for that matter. Even Sarmiento, however, in a speech delivered while touring the US, warned against using the Monroe Doctrine to challenge Argentine hegemony in Latin America.

Trade between the two countries flourished between the time of Rosas and the US Civil War, but after 1861 Argentina found Europe a more profitable market. The US Wool and Woolens Act of 1867 had an unfavorable effect on Argentine exports of wool to the US and further discouraged trade between the two countries.

A boundary dispute between Argentina and Paraguay in 1878 was arbitrated by US President Hayes, and the Argentines appeared satisfied with the decision even though it favored Paraguay. Two other boundary disputes, one between Argentina and Brazil in 1895 and another between Argentina and Chile in 1899, were settled with US help. Neither of these decisions favored Argentina, but again she appeared to accept the decisions graciously and with no apparent ill feeling toward the US.

In the first Inter-American Conference, held in Washington in 1889-1890, the Argentine delegation opposed the US on most issues, emerging, to some degree, as the leader of Latin America against US policies in that region. At the second Inter-American Conference, held in Mexico City in 1900, Argentina repeated the performance.

Shortly after the second Inter-American Conference several European nations blockaded Venezuela for the purpose of collecting debts. US President Theodore Roosevelt prevented hostilities and settled the problem. To prevent a recurrence of such incidents, Argentine Foreign Minister Luis Drago proposed that the collection of a public debt through armed intervention in an American nation or occupation of its territory by a European power be prohibited. His doctrine was to be implemented by multi-lateral inter-American action. The US opposed the multi-lateral feature of Drago's proposal and preferred instead the "Big Stick" policy under which the US assumed some responsibility for the conduct of the Caribbean nations. The US earned the animosity of Argentines in general over this action.

The third Inter-American Conference, held in Rio de Janiero in 1906, saw no disputes between the US and Argentina as controversial issues had been avoided when making up the agenda. The fourth Inter-American Conference, held in Buenos Aires in 1910 was equally harmonious since controversial issues were again left off the agenda. Then too, since 1910 was Argentina's centenary of independence, most of the speeches were devoted to eulogizing the host.

During this period the Taft administration took advantage of the naval arms race in Latin America, to draw Argentina and her neighbors closer to the US through "battleship" diplomacy. The Argentine Government especially desired to place substantial warship contracts in an effort to offset Brazilian naval power. The result was that US firms, with the help of State Department officials in Buenos Aires, succeeded in obtaining contracts for battleships.

Argentina remained neutral during World War I. Moreover, President Irigoyen tried twice in 1917 to hold a Latin American conference in Buenos Aires without the participation of the US, but both attempts failed, in part at least, because the US used its influence to prevent the meetings.

US-Argentine relations throughout the 1920's were characterized by the similar policies and conflicting interests of the two nations. World War I had disrupted Argentine trade, and the dollar exchange

situation was decidedly unfavorable for Argentina. The Fordney-McCumber Tariff Act of 1922 angered Argentina by raising the duty on beef, lamb, mutton, wheat, linseed, and wool. Although the value of Argentine exports to the US did not fall off as a result of that tariff, her imports still exceeded her exports, resulting in a continuing unfavorable balance of trade. To Argentina US predominance in the Western Hemisphere was another indication of the growing threat of "Yankee imperialism." US use of its new power through armed intervention in the Caribbean in the 1920's was particularly offensive to the Argentines, for they had long been leaders in the anti-interventionist movement in Latin America. The US and Argentina did come together, at the fifth Inter-American Conference at Santiago, Chile, in 1923 long enough to veto a proposal by Uruguay for an American Leaque of Nations. This spirit of cooperation did not last long, however, for at the sixth Inter-American Conference at Havana, Cuba in 1928, Argentina once again attacked US economic policies.

Relations between the two countries were no better during the depression decade beginning in 1929. In 1927 the US had excluded imports of chilled beef from Argentina because of evidence of hoof and mouth disease in her cattle. Due to Argentine protests this restriction was modified, but in 1930 the US Congress passed the Smoot-Hawley Tariff Act which, among other things, reimposed the restrictions on Argentine chilled beef. Even though the US was still one of her biggest customers Argentina reacted to this legislation by channeling as much trade as possible to Europe through bilateral trade agreements.

The US attempted to mend fences at the seventh Inter-American Conference at Montevideo, Uruguay, in 1933 by introducing a declaration in favor of lowering trade barriers and signing another against intervention. No attempt was made by the US to take over the leadership of the conference, and the leadership went to the Argentine delegation. The conference thus ended on a note of harmony, particularly between the US and Argentine delegations. However, differences of opinion between the two nations continued to arise. These differences, for instance, contributed to prolonging the Chaco War (1928-38) between Bolivia and Paraguay because, although the US and Argentina wanted to end the war, each had a different solution. Thereafter, the US and Argentina drifted farther apart.

At the eighth Inter-American Conference at Lima, Peru in 1938, as at the Inter-American Conference for the Maintenance of Peace held at Buenos Aires in 1936, Argentina opposed US efforts to create machinery for concerted action among the American states in the event of an attack from Europe or of trouble within the hemisphere. Argentina also at first opposed US attempts to create an inter-American consultative committee or a conference of foreign ministers to meet at regular intervals, but later such a plan was adopted.

In 1939 negotiations initiated by the US for a trade agreement between the two countries were attempted without success, but by 1941 the war had made Argentina's bilateral trade agreements with European countries worthless and she was more receptive to the plan. After the US entry into World War II, Argentina maintained her traditional neutrality, although she did accord the US the status of a nonbelligerent. Relations between the two countries remained strained for the duration of the War, especially during the Castillo regime, because of his strong pro-Axis leanings.

The Inter-American Conference on Problems of War and Peace held in Mexico City in 1945 finally paved the way for Argentina's re-entry into Pan-Americanism. All of the American nations, including the US, supported Argentina's admission to the United Nations, and on 27 March 1945 Argentina declared war on Germany and Japan.

The next clash between the US and Argentina came in 1946 during Peron's election. There was a great deal of opposition to Peron in 1945, but it was hindered more than helped by the new US ambassador to Argentina, Spruille Braden, who openly took a leading part in the fight against Peron. This enabled Peron to cast himself in the role of the champion of resistance to Yankee intervention. Braden returned to Washington in August 1945 to become Assistant Secretary of State in charge of Latin American relations and from his new post continued his attacks on Peron. In a "Blue Book on Argentina," published just 2 weeks before the Argentine elections of 1946, Braden attempted to prove that Argentine Government officials, and especially Peron, were so seriously compromised by Nazi-Fascist leanings that their government should not have the trust and confidence of the Argentine people. Its publication on the eve of the Argentine election stamped it as an obvious effort to defeat Peron. Although there is no way of measuring its effect on the Argentines, this example of "Yankee intervention" probably gained many more votes for Peron than it cost him.

After Peron's election to the presidency in 1946 the Department of State began to play down its policy of unbending opposition towards the Argentine Government. The desire of the US military departments to obtain a hemispheric mutual defense treaty and US hope of success for the Inter-American Conference for the Maintenance of Peace and Security then being held in Brazil were factors in formulating the new policy. The conference was held mainly to create machinery for implementing the temporary wartime pact signed at Chapultepec, and, although the Argentines opposed some of the proposals, they did sign the pact.

The years between 1946 and 1953 were not years of amiable US-Argentine relations. During much of this time Peron was waging an anti-US campaign within Argentina. Meeting in Rio de Janeiro in late 1947, the 21 American republics finally signed the Inter-American Treaty of Reciprocal Assistance, usually referred to simply as the Rio Defense Treaty. Although Argentina signed the treaty, she did so reluctantly. It was another 3 years before she ratified it. Argentina participated in the Inter-American Conference at Bogota, Colombia in 1948, again with a great deal of reluctance. But at the time her delegates to that conference were signing the Charter of the Organization of American States (a new name for the inter-American system) and the Pact of Bogota, which dealt with the peaceful settlements of disputes, Peron was making speeches at home declaring that the time was past for conferences and that Argentina, should in the spirit of of San Martin, be making bilateral agreements with the other Latin American nations.

At the outbreak of the Korean War Peron applauded the US for sending troops to Korea and gave indications that Argentina could be counted on to do her part. Argentine public opinion was generally against active participation in the Korean fighting, however, and Argentina's contribution was limited to a modest gift of foodstuffs.

A pressing need for foreign capital in Argentina eventually forced a change in attitude towards the US. Peron realized that in order to obtain this capital he must first create a more cordial atmosphere. Consequently he toned down the anti-US tirades of the Argentine press and radio and hailed President Eisenhower as the symbol of a new era of US-Argentine relations. President Eisenhower's brother, Milton Eisenhower, was given an especially enthusiastic welcome when he visited Buenos Aires on his Latin American tour in 1953. Peron no doubt hoped for direct financial aid from the US Government as well as from private capital. Trouble between the US and Peron during the last 2 years of his administration was confined to minor irritation over the US agricultural surplus policy.

Ironically, one of the immediate causes of Peron's downfall was a contract he made with the Standard Oil Company of California for the exploitation of oil fields within Argentina. It is not strange that so many Argentines resented this, as Peron had been preaching for years on the evils of Yankee imperialism and the dangers of economic penetration from the north. It was propaganda ready-made for exploitation by his Radical party opponents, and they used it well.

Since Peron's downfall in 1955 there are indications that the US and Argentina may once again be entering into an era of friendship and cooperation. President Frondizi paid a goodwill visit to the US not too long after his 1958 inauguration and President Eisenhower was enthusiastically received on his 1960 visit to Argentina.

Communist Activities*

In its four decades of existence, the Argentine Communist party (PCA) has been alternately tolerated and repressed. First established in January 1918, the PCA early became associated with violence and conspiracy. In January 1919 a serious labor conflict in Buenos Aires marked by bloodshed, extensive destruction of property, and army intervention to control the strikers, was attributed to Communist influence. Reports of Soviet atrocities during the Russian civil war further aroused Argentine opinion against communism.

The PCA was formed in 1918 from an extreme leftist group that withdrew from the Argentine Socialist party (Partido Socialista Argentino - PSA). It gained official toleration during the 1920's by avoiding violent tactics, but it was handicapped by factional disputes, opposition from Socialists, anarchists, and rightists, and a continuing identification in the public mind with the January 1919 strike and anarchist-inspired acts of violence. During the 1920's, PCA candidates seldom polled more than 5,000 votes in national elections.

After the overthrow of the Irigoyen regime in 1930, the Communist party was outlawed by dictator General Jose F. Uriburu (1930-32). Although many of its members were arrested, deported, or driven into exile under the Uriburu regime, the PCA enlisted considerable support from students and workers who opposed the dictatorship.

From 1932 to 1938, under General Uriburu's successor, Agustin Justo, the Argentine Communist movement enjoyed more latitude, but was periodically repressed and was generally excluded from important elections. During this period Communist leaders sought to avoid clashes with the administration in power and to enlist support from liberal elements and youth, student, and labor groups. With the outbreak of the Spanish Civil War (1936-39) the Communists capitalized on the anti-Franco and anti-Axis sentiments found among Argentine liberals and leftists to secure adherents to Communist front organizations supporting the Loyalist regime.

By 1938 a gradual return to constitutional practices enabled the Communists to operate more freely, particularly in the capital city of Buenos Aires. From August 1939 to June 1941, when Germany invaded the Soviet Union, the PCA followed the international Communist line that World War II was a "capitalist struggle." Even during the first pro-Axis regime of Acting President Ramon S. Castillo the party was able to operate under the cover of the Nazi-Soviet pact of August 1939. As a result of their increased freedom of action and changed tactics, Communist agents in Argentina achieved substantial gains in labor organizations that had previously been dominated by Socialist labor

*Material on Communism from (S) "Argentina," NIS 90, May 1957, sec 57, 5-6, 9.

leaders. After the German invasion of the USSR in June 1941, the PCA switched to all-out support for the Allied cause, and anti-Communist measures by the pro-Axis Castillo regime were intensified.

During the 1941-46 period, however, the PCA benefited from popular sympathy for the Soviet Union as a victim of Nazi aggression, from public admiration for the role of the Soviet armed forces in the war, and, to some extent, from association with other groups supporting civil liberties against dictatorial regimes in Argentina.

Under the administrations of General Pedro P. Ramierez (1943-44) and General Edelmiro J. Farrell (1944-46), Communist support for the Allied cause and opposition to the dictatorial methods of the incumbent pro-Axis Argentine military leaders, particularly Colonel Peron, led to increasingly severe suppression of Communist activities. Communist-controlled labor organizations were dissolved and their leaders detained or driven into exile.

Peron's downfall in September 1955 secured greater freedom of action for the PCA than it had enjoyed since the early World War II period. In this more favorable climate, the Communist organization was able to expand both party and front operations and again to prove the durability and resilience of the Communist apparatus in Argentina.

As of January 1957 the PCA claimed a membership of 70,000. This was more than double the estimated membership strength of 30,000 in September 1955, and substantially in excess of a June 1956 claim of 50,000 members. The Communist youth organization, FJC, claimed 21,000 members, compared with 17,000 claimed in January 1956. It has been estimated that the bulk of PCA membership, is made up of manual workers and lower-middle-class, white collar workers. Although a small fraction of the total party membership, the PCA's professional and intellectual supporters through their sizeable financial contributions and their eminence in propaganda media, have given the party a strength out of all proportion to its size. This sector of the party, recruited primarily during the period of the anti-Nazi fronts, includes journalists and other writers, lawyers, doctors, economists, and members of various branches of the amusement industry.

Foreign and US Missions in Argentina

Prior to World War II, foreign military influence in the Argentine Army was almost exclusively German. As early as 1899 a German military mission was active in the reorganization and improvement of the Argentine military school system.[1] Little information is available on the work

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1. Edwin Lieuwen, Arms and Politics in Latin America (New York, 1960), 32.

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of German missions in Argentina between that time and 1910. It is known, however, that during the period 1899-1914 German prestige in Argentine military circles was high and that the army used German doctrine, equipment, and uniform styles.

Although Germany agreed in the Treaty of Versailles not to send military missions to foreign countries, German military influence in the Argentine Army reasserted itself about 8 years after the war. Since Argentina had not signed the peace treaty, it was fairly easy to arrange for several German officers on individual contract to serve in an advisory capacity to the Argentine Army.

The Argentine Government terminated its contract with the German officers in July 1940. Then, despite the fact that their contracts had forbidden service in other South American countries within 6 years, the two ranking officers were designated German military attaches in Brazil and Chile. This action seemed patently prejudicial to Argentine interests and was resented by the Argentine military hierarchy.

Besides the German missions, Argentina received army or air missions from the UK, France, and Italy--a British naval mission also operated for a time after the turn of the century--but they were small and short-lived. Only the German missions, and many of these were unofficial, seemed to exert much influence on the army and air forces of the host country.

US military influence in Argentina has been limited to the work of a naval mission that, at the request of the Argentine Government, began operations in 1934 in Buenos Aires. The US Navy sent Commander William A. Glassford to assist in the establishment of a Naval War College. Since they actually set up the first really successful Naval War College in Argentina, Commander Glassford and the US Navy are remembered in Argentine naval circles.

Present Argentine law allows up to six US naval advisors to be assigned to the Argentine Naval War College. From 1934 to the present there has been a US naval advisory group (though not formally as such) continually functioning in Argentina. US naval aviation and submarine advisors were added just before World War II, Marine Corps and logistic advisors after the war. In addition, a shipyard advisor was assigned in 1955. Each advisor is individually contracted for by the Argentine Government pursuant to intergovernmental agreements, nominations, and acceptances. The positions are purely advisory, not executive, administrative, or supervisory. Because of the long-standing friendship between the Argentine and US naval services, it is presumed that, to the extent their finances will permit, the Argentines will continue to pattern their navy after that of the US.[2]

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2. US House, "Military Assistance Advisory Groups: Military Naval, and Air Force Mission in Latin America" (Report by Porter Hardy, Cmte on Armed Services; Washington, 1956), 12, 13.

The history of US Air Force missions to Argentina goes back to 1938 when the US dispatched six of its newest and largest army airplanes to Buenos Aires to participate in the inauguration of President Roberto M. Ortiz. Such a favorable impression was created by this visiting air squadron that the Argentine Government soon afterwards asked for and obtained a detail of eight officers from the US Army Air Corps to serve as instructors to its military aviators. The mission included representatives from the US Army Coast Artillery Corps, who, though not specified so, were probably antiaircraft artillery specialists. This air mission, dismissed during the Peron regime, was resumed in 1957. Limited negotiations have been conducted recently concerning an Army training mission, and it is reported that in recent months there have been a number of informal overtures made to US military personnel in Argentina concerning the establishment of a bilateral agreement for a Military Assistance Program.[3]

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3. Whitney H. Shepardson, The United States in World Affairs, 1938 (New York, 1939), 274-275.

Arms Acquisition

Some of Argentina's earliest attempts at arms acquisition were made in the field of naval armament. In the 1880's she acquired a coast defense battleship from Great Britain and a protected cruiser from Italy. Between 1890 and 1901 the Argentine Navy obtained 9 additional armored warships (2 coast defense battleships, 3 protected cruisers, and 4 armored cruisers), all built in either British or Italian shipyards. These vessels ran in the 3000-7000-ton class and sold for about £750,000 each.

Although Argentina and Chile had concluded a naval limitations agreement in 1902, when Brazil in 1904 started an ambitious naval construction program, Argentina and Chile immediately canceled their agreement and entered the naval race. In 1910 the US, hoping to draw Argentina and her neighbors closer to the US, took advantage of the naval arms race to sell armaments to Latin American nations. US ministers in Buenos Aires and the neighboring capitals were instructed to assist US firms in obtaining arms contracts. Contacts with Argentine naval circles were especially cultivated during that period. Between 1910 and 1920 the US succeeded in selling Argentina 2 battleships; in the same period Germany also sold Argentina 4 destroyers. The cost of these vessels is unknown. In the 1920's, also at unknown cost, Argentina obtained 5 more destroyers, 3 from Great Britain and 2 from Spain. From 1930 to 1940 Argentina's navy acquired 2 cruisers (£1,225,000 each) and 3 submarines (£206,000 each) from Italy and 1 cruiser (£1,750,000) and 7 destroyers (£400,000 each) from Great Britain. Thus, at the outbreak of World War II, although many of the earlier warships had been scrapped or sold, Argentina possessed a very formidable navy by Latin American standards. It consisted of approximately 34 ships, including 2 battleships, 3 cruisers, 16 destroyers, 3 submarines, and numerous auxiliary vessels.[4]

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4. Jane's Fighting Ships, 1911 (London, 1911); Ibid., 1940 (London, 1940).

US munitions sales to Latin American countries from 1936-1939, totaled only about $40 million, but almost two-fifths of this total was to Argentina's account. In this period Argentina sought mainly military aircraft and aircraft parts and, failing to obtain from the US the quantities she wanted, she turned to European sources to meet her needs. It is interesting to note that during the period 1939-1944 Argentina was the only Latin American country that increased its number of military aircraft of non-US manufacture. Prior to the Lend-Lease Act of 1941 Argentina had 395 planes on hand; 258 of US manufacture, 111 German, 22 British, and 4 French.[5]

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5. World Peace Foundation, Documents on American Foreign Relations July 1939-June 1940, (Jones and Myers, ed., Boston, 1940), II, 838-841; (C) MS, Army Industrial College, (OCMH files) seminar on "Implications of Export of Munitions to Other American Republics," 21 Dec 44, AM sess, 22, annex I.

During World War II Argentina, by her own choice, did not receive lend-lease aid. Having long aspired to leadership among Latin American countries, she found that US overtures toward other Latin American nations for close military collaboration before and during World War II conflicted sharply with Argentine policy and plans. Though the Argentines clearly manifested their reluctance to cooperate with the US in hemisphere defense measures, US officials continued to hope for a change in Argentina's attitude. Provisions were made in the second

Lend-Lease Act, approved in October 1941, for a substantial allotment for Argentina. This amount would have come to about one-fourth of the funds appropriated for army lend-lease to Latin America, but Argentina's desire to remain neutral and her opposition to US objectives in Latin America finally nullified any possibility of a lend-lease agreement between the two countries. Argentine requests for arms other than through lend-lease were courteously received by the US Government but were never fulfilled, as first consideration went naturally to US allies and those countries which had broken relations with the Axis powers. Argentina attempted to obtain arms from Germany, but failed, for the Germans, too, required a clear manifestation of Argentine support, and Argentina was not prepared to go that far.

Because it had chosen a course of neutrality during World War II and because it had been unable to purchase arms from either the Allied or Axis powers, Argentina attempted to reach self-sufficiency in the manufacture of armaments. The navy began to explore the possibilities of establishing a powder and explosives factory to supply the needs of the Argentine fleet. A small arms factory was producing small arms by 1944. Sulphur and nitric acid plants were established and helped to alleviate shortages of those products. Experiments with the production of tanks and armored vehicles were attempted but were not successful.

Argentina, as a result of these early efforts, is now one of the leading munitions producers in Latin America. It is doubtful, however, that she can ever build up a munitions industry to the point where she will be completely self-sustaining in this field, for she obviously lacks the necessary raw materials. Some attempts have been made in the past to stockpile steel, acquired from Sweden and Spain, but it proved to be of dubious quality; furthermore, there was no guarantee that either of these countries could be counted on as a steady source of steel.[6]

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6. Stetson Conn and Byron S. Fairchild, "The Framework of Hemisphere Defense" (galley proofs of unpublished MS in OCMH files), 230; (C) MS, AIC seminar, AM, annex II, 19.

During the period 1946 through June 1959 the US Department of State issued export licenses to Argentina for $160 million worth of arms, ammunition, and implements of war. The amounts for each of the above years were as follows:

Value of Export Licenses Issued by the US Department of State

(In US dollars)

1946	$14,050,104	1954	$ 8,251,461
1947	19,899,283	1955	3,817,846
1948	30,635,061	1956	13,499,776
1949	11,090,918	1957	14,987,541
1950	5,193,974	1958	20,663,094
1951	5,654,586	1959 (Jan-Jun only)	5,229,658
1952	2,990,783		
1953	5,183,379		

Under the Surplus Property Act and Public Resolution 83, Argentina was programed, 1945-1948, for $19,536,000 but finally received only $8,517,000 of this amount. Between 1946 and 1959 Argentina received $25.5 million under the US Mutual Security Program, $34.8 million under US Public Law 480, and $390.8 million in US Export-Import Bank loans. The $451.2 million total did not include any military aid. From 1950 to 30 June 1959 military purchases from the US amounted to $19,519,000 (of which $16,778,000 worth of materials was delivered). These purchases

represented about 11 per cent of the equipment purchased by all Latin American countries through FY 1959.

Among recent armed forces acquisitions have been two US cruisers purchased in 1951 for $7,800,000 and a British aircraft carrier purchased in 1958. Estimates of the cost of this carrier vary widely. One source gives a figure of only $2,800,000, but it is known that Brazil paid $16 million for a sister ship and that figure did not include the cost of remodeling and modernizing. The Argentine Navy has begun negotiations for purchasing 2 US submarines and 3 British battle-class destroyers.[7]

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7. (C) Department of State, "Report on Licenses Issued During Jan 46-Jun 59 Authorizing the Exportation of Arms, Ammunitions and Implements of War," Munitions Division, Semi-annual Reports; (TS) Table, "Current Foreign Military Aid Programs," Encl to memo, JMAC to SecA, SecNav, and SecAF, 9 Nov 48; (C) ICA, "U.S. External Assistance," 16 Mar 60, 55; New York Times, 5 Jul 58, 8; Jane's Fighting Ships, 1959-1960 (London, 1959), 111-117; (C) Dept of State, "Latin American Efforts to Limit Armaments," Intelligence Rpt No. 8194, 15 Jan 60; (S) OSD, "MSP: 1961," 220.

Argentine Armed Forces

Throughout Argentine history the armed forces have always occupied an important place in public life and are traditional arbiters of political power. Their support is essential to the survival of any government; Argentina's experience with Peron has served to underline this fact. His attempts to utilize the descamisados and organized labor as an effective counterpoise for offsetting the power and influence of the armed forces were only temporarily successful. In the final analysis Peron's alienation of the army, navy and air force brought about his fall.

When the GOU overthrew the Castillo regime in June 1943 it was certain from the very first that the new government would be a military government. The military expenditures had been steadily increasing since 1941, but in 1944 a military budget more than double the amount spent in the last year of Castillo's administration was appropriated. In 1945 it jumped again, to a sum larger than the entire government revenue for that year. This meant that since 1941 military expenditure had risen more than fourfold to a figure representing approximately 50 per cent of the budget. But Peron, facing up to the realities of the postwar world and wishing to weaken the armed forces so they might be more easily counterbalanced by his descamisados, began to cut down on the excessive military build-up. Between 1945 and 1949 he gradually reduced the size of the army by about one-third (to 70,000) and cut the armed forces budget in half (to 25 per cent of the total budget). Military budget figures for the period 1949 to 1955 shed further light on military expenditures during the Peron regime.

(In millions of US dollars)

	Total Budget	Defense Budget	Defense % of Total
1949	$1,557	$414	26.6
1950	1,747	390	22.3
1951	1,780	366	20.6
1952	2,049	431	16.2
1953	2,189	321	14.7
1954	1,436	355	24.7
1955	1,373	322	23.5

It can be seen from these figures that Peron continued steadily to cut the percentage of the total budget devoted to military expenditures from 1949 to 1953. This may have been part of his plan to strengthen further his labor support at the expense of the army. Following the unsuccessful army revolt in 1951, the percentage of the budget devoted to military expenditures sank to its lowest level (1952-1953) of the 7-year period. At about this time the growing superiority of the Brazilian armed forces, achieved with US help, deepened Argentina's concern over the military strength of Brazil, but the Argentine economic crisis of 1950-1952 combined with the war in Korea, made it difficult for Argentina to obtain additional military equipment from abroad. Thus Peron found himself drifting towards the same situation that had led to Castillo's overthrow 10 years earlier. He still had control of the army, but more than that, he needed to have the army strongly with him. If he could not get military help from the US or Europe, then he must spend a larger portion of the budget on the military or risk alienating them. The 10 per cent jump in the percentage of money allotted to the military in 1954 and 1955 despite a very sharp drop in the amount of the total budget for these years, may very well reflect these changes in Peron's policy.

Accurate figures for the period 1956 through 1958 are not available, but by 1959 the Frondizi government, in an attempt to cope with the disastrous economic conditions inherited from the Peron regime, had cut the military budget to $221 million or 17.4 per cent of the total budget.[8]

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8. Lieuwen, Arms and Politics, 68-69; (C) Dept of State, "An Evaluation of Latin American Armament Expenditures," Int Rpt No. 6986, 14 Sep 55, App, Table I; (S) ASD/ISA, "Argentina," Briefing Book, Office, Reg. Dir Western Hemisphere.

The Argentine armed forces numbered 131,103 in 1959 (0.64 per cent of the total population), distributed as follows: 50,000 army, 32,019 navy (includes 5,765 marines), 16,853 air force, 1,231 naval air force, 11,000 national gendarmerie, and 20,000 federal police.

The Argentine Army uses US, British, French, German, Swedish, Swiss, and Czechoslovak arms and equipment, much of it obsolete. Its heavy equipment includes: 450 medium tanks (US and UK); 240 Bren Gun Carriers (UK); 50 half-tracks (US); 100 75mm howitzers (Fr); 330 75mm guns (Ger and Swed); 143 105mm howitzers (US and Fr); 100 55mm howitzers (Fr); 60 155mm guns (Fr); 378 AA guns of various sizes (US, Swiss, Swed, and Czech); over 1200 mortars of various sizes (number of 60mm mortars unknown) (Arg, US, and Fr); and 1600 trucks, 1 1/2 and 2 1/2 ton (US).

The Argentine Navy possesses around 80 combatant vessels of which about one-third are considered inactive. Almost all of these ships were completed prior to World War II and some date back to World War I. Vessels in the Argentine navy include 1 aircraft carrier (UK), 2 old battleships (US), 2 old cruisers (It); 3 light cruisers (US and UK); 3 old submarines (It); and various patrol boats, minesweepers, amphibious landing ships, and other auxiliary craft.

The Argentine Air Force is composed of 364 aircraft, including 43 jets (UK). Only 178 of these are assigned to tactical units. These units include the following (Argentine Air Force groups in most instances are roughly equivalent to US squadrons): 1 bomber group, 1 fighter group, 1 fighter-bomber group, 1 observation group, 1 attack group, and 2 transport groups. Negotiations are in progress with the US for around 75 aircraft (F-80's or F-86's and B-57's). Should these negotiations fail, an agreement may be reached with France for Mystere jets.

The Argentine naval air arm is the largest in Latin America. It has 214 aircraft, including 30 jets (US). Ninety-four of these have been assigned to the following tactical units: 1 day fighter squadron, 1 attack squadron, 1 ASW fleet group, 1 scouting squadron, 1 helicopter squadron, 2 transport squadrons, and 1 utility squadron. The major weakness of the naval air arm and the air force is the almost complete dependence upon foreign sources for equipment and supplies, nearly all of which is supplied by either the US or the UK.

The long-term outlook for all the services of the Argentine military establishment is rather gloomy at best. The Argentine economy is unable to support the badly needed modernization programs necessary to keep the services in top shape. Large capital outlays for military equipment will probably not be available for many years because of the economic policies.[9]

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9. (S) Argentina Briefing Book; Jane's Fighting Ships, 1959-1960.

Arms Rivalry

Argentina's traditional aspiration to hegemony in the Plate River area and her long-cherished dream of becoming spokesman for Latin America have made her extremely sensitive to any strengthening of the Brazilian armed forces. The US aid given to Brazil has long disturbed Argentine military circles. The problem of US aid was an underlying cause of Castillo's fall in 1943 and also gave Peron considerable trouble towards the end of his regime. How it is handled by President Frondizi could have a great deal of effect on his future as well as that of his party. On 9 December 1959, for instance, President Frondizi released a public statement pledging his "most decided support" to President Prado's (Peru) proposal for a Latin American armaments conference; at the same time, however, the Argentine Army at least indicated that it did not share the President's view. Army Commander-in-Chief Carlos Toranzo Montero told the press that the army could not reduce its strength and still carry out its responsibilities.[10]

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10. Whitaker, US and Argentina, 114; (C) Dept of State, Int Rpt No. 8194, 5.

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CHILE

Historical Outline*

Chile, the so-called "shoestring republic" of Latin America, occupies approximately two-thirds of the Pacific coast of South America. Though Chile stretches north and south for about 2,600 miles, at no point is the country's eastern border more than 250 miles from the Pacific Ocean. The line of the Andes chain forms the eastern border of Chile and virtually isolates the country from the South American land mass. But this geographical block has not prevented Chile from playing a prominent role in the political, social, and economic history of Latin America. Largely responsible for this prominence has been the happy combination of a hardy, self-reliant population of predominatly European stock, varied and rich resources, and forward-looking leadership.

Like that of most of its neighbors, the early history of Chile is compounded of strife and tribulation and both peaceful and violent contests for political power. Yet it may be said of Chile that though the process was one of advance and retreat, the advance usually gained more ground than was lost in the retreat.

Although Chile first threw off the Spanish yoke in 1810, independence was not finally achieved until 1818 when, reinforced by Argentine forces, the liberation army commanded by San Martin and Bernardo O'Higgins defeated the Spaniards in the battle of Chacabuco. From 1810 to 1831 Chile experienced a period of turbulence in which battles for independence alternated with clashes between conservative partisans of a strong and centralized government and the Liberals who favored a more democratic regime. The latter represented the desire for local autonomy, curtailment of the temporal power of the Roman Catholic Church, and minor reforms in the agrarian system. The former, composed largely of the clergy and land owners, defended the interests and privileges of these two groups. Congresses and dictators rapidly succeeded each other, and with each change in government a new constitution was proposed. In 1830 these groups subjected the nation to a short civil war. With the defeat of the Liberals in the battle of Lircai, however, the Conservatives took charge of the political destiny of Chile and established a stable, if somewhat reactionary, regime. For the next 30 years, until 1861, the country was ruled by succession of Conservative presidents with severity, respect for order, and in the interest of the land-owning aristocracy.

During these 30 years, change and progress characterized Chile. The power of the local caudillos was destroyed; Chilean finances were reorganized; highways and railroads were constructed; a national militia was founded; and, most important of all, a constitution (1833), which was to endure for almost a century, was promulgated. It provided for a highly centralized government under a president who was given wide, almost autocratic powers. Roman Catholicism was declared to be the state religion and the establishment of any other church within Chile was prohibited.

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* Historical Outline. The information in this section has been obtained from the following sources:
J.F. Bannon and Peter M. Dunne, Latin America: An Historical Survey (Milwaukee 1958); A.C. Wilgus, Outline History of Latin America (New York, 1941); Gilbert J. Butland, Chile (London, 1951); Harry Bernstein, Modern and Contemporary Latin America (Chicago, 1952); J. Fred Rippy, Latin America (Ann Arbor, 1958).

[redacted] [redacted]

Under the Conservative administration a second generation of Liberals was given the opportunity to contribute to Chilean democratic traditions. An intellectual tolerance and a spirit of internationalism, free from a narrow nationalism, permitted Venezuelan, Columbian, Spanish, and Argentine exiles to take refuge on Chilean soil and use their talents to the advantage of the rising generation of Chileans. The intellectual progress of Chile during this era was as significant as the material and economic growth; perhaps they were part of each other. Conservative ministers and leaders encouraged the free play of ideas, and, like patrons of the arts, vied with each other to promote or establish newspapers, schools, institutes, literary societies, and even a reorganized, national University of Chile. In this era of Conservative control one could almost speak of a nineteenth century Chilean renaissance and enlightenment.

In the elections of 1861 a Liberal, Jose Joaquin Perez, was elected President, and for the next 30 years a Liberal regime guided the destiny of Chile. These three decades, too, may be characterized as a period of national progress. Perez, who is often referred to as a moderate Liberal made up his cabinet of moderates both from among the Liberals and Conservatives. His principles were pacific and he worked for greater religious and political tolerance. Yet, the constitution remained unitarist and the president continued to exercise the concentrated powers the instrument gave him.

In 1871 Perez was succeeded by the new leader of the Liberal party, Federico Errazuriz Zanartu. During his regime there were fervid contests revolving around Liberal efforts to abolish "ecclesiastical privilege," to secularize the cemeteries, establish civil marriage, and finally, separate church and state. The Conservatives strongly opposed the attempts. The Liberals won some of their points: priests were made liable to the civil courts in civil and criminal cases, and a section of the cemeteries was opened for the interment of those who were not Catholics. However, the existing status of church marriage and the union of church and state remained as before.

The next Liberal to step up to the office of President was Anibal Pinto, who took office in 1876. During his administration the religious altercation between Conservatives and Liberals continued, but most of the energies of the country were expended in a conflict between Chile and a coalition of Peru and Bolivia, arising out of a dispute over valuable nitrate lands. Neither the treaty with Peru, signed in 1883, nor the 1884 truce with Bolivia definitely settled the disputes with these countries. But as a result of Chile's military victories, Chilean territory was increased approximately one-third through acquisition of the Bolivian coastal province of Antofagasta and the Peruvian province of Tarapaca. Further, Chile was to occupy the Peruvian territory of Tacna and Arica, based on the understanding (never fulfilled) that a plebiscite, to be held 10 years later, would determine ownership. Almost forty-seven years later, in 1920, the US, which had since 1880 repeatedly tried to arbitrate a settlement, suggested an acceptable solution. The result was that Chile retained possession of Arica and Peru regained Tacna.

In 1881 in the midst of war, President Pinto was succeeded by Domingo Santa Maria, who was elected on a Liberal platform which included the classical church-state disputes concerning civil marriage and freedom of religion. The president in his message to Congress, 1 June 1883, declared that the time had come for the Liberals to realize their oldest and most precious aspirations--lay cemeteries, civil marriage, civil register of births, and liberty of conscience. The man who led the fight in these matters against the Conservatives was the brilliant Jose Manuel Balmaceda, who succeeded in turning most of these aspirations into law.

When Santa Maria's term ended in 1886 the outgoing president used his influence for the election of Balmaceda. Elected on 25 June, Balmaceda, able and statesmanlike, accomplished many progressive things for Chile during the first years of his regime. He removed tariffs on imported machinery, thus aiding manufacture and agriculture. Contracts were let for six hundred miles of additional railroad. Telegraph lines and postal routes were lengthened. Transportation was further facilitated by the digging of canals, the improvement of harbors, and the smoothing of the public roads. And with the end of the depression of the 1870's national revenue increased from less than forty million to sixty million pesos.

Balmaceda's program, however, was costly, and government expenditures were severely criticized by the Congress. Moreover, his electoral reforms were opposed by many. Members of the opposition suspected him of endeavoring to free himself from legal congressional restraint. In 1891 when, without convening Congress, he announced that the appropriations bill for 1891 would be the same as that of the previous year, he violated the constitution. The nation's answer was revolt. Congress met on its own initiative, creating a revolutionary junta, with Admiral Jorge Montt at its head. Joining Congress and the navy against Balmaceda were the Conservatives. Two battles ensued, and in both Balmaceda was defeated. Following his second defeat, Balmaceda abdicated his powers, thus ending thirty years of a continuous Liberal government and sixty years of legally elected Conservative - Liberal rule.

It may be said that the modern era in Chilean history began with the end of the Balmaceda government. The war, rather than being a dispute between rival factions or ambitious individuals, had been fought on a definite political question: whether the country was to be ruled by an autocratic and irresponsible government or by a representative parliament to which the president was responsible. The result was that with the complete defeat of Balmaceda and the victory of the forces of the Congress, parliamentary government was to exist in fact as well as in name, and this assisted the emergence of the middle and lower class as a dominant group.

From 1891 until after 1920, Chilean presidents had to go to congressional groups and their leaders to get their legislation. Congress, in at least one instance, broke the power of the president over municipalities, and thereby satisfied local and regional aims and the interests of congressional deputies and senators from those districts. The Law of Municipalities of 1891 ended the power of the president to appoint local intendants and provincial governors. This law in effect created the self-governing Chilean commune, elected locally for 3 years. The commune was given extensive powers over health, education, sanitation, and police. These cities were also allowed to set up electoral conditions for voting, and the cities established the machinery for the election of municipal officials, senators, deputies, and even the president. In short, decentralization of the electoral machinery took place. In many parts of Chile, however, the law meant the return to influence of the local party boss, the caudillo, and the revival of influence of the district landowner and priest.

From 1891 to World War I a succession of moderate and unremarkable presidents were elected. Government politics continued to run its course through the well-worn channels cut by the earlier regimes.

When the great war in Europe broke out in 1914, soaring Chilean nitrate exports resulted in an economic boom, considerably aided by the opening of the Panama Canal which made shipping to the US and Europe easier and cheaper. Wartime prosperity revived even the marginal nitrate producers and certainly the larger enterprises

prospered. Property owners, miners, industrialists, estate owners, and those possessing credit profited, but higher price levels badly affected the living conditions of the middle classes and the working classes. Fortunately for the Chilean Government, the day of reckoning was postponed until 1920, because during the war years copper and nitrates and government revenues from the export tax permitted income to keep fairly well abreast of expenses.

During the elections of 1915 and 1920, the crying need for social reform at home became a major public issue for the first time. Politics, constitutionalism, and other legalistic issues were still most important to the leading parties, but the cost of living, wages, workman's compensation, and other economic and social forces demanded the attention of the Conservatives as well as the Liberals, Radicals, and Socialists. In the election of 1915, Juan Luis Sanfuentes was elected president. Sanfuentes held Chile neutral in the First World War; he was determined to quell any evidence of a class war and he put down severe strike outbreaks at home. Sanfuentes was mainly concerned with the balance and state of the government budget and the continuation of the "public works economy." He was supported in his five inconspicuous years as president by "men of fortune who believed that any marked change in existing institutions constituted a menace to public peace, religious faith, and the free development of business."

Nevertheless, labor had begun to achieve its first important gains during the Sanfuentes presidency. Strikes and pressure upon the government resulted, in 1916, in the passage of the first workman's compensation law. In 1917 an employer liability act was passed. In 1919 a retirement system for railroad workers was instituted. And in 1920 Chile adopted a law calling for the compulsory primary education of all children over seven years of age.

The strongest single figure in the election of 1920 to speak out with promises of reform was Arturo Alessandri, the senator from the nitrate province of Tarapaca who was a fusion candidate for president. Alessandri waged the campaign of 1920 with very great energy, and to the complete surprise and shock of the Conservatives and moderate Liberals he was elected by a very narrow margin.

Alessandri had committed himself to champion a program of social and economic reforms and in so doing awakened a political, constitutional conflict. In Alessandri's view, only a powerful executive could lead Chile in the direction of national strength and social progress; he sought, therefore, to enlarge the powers of the president. But Alessandri needed the consent of Congress to vote the reforms and legislation he had promised into law. He had little success. Parliamentary resistance made his administration a steady series of unstable ministries, and only a few of his economic measures became law.

A crisis was already apparent at the end of 1923, with congressional elections due in March 1924. Riding the tide of public opinion and democratic sentiments against the senatorial oligarchy, Alessandri astutely made use of his popularity to intervene actively in the campaign, asking the voters to return a majority to both branches of Congress that would favor his economic, social, and constitutional reforms. He even used the army in some precincts--very few, to be sure. The Liberal Alliance, with Radical and Democratic support, and the energetic help of the labor movement, was revived, and did succeed in electing a large majority to both houses of the Chilean Congress.

But soon after, conflict developed between the president and the military, who requested that the president devaluate the national currency in order to alleviate the severe economic difficulties of the population. President Alessandri refused and then resigned. The

Congress did not, however, accept his resignation. Instead, it authorized him to absent himself from the country for 6 months. On 10 September 1924, he left the capital and went abroad. In his absence a military junta headed by General Luis Altamirano assumed the government of the country, but in just a few months the military junta was overthrown by army officers under the pretext that Altamirano had not carried out the reforms he had promised. A new junta was appointed,and Alessandri was invited to return at once to Chile. Almost immediately upon his resumption of the presidency, Alessandri called a constituent assembly to amend the constitution. The resulting Constitution of 1925 provided for separation of church and state, guaranteed complete religious liberty, declared the rights of property subject to the maintenance and progress of social order, made primary education compulsory, and provided that a member of Congress could not at the same time be a member of the president's cabinet. The executive was to be elected by direct popular vote. The cabinet members were to be appointed by the president in a manner similar to that provided by the US Constitution, thus doing away with the parliamentary system until then in effect in Chile. A new electoral law was also adopted at about the same time. A short time later Alessandri resigned, and after a flurry of political maneuvering, Colonel Carlos Ibanez del Campo was elected president in July 1927.

Once in power, Ibanez ruled as virtual dictator, suppressing revolutionary plots with extreme severity. Despite the situation of unrest, the new president undertook a notable program of reforms. A new territorial division of the country was established, reducing the number of provinces from 23 to 16, and establishing two territories--Aysen and Magallanes. The question of Tacna and Arica was settled. The University of Santiago was made autonomous. Libraries and schools were established throughout the country. The government departments were reorganized with a view to curtailing expenditures. A vast program of public works was carried into effect to alleviate the unemployment situation. To solve the nitrate situation, a government-controlled corporation, the Compania Salitrera de Chile, or "Cosach", was organized with a monopoly on exports of nitrates.

Despite all these measures, the economic condition of the country became progressively worse. Foreign bankers refused to lend any more money, and the government found itself unable to continue its enormous expenditures. Rioting and revolutionary plots erupted everywhere. Ibanez resigned, and between his resignation in July 1931 and December 1932 the government passed rapidly from one faction to another until finally with the help of the army, Arturo Alessandri returened to power.

Alessandri was inaugurated on 24 December. At once he reorganized the nitrate industry and abolished the "Cosach," took measures to improve conditions in agriculture and industry, opened new schools and restored public order throughout the nation.

As the decade of the 1930's moved forward Chile enjoyed a considerable economic advance. The exports of 1934 were 44 per cent greater than those of 1933, and imports rose 33 per cent. The production of gold rose 64 per cent and of coffee 58 per cent. The figure of almost 200,000 unemployed was reduced, largely because of an increase in the export of nitrates.

In 1938 following an abortive coup by pro-Ibanez Nazi elements, Pedro Aguirre Cerda, the candidate of the Popular Front, a coalition of Radicals, Socialists, and Communists, was elected by a small majority.

With the advent to power of the Popular Front party, Chile moved to the left. Cerda's government pledged itself to "end conditions in which the Chilean masses lack food, culture, clothes, and dwellings."

But before the program could be started, there occurred in January 1939 one of the most devastating earthquakes in the history of the nation Nearly 50,000 persons were killed, 60,000 injured, and 750,000 made homeless. The government found it necessary to bend every effort toward the relief of the sufferers. This national calamity, together with the outbreak of World War II in September, set back the previously advancing economy of the country.

On 10 November 1941 President Aguirre Cerda resigned because of ill health. He turned his powers over to Geronimo Mendez, leader of the Radical party, who continued as acting president until February 1942, when Juan Antonio Rios, supported by a democratic anti-Fascist block, was returned by a majority of 56,000 votes. Upon his election, President Rios continued the policy of Mendez.

In the parlimentary elections of February 1945, the leftists, who had combined as the Alianza Democratica, suffered a setback. They lost control in the Senate and retained only a slim majority in the Chamber, but in the presidential elections of 1946 they did considerably better.

The Communist party, with several other groups of the Popular Front, backed the presidential candidacy of Gabriel Gonzalez Videla, who won a clear-cut victory. But in the parliamentary elections of 1947 the pendulum swung back to the right. In these elections the rightist parties made a strong comback. Leftist members of the cabinet, having lost their congressional majority, resigned, and Videla appointed to the new cabinet eleven radicals--members of the president's own party--and one democrat.

Chile is so dependent upon its nitrate and copper production that any instability in the world market for these two products invariably has serious repercussions on the Chilean economy. In 1949 there was a sharp decline in the price of copper. By the latter part of that year thousands of workers in the mines and in allied industries were out of work; inflation grew alarmingly; and the cost of living rose 40 per cent. The population was deeply distressed. Runaway inflation continued into the next year, and the situation was further depressed by food shortages.

Meanwhile, with presidential elections looming, Carlos Ibaniz, Chile's "man on horseback," had thrown his hat in the ring. He was elected by a comfortable majority and took office in November 1952. There was fear in certain quarters that the new president might seek to ape Argentina's strong man of the moment, Peron. His antiliberal, even antidemocratic, views were well known. His first year in office was troubled. The close of the war in Korea brought a sharp decline in the price of copper, which did not help the situation. By mid-1954 Ibanez had reshuffled his cabinet no fewer than seven times. Inflation continued, and economic distress begot numerous strikes throughout the country. In a desperate effort to deal with the unrest, the president declared a state of siege. Not until 1956 did conditions begin to improve.

Under Ibanez, the administration not only went against the trend established by Radical policies but departed in some respects from traditional Chilean practices. Labor influence, relatively strong under the Radicals, was curtailed on the basis that the trade union movement was strongly influenced by communism. Hence, the workers' efforts to bring about a greater equality of sacrifices in the inflation-control program were circumscribed. Also in contrast to Radical party policies, Ibanez tended to lessen state intervention in the economy. Furthermore, his rule was primarily personal in contrast to the party coalition government usual in Chile. Himself an army officer, the president increased military participation in the cabinet.

He likewise attempted, but with little success, to curb Chile's traditional press freedom by restricting opposition newspapers, both left and right.

The March 1957 congressional elections revealed a strong tide of opposition to Ibanez. When shortly afterwards the elimination of artificial controls caused a sharp rise in the prices of various goods and services, anti-inflation riots broke out in April, touched off by a rise in bus fares. Order was quickly restored, and the emergency powers voted the president were soon voluntarily canceled as unnecessary. Nevertheless, both the elections and the riots appeared to show that the Ibanez administration had been unsuccessful in gaining broad acceptance of its anti-inflation program. The elections revealed a strong movement back to the Radical party, although the far left, with the exception of the Communists, did not show gains.

Though he had ruled as a virtual dictator, Ibanez, when the time came in 1958 for him to step down from the presidency, did so with surprising good grace. The presidential elections of 1958 were scheduled for 4 September, but long before that date the four candidates began extensive campaigns. It was expected that no candidate would receive an absolute majority, and in that case Congress would select the president from the two leaders. The parties of candidates Salvador Allende (Frente de Accion Popular, FRAP - Popular Action Front), Luis Bossay (Radical) and Eduardo Frei (Christian Democratic) were allied in a parliamentary bloc known as TOCOA (Todos Contra Alessandri) or "All Against Jorge Alessandri," the fourth major candidate; a Conservative and the strongest of all four. If Alessandri received a plurality on 4 September, TOCOA would be in a position to prevent his selection by Congress. Predicting the outcome of the election was further complicated by the absence of straight-forward endorsement of candidates by either outgoing President Carlos Ibanez or the Catholic Church. It was evident that Ibanez looked with disfavor upon Alessandri and that the Church opposed Allende, but beyond that the president and the Catholic hierarchy maintained official neutrality.

Jorge Alessandri Rodriguez, the eventual victor, was a onetime mathematics professor; though not an aristocrat by birth, he had become a feature of Chile's highest social stratum on the strength of his wealth, business acumen, cultural interests and his father's having been president. Almost always aloof and businesslike, an abstemious bachelor, his personality was singularly non-Latin. Yet he appealed to the Chilean German-like respect for the self-confident, disciplined leader "above politics." His campaign speeches stressed success in raising wages and preventing strikes in firms that he had managed. The representative of the landed elite and larger economic interests, he favored currency stabilization, reduction of welfare spending, and close economic ties with the US.

The closing days of the campaign were punctuated by a Santiago street fight between Allende and Alessandri partisans, in which a reported 25 persons were injured, and by the throwing of acid at Alessandri by an unidentified assailant. Alessandri was not seriously injured by the acid, a small amount of which splashed on his face.

Although Alessandri, the candidate of the right, received only 31.6 per cent of the popular vote in the 4 September presidential election, Congress in October named him president over the runner up, the Socialist Allende. Of the 187 congressmen voting, 161 voted for Alessandri.

Alessandri, though officially supported by the Liberal and Conservative parties, had asserted throughout the campaign that he was an independent candidate. After his victory at the polls, he claimed

that he had made no political commitments and would form an "apolitical" national government, a posture consistent with the London Economist's comparison of him with Charles de Gaulle. After his election Alessandri stated that political mediocrity, favoritism, and demagoguery would be replaced by ability, merit, and honesty. He called for hard work, sound economic policies, and guarantees for national and foreign private investors, a program that would "make sense to any businessman."

With the support of the Conservatives, Liberals, and Radicals, who together comprised a majority in Chile's multiparty Congress, President Alessandri in March 1959 was voted special powers for 1 year to direct the nation's economy and to reorganize public services without parliamentary interference.

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Foreign Relations of Chile*

United States

In the period prior to US recognition of Chilean independence from Spain, relations between the two countries had been largely limited to US attempts to negotiate commercial treaties and to Chilean purchases of several US "indifferently" armed ships. Although a treaty of friendship and commerce was finally concluded in 1832, relations between the two countries until 1860 were lacking in cordiality. Not only was the US prosecuting claims of US citizens against the Government of Chile, but various American diplomatic representatives appeared unable to protect the periodically threatened US interests, and at the same time stay on friendly terms with the Chilean Government.

With the outbreak of the War of the Pacific in 1879, misguided US efforts to effect a settlement between the contending nations--Chile, Peru, and Bolivia--pushed Chilean-US relations into a precipitous decline. In the course of this war the US suffered a serious loss of prestige in Latin America and aroused the enmity of both Chile and Peru through "meddling and muddling" from Washington and the bitter controversy that arose between its own ministers to Lima and Santiago, each of whom espoused the cause of the government to which he was accredited. Peru charged that the US first encouraged them to resist and then let them down in the negotiations. And Chile accused the US Secretary of State, James G. Blaine, of holding an improper interest in Peruvian nitrate and guano beds. The charge, though never proved, was repeated by Blaine's political enemies in the US. The low point was reached in 1891-1892 when the two nations nearly went to war against each other over the so-called Itata Incident.

During the course of the revolution against the Balmaceda regime in 1891, the rebels dispatched the Itata to the US for arms and ammunition. On its return voyage the Itata was intercepted by the US Navy, which insisted that the ship and its cargo be returned under US convoy. The revolutionists bitterly resented the loss of the cargo and viewed the incident as manifest evidence of US support of Balmaceda.

The constant friction between the US legation and the Chilean authorities, the rumor which had been given wide circulation that the US had sent secret information to President Balmaceda regarding the movements of the revolutionary forces, the Itata affair, and the protection afforded by the US representatives to the defeated faction, all served to stir up bitter animosity towards everything Yankee. As a result, when on 15 October 1891 Captain Schley of the Baltimore gave shore leave to 116 petty officers and men at Valparaiso, they were attacked, several of them were wounded, and two were killed. This incident brought matters to a head, and on 21 January 1892 Secretary Blaine laid the blame on the Chilean Government. The US threatened that unless a suitable apology and redress were forthcoming, it would terminate diplomatic relations with Chile.

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* Graham H. Stuart, Latin America and the United States (4th ed, New York, 1943), 418, 421; Ibid., 5th ed, 441, 448; Arthur P. Whitaker, The United States and South American: The Northern Republics (Cambridge, Mass., 1948) 156; Gilbert J. Butland, Chile, 108; (S) ASD/ISA, "Chile," Briefing book, Office, Reg. Dir Western Hemisphere.
The information in this section has been obtained from the above sources.

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In the meantime, the new government that had come into existence in Chile was more favorably disposed towards the US. In July 1891 Chile offered $75,000 in gold, to be distributed among the families of the sailors injured and killed in the Baltimore affair. The US immediately accepted it. The same year the two nations signed a claims convention whereby all other claims were to be settled by arbitration by a commission sitting in Washington. The commission sat from 9 October 1893 to 19 April 1894 and awarded $240,564.35 to meet the claims of citizens of the US. In general, from that time to the present, relations between the US and Chile have steadily improved.

Chile remained neutral during World War I; and considering the fact that her outlook was on the Pacific, and that she was so far removed from the seat of hostilities, her attitude was logical. The Chilean ambassador to the US explained his country's neutrality as follows: "Chile was neither solicited nor compelled, because she was not involved in the political causes of the war nor in its sphere of action, and because no one considered that a nation so far removed from the theater of hostilities might be useful as a military or financial entity, while she was so as a factor of production, for which peace was essential." At the beginning of the war, however, owing to German propaganda and German instructors in the army and the schools, there was a noticeable friendliness towards the German cause. But as the war progressed, the attitude changed, and when the US entered the conflict, Chilean sentiment was overwhelmingly pro-Allied.

The first Alessandri government, which lasted from the president's inauguration in December 1921 until his resignation in September 1924, was one of great friendliness to the US, and this friendship was reciprocated by the US. In fact it was in the US embassy that Alessandri sought refuge after his resignation, and it was the US ambassador who accompanied him to the Argentine frontier.

When Alessandri returned to power in 1925 he fostered a new government monopoly of exports of nitrate and iodine under an agency known as the Chilean Nitrate and Iodine Corporation. Since US citizens had invested about $58,000,000 in the two principal nitrate companies and the US was the principal outlet for the product, this effort to re-establish the nitrate industry in Chile was regarded with sympathetic interest.

The popular-front government of Aguirre Cerda was a new deal for Chile with decidely leftist tendencies. Aguirre Cerda, an ardent admirer of Franklin D. Roosevelt's policies, both domestic and foreign, promoted extremely cordial Chilean relations with the US. Unfortunately, Cerda died in office in 1941, and his successor, Juan Antonio Rios, although elected upon a platform of continental solidarity, was very loath to break off relations with the Axis powers.

The announcement of a proposed visit of President Rios to the US in the fall of 1942 at the invitation of President Roosevelt aroused much speculation about an early severance of diplomatic relations with the Axis. However, when it was evident that no break would occur before President Rios began his trip, Under-Secretary of State Sumner Welles declared in a public address that certain American republics were not preventing Axis espionage, which had resulted in the sinking of ships and the loss of lives in the Western Hemisphere. The Chilean Government immediately entered a vigorous protest and postponed the visit. President Roosevelt voiced his regret at the postponement and expressed the hope that President Rios would come later but did not withdraw the accusation.

When Chile finally broke with the Axis in January 1943, negotiations quickly led to the announcement, made early in March 1943, that a lend-lease arrangement had been signed between the US and Chile. This

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agreement was followed by a contract whereby the US, in order to help the Chilean economy, agreed to purchase Chilean copper, gold, and manganese at a higher price. Chile responded by cooperating effectively in checking all further subversive activities during the period of the war.

The war necessarily increased materially Chile's commercial relations with the US. Whereas in 1939 only 31 per cent of Chilean trade was with the US, in 1941 the figure had risen to 60 per cent. The value also increased from about $69 million to about $165 million.

Chile made her principal contribution to World War II by increasing its production of vital strategic materials. Not only was Chile the world's greatest storehouse of nitrates, but she held first place in Latin America in the production of copper--her 1941 production amounted to 465,000 tons, and a rise to over 500,000 was achieved in 1942. The US, through Metals Reserve Co, contracted for a period of 3 years for practically all Chilean copper not sold to other American countries. Preclusive purchasing agreements were signed to cover all other strategic materials available such as manganese, lead, zinc, antimony, wolframite, molybdenum, cobalt ores, and refined mercury.

In March 1951 President Truman rocked the stable boat of US-Chilean relations by proposing a slight revision of the Tacna-Arica settlement. Speaking off the cuff, since the suggestion does not appear in the text of his prepared address, President Truman announced that he had suggested to the President of Chile a diversion of the waters from the high mountain lakes between Bolivia and Peru in order to irrigate the west coast of South America; in return for which Chile and Peru would give Bolivia a seaport on the Pacific. The idea was cooly received by the nationalists of both countries, and the matter was quickly dropped.

During the campaign for the presidency in the spring of 1952, General Carlos Ibanez del Campo was alleged to be opposed to the bilateral military agreement signed between Chile and the US on 9 April. However, after his election in September he declared that he wished to maintain good relations with the US and denied any intention of abrogating the US-Chilean Pact.

A serious economic situation was brought about towards the end of 1953 by the fall in the price of copper and the large surplus remaining in Chilean hands. The US made several proposals to take part of the surplus but the conditions imposed were not satisfactory to the Chilean Government. Meanwhile the American copper companies (Anaconda and Kennecott) continued to seek more favorable exchange arrangements. An agreement was reached in January 1954 whereby the price of copper was henceforth to be determined by the world market price, and the US agreed in March 1954 to buy 100,000 tons of copper at the market price of 30 cents per pound to reduce the huge surplus on hand in Chile.

A more recent example of the close relations existing between the two countries is the August 1955 agreement between the US and Chile by which they agreed to cooperate with each other on the peaceful use of atomic energy. In addition to a mutual exchange of information in the field, the US agreed to assist Chile in a research and development program devoted to the civil use of atomic energy. The pact, to remain in force for 1 year, at which time it would be subject to renewal, provided for the Atomic Energy Commission to either lease or sell equipment and devices to the Republic of Chile for use in their program.

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Europe*

Inevitably, as the strength and influence of the US has grown in Latin America, so that of Europe has declined. Recent historical events and the changing distribution of economic power have made Chile more dependent on the Western Hemisphere. Nevertheless, it cannot be denied that there are deep-rooted historical and commercial links with Europe, which in many of their fundamentals, remain unaltered.

With Britain Chile has a genuine long-maintained friendship. This friendship was born in the early days of Chile's independence, when Britain supported the new republic, and the British Admiral Cochrane led the Chilean Navy in victory against Spain. It has been fostered by a thin but virile stream of British immigrants whose names are sprinkled through Chilean life, strengthened by the economic interest in and development of Chile's northern and southern lands, and linked to the UK by the British merchant marine for over a century. Britain's commercial, financial, technical, and moral example has continued to exert considerable influence in Chile. While the trading links between Chile and Britain were almost severed in World War II, postwar restoration of Anglo-Chilean trade has steadily progressed, although it is doubtful if it will retain its prewar importance.

The Antarctic question, which gained prominence in 1947, brought the UK and Chile into opposition over their territorial claims in that continent, but at no time did this threaten to become a dispute of critical proportions. Chile consistently underlined her desire to seek a friendly settlement with Britain, and while rejecting the British suggestion of an approach to the International Court of Justice, both countries evidenced their cooperation by waiving a settlement in a world faced with a hundred more complex and vital issues.

With Germany, Chile enjoyed in the nineteenth century financial, educational, commercial, maritime, and military contacts. Temporarily weakened in World War I by German loss of seapower, they came to full fruition in the interwar years and greatly influenced the life of the republic. Chile's neutrality in the war facilitated this, and Germany's position was further strengthened by a barter-trading system between the two nations. This compensation treaty was regarded with great favour in Chile, and in the late 1930's the increase in German-Chilean trade was spectacular. In the closing years of World War II German-owned business, property, and interests were liquidated, but much remained under the control of naturalized Chileans of German origin.

With Spain, the links, historically, linquistically, racially, culturally, and in the religious sphere are obvious, but Chile here also differs considerably from some other Latin American nations. A large number of its original Spanish inhabitants were Basques of distinctly independent characteristics; the population has not been reinforced by large numbers of new Catholic immigrants as in Argentina; and the very small number of pure Spanish stock remaining is a contrast to the situation in Peru. The bond of Hispanidad in Chile is, therefore, not as strong as in those two countries. Since the Spanish Civil War, sympathy with Spain under a dictator's control has weakened even more. The democratic alignment of Chile with the Republican cause was undoubtedly a majority sentiment, and this was strengthened by large numbers of refugees who came to Chile in the late 1930's.

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* The information in this section has been obtained from Butland, Chile, 104-115.

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for exits via Argentina and Brazil, the proximity and commercial connections established over half a century have remained predominant, and in this sense, Bolivia is linked economically to Chile, which also supplies the plateau republic with some foodstuffs.

To the Chilean the matter of a Pacific port for Bolivia was definitely settled in 1929, and while the door is always open for trade negotiations, there can be no question of a Pacific coastline or port. To the Bolivian the "maritime ideal will live as long as the nation lives." Thus the impasse remains, but Chile is much the stronger of the two, and only if a third power supported Bolivia could the present settlement be upset.

Chilean relations with other South American nations are generally good. A valuable maritime trade by Chilean vessels is maintained between Chilean and Brazilian ports. Uruguay's social democracy and parliamentary government find warm approval in Chile, and it is not accidental that the first supplies of Chilean petroleum were consigned to that republic. The experiment of Venezuela in democratic government in 1945-1948 also found a sympathetic friend in Chile, and there is little doubt that Chilean intervention before the Council of the Organization of American States in 1949 was instrumental in securing the safe conduct of Betancourt from the Colombian embassy in Caracas, where he had taken refuge, even though this meant the severance of Chilean diplomatic relations with the military junta of Venezuela. This again exemplified the fact that democratic processes rather than national considerations are the bonds which most strongly link Chile to the other Latin American republics.

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Communism in Chile*

The role of the Communist party in Chile (Partido Communista de Chile - PCCh) parallels rather closely the role of the PCB in Brazil. The birth of the PCCh came at a time of extreme labor unrest after World War I, stemming largely from the collapse of Chile's vital nitrate markets. In this period of economic disruption Marxism, already well-known in Chile, gained a foothold in the struggling Labor Federation of Chile (FOCh), which in turn adhered to the Red International of Labor Unions (ISR) in 1921. In the next year the small Socialist Labor party (PSO) assumed the name Communist party of Chile and affiliated with the Comintern. In the following years the PCCh and FOCh remained tightly linked. The two organizations often had the same leadership but the FOCh continued to be the stronger of the two.

In 1931, when the full effect of the worldwide economic depression struck Chile, the country became vulnerable to Communist designs. The PCCh, however, was still too young and too small to capitalize on the chaotic conditions prevailing. Also, the PCCh's extremist tactics and rigid adherence to Marxist doctrine assured the alienation of the Communist party from other political parties. The PCCh did not modify its unbending position until the Comintern Congress of 1935 adopted the strategy of the popular front, and directed Communist parties to join in alliance with other groups and parties on a broad national basis.

In 1935 the internal situation in Chile virtually assured the success of such a development, and the Chilean Popular Front, organized in 1936, in fact proved to be one of the most successful instruments of Comintern strategy. In this period the Chilean Government attempted to achieve stability through a policy of limiting strikes and left-wing political activities. In response, the Communist and Socialist parties, though they were political enemies, joined with the labor federation to create an opposition bloc. The bloc's chances of success were greatly enhanced when it secured the adherence of the highly regarded middle-class Radical party (Partido Radical). By joining the bloc the Radical party hoped to gain labor support to further its own ambitions in the presidential elections, and it succeeded. As leader of the Popular Front, the Radical party won a signal victory in 1938 when it wrested the presidency from rightist elements; it remained in office for the next 14 years. During these 14 years the PCCh continued to hold its labor support and in addition broadened this basic support by attracting a following among students, teachers, and other intellectual groups. These groups also served a useful Communist purpose by forming the core of front organizations. Communist activity was rewarded in the Chilean elections of 1941 when the PCCh increased its representation in the Chamber of Deputies from 7 to 14 (of a total body of 146) and in the Senate from 1 to 4 (of a total of 45).

During World War II despite criticism of shifting PCCh policy in conformance to signals from Moscow, Communist influence continued to expand. Again the greatest stimulus to communism came from intellectual circles. The majority of Chilean intellectuals were opposed to policies and philosophy of the Hitler regime, and some had long been favorably disposed toward Marxism. As enthusiasm over Soviet military victories grew, a number of prominent writers and

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* US Sen, "United States-Latin American Relations" (Study by Corp for Eco and Ind Research for the Cmte on For Rel, 86th Cong, 2d sess; Washington, 1960), 28-29; (C) "Chile," NIS 89, sec 57, May 1955, 3, 4.

artists with great fanfare joined the PCCh. In the same period the Communists also increased their influence and following among university youths.

After World War II the PCCh sustained its activity and in 1947 reached its highest peak of influence in Chile. In the 1946 presidential election the PCCh found itself in the happy political situation of holding the balance of power. The PCCh threw its support to Radical candidate Gabriel Gonzalez Videla and upon Videls's election received three posts in his new cabinet. President Videla also openly favored the Communist-dominated labor organizations, which soon began to outstrip their socialist rivals. The pinnacle of Communist success in Chile was not reached, however, until the following year when in municipal elections the PCCh made spectacular gains by winning 16.6 per cent of the total vote in contrast to 10 per cent in the 1945 congressional elections. Thus in 1947 the PCCh was in a position to exercise substantial influence both in the national government and in municipal administrations. "In formal power and prestige it probably surpassed any other Communist party in the hemisphere."

It soon became apparent, however, that the PCCh reach had exceeded its grasp. Conservative parties and elements in the administration, deeply concerned over the possible effect of Communist expansion upon Chilean international prestige as well as on the domestic political situation, rallied in opposition to Communist power and influence. Moreover, since the PCCh opposed any collaboration with the US and supported strikes detrimental to the administration, the president found it increasingly difficult to work with his Communist ministers. He dismissed the Communists from the cabinet, and sponsored the Law for the Permanent Defense of Democracy by which the PCCh was outlawed in 1948.

For the next 10 years the Chilean Communists operated underground. But here, as in Brazil, political leaders, hoping on occasion to benefit from Communist support, treated them with a leniency that approached tacit approval. Immediately preceeding the September 1958 elections the party regained legal status, and in the presidential contest the candidate of the Communist-Socialist coalition garnered 29 per cent of the total vote, running a close second to the elected Conservative candidate, Jorge Alessandri. In the same election, candidates of the coalition won 9 of 45 seats in the Senate and 21 out of 147 seats in the Chamber of Deputies. Recent estimates have placed membership at approximately 25,000. In November 1958, at their eleventh national congress, members of the recently relegalized and revitalized Communist party pledged themselves to wage relentless war against the free-enterprise policies of President Alessandri.

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US and Foreign Missions in Chile

Foreign Missions

Two European nations, Great Britain and Germany, have played decisive roles in the development of Chilean naval and ground forces. The Chilean Navy was established and trained by British Admiral Lord Cochrane during the Wars of Independence, and a Prussian general organized and trained the Chilean Army.

A British naval mission was maintained in Chile for many years (the exact date of its inception is not known). As early as 1910 British officers were sent to Chile to establish the Naval War College, but long before that date various British naval missions had been in the country for instruction and liaison purposes. Chilean naval officers have also served on British ships. British officers and men began to arrive in Chile around 1926 for what was considered to be the beginning of a regular naval mission. This mission remained in Chile until 1934 when all British personnel were withdrawn. The effects of British influence and training are apparent throughout the Chilean Navy. Naval tactics and fleet operations are very much like British techniques of the pre-World War II period, and Chilean Navy personnel have the same uniform and the same training procedure. Even many naval commands and expressions are in the English language. In the acquisition of ships and equipment British influence is also apparent. Chile's only battleship was built by a British firm in 1915 and although it is now in poor condition and not expected to be put to sea again, the ship is revered for sentiment as well as for the gunpower she represents. In the 1920's all ships were modernized in British shipyards, and some new ones were built. Powder and shells for the large caliber guns come almost exclusively from the UK.

The German mission was established in Chile in 1885. By 1900 the mission, under General Emil Koerner, had reorganized along European lines the Escuela Militar, where cadets were trained to become officers. The more promising cadets were then sent to Europe for a tour of duty with the German Army. By this time Koerner had also founded the Academy of War and created a general staff of which he himself became the first chief. This general staff was responsible for the adoption of universal military service. The mission left a marked impression on Chilean military organization and thought; Prussian-type regiments were introduced into the army; German doctrine was favored; German military equipment was purchased; uniforms were patterned on German models; and military prestige reached a high level in the country.

Although under the terms of the Versailles Treaty Germany agreed not to send military missions to foreign countries, unofficial German ground missions were active in Chile after World War I. As many as 10 officers were employed at one time in individual capacities and without official connection with the German Army. The last German officer to serve in the Chilean Army left Santiago in 1936. By that time, however, the Chilean Army had fallen under German professional influence to a greater extent than any other army in Latin America. The effects were apparent in the equipment of the Chilean Army. As late as 1942, for example, approximately 95 per cent of the known pieces of artillery were of German origin, and the 7mm Mauser rifle was standard army equipment. This same influence prevented or at best failed to assist the breaking up of enemy espionage activities that caused the loss of Allied ships to Axis submarines.[1]

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1. (C) "Chile," NIS 89, sec 82, May 56, 1, 10; Ibid., sec 65, 54, 55; Edwin Lieuwen, Arms and Politics in Latin America (New York, 1960), 31, 32.

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US Missions

Air Force. The 1926 congressional act that authorized the President, upon application from the foreign governments concerned, to assign US military personnel to assist Latin American governments in military and naval matters was not implemented in Chile until early 1940. An agreement between the two countries, signed in April, provided for a US military aviation mission that would function in an advisory capacity to the Chilean Air Force.[2]

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2. (S) Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on foreign and US missions in Latin America, ca. 1954; Department of State Bulletin, II (27 Apr 40), 453.

Under the terms of a new pact, signed 11 years later on 15 February 1951, the US agreed to appoint an Air Force mission whose purpose was to cooperate with the Chilean Minister of Defense and to act as tactical and technical advisors to the commander in chief of the Chilean Air Force. Further, under the terms of this agreement the Republic of Chile agreed that, unless there was a mutual understanding between the two nations, Chile would not "engage the services of another mission or personnel of any other government for the duties and purposes provided for in this agreement." This agreement has been extended at periodic intervals and is in effect today.[3]

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3. Treaties and Other International Acts Series 2201.

Navy. Also on 15 February 1951 a similar agreement (still in effect) for a US Navy mission was signed between the two nations. The purpose of the Navy mission was to cooperate with the Minister of Defense, and members of the Chilean Navy, with a view to enhancing the efficiency of Chilean naval forces. (It should be noted that the National Intelligence Survey on Chile reports that a US Navy mission has been in Chile continuously since 1945.)

MAAG. At the request of the US Government several months earlier, the Chilean Minister of Foreign Affairs in late 1952 had agreed to an amendment of the 1951 agreements governing the US Air Force and Navy missions in Chile. The chiefs of the two missions were designated as Chiefs of the Air Force and Navy sections of the Military Assistance Advisory Group as provided for in the military assistance agreement of April 1952. Pending the arrival of US Army personnel, the MAAG functions were assumed by the Chief of the naval mission. Further, when the chiefs of the missions were acting in the capacity of chiefs of the MAAG, it was agreed that they would do so under the direction of the US ambassador rather than the Chilean Minister of Defense. The Chilean Minister of Foreign Affairs also advised the US ambassador that there was no objection to augmenting the strength of the missions by any personnel required to perform the technical functions of the grant-aid program in Chile, providing the augmentation was considered as an integral part of the advisory groups and not an increase in the strength of the missions.

Army. In 1957, under the terms of a bilateral military agreement, the US established an Army mission in Santiago. To accomplish its objective of increasing the technical efficiency of the Chilean Army, the mission acts as an advisory group to the Commander-in-Chief of the Chilean Army.

Strategic Importance of Chile

Chile is strategically important to the US mainly because of its rich mineral deposits (copper and nitrates) and its potential control of the western approaches to the Strait of Magellan. In the event of an interruption of Panama Canal traffic (forcing all shipping to use the Strait or go around Cape Horn), the numerous channels and islands in southern Chile could be used as submarine bases.[4]

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4. (S) ASD/ISA, "Chile," Briefing Book, Office, Reg. Dir Western Hemisphere.

Military Assistance

1935-1951

Although Chile imported its pre-World War II military equipment almost exclusively from European countries, between 6 November 1935 and 30 June 1940 the US issued licenses valued at $665,000 for exportation of munitions to Chile.[5]

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5. World Peace Foundation, Documents on American Foreign Relations July 1939-June 1940 (Jones and Myers, ed, Boston, 1940), II, 840.

Under the gathering clouds of World War II, the Latin American nations, cut off from their traditional European sources for military equipment and training, turned to the US for arms. The US fostered the Latin American interests by embracing that area within its defense system. Following the debacle of the British-French defeat on the European continent in the spring of 1940, Congress on 16 June of that year authorized the Secretaries of War and Navy to produce in government-owned arsenals or shipyards, or to purchase on the open market munitions of war for sale to the government of any American republic. This law, commonly referred to as the Pittman Act was the predecessor of the Lend-Lease Act of March 1941. Under the lend-lease provisions (quite similar to those in the Pittman legislation), any country whose defense the President deemed vital to the defense of the United States would be able to receive military articles.[6]

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6. (S) Dept of State, "Military Assistance and Latin America" Special Paper A-7-10, 20 Sep 57, 3.

In May 1941 Chile was declared eligible for benefits under the Lend-Lease Act, but a formal agreement authorizing deliveries was not signed until 2 March 1943. Under this World War II program, Chile received $23 million in defense-aid equipment--7 per cent of the total amount received by all Latin American countries. Aircraft and aeronautical material (40 per cent) and ordnance and ordnance stores (35 per cent) were the major categories of equipment sent to Chile. Ninety-eight per cent of the aid was provided prior to 2 September 1945. On 27 April 1950 the Chilean Government paid the balance due on its lend-lease account in accordance with the basic terms of the original agreement.[7]

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7. US House, "Thirty-second Report to Congress on Lend-Lease Operations" (House Doc. No. 227, 82d Cong, 1st sess; Washington, 1951).

Following the cessation of hostilities in August 1945, lend-lease assistance was terminated, and there existed no legislation enacted to take its place. To fill the gap the US Government adopted the so-called Interim Allocation Program (1945-1948). Under this program, on 26 December 1945 Chile became eligible to receive military equipment from the US military establishment, and by 31 October 1948 the Chilean Government had received $24 million in military aid. By the end of the same year these statutes, though not repealed, were dead to all effects and purposes since the stocks of surplus items were depleted and other categories were not available. At that time the major portion of war material in Chile was still of European origin.[8]

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8. (S) Dept of State, Spec Paper A-7-10, 4; (TS) Table, "Current Foreign Military Aid Programs," Encl to memo, JMAC to Sec A, Sec Nav, and Sec AF, 9 Nov 48.

1952-1959

On 9 April 1952 the US and Chile signed a bilateral military assistance agreement. The pact, concluded under the provisions of the Mutual Defense Assistance Act of 1949 as amended and the Mutual Security Act of 1951, provided for US aid in equipment, materials, and services, in exchange for access to Chilean raw, semi-processed, and processed materials, and the promise of armed support, if required, in the common defense of the Western Hemisphere. Under this pact Chile assumed responsibility for defending its own sea communications. In order to carry out this responsibility the Chilean Government has agreed to raise and contribute the following mutual security forces necessary for hemispheric defense: 1 infantry battalion combat team; 15 vessels; and 3 air squadrons.

The stated objective of the US military aid program was, and is, to assist the government of Chile in equipping and training these forces which contribute to the defense of the Western Hemisphere through: (a) defense of the country's coastal waters, ports, and approaches thereto; (b) defense of bases, strategic areas and installations of Chile; (c) preparation for participation in combined operations in support of US forces guarding the approaches to the Panama Canal.

Under this program, the total US military assistance to Chile between fiscal years 1952-1959 amounted to over $62 million--10 per cent of the over-all Latin American program. The $62 million includes approximately $34 million in military grant; $12 million in cash and credit purchases of US military equipment; and $16 million (acquisition value) in equipment and supplies granted from stocks excess to the requirements of the US military departments. (There has been no military assistance granted under non-mutual security programs.)

The $34 million in military grant aid that Chile received was about 13 per cent of the total US military grant aid to Latin American countries under the Mutual Security Program. It is estimated that the cumulative dollar value of aircraft (including spare parts and related equipment) either delivered or ordered by the end of FY 1959 amounted to $5.4 million, almost 16 per cent of the total obligated grant aid to Chile; 13 per cent was accounted for in ships and harbor craft; transportation equipment (including tanks) and ammunition each accounted for 11 per cent.

Chilean purchases of US military equipment ($12 million) on a reimbursable basis represented about 7 per cent of total equipment bought by all Latin American countries during the 8-year period. Chile has received almost the entire amount of its purchases.

The $16 million in excess stocks (not chargeable to MAP funds) granted to Chile amounted to 14 per cent of total excess stock acquisition value for Latin America during the same period.[9]

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9. (S) Chile Briefing Book; (S) OSD (ASD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, 225; (C) ICA, "U.S. External Assistance," 16 Mar 60, 62.

US Economic Assistance

US economic aid to Chile under both the Mutual Security Program (chargeable to appropriations and from excess stocks) and non-mutual security programs amounted to slightly over $283 million--about 8 per cent of total economic aid to Latin America for the period FY's 1946-1959. A comparison of economic versus military assistance for the period FY 1953, (the first fiscal year that reflected the dollar value of military aid) through FY 1959 shows that Chile received five times as much in economic aid as in military assistance.[10]

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10. (C) ICA, "U.S. External Assistance," 16 Mar 60, 58.

Chilean Armed Forces and Equipment

In general, the Chilean armed forces which are respected in Chile, have remained aloof from politics and have exerted no significant influence on political activities. Military leaders are strongly anti-Communist and pro-American. The military forces are considered to be capable of maintaining local security and of defending the country against minor attack by a major world power for a limited time.

The percentage of total Chilean national expenditures devoted to defense (for the years on which data were available) is shown in the following tables. The figures have been compiled from several sources. Any analysis of these figures should take into consideration not only the inadequate and often unreliable Chilean reports, but also the serious inflationary condition existing in Chile. It should also be noted that data for years 1938-1951 are in Chilean pesos, whereas data for 1952-1958 are in US dollars. Data show actual national defense expenditures versus actual total national expenditures. Chile's total expenditures for the years shown (with the exception of 1948 and 1949) have exceeded total national revenues.

Millions of peos

	1938	1942	1948	1949	1950	1951
Total National expenditures	1,664	3,052	13,027	15,416	20,638	27,641
Defense expenditures	443	686	2,087	2,349	2,803	4,200
% of defense to total expenditures	26	22	16	15	13	16

For the years shown from 1938 tO 1950, although there appears to have been a steady increase in both total and defense expenditures, the ratio of defense expenditures to total steadily declined. It is worth noting that total expenditures for 1950 were 12 times the expenditures for 1938, whereas defense expenditures were only about 6½ times the 1938 defense expenditures.

Millions of US Dollars

	1952	1953	1954	1955	1956	1957	1958
Total National Expenditures	81	105	162	312	493	674	453
Total Defense expenditures	12	14	28	58	111	167	98
% of defenseto total expenditures	15	14	17	19	23	25	22

In comparing the years 1953 through 1957 it appears that although both national and defense expenditures steadily increased, the rate of yearly increase in defense expenditures was higher than that of total national expenditures. It would appear then that this resulted in an increase from 14 per cent in the 1953 defense portion of over-all national expenditures to 25 per cent in 1957. The 1958 percentage decrease from 1957 in defense was sharper than in over-all expenditures, thus resulting in a defense percentage drop for 1958.

The country's military strength in 1959 totaled approximately 40,000 (the lowest strength figure reported for the 5-year period 1955-1959): ground forces (excluding the 18,000 Carabineros) were reported at 21,000; navy, over 12,000; air force, about 7,000. Approximately 10 per cent of Chilean authorized military strength is supported by US military aid.[11]

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11. (S) Chile Briefing Book; (C) NIS 89, sec 65, 54-55; (S) OSD, (ASD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, 17; (S) OSD, "MSP:1958, 37; (S) OSD, MSP:1960, 51.

Army

As of the end of 1959 army morale, discipline, and individual training was excellent, and officer and enlisted personnel were among the best in Latin America. Combat effectiveness was low when compared with that of the US, but high in comparison with other Latin American forces. However, lack of arms and equipment and inadequate training at regimental and higher levels were sources of weakness. The ground forces (including the Carabineros) were capable of defending Chile, if necessary, against Argentina for a limited time, and of maintaining a successful offensive against either of its other neighbors, Peru and Boliva. According to an Army Intelligence Digest of 15 November 1959 the Chilean Army was still using French and German equipment. With the exception of US items, most of the equipment of the ground forces was obsolete. The US-supported forces were the only modern or semi-modern units in the Chilean Army. Present and reserve stocks were inadequate to meet mobilization requirements. Chilean Army equipment (based upon fairly old but believed reliable information) consisted of 806 artillery pieces of French, German, and US origin; 547 mortars of European and US origin; 157 armored vehicles of US origin; and 866 other US vehicles. In comparison with other countries in Latin America, Chile has resources to support a fairly large munitions industry. However, this capability was limited to making basic materials, ammunition, bombs, small arms, and miscellaneous light equipment.

Carabineros

The Carabineros, the quasi-military national police force, specially trained to suppress riots, were considered capable of maintaining internal security. They were described as nonpolitical and completely loyal to the government in power. It is anticipated that in case of invasion the Carabineros would pass under army command, although there is no provision for this in the constitution.

Navy

At the end of 1958 the Chilean Navy was the third largest in Latin America, (it was estimated that Argentina was first, followed closely by Brazil) but in terms of effectiveness of the training system, exploitation of available material, and utilization of funds, the most efficient of the Latin American navies. The fleet has played an important role in Chilean history, and its influence has been traditionally greater than in any other Latin American country. It possessed a considerable degree of popularity with the Chilean public and was well considered by all political factions. However, the Chilean fleet was not capable of supporting the government's Western Hemisphere defense commitments without material assistance from sources outside the country; nor was it capable of patrolling adequately its long coastal shore line and of protecting its shipping. Under the MA Program for the Chilean Navy, training ammunition and electronics

and communications equipment have been provided. At least 5 ships have received new antisubmarine warfare armament. A nucleus of Chilean instructor personnel has been trained in US naval schools.

At the beginning of 1957 the Chilean Navy consisted of 33 combatant ships, and 31 auxiliary and service craft. Approximately one-half of the combatant fleet is active, the remaining vessels being in reserve or undergoing overhaul. In 1957 the Chilean naval construction program consisted of two destroyers, one icebreaker, and an oiler. These ships were being built in the UK, Germany, and France respectively. Chile's only battleship, the largest in any Latin American navy, is obsolete. The cruisers and destroyers have been rated as effective, and the smaller craft reasonably modern and in good condition. The submarines were capable of limited service only. The Chilean Naval Air Arm, (CNAA), a small, ineffective force, has the mission of providing utility/transport service, reconnaissance, and ASW training. At the end of 1959, the CNAA operated 3 transport and 5 helicopter aircraft.

Air Force

At the end of 1959 the Chilean Air Force (CHAF) was a small, well trained, fairly effective fighting force by Latin American standards. Ranking about fourth in striking power among the Latin American air forces, it was inferior only to those of Brazil, Peru, and Venezuela. The CHAF's primary missions were to provide air defense for the nation and to support the ground forces in maintaining internal security. It was also assigned an antisubmarine warfare mission in mid-1959.

The air force was capable of providing tactical air support to the army and the national police in maintaining internal security. Limited support could be offered the ground forces in any possible combat operations against Argentina or Peru, but sustained operations could not be conducted without considerable logistical support from the US. It could provide limited coastal patrol or fighter cover in support of naval operations. There was no over-all air defense system in Chile. The small number of fighter bombers could probably be used with some success against an air attack by Bolivia, but would be ineffective against Peru. The entire combat potential of the Chilean Air Force was contained within the US supported forces activated as a result of the MA program.

CHAF's training program recently made substantial progress and was considered satisfactory, but it was not capable of providing sufficient trained personnel to meet future requirements without continued MAP aid. The CHAF had a total inventory of 206 aircraft, of which 141 were in tactical units. Combat readiness of the aircraft in units was about 60 per cent, according to Latin American standards. Most of the aircraft have been procured from the US; a few are from the UK and Canada. The AAA equipment possessed by the CHAF is completely inadequate.[12]

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12. (S) Chile Briefing Book; (C) NIS 89, sec 82; (S) OSD, "MSP: 1961," 225.

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Latin American Armament Build-up

Chile has no aggressive designs on her neighbors and is on friendly terms with most of them. However, Chile has been concerned over Peru's naval build-up and apprehensive over the recent armament build-up in Venezuela. From time to time publicity of other Latin American armament additions has caused the parliamentary budget committee to restore proposed cuts in the Chilean defense budget.

In November 1959, during an interview with a New York Times reporter, President Alessandri urged the limitation of arms in Latin America. He charged that international credit organizations were indifferent to heavy arms spending: "United States and European banks oppose measures that are sometimes slightly inflationary even if they encourage production while they seem to show little interest in the flow of hundreds of millions of dollars from Latin America to markets where arms are being sold. If the industrial countries of the free world really want to help us, they cannot continue to show indifference toward such arms purchases."

The immediate effect of Alessandri's plea was to give him the most solid support enjoyed by a Chilean president in recent years. Chilean political groups as well as foreign newspapers and statesmen praised his antiarmament statements. El Mercurio lauded Alessandri's remarks and called on the OAS to "lend special attention in order to terminate the suicidal arms race between nations that lack the basic necessities." For the first time in months the Christian Democratic Libertad voiced approval of Alessandri. It said: "We are not ashamed to be without destroyers, aircraft carriers, land weapons, and airplanes. It is shameful only to have illiterates, poor housing, backwardness, and lack of culture." From the Communists came the most unexpected praise. The Communist political committee issued a formal statement solidly supporting the president.

The Peruvian Government, sensitive to Alessandri's remarks because it had just purchased a cruiser from England, was assured by Chilean ambassador Eduardo Cruz Coke that President Alessandri had referred to no country in particular. Later the Peruvian ambassador in Santiago called on the President, who subsequently received a letter from President Manuel Prado of Peru expressing his approval of Alessandri's remarks and suggesting that the countries of South America be invited to discuss disarmament in Lima or Santiago. The US expressed its satisfaction that the subject of disarmament had been included on the agenda for the eleventh Inter-American Conference.[13]

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13. (C) NIS 89, sec 82, 10; Stanford, HAR, XII (Jan 60) 622, 623.

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COLOMBIA

In August 1819 the independence of Colombia was sealed with the defeat of the Royalists by Bolivar at the battle of Boyaco. Santander, the great Colombian General, was appointed vice-president of what was then called Gran (Greater) Colombia and remained in Bogota to provide reinforcements for President Bolivar and to organize the new country. Bolivar proceeded to Venezuela, Ecuador, and Peru to complete the liberation of the northern part of the continent. In 1821 Bogota was made the capital, and during the next 2 years Venezuela, Ecuador, Panama, and Peru were incorporated into Gran Colombia.[1]

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1. The information in this section is from the following sources: J.F. Bannon and P.M. Dunne, Latin America: An Historical Survey (rev ed, Milwaukee, 1958); A.B. Thomas, Latin America: A History (New York, 1956) A.C. Wilgus and Raul d'Eca, Outline-History of Latin America (New York, 1941); A.P. Whitaker, The United States and South America: The Northern Republics (Cambridge, Mass., 1948); W.O. Galbraith, Colombia: A General Survey (London, 1953); (S) "Probable Development in Colombia," NIE 88-56, 10 April 1956.

In those days of primitive transportation and communications, the area was too vast and too divided topographically to be governed from one center. Although they could find a community of interest and, therefore, an indentity in their struggle for independence, once independence was achieved the constituent parts of Gran Colombia had little or nothing in common to hold them together; they never formed an administrative unit. Bolivar's conception of a United States of South America under a strong central government clashed with the vested interests of the powerful provincial families whose vision hardly reached beyond the fences of their own estates. The forces of decentralization proved irresistible: Peru revolted in 1827, and Venezuela and Ecuador declared their independence of Gran Colombia in 1830. This struggle between federalism and centralism, later perpetuated in the struggle between the Liberal and Conservative parties, continued in Colombia into the twentieth century. It caused the long period of internal instability (1849-1903) marked by a hundred insurrections and culminating in the destructive civil wars of 1899-1903.

During the two decades preceding this instable era in Colombia's history, however, the more liberal regional oligarchies and the middle classes had united in producing a period of progress under Santander. Elected president in 1832, he organized the country, giving it a legal framework, a workable system of finance, and a decentralized education system. His successors Jose Marquez (1837-1841) and Thomas Mosquera (1845-1849) continued the liberal advances producing a similar period of enlightened progress. The growing middle class particularly found satisfaction in Marquez, who encouraged the growth of British and American trading interests.

From 1849 to 1880, an era of frequent insurrections, the Liberals remained in power. Strongly influenced by the 1848 revolution in France, the party followed a policy of governmental decentralization and strong anticlericalism. The constitutions promulgated during this period were attempts to weaken the power of the Church and the oligarchy in national affairs. By granting greater autonomy to the individual states, however, they in fact established powerful bases for the growth of strong conservative centers, for the oligarchies in the various states came to control the state elections.

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In 1880 the Conservatives, supported by the moderate Liberals, who were dismayed by the destructive civil wars, returned to power under Rafael Nunez. The new order was consolidated in the constitution of 1886, which provided for a strong central government and close relations with the Church. Later reinforcing this political victory by crushing the Liberals in the Civil War of 1901, the Conservatives were able to retain control until the depression of 1929.

Material progress in Colombia during the nineteenth century had been painfully slow because of the interruptions of wars and rebellions and the lack of resources, but during the relatively stable years of Conservative rule in the twentieth century, progress was phenomenal. Social legislation such as housing programs, an income tax, and social insurance was introduced, and from 1913 to 1929 trade quadrupled and transportation improved rapidly.

Enrique Herrera (1930-1934) led the Liberals back into power. His moderate policies, supported by extraordinary powers granted by Congress to combat the depression, soon stimulated economic progress. The 1930's also witnessed a liberalization of the constitution and modernization of the country's feudal structure under the popular presidents Alfonso Lopez and Eduardo Santos. They gave Colombia a democratic orientation that prepared the majority of its people to accept the democratic principles spread during World War II.

After almost half a century of political stability, the country saw its record badly marred by the postwar political chaos. With the Liberals hopelessly split, the Conservatives assumed power under Mariano Perez in 1946. The government's persecution of the Liberals evolved into a civil war, paving the way for the dictatorship of Laureano Gomez. After insurrections, assassinations, and atrocities, including the partial destruction of Bogota, the country finally turned to the army for succor. General Rojas Pinilla seized control in 1953 and restored to some extent the liberties of the people. Rojas soon began to emulate the dictatorial practices of his predecessor, however, and in 1957 when he made known his determination to continue in power beyond the expiration of his term of office in 1958, his enemies, supported by leading churchmen, revolted. Early in May violence broke out in the capital, and a brief reign of terror ensued. The army turned against its leader. Rojas Pinilla was ousted and a new military junta took over pending the holding of elections in 1958 and the return to civilian rule.

The leaders of the two traditional parties, after their narrow escape from military dictatorship, quickly made peace. In an attempt to solve the national political problem the popular Liberal, Alberto Lleras Camargo, with the support of former Conservative President Gomez, brought about a truce between the two parties. The truce, approved by the junta, called for a 16-year contract incorporating alternacion (alternation) and paridad (equality): all elected executives, including the president, had to be succeeded by a member of the other party, and all elective bodies, from the Congress down to every town council, had to be composed of equal numbers of Liberals and Conservatives. Lleras' election at the head of a national-front government in 1958 was the first under the terms of this truce.

Looking forward into Colombia's future, it seems clear that with the advance of industry and commerce the middle class and the growing labor movement will continue to increase in importance, and the democratic orientation given the nation by Lopez and Santos will produce a more stable government. A basic political conflict still remains unsolved: the reconciliation of the clerical-Conservative fear of loss of privileges with the determination of the Liberals to raise the nation's standard of living and stimulate democratic practices.

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General unrest still prevails in Colombia, and because of the high cost of living, riots and demonstrations are common occurrences. The present economic woes of Colombia stem largely from falling prices in the world coffee market and governmental debts inherited from the previous regime. Although various austerity measures have been applied energetically, including the sharp restriction of imports, the uncertain future of coffee, which counts for three-quarters of Colombia's export trade, may cause a critically unfavorable balance of payments, and the resultant economic difficulties may lead to further social and political unrest.

One other immediate problem facing the central government is the action of guerrilla bands, particularly in the southwestern province of Tolima. The guerrilla groups comprise a wide variety of elements with disparate and even conflicting aspirations: dissident members of the traditional parties waging the traditional partisan battle against each other, veterans and victims of the 1949-1953 civil war, bandits, and some Communist party members and sympathizers. There is no over-all centralized direction of the guerrilla movement, and the government has made considerable progress in eradicating the danger.

Foreign Relations

The relations of Colombia with its Latin American neighbors prior to World War II were largely concerned with its attempts to define the country's frontiers. A dispute with Venezuela was submitted for arbitration to the King of Spain in 1891. But it was not until 1928, when the boundary was adjusted in favor of Colombia, that the matter was finally settled. Frontier disputes with Peru and Ecuador over the Amazon territory proved a greater problem. Peruvian rubber gatherers had long been interested in the area of the provisional boundary along the Putumayo River, and war between Colombia and Peru was narrowly averted by a temporary agreement in 1911. In 1916 Ecuador removed itself from the dispute when it reached an agreement about its own frontier and allied itself with Colombia. By a treaty with Peru in 1927 in which the area around Leticia was ceded to Colombia, Colombia acquired its long-desired port on the Amazon. In 1932, however, when Peruvian guerrillas seized Leticia the incident provoked a full scale and costly war. (For an account of the Leticia war see Peru.)[2]

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2. Whitaker, US and South America; Calbraith, Colombia; (S) "Probable Developments in Colombia," NIE 88-56, 10 Apr 56.

Because of its leadership in Latin American affairs and its proximity to the Isthmus of Panama, Colombia has been important to the US both diplomatically and militarily. From US recognition in 1882 (the first non-Latin American country to grant recognition), through the Panamanian revolution, to the Bogota Conference in 1948, Colombia has been a witness to the best and worst in US-Latin American relations.

Although US relations with Colombia go back to 1822, the secession of Panama in 1903 overshadows both the early commercial treaties and the early attempts at Pan American cooperation. In 1846 Colombia had negotiated the Bidlack Treaty with the US, giving the US the right of transit across the Isthmus of Panama in return for a guarantee of Colombian sovereignty over the isthmus. Although the US secured a preferential position in Panama through this and other treaties, it earned the lasting enmity of Colombia by actively participating in the Panamanian Revolution in 1903 following Colombia's failure to sign

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the Hay-Herran Treaty that would have allowed the US to build a canal. The US later recognized the illegality of its actions. In 1914 President Wilson proposed an indemity to Colombia of $25 million, and although official relations improved at that time, bitterness toward the US remained strong in Colombia, and even today "Remember Panama" is a familiar slogan.

The opening of the canal had several important consequences for Colombia. The new accessibility of its west coast markets to world commerce led to their development and expansion. Also, for the first time US investments and policies, attracted by the canal, developed as a major factor in Colombia's economic progress.

Although Colombia never entered World War I, it did allow armed merchantmen under the US flag to trade freely in its ports. After the war, for economic and strategic reasons, improvement of relations with Colombia became one of the principal objectives of US policy in Latin America. Colombia's proximity and rich natural resources made it attractive to American business. Moreover, with the advent of air power, and its implications for the defense of the canal, the friendship and cooperation of Colombia assumed a new and greater importance to the US. Reconciliation with Colombia, begun on the economic level, was strengthened in the 1920's by US support of Colombia in its border war with Peru, and in the following decade by the political affinity between the New Deal administration and the Liberal party in Colombia.

Although Germany exerted great influence on the Colombian military establishment prior to World War II, the government adhered to the policy of inter-American solidarity. At the outbreak of war Peru nationalized the German-owned airline, Scadta, and, in spite of the intensified German propaganda attempt to stir up the Panamanian question and the sympathetic attitude of some Conservatives toward the Nazi cause, the government moved quickly to the support of the democracies. German pilots and technicians were dismissed; German nationals were sent to the US for internment, and four German schools were closed.

Since World War II, Colombia's foreign policy has been dedicated to a program of international cooperation on three levels: the UN, the OAS, and the Greater Colombia plan. Colombia ratified the UN charter on 5 November 1945 and has steadfastly supported that organization. It was the only Latin American country to contribute military and naval units to the UN force in Korea and to the UN police force in the Suez dispute.

Since 1826 when Bolivar called the first American congress in Panama, Colombia has been a leader in Pan American cooperation. In 1948 it was the host for the conference that resulted in the formation of the OAS and has strongly supported it to the present time.

In recent years Colombia's foreign policy has evidenced a revival of Bolivar's dream for a confederation of Colombia, Ecuador, Panama, and Venezuela. Representatives of the four countries met in 1948 to try to achieve economic union through coordination, including as a first step a unification of customs. The plan has also resulted on the practical level in the development of the Greater Colombian Merchant Fleet, a trination fleet serving Europe and the Western Hemisphere. A civil air transport company, a commercial bank, and other commercial and transportation unions are presently being planned. Greater Colombianism has been attacked by other countries as a danger to continental solidarity, but these charges have been refuted by its adherents, who point out that Gran Colombianismo foresees no military alliance, much less a fusion of sovereignties.

Communism

Colombia, long a leader in opposing international communism in Latin America, has no diplomatic relations with the Soviet Bloc and consular relations only with Czechoslovakia. Communism has existed in Colombia since the early 1920's. The principal Communist group has been the local party, Partido Communista de Colombia (PCC). During the Liberal administrations of 1930-1945 the party was allowed considerable freedom of action, achieving a total strength of 27,000 by 1945. This strength derived largely from the major labor organization (the CTC) and the Colombian Federation of Students. By 1943 over 100 Communist candidates had been victorious in municipal elections.

But following the Conservative victory in 1945, the PCC suffered serious setbacks: Colombia's short-lived relations with the USSR were dissolved; antipathy among Colombians toward Soviet international activities increased; the right wing of the Liberal party regained control and its labor leaders worked for the divorce of the liberal unions from the PCC; the Conservatives and the Church began to organize labor; and the government stepped up its restrictions on the political as well as the covert activities of the PCC.

During the 1950's the Communists were able to call attention to themselves only through their successful penetration of the guerrilla forces. By the end of 1958 the Communists had only 5,000 members and no representative in the national government. Though the party remained legal, it was not allowed to present candidates in the 1958 election.[3]

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3. (C) "Colombia," NIS 85, sec 57, Oct 52; (S) NIE 88-56, 10 Apr 56.

Military Missions

The rise of professionalism in Latin American armed forces began with the importation of foreign training missions around the turn of the century. Colombia began its army's modernization in 1905 when it received a Chilean training mission and began sending its officers to the already famous Chilean military schools. Chile had recently reorganized its army under German tutelage, and thus indirectly Colombia's modern military development began along European lines. European training continued with the importation of a Swiss military mission in 1924. Because of constant friction with the Colombian War Department, however, this mission was dismissed in 1929.

Germany exerted the greatest influence on Colombia's armed forces before World War II. Although forbidden by the Versailles Treaty to operate military missions, Germany allowed individual officers to contract with Colombia. In that capacity German officers operated an air mission in Colombia from 1929 to 1940; German aviators fought for Colombia during the war with Peru; and German instructors taught in Colombia's military schools. Ominously for the Allied cause in World War II, the Colombian air lines were German-manned and -owned. On 2 August 1941 a serious Nazi plot was uncovered in the army. It was estimated that 90 per cent of the officers and 50 per cent of the non-commissioned officers in the Colombian Army had Nazi leanings.[4]

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4. (S) Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on foreign and US missions in Latin America, ca. 1954, 2; (S) ODCSOPS, "Chronology of Pertinent Authority for U.S. Military Missions," Tabs A and B; Edwin Lieuwen, Arms and Politics in Latin America (New York, 1960), 32, 33.

Since World War II the US has exclusively supplied training missions to Colombia. The US Army has been associated with Colombia since 1938 although the relationship was limited in the prewar years to the part-time presence of a US military attache whose assignment included similar positions in Venezuela and the six republics of Central America. In 1942 the US signed an agreement, under the terms of PL 247, establishing in Colombia a military and military aviation mission of 6 officers and 4 enlisted men. The agreement was terminated in 1948. The present military mission was assigned on 21 February 1949 and later extended by notes of 6 October and 4 November 1954. It consists of 11 officers and 6 enlisted men and is of indefinite duration. Its objectives are: to improve the instruction at service schools and training centers; to increase proficiency in the use of weapons and equipment; and to improve supply, maintenance, and administrative procedures by modeling them after US Army systems.

Under the terms of an agreement signed by Colombia and the US on 14 October 1946 and later extended indefinitely by notes of 6 October and 4 November 1954, the US Navy established a mission in Colombia of 6 officers and 5 enlisted men.[5]

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5. Stetson Conn and Byron S. Fairchild, "The Framework of Hemisphere Defense" (galley proofs of unpublished MS in OCMH files), 173; (U) Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on US missions in Latin America, ca. 1957; US House, "Military Assistance Advisory Groups: Military, Naval, and Air Force Missions in Latin America" (Report by Porter Hardy, Cmte on Armed Services; Washington, 1956), 19-21; (S) ASD/ISA, "Colombia," Briefing Book, Office Reg Dir Western Hemisphere; (TS) Table, SANACC 360/11, "US Military Missions Under PL 247," 18 Aug 48.

An agreement signed on 21 February 1949 established a separate US Air Force mission in Colombia. The mission's tenure was extended for an indefinite period by notes signed on 6 October and 4 November 1954.

Military Assistance for Colombia

Prior to World War II Colombia procured most of its military equipment from European sources. So much obsolete German material was unloaded on the Colombian Army that by 1940 at least 80 per cent of its equipment was German. During the later 1930's, however, a sizable amount was imported from the US. Between November 1935 and June 1940 the US licensed the shipment of $2,231,760 in munitions to Colombia. Aircraft and aircraft spare parts accounted for a large portion of this total: in 1939 alone Colombia was licensed to receive $689,725 in aircraft parts, and as of 1941, 84 per cent of all Colombian military planes had been purchased in the US.[6]

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6. World Peace Foundation, Documents on American Foreign Relations July 1939-June 1940 (Jones and Myers, ed, Boston 1940), II, 840 (S) Dept of State, Doc on foreign and US missions in LA, 2.

On 6 May 1941 Colombia was declared eligible for aid under the Lend-Lease Act, and on 17 March 1942 signed a lend-lease agreement with the US. From 1942 to 1951 Colombia received lend-lease assistance to the value of $8,290,446, all but $12,578 of this before 2 September 1945. Most of the assistance fell into the following catagories:

Aircraft and aeronautical material.	$4,041,170
Ordnance	594,045
Tanks and vehicles	818,366
Vessels.	637,490

On 13 April 1950 Colombia signed an agreement for the liquidation of its financial obligation incurred under the Lend-Lease Act.

The US military establishment was authorized on 26 December 1945, under the terms of the Surplus Property Act, to grant military aid to Colombia. As of 31 October 1948 Colombia had received $6,173,000 worth of aid under this act.[7]

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7. US House, "Thirty-second Report to Congress on Lend-Lease Operations" (House Doc. No. 227, 82d Cong, 1st sess; Washington, 1951), App I (b) (TS) Table, "Current Foreign Military Aid Programs," Encl to memo, JMAC to SecA, SecNav, and SecAF, 9 Nov 48; (C) Dept of State, Int Rpt. No. 9966, 3.

US Military Assistance 1949-1960

US military assistance to Colombia between 1949 and 30 June 1959 totaled $40,745,000, approximately 6.5 per cent of the Latin American total. The major items of this total were for the following:

1) Cash and credit purchases of military equipment. Colombia has been allowed to purchase military equipment from the US for cash and credit under the terms of the Mutual Defense Assistance Act of 1949 and the Mutual Security Act of 1951. Through 30 June 1959 these purchases totaled $10,245,000--$9,066,000 worth of it actually delivered. This represents approximately 5.7 per cent of the total purchases of military equipment from the US by Latin American countries during this period.

2) Military aid grants. Colombia and the US signed a bilateral military assistance agreement on 17 April 1952. This agreement made Colombia eligible for direct grants of equipment and other assistance under the Military Assistance Program (MAP). From 1952 to 1959 Colombia received $21,900,000 in military aid through MAP, approximately 8.5 per cent of the Latin American total. As of 30 June 1959, $19.4 million of this total had been expended by Colombia. MAP military aid proposed for FY 1960 totaled $4.3 million including $2.5 million for a destroyer and landing craft. Cumulative through 30 June 1960 this military grant aid was estimated to include: $3.6 million for aircraft, including 39 bombers, fighters, and cargo planes; $5.7 million for vehicles including 263 trucks; $1.6 million for ships, including 4 landing craft and 1 patrol frigate; $2.4 million for ammunition; $1.8 million for training; and $1.7 million for packing and transportation. MAP military aid proposed for FY 1961 for Colombia totaled $2,460,000 including $392,000 for vehicles, $645,000 for training, and $366,000 for packing and transportation.

3) Grants from excess stocks of the US military departments. Colombia also received $8,600,000 worth of military equipment betweem 1953 and 1959 from the excess stocks of the US military departments. This equipment is not chargeable to MAP. Colombia received approximately 7 per cent of the excess stock grants to Latin America.[8]

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8. (C) CCA, "U.S. External Assistance," 16 Mar 60, 54, 59; OSD (ASD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, 229-231; (S) State Dept, "Military Assistance and Latin America" Special Paper A-7-10, 20 Sep 57, 6, 7, 22.

Non-US Military Purchases

Colombia continued to purchase military equipment from other than US sources during the years of mutual assistance. Between 1949 and July 1955 Colombia purchased: rifles and machine guns from Belgium; ammunition from Mexico; 10,000 carbines from the Dominican Republic; $10,000 worth of uniforms from West Germany; 2 destroyers, buoys, and light house tenders from Sweden; $197,596 worth of unspecified military equipment from the UK; and 75mm field guns from Switzerland. An inventory of arms and equipment of the Colombian Army in 1959 revealed 92 artillery pieces from Czechoslovakia and 13 from Switzerland compared to 88 from the US. The 2 destroyers purchased from Sweden comprise the major units of the Colombian Navy.[9]

9. (S) Colombia Briefing Book; (S) Dept of State, "Statistical Information on Latin America Military Forces and Military Expenditures," Intelligence Info Brief No. 225, 1 Dec 59.

Colombia-Economic Aid

During the period 1946-1959 Colombia received $164,900,000 from the US in economic aid, 4.6 per cent of the total US economic aid to Latin America. Of this total $9,100,000 was obligated by the International Cooperation Administration under the Mutual Security Program; another $110,400,000 was in the form of long-term loans from the Export-Import Bank. US economic aid was distributed as follows:

US Economic Aid
(In Millions of US Dollars)

1946	$ 0.5	1953	$ 5.5
1947	1.1	1954	1.4
1948	11.2	1955	5.1
1949	3.8	1956	11.5
1950	2.5	1957	16.3
1951	2.4	1958	95.5
1952	3.3	1959	5.7[10]

10. (C) ICA, "U.S. External Assistance," 16 Mar 60, 54, 59.

Colombian Armed Forces

Colombia has experienced less direct military intervention in its political life than most other Latin American countries. In recent decades, however, the army and police have been asked by both the Liberal and Conservative parties to participate in activities of a political nature. In 1953 a military conspiracy, gaining the support of the army, catapulted Rojas Pinilla into power, thus creating the first military dictatorship in Colombia's modern history. The increase in political tensions that resulted in the riots of May 1957, accompanied by the serious deterioration in the economic situation, led the army to oust Rojas. Although the present government was freely elected, the political formula under which it was elected had to receive the approval of the military junta. US intelligence sources predict that the nature and orientation of any successor government will almost certainly be determined by the armed forces.[11]

11. (S) "Probable Developments in Colombia," NIE 88-56, 10 Apr 56, 10; Lieuwen, Arms and Politics, 88,89.

The percentage of the national budget that Colombia appropriates for its military departments has remained relatively stable in the postwar years as the following table reveal:

Table I
(In Millions of Pesos)

	Total National Budget	Defense Budget	Defense % of Total
1945	199	26.7	13.4
1946	282	29.2	10.4
1947	364	48.0	13.2
1948	412	56.9	13.8

Table II
(In Millions of US Dollars)

	Total National Budget	Defense Budget	Defense % of Total
1949	$197	$31	15.7
1950	211	36	17.1
1951	200	33	16.5
1952	253	42	16.6
1953	307	50	16.3
1954	399	73	18.3
1955	376	71	18.9

While the military budget more than doubled during these 6 years, the percentage it represented of the total budget remained relatively constant. It is important to read these figures for internal comparison only; the limited definition of total national budget used in this table disqualifies it for comparisons with the following.

Table III
(In Millions of US Dollars)

	Total National Budget	Defense Budget	Defense % of Total
1956	$533	$110	22.9
1957	not available	not available	
1958	257	54	21
1959	270	61	22.6 [12]

12. Table I: (C) NIS 85, sec 65, Apr 55, 17. These figures are in pesos and are from a different source than the following tables.
Table II: (C) Dept of State, "An Evaluation of Latin American Armament Expenditures," Int Rpt No. 6986, 14 Sep 55, App, Table I.
Table III: 1956 figures are from (S) Colombia Briefing Book. The total budget in this table includes operations, capital, and state enterprise budgets. The military includes the national police. 1958-1959 figures are from (S) MAP Presentation Book 1961.

The Colombian armed forces numbered 75,597 in 1959, distributed as follows: 38,000 army, 3,345 navy, 1,625 marines, 2,627 air force, and 30,000 police. Although Colombia's police force is nominally under military command, unlike many Latin American countries it is in fact autonomous. The police are neither trained nor equipped for military duty.

The army's equipment, including US items, is in poor condition. Weapons and vehicles as of June 1959 included: 118 mortars (US); 193 artillary pieces (92 Czechoslovakia, 13 Switzerland, 88 US); 12 light tanks (US); and 50 light armored cars (US).

Colombia's navy depends on foreign sources of supply for all equipment except fuel oil. Although stocks are usually inadequate and maintenance is poor, the navy proved in Korea that its vessels could operate with US forces at acceptable standards. The combat vessels include: 4 destroyers (two purchased in 1957 from Sweden, the others purchased from Portugal in 1934 and completely modernized in 1953); 3 frigates (US); 6 river gunboats; several smaller coast-guard vessels. The US Navy evaluated the Colombian purchase of two new Swedish destroyers unfavorably: it would weaken the US arms standardization program and would lead to spare-parts problems in event of an emergency.

The Colombian Air Force totaled 201 planes all of US origin, as of October 1959, including 19 jet and 18 prop fighters, 15 prop attack bombers; 16 transports; and 81 trainers. Maintenance is performed at the base level, but major overhauls must be done in the US. Supply levels are considered adequate and maintenance facilities have improved in the past few years.[13]

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13. (S) Colombia Briefing Book; Jane's Fighting Ships 1959-1960 (London, 1959), 148-150; (S) Dept of State, "Statistical Information on Latin America Military Forces and Military Expenditures," Intelligence Info Brief No. 225, 1 Dec 59.

MAP

By the terms of the defense agreement in effect since 1952 the US assists Colombia in the support of the following MAP units: 1 engineer combat battalion, 5 vessels, 2 air squadrons, and 1 infantry battalion. An antiaircraft battalion, originally programed for MAP support, was replaced by the engineer combat battalion in 1959. The number of Colombian military personnel supported by MAP in FY 1960 was 2,986, approximately 4 per cent of the Colombian armed forces.

As in Peru and Ecuador MAAG functions in Colombia are performed by the personnel of the Army mission, the chief of which bears also the title Chief, MAAG, Colombia; no personnel are assigned to the MAAG as such.[14]

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14. (S) OSD (ASD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, 229-231; (C) ASD/ISA, Office, Reg Dir Western Hemisphere, "Mutual Security Forces: Strength of MAP-Supported Units," MS table.

Arms Rivalry

Although there is no evidence of an arms rivalry between Colombia and any of its neighbors, the chief of the US naval mission in 1954 warned that rivalry with Peru and fear of Venezuelan aggression would cause Colombia to view with envy and dissatisfaction any added military assistance to either of these countries. No friction exists, however, between Colombia and its neighbors in regard to border issues. In fact, Colombia has led the way in the economic union plan for the Bolivarian nations.[15]

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15. (S) Colombia Briefing Book; (C) Dept of State, "Latin American Efforts to Limit Armaments," Intelligence Rpt No. 1894, 15 Jan 60, 3, 4.

Disarmament

Colombia has supported the arms limitation statements of Chile and Peru although President Lleras has not offered to take the lead in calling for a special conference as Presidents Frondizi of Argentina and Prado of Peru had hoped. They had considered him particularly fitted to take the initiative since Colombia has no friction with its neighbors in regard to border issues. Lleras suggested instead that the matter be referred to the OAS, of which he was for several years secretary general and which he still strongly supports. In a letter to the President of Peru on 4 December 1959 Lleras stressed that an arms conference should not be limited to South America but should include all Latin American countries since "it is notorious that excessive expenditures on arms in relation to the infinite needs of the people equally affect all."[16]

16. (C) Dept of State, Int Rpt No. 8194, 3, 4.

Reaction to US Military Aid

Colombia, which despite its recent experiments with military dictatorship is generally regarded as one of the most democratic governments in Latin America, has not regarded US military aid with universal approval. Newspaper and government comment was cool to President Truman's proposed Inter-American Military Cooperation Act of 1946. President Santos, who opposed the plan, expressed the view that Latin American governments would find control over their foreign relations seriously impaired, and that the plan would impose upon them an armaments burden which would increase taxes, lower the standard of living, increase social discontent, and stimulate, instead of check, the growth of communism. In 1955 a State Department evaluation stated that as a result of its military expenditures Colombia was "necessarily sacrificing essential economic development programs."

In 1959 the US country team (i.e., the US Ambassador, Chief, MAAG, and representatives of ICA) reported from Colombia that, "military aid programs are not popular with the civilian sector which continues to clamor for economic development aid." The group suggested that "the solution to the problem of the unpopularity of military aid appeared to lie in the direction of granting military facilities aid which would improve economic conditions, provide work for unemployed, keep military repair costs reduced and within the country, and improve military readiness of the forces."

In 1959 El Tiempo, the country's leading newspaper, commented that the US in an "unfortunate hour" had offered to lend Colombia two destroyers--unfortunate because the country could not afford to rehabilitate them and because in a time when the necessity of disarming was engaging the conscience of the world, Latin America should not be the laggard.[17]

17. Laurence Duggan, The Americas (New York, 1949), 187, (C) Dept of State, Int Rpt No. 8194, 4; Whitaker, US and South America, 258 (S) US Emb Colombia (ASD/ISA files), "Country Team Analysis," Desp No. 698, 23 Apr 59, Encl 1, 2.

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CUBA

Background Survey

The last of the Spanish colonies of the New World to gain its independence, the Republic of Cuba, historically has experienced periods of turbulence considered excessive even by Latin American standards. Currently, because of recent internal events, it occupies the center of the stage in Latin America. Its geographic proximity to the US mainland and strategic location, as well as economic, diplomatic, and other ties, make Cuban affairs of vital concern to the US and critically important in US-Latin American relations.[1]

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1. The material in the background chapters, unless otherwise noted, comes from the following: M. Martin and G. Lovett, An Encyclopedia of Latin-American History (New York, 1959); Ray Brennan, Castro, Cuba and Justice (New York, 1959); R. H. Phillips, Cuba: Island of Paradox (New York, 1959); A. B. Thomas, Latin American History (New York, 1956); A. F. Macdonald, Latin American Politics and Government, (2d ed, New York, 1954); OSD (ASD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, 235-237; (C) US Embassy Cuba, (ASD/ISA files) "Country Team Analysis," CA 9586, 2 May 58; (S) ASD/ISA, "Cuba," Briefing Book, Office, Reg. Dir Western Hemisphere.

The population of Cuba is estimated at approximately 6,600,000, as of 1959. This is relatively a high density (averaging 148 per square mile) compared to the mainland countries of Latin America, but is considerably lower than some of its Antillean neighbors. Annual rate of population growth is 2 per cent, about average for the region. The composition of the population is predominantly white: 73 per cent classed as being of pure European descent, 12 per cent Negro, 14 per cent mestizo, and 1 per cent Oriental.

Economic conditions are comparatively prosperous by the standards of Latin America as a whole. Total gross national product has been above $2.5 billion annually in recent years, or around $400 per capita. However, the Cuban economy is based primarily on agriculture, which is dominated by the sugar industry. The nation's dependence on sugar has been the source of serious economic difficulties, for it leaves the economy linked to one commodity that is subject to fluctuations in the world sugar market. Moreover, the seasonal nature of sugar production creates unemployment problems for large sections of the labor force. Between one-quarter and one-third of the total national income is derived directly from sugar, and it normally accounts for 80 per cent of the value of all exports. Cuba supplies approximately one-third of US sugar requirements, in accordance with agreements establishing annual quotas and special favorable tariff rates that amount to a subsidy.

Politically, Cuba has been characterized by volatile passions, intrigues, and violent antagonisms that seem to preclude establishment of order and coherence in national life. Although there exists in Cuba a traditional feeling of revolt, the country has never undergone a liberal revolution like that of Mexico or Bolivia, nor has Cuba had any real experience with true democratic processes. Politics revolve around personalities, and political institutions have not evolved to permit effective, responsible administration of public affairs. Economics and politics are so closely interwoven that a climate of opportunism prevails, and tenure of political office is generally

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viewed as the authorization and means to personal aggrandizement. Consequently, Cuban enjoyment of political liberty, honest elections or equality before the law has been rare and brief. Instead, there has existed endless political conflict, with intense factional rivalries, marked by chronic mismanagement, abuse of authority, and widespread corruption in government. In this primitive state of civil political organization, the army represents the only centralized force capable of exercising concerted power, and historically, therefore, has been the determining factor of Cuban politics. Frequently the military has usurped political power and maintained a tight-fisted control of governmental functions.

Historical Outline

Cuba was discovered by Columbus on his first voyage on 28 October 1492. Its conquest was undertaken by the Spanish in 1511, and a number of settlements were quickly established. Havana, with its fine protected harbor, was selected as the site for a naval base because of its strategic location commanding the approaches to the Gulf of Mexico. It soon became the most important base in the Caribbean. With the scanty Indian population wiped out by disease, the Spaniards resorted to the importation of Negro slave labor as early as 1523. However, it was not until the planting of sugar cane was begun on a large scale in the eighteenth century--and the plantation system required an unlimited supply of cheap labor--that the influx of Negro slaves reached any great volume. For the remainder of the colonial period the production of sugar, and to a lesser extent of tobacco and coffee, was pursued at an exploitive pace, to the great profit of the Spanish owners. The colony itself was badly neglected, for Spain returned little of the wealth produced to further the economic development of Cuba or to improve living conditions for its people. During this period Cuba's prosperity made it a favorite target of French, English, and Dutch pirates.

From the beginning of the nineteenth century Cuban resentment of Spain's colonial policy intensifed, and disaffection began to manifest itself in rebellion. Slowly an independence movement, encouraged by events in other Latin American countries on the mainland, began to emerge, and abortive revolts against the authoritarian rule of the Spanish became more frequent. In 1825 the US discouraged a proposal to free Cuba with help from Mexico and Colombia, but US strategic and political interest in the island increased and eventually prompted an offer to buy it in 1848, which Spain summarily rejected. In the next 3 years conspiracies were organized and attacks aimed at the liberation of Cuba were attempted, notably those launched from the US under the leadership of Narciso Lopez. In 1854 some US leaders contemplated adopting a "manifesto" proclaiming that under certain conditions s seizure of Cuba was justified if Spain refused to sell, but the policy was criticized at home and abroad and the Pierce administration repudiated it. The early revolutionary movements culminated in the bitter Ten Year War from 1868 to 1878, during which the insurgents, although they organized the Provisional Government of the Republic of Cuba, were unable to win a decisive victory. After the conflict was finally terminated by negotiation, the Spanish Government tried to institute reforms in a belated recognition of the need to remove the causes of Cuban grievances. The effort was futile, for popular sentiment was by now permanently alienated and determined on independence.

By 1892 the beginnings of the final, successful revolution were already underway. The conflagration broke out in 1895 under the leadership of the famous patriots Jose Marti and Maximo Gomez, and hostilities raged with great ferocity. As a result of the cruel

repressive measures employed by the government and reports of atrocities perpetrated by loyalist forces, a sympathetic world opinion supported the revolution, especially in the US. Eventually the US intervened. It was the incident of the sinking of the Maine on 15 February 1898 that brought the active entry of US forces into the conflict on the side of the rebels, and after the short Spanish-American War ended on 10 December 1898 in the Treaty of Paris, Spain relinquished its claims to Cuba. Four years of US military government followed.

Cuban sovereignty, the cause for which the US fought the war with Spain in the first place, was necessarily postponed for several years after the end of that conflict. The peace treaty failed to define Cuban sovereignty, and the chaotic conditions prevailing in Cuba did not justify granting it immediately. The country had been devastated by 4 years of war, the people were hungry, disease was rampant, and civil government had virtually disappeared. In December 1899 the US set about to restore the island to a condition of economic, social and political health under the military governorship of General Leonard Wood. General Wood was remarkably successful. He effected great improvements in the fields of sanitation, public works, education, court reform, separation of church and state, and preparation for self-government. In November 1900 a constitutional convention was convened, and General Wood fulfilled the US promise to restore Cuba's sovereighty on 20 May 1902 when he turned the government over to Tomas Palma, the newly-elected president.

The question of Cuban sovereignty had become paramount during the constitutional convention when the delegates refused to honor the US demand for a special definition of relations between the two countries. The US had no intention of leaving Cuba to its own devices. An amendment to the Army Appropriation Bill of 2 March 1901, the Platt Amendment as it was henceforth called, authorized the President to terminate the military occupation of Cuba as soon as the Cuban Government should establish a constitution that guaranteed, among other things: (1) that the US might intervene for the preservation of Cuban independence, for the protection of life, property, and individual liberty, and for discharging treaty obligations; (2) that Cuba should agree not to contract any debt beyond the capacity of its ordinary revenues to pay; (3) that Cuba should never make, with any foreign power a treaty that would impair its independence or permit any foreign power to obtain lodgement or control over any portion of the island; and (4) that the US might lease or purchase lands for naval bases in Cuba. The amendment was reluctantly accepted by the Cubans, annexed to their new constitution, and also included in the permanent treaty of 1903 between Cuba and the US. It remained in force until 1934 when all of the treaty except the naval base article was abrogated.

The US exercised its right under the Platt Amendment to intervene in the internal affairs of Cuba several times. In 1906, after a hotly contested election in which Palma was re-elected for another 4-year term, the leaders of the opposition rose in rebellion. The government found itself unable to cope with the situation and finally requested the US to intervene. After US attempts to adjudicate the problem failed and the government of President Palma collapsed, US troops were landed, and once more the island was placed under US control. The US intervention in Cuba, as in Haiti and the Dominican Republic followed a formula for the establishment of stability: restore order in the country's civil government and build up responsible armed forces that would preserve internal order and thus ensure orderly constitutional political processes. In contrast to the Wood administration, the new occupation government under Charles Magoon was a dismal failure. Corrupt officials were appointed, funds were misspent, and justice miscarried. The US military, however, was more successful. US army officers began the process of restoring order by disarming and disbanding the rebel forces and reorganizing the rural guard. Because

the small, scattered guard detachments had been unable to quell uprisings, a permanent army was organized in 1908. When the strength of the Cuban armed forces (army and rural guard combined) increased to 5,000 and a new government was elected under the Liberal Jose M Gomez, the US withdrew from Cuba in January 1909.

The US landed troops in 1912 and again in 1916 to preserve order during uprisings against the Cuban Government. Both times, however, the occupation was short-lived, and the government was able to surpress the uprisings. In the opinion of many observers the frequent acts of intervention violated Secretary of State Root's promise that the Platt Amendment would not result in "intermeddling or interference" in the internal affairs of Cuba.

Before leaving Cuba in 1909, Magoon conducted presidential elections in which Jose Miguel Gomez, the Liberal candidate, was victorious. During his term Gomez amassed a huge fortune, and this, coupled with the wholesale exploitation of Cuban workers by native and foreign companies, led to an uprising in 1911 among the Negroes in the eastern end of the island. The US marines were forced to quell the uprising. A warning to the Cuban Government that the US would not tolerate electoral disturbances in the coming election, together with Gomez' ruthless use of troops to put down criticism, produced a peaceful election in 1912. General Mario Menocal, a conservative and the director of the Cuban American Sugar Company, won when the Liberal party split.

Menocal, one of the wealthiest planters in Cuba, put emphasis upon expansion of the sugar industry, to which World War I brought unparalleled prosperity. Thousands of acres were opened for cane, and the export of sugar rose to the phenomenal level of $1 billion by 1920. Although with the help of the Wilson administration Menocal was able to surpress an uprising during the elections of 1916, the sudden collapse of the sugar business in 1920 finally brought about his downfall. He supported the candidacy of Alfredo Zayas, who had split with the Liberals and founded the new Popular party. The election was disputed by the Liberals, and finally President Harding sent General Crowder to Cuba to settle the crisis. Crowder saw that Zayas was declared president by the Cuban courts and introduced economies in the administration that insured a rapid reduction in the public debt. When Crowder was removed in 1923, however, the Zayas administration laid siege to the national treasury, and Cuba was soon again beset by corruption and graft.

Zayas was easily defeated in the 1924 election by the Liberal Gerardo Machado. Realizing that the American interest had become predominate in the country's economy (American investment in Cuba during the 1920's totaled over $1.5 billion, including ownership of 22 per cent of the land, 90 per cent of the utilities, and with the British, over 75 per cent of the banks) and that the Platt Amendment would be a guarantee against revolution, Machado launched one of the most brutal dictatorships in the history of Latin America. The suffering of the Cubans under Machado's reign of terror was intensified by the dismal economic condition of the island resulting from the curtailment of sugar production and the disastrous depression in 1929. The suppression of the 1931 rebellion was climaxed with brutalities that shocked the world; in 1933 Franklin Roosevelt sent Sumner Welles to halt the violence by arbitration. Welles urged Machado to resign, but the decisive event was the general strike called on 4 August 1933, followed almost immediately by a revolt. Machado, no longer able to depend upon US intervention to keep him in office, fled.

During the 1930's, along with other Latin American countries, Cuba enjoyed the fruits of the Good Neighbor policy. The US and Cuba negotiated a reciprocal trade agreement in 1934 under which the duty on sugar was lowered to nine-tenths of a cent and the tariff on many other Cuban products reduced. Cuba on her part opened her markets to almost 500 US manufactured items. The Roosevelt administration also invited Cuba to repeal the Platt Amendment clause in its constitution, a decision strongly influenced by the long agitation of Cuban liberals. Under the new treaty of 29 May 1934, the "permanent treaty" of 1903 was ended, as was the right of the US to intervene in Cuban affairs.

From the time of the first administration of General Machado in 1925, Cuba has been almost continuously under either virtual dictatorships or de facto governments manipulated by the army. The one focus of political direction between 1933, when Machado was ousted by the army, and 1959, when the present Castro regime assumed power, was Fulgencio Batista, the erstwhile sergeant who rose to become commander-in-chief of the military forces. His long control over Cuban affairs was based on his ability to command the complete loyalty of the army, which he used to force a succession of elected and provisional presidents to resign in favor of his own selected de facto governments, until he himself was officially elected to the presidency in 1940. Shortly thereafter the Constitution of 1901 was replaced by a new one proclaimed in October 1940, and Batista made himself Jefe del Estado, "Head of State." His government was one of the first to declare war on Japan and Germany after Pearl Harbor (9 December and 11 December 1941 respectively) and cooperated effectively with US policy and the Allied war effort, particularly in economic matters and in granting strategic bases. Batista remained in office until 1944, when as a result of free elections he was succeeded by Grau San Martin, followed by Prio Socarras. On 10 March 1952, after a coup d'etat led by Batista, the constitutionally-elected president, Socarras, was forced to flee the country, and Batista again became head of Cuba. He justified the revolt on the grounds that Cuba was descending into a gangster state and that the Prio government was planning to continue itself in power. With the title of Chief of State, Batista permitted the opposition to go into exile, and established firm control over the police, army, his own political party, and the powerful Confederations of Cuban Labor and the Sugar Workers. Cementing his position was the support of the US by prompt recognization and the implementing of the Cuban-US military aid pact concluded in the last days of the Prio regime. To govern until presidential elections could be held, Batista promulgated the Statutes of Government. These replaced the 1940 Constitution and dissolved all political parties. He had himself formally elected president in 1954.

By 1956, opposition to the corrupt Batista regime became vigorous, growing into violence early in 1958. Organized opposition forces, led by Fidel Castro, his brother Raul Castro, and the leftists Nunez Jimenez and "Che" Guevara, launched guerrilla operations against the government. Known as the 26th of July Movement, the rebellion found a broad base of grass-roots sentiment in its favor, and rebel ranks swelled with enthusiastic new recruits. Once seriously challenged, whatever popular support Batista might have had began to fade rapidly. As the fighting intensified, the Cuban Congress, declaring a state of national emergency, voted unlimited powers to President Batista to meet the crisis, and the regular military forces were committed to suppressing the revolt.

In 1958 the bulk of the country was caught up in the momentum of the revolution and the army lost its reliability. Facing up to the inevitable, Batista on 1 January 1959 resigned and fled to exile in the Dominican Republic. On the following day, Castro proclaimed Dr. Manuel Urrutia provisional president. The Cuban Congress was dissolved,

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practically all incumbent officials were removed from office, and the country was governed by authority of a Fundamental Law promulgated on 8 February 1959, which provided for rule by a de facto government. Fidel Castro became premier the following 16 February 1959.

Once in power, the emotional and erratic personality of Castro proved to be not without a touch of megalomania, and revealed a special capacity for melodrama and ambiguity in the conduct of public affairs. Enjoying fervent popular support, he immediately instituted his own system of one-man rule, in which the government was dependent on him personally for all decisions and for detailed direction of its activities. Key positions in his administration were filled largely by inexperienced revolutionists, who launched ambitious schemes in the best tradition of unrealistic revolutionary ideals. Great changes, often irresponsibly precipitous, were wrought in the nation's economic, social and political life. Among these was a sweeping agrarian reform program, in which vast tracts of foreign-owned agricultural land and other properties, especially sugar cane plantations of US firms, were confiscated, with only nominal indemnities paid to the owners. Gradually, as his ill-conceived plans failed to materialize and problems mounted, he began to be critical of the US, finding in it a convenient scapegoat to blame for all of Cuba's difficulties, whether inherited or newly created by himself. With the uncertainty and unrest attending the "revolution," and a xenophobic and unpredictable government alienating foreign commercial interest in the country's products, Cuba experienced a rapidly deteriorating economic situation. Investment capital fled abroad and domestic industries languished. Faced with large sugar surpluses and serious foreign exchange deficits, Castro resorted to arbitrary stop-gap measures, introducing emergency import controls, prohibitive duties and surcharges, and heavy excise taxes in desperate efforts to halt the dollar drain on the treasury. These practices tended to aggravate conditions by hurting business generally. The effect on foreign-owned firms has been the curtailment of operations, the closing of some facilities, and even complete withdrawal of companies from Cuba.

Meanwhile, Castro also became intimately involved in the larger context of the regional politics of the Caribbean, focusing particularly on his arch-rival in the Dominican Republic. Castro and Trujillo have each attempted to destroy the other. Castro organized landings in the Dominican Republic and Trujillo retaliated by instigating counterrevolutionary movements against Castro. Both attempts were fiascos, because the intensity of popular discontent and the ability of the opposing government to control the internal situation were misjudged. As a consequence, each suffered a personal blow to his prestige, and the feud has continued unabated.

Through 1959 the Cuban Government manifested an increasingly anti-US attitude. Leading government officials and the press embarked on a sustained campaign of picturing the US as opposed to Cuban aspirations for freedom, economic independence, and improved living standards. At the same time the Government adopted a "neutralist" posture in its foreign policy, with indications of willingness to establish closer commercial and diplomatic relations with the Communist bloc countries. Recently the Soviet Union has been buying substantial amounts of sugar from Cuba.

By the end of 1959, the uncritical popular enthusiasm for Castro as a symbol had waned somewhat, and indications of disenchantment with the methods and goals of his regime were evident. Defections, conspiracies, and counterrevolutionary plots against the government appeared, suggesting the beginnings of a new cycle in the familiar Cuban theme of revolution and counterrevolution.

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Communism

With the victory of Fidelismo, in 1959, the once-powerful Cuban Communist party emerged from their underground dens into the sunlight of a new respectability. Organized in the early 1920's during the widespread discontent engendered by the collapse of the sugar industry following World War I, the Communist party (now called the Partido Socialista Popular (PSP)) found its activities severely restricted under the dictatorship of Gerardo Machado. In the late 1930's after Batista had become the Cuban strong man, however, the Communists were given greater freedom in line with Batista's adoption of a democratic facade. Although still illegal, the party was allowed in May 1938 to begin publication of its daily newspaper Hoy. In September 1938 the party was legalized, and until Batista stepped down in 1944 the Communists made great progress, particularly in organized labor, where they apparently were given a free hand. Under such circumstances party membership grew to about 150,000 in 1944. After the party became an official part of the coalition supporting Batista, a member was appointed to the cabinet, the first time in Latin America that a Communist attained such a position.

During the administrations of Grau San Martin and Prio Socarras (1944-1952) the Communists suffered severe reverses. Membership fell from about 150,000 to 55,000.

The closer cooperation between Cuba and the US during the Korean conflict worked to the party's disadvantage. In 1950 the government seized the party's newspaper, closed the Communist radio stations, and conducted raids upon its headquarters. The powerful Cuban Confederation of Labor launched a drive to combat communism in labor's ranks. When Batista returned to power in 1952, he turned on his one-time supporters, and in 1954 declared the party illegal. The Communists could claim no credit for Batista's return to power, and by now he needed US friendship more than Communist support. The party went underground.

The degree of Communist influence within the Castro government is difficult to assess, although US intelligence reports agree that it is considerable and some feel that it has already reached alarming proportions. There has been a marked increase in Communist activity: reportedly there is Communist infiltration of administrative departments, the armed forces, and organized labor. Party membership (one of Castro's first official acts was to legalize the party), reported at the beginning of January 1959 as 12,000 had by April jumped to 24,000. US intelligence sources estimate that in addition to the rising membership, the party enjoys the support of at least 30,000 sympathizers. The scope and pace of their activities, both in clandestine agitation and propaganda as well as overt direct action, have recently increased markedly, a development pointing to the possibility of a Communist buildup as in Guatemala, and closer Cuban-Soviet Bloc ties.[2]

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2. US Sen, "United States-Latin American Relations" (Study by Corp for Eco and Ind Research for the Cmte on For Rel, 86th Cong, 2d sess; Washington, 1960); (S) CIA (J-2 files), "The Situation in the Caribbean through 1960," SNIE 80/1-59, 29 Dec 59; Thomas, Latin America, 544, 547, 550, 556.

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Military Missions

The US Navy has maintained a mission in Cuba since 1943; the US Army and Air Force missions were not established until 1950 and 1951. Although all the missions were extended for an indefinite period, all were withdrawn upon the assumption of power by Castro in 1959. ("When the revolutionaries of the 26th of July Movement entered Havana," writes Herbert Matthews, "they captured, so to speak, the American military missions; and Fidel Castro told the US missions that since they had taught the Cuban army so badly, he would have no use for them.")[3]

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3. Herbert L. Matthews, "Diplomatic Relations," The United States and Latin America (New York, 1959) 184, 185; (S) OSD, "MSP: 1961," 237; (C) Cuba, "Country Team Analysis," CA 9586, 2 May 58; (C) MS, Army Industrial College, (OCMH files) seminar on "Implications of Export of Munitions to Other American Republics," 21 Dec 55, AM sess, 5.

US Military Aid 1936-1948

Although prior to World War II Cuba purchased much of its military supplies from Europe, the US remained a chief source of munitions. In 1940 President Roosevelt, in a statement of national policy regarding the supply of arms to the Caribbean countries, declared that the US would sell them arms on favorable financial terms to the extent required to insure internal stability. As a result, prior to 1941 all 17 planes in the Cuban air force and 3 of the 8 ships in the Cuban navy were of US origin. Between November 1935 and June 1940 the US licensed the export of $665,554 worth of munitions to Cuba.

On 6 May 1941 Cuba was declared eligible for aid under the Lend-Lease Act and on 7 November 1941 it signed a lend-lease agreement with the US. From 1941 to 1952 Cuba received lend-lease assistance to the value of $6,551,280, all but $19,465 of this assistance before 2 September 1945. The major categories of equipment received under this agreement were: aircraft ($2 million), vessels ($2.1 million), tanks and vehicles ($.5 million), and testing and reconditioning of defense articles ($.9 million). Cuba has made no final lend-lease settlement with the US.

The US military establishment was authorized on 26 December 1945 under the terms of the Surplus Property Act to grant military aid to Cuba. As of 31 October 1948 $16 million worth of this aid was transferred to Cuba.[4]

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4. Stetson Conn and Byron S. Fairchild, "The Framework of Hemisphere Defense" (galley proofs of unpublished MS in OCMH files), 213; World Peace Foundation, Documents on American Foreign Relations July 1939-June 1940, (Jones and Myers, ed, Boston, 1940), II, 840; US House, "Thirty-second Report to Congress on Lend-Lease Operations" (House Doc. No. 227, 82d Cong, 1st sess; Washington, 1951), App I (b); (TS) Table, "Current Foreign Military Aid Programs," Encl to memo, JMAC to SecA, SecNav, and SecAF, 55, 9 Nov 48; (C) MS, AIC seminar, table of 32 (AM sess).

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US Military Assistance 1949-1960

US military assistance to Cuba between 1949 and 30 June 1959 totaled $22,123,000, approximately 3.6 per cent of the Latin American total. The major items of this aid were the following:

1) Cash and credit purchases of military equipment. Cuba has been allowed to purchase military equipment from the US for cash and credit under the terms of the Mutual Defense Assistance Act of 1949 and the Mutual Security Act of 1951. Through 30 June 1959 these purchases totaled $5,723,000--$4,549,000 of it actually delivered. This represents 3.2 per cent of the total Latin American purchases during that period.

2) Military aid grants. Cuba and the US signed a bilateral military assistance agreement on 7 March 1952. This agreement made Cuba eligible for direct grants of equipment and other assistance under the Military Assistance Program (MAP). From 1952 to 1959 Cuba received $11 million in military aid through MAP, approximately 4 per cent of the Latin American total. As of 30 June 1959 $10.3 million of this total had been expended by Cuba. Because of the political tensions in the Caribbean area, the US halted the export of military equipment to Cuba in March 1958. Although $543,000 in US grant assistance was made available to Cuba in FY 1959, it consisted of training and non-combat equipment. This equipment was delivered prior to January 1959 and included no vessels, aircraft, weapons, or ammunition. The training was exclusively for Cubans enrolled in US military schools. Assistance provided Cuba in FY 1960 is estimated at $249,000. This consists exclusively of training for Cuban cadets in US schools who will complete their courses by July 1960. Cumulative through 30 June 1960 MAP aid was estimated to include: $3.3 million for aircraft and parts including 18 B-26's and 5 C-47's; $1.1 million for vehicles including 46 cargo trucks; $1.5 million for training; and $.8 million for ammunition.

3) Grants from excess stocks of the US military departments. Cuba received $5.4 million worth of military equipment between 1952 and 1959 from the excess stocks of the US military departments. The equipment is not chargeable to MAP.[5]

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5. (S) OSD, "MSP: 1961," 235-237; (C) ICA, "U.S. External Assistance," 16 Mar 60, 54, 60; (U) Briefing memo for Sec State, "Caribbean Arms Policy," 7 Apr 60 (Hist Div files).

Non-US Military Purchases

Cuba continued to purchase military equipment, although in small quantities, from other than US sources during the years of military assistance. Between 1949 and July 1955 it purchased, among other things, $1,000 worth of arms and lathes from Switzerland. An inventory of arms and equipment of the Cuban army in 1959 revealed two 3-inch mortars from the UK, 16 AA guns from France and six 57mm guns from the UK. While these figures seem relatively minor, the picture is changing radically. According to the Washington Post of 13 October 59, the UK was expected to send 15 Hunter Mark 5 jet fighters to Cuba in the near future to replace 15 long-range piston-engined Sea Furies. Cuba has claimed that this replacement is only a part of its weapons modernization program, not an increase in armaments. There have also been reports of Cuban aircraft purchases from Czechoslovakia, but this has been denied by the Cuban Government.

Belgian arms shipments to Cuba came to light when a French munitions ship, La Coubre, exploded in Havana harbor on 5 March 1960, while arms and ammunition from Antwerp were being unloaded. The Belgian Government admitted selling $7.1 million in arms and ammunition to Cuba in 1959 and has made no commitment to stop future arms sales. Despite US opposition of such sales, the Belgian Foreign Minister defended his country's policy of selling military equipment to Cuba and the Dominican Republic; he stated that only light defensive arms had been sold to recognized governments, and even these sales would be halted in the event a conflict developed.

These foreign purchases followed the US arms embargo in April 1958, which included the cancellation of the purchase of 20 M-20 armored cars and 10 T-28 aircraft by Cuba from US firms. The Country Team reported that in its view, Cuba would continue to procure increasing amounts of military materiel for its armed forces from non-US sources during, and perhaps even after, the current suspension of shipment of such materiel into Cuba from the US.[6]

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6. (C) Dept of State, "An Evaluation of Latin American Armament Expenditures," Int Rpt No. 6986, 14 Sep 55, App, Table I; Washington Post, 13 Oct 59; Ibid., 8 May 60; New York Times, 18 Feb 60, 2; (S) MAAG Cuba, (JMAAD files), "Narrative Statement," 29 Aug 58; (C) Cuba, "Country Team Analysis."

Economic Aid to Cuba

During the period 1946 to 1959 Cuba received $40.6 million in economic aid from the US, approximately 1 per cent of the total US economic aid to Latin America. Of this aid, $37.5 million was obligated by the Export-Import Bank, another $2.6 million by the International Cooperation Administration under the Mutual Security Program. The economic aid was distributed as follows:

US Economic Aid to Cuba
(In Millions of US Dollars)

1946	$ 0.1	1953	$ 0.2
1947	0.1	1954	8.2
1948	0.1	1955	0.5
1949	---	1956	1.7
1950	---	1957	0.6
1951	12.2	1958	16.8
1952	0.1	1959	0.4 [7]

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7. (C) ICA, "U.S. External Assistance," 16 Mar 60, 54, 60.

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Cuban Armed Forces

During Cuba's long history of militarism its many dictators have been forced to rely on the armed forces for support. Assuming power in 1933, Batista initially expelled two-thirds of the officer corps, but having been elevated to power by the army, he was soon forced to cater to it. He increased the army's size by one-third (to 16,000), raised the pay, created a new military academy, modernized military installations, and increased the armed forces' share of the national budget.

In the post World War II years, according to available budget figures, the per cent of the national budget devoted to military expenditures has remained relatively stable, averaging slightly more than 16 per cent of the total national budget.

Table I

(In Millions of Pesos)

FY	Total National Budget	Military Budget	Defense % of total
1940	80.3	19.4	24.2

Table II

(In Millions of Pesos)

FY	Total National Budget	Military Budget	Defense % of Total
1949	214	40	18.7
1950	235	30	12.8
1951	300	42	14.0
1952	336	57	17.0
1953	308	59	19.2
1954	311	55	17.6
1955	313	54	17.3

Table III

(In Millions of US Dollars)

1956	313	54	17.4

Table IV

(In Millions of US Dollars)

1957	478	62	13.0
1958	472	67	14.2
1959	554	94	17.0 [8]

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8. Edwin Lieuwen, Arms and Politics in Latin America (New York, 1960), 98; Table I: (C) CIA (J-2 files), "Cuba," NIS 78, sec 65, 50, 51; Table II: (C) Dept of State, Int Rpt No. 6986, App, Table I; Table III: (S) Cuba Briefing Book; Table IV: (S) OSD, "MSP: 1961," p facing 253. It is important to read these tables for internal comparisons only; the various definitions of total national budget used in these tables disqualify them for comparisons with each other.

Despite the favored treatment it had received from Batista, the army, deeply concerned by the growing success of the Castro-led guerrila movement and the mass antagonism toward the regime, in January 1959 forced Batista to resign. But just as in the crisis of 1933 the army acted too late for the officer corps to save itself. It was forced to bow unconditionally to Castro's surrender mandate. Intelligence reports have recently indicated that the cycle is repeating itself. Castro fearful of the army, upon which he must ultimately depend for support, has purged the officer corps.

The Cuban armed forces in October 1959 numbered 39,409 including 25,000 army, 7,000 national police, 7,149 navy, and 260 naval air arm. The actual figures is higher at present; the Cuban air force strength is unknown and not included in these totals. Although intelligence sources list a strength of 25,000 men for the Cuban army, they also indicate that the army's actual strength of 35,000 at the time of the revolution is slowly being reduced at 25,000. According to a US military evaluation in October 1959 the Cuban army is disorganized and its military effectiveness has been impaired; the present government does not trust the loyalities of the navy; and the capability of the air force is doubtful.

No information is available to permit a definitive statement on the status of arms and equipment of the Cuban armed forces, although it is assumed that Castro's forces have in their possession the arms of the former Batista army. Its heavy equipment includes: 32 mortars (US and UK); 20 rocket launchers and six 57mm rcl rifles (US); 43 artillery pieces (US, UK and Fr); 20 light and 7 medium tanks (US); and 20 light armored cars (US).

The Cuban navy is limited to performing antisubmarine warfare duties and patrol missions. Its largest vessels include 2 frigates acquired from the US in 1947, 1 frigate reconstructed as a cruiser in 1936-37, 3 ex-US patrol vessels, 2 coast guard patrol vessels, and various training ships, cutters and auxilliary vessels. The Cuban naval air arm had by 1958 2 PBY-5A aircraft and 6 TBm-352 aircraft operational and performing antisubmarine warfare duties.

US observers consider the Cuban air force capable of supporting the army and providing sea reconnaissance. As of August 1959 the air force totaled 91 craft, including 16 prop fighters, 17 prop attack bombers, 14 transports, and 7 jet and 7 prop trainers. If the reports of British and Czechoslovakian jets being delivered to Cuba prove accurate (see above non-US military purchases) the composition of the Cuban air force will change radically.[9]

9. Lieuwen, Arms and Politics, 100; (C) Cuba Briefing Book; (S) MAAG Rpt, 29 Aug 58; Jane's Fighting Ships, 1959-1960 (London, 1959) 151-153.

MAP

Under the terms of the defense agreement with the US, beginning in 1953, Cuba pledged to act in defense of coastal sea communications and inter-American maritime routes, military bases, ports, communication nets, and to assist the US in executing the tasks set forth in the bilateral military plans. In addition Cuba promised the continued availability to the US Navy of the base of Guantanamo Bay. Cuba's mutual security forces included 1 infantry battalion, 5 vessels, and 3 air squadrons. Cuban troops in this program numbered 1,602, approximately 4 per cent of the country's total armed forces. Until recently the functions of the MAAG for Cuba were performed by the US Army mission personnel assigned to the country. Because of unsettled relations between Cuba and the US as well as political unrest in the Caribbean area the US military missions have been withdrawn. The MAP proposed for FY 1960 was canceled, and no MAP is planned for FY 1961.[10]

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10. (S) OSD, "MSP: 1961," 235-237.

Arms Rivalry

The chronic enmity existing between Cuba and the Dominican Republic intensified in 1956. Cuba appealed to the Inter-American Peace Committee of the OAS to take cognizance of the "aggressive attitude" of the Dominican Republic, charging in effect that the Dominicans had agents in Cuba who were conspiring against the government. The committee refused to take action in the matter. A US Navy evaluation of the events branded the Cuban charges an obvious attempt by Batista to distract public attention from internal political difficulties, to serve as an excuse to build up his armed forces, and to form a basis for requests for large amounts of military and naval equipment from the US. Though no causal nexus may exist between Batista's strained relations with Trujillo and US military aid, the arms deliveries to Cuba from the US did rise swiftly from 1956-1958.

US Military Aid to Cuba
(In Millions of US Dollars)

FY	MAP Military Aid	Military Purchases from US Excess Stocks
1956	$1.6	$0.1
1957	2.0	3.4
1958	3.5	1.6

Although the tension between the two nations abated in the last days of the Batista reign, with the ascendency of Fidel Castro to power in 1959 it regained and exceeded its earlier level. Castro, in the classic tradition of the charismatic leader, feels that he has a Messianic mission to extend the spirit of his revolution throughout Latin America. This dedicated zeal has focused especially on the Dominican Republic where the very existence of Trujillo is seen by Castro as something provocatively immoral that must be exorcised. Despite Castro's public protestations that no insurgent groups from other countries would be permitted to base themselves in Cuba, such groups continue to train there or elsewhere with Cuban support.[11]

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11. (C) ICA, "U.S. External Assistance," 16 Mar 60, 54, 60

Effects of Military Aid

In August 1958 the MAAG reported that the MAP supported units, both army and navy, were better equipped, manned, and trained than non-MAP supported units. In the army, the elite status of the MAP battalion had stimulated the interest in other Cuban units to be similarly equipped.

Cuba posed a thorny problem for the US when it used its MAP equipment for purposes not compatible with the letter and spirit of the bilateral agreements. The Chief, MAAG later reported to the Assistant Secretary of Defense that at the outset Batista had committed the MAP battalion, and MAP equipment in the government's campaign to suppress the rebellion in Oriente Province. Moreover, personnel of the US military mission were not permitted to observe the unit or visit the zone of operations. This was in direct violation of the Mutual Defense Assistance Agreement of 7 March 1952 which explicitly stated; " . . . the two Governments will participate in missions important to the defense of the Western Hemisphere, and will not, without the prior agreement of the Government of the United States of America, devote such assistance to purposes other than those for which it was furnished." In spite of Batista's allegations, the insurgents were plainly neither Communists nor under Communist influence at that time; the movement's main strength appeared to be drawn from the rising Cuban middle class. Washington thus saw no reason to depart from its traditional nonintervention policy by allowing Batista to use the MAP battalion and MAP equipment. Having repeatedly seized clandestine arms cargoes assembled for shipment to the Castro forces, it also suspended arms deliveries to the Cuban Government in March 1958. In that month the Department of State was questioned on the Caribbean situation in early 1958. In response to the questions of Senator Morse on 5 March 1958, Deputy Secretary of State Rubottom admitted to the Senate Foreign Relations Committee that the Cuban Government "is certainly using the military equipment which it has at its disposal to beat back armed insurrection," but he maintained that the relatively small amount of US military aid extended to Cuba "has made little difference as far as his (Batista's) position is concerned." He added that the Cuban government could have --and has--obtained arms from other sources if the US did not supply them. Secretary Rubottom, again in response to questions by Senator Morse, denied that the US military aid program in Cuba was being used as a policy instrument to keep anyone in power. On 2 April 1958 the US formally placed an embargo on all arms shipments to Cuba.

The US military missions to Cuba continued to operate, however, and training equipment for the mission programs flowed into the island after the arms embargo had been effected. US officers therefore continued to associate with the Cuban officials. The US had the choice of intervening by leaving the missions in Cuba or intervening by taking them away. By withdrawing them Batista's collapse might have been hastened; by leaving the missions in Cuba the impression was created that the dictatorship was being favored. The US elected to continue the US missions, and as a result contributed to the increasing rebel antagonism toward the US.[12]

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12. (S) MAAG Rpt, 29 Aug 58; (C) Cuba, "Country Team Analysis," CA 9586, 2 May 58; Richard Stebbins, The United States in World Affairs 1958 (New York, 1959), 356; (C) IDA (JMAAD files), "A Study of U.S. Military Assistance Program in Underdeveloped Areas," 3 Mar 59, 27; US Sen, "Review of Foreign Policy 1958" (Hearings before Cmte on For Rel, 85th cong, 2d sess; Washington, 1958), 36, 362, 364-366.

[redacted]

DOMINICAN REPUBLIC

Historical Outline

The Dominican Republic occupies the eastern two-thirds of the Caribbean island of Hispaniola, the second largest of the Greater Antilles, which it shares with Haiti along a common border 193 miles long. Its territory covers an area of approximately 19,100 square miles, roughly equal to Vermont and New Hampshire combined. The population, according to government estimates of 1959, is approximately 2.6 million, with an annual rate of growth of 3.4 per cent. This amounts to an average density of 150 per square mile, which is high compared to Latin America as a whole. Moreover, since two-thirds of the inhabitants live in the northeastern section of the country, the actual density is even higher than the statistical average would indicate. The racial composition of the Dominican population is mainly a mixture of European, African, and American Indian strains; although estimates vary widely, about 70 per cent is comprised of mestizos and mulattoes, 18 per cent Negroes, and perhaps 12 per cent whites. Politically, the Dominican Republic has had a long record of internal conflict, with frequent intervention from outside. Traditionally, government has revolved around personalities rather than institutions or ideologies. and the administration of public affairs, [ ] has been characterized by opportunism and authoritarian methods. These conditions, precluding any solid base of popular identity with or participation in government, have tended to provoke almost constant domestic opposition to incumbent regimes by rival factions desiring reform. [ ] Dominican politics, therefore, has been generally marked by intense passions, often culminating in violence and national chaos. In this prevailing [ ] stage of political evolution, control of the army, as in so many other Latin American countries, has been the key to political power.[1]

State (b)(1) 1.3(a)(5)

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1. Preston E. James, Latin America (3d ed, New York, 1959); Alfred B. Thomas, Latin America (New York, 1956); German E. Ornes, Trujillo: Little Caesar of the Caribbean (New York, 1958); M. Martin and G. Lovett, An Encyclopedia of Latin American History (New York, 1956); Julius Pratt, A History of United States Foreign Policy (Englewood Cliffs, N.J., 1955); J. Bannon and P. Dunne, Latin America: A Historical Survey (Milwaukee, 1958); Dana Munro, The Latin American Republics (New York, 1950); (S) OSD (ASD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, 239-241; (C) US Embassy Dominican Republic, (ASD/ISA files) "Country Team Analysis," CA 9586, 12 June 1958; (S) ASD/ISA, "Dominican Republic," Briefing Book, Office, Reg. Dir Western Hemisphere; (S) "The Situation in the Caribbean through 1959," SNIE 80-59, 30 Jun 59; Ibid., 80/1-59, 29 Dec 59. Hereafter, the same reference sources, except where otherwise indicated, apply to the remainder of the historical outline.

The territory that is now the Dominican Republic was discovered in December 1492 by Columbus on his first voyage. In 1496 Columbus' brother Bartolome established the city of Santo Domingo (present-day Ciudad Trujillo) on the southeastern shore of the island of Hispaniola, making it the first permanent European settlement in the Western Hemisphere. Because of the large native Indian population and the discovery of gold, many Spanish immigrants were early attracted to the new settlement, and the colony of Santo Domingo prospered. It became

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the advance base from which Spanish exploration of the New World fanned out through the hemisphere. After the discovery of Mexico and Peru, however, many settlers left for the greater opportunities of the mainland. A languishing agricultural economy gradually reduced the country to provincial isolation and poverty. The formal division of the island came in 1697 with the Treaty of Ryswick, under which Spain ceded the western half to France.

In contrast to the poverty and backwardness of the Spanish colony of Santo Domingo, the French half of the island (present-day Haiti) enjoyed an era of prosperity and economic development based on a flourishing plantation system. As a consequence of the vast numbers of Negro slaves imported from Africa, the population of the French section came to be overwhelmingly Negro, while Santo Domingo remained essentially Spanish creole and Spanish mestizo or mulatto. In 1795, under the Treaty of Basle, France acquired all of Hispaniola, but Haiti broke away in 1804, and Santo Domingo was recovered by Spain in 1836.

The Dominicans declared their independence from Spain and placed themselves under the protection of Greater Colombia in 1821, but independence was short-lived. In January 1822 General Boyer of Haiti conquered the new state, uniting the whole island under a single government to form the Republic of Haiti. The union had endured for 22 years, when, after the death of Boyer, the Spanish section of the island declared itself independent and assumed the name of the Dominican Republic.

Despite the long struggle for independence the Dominicans were unprepared for liberty and democracy. They had received no training in politics or public administration from the Spaniards and had been given no effective voice in government during the two decades of Haitian rule. They soon revealed passionate intolerance, extreme local and regional loyalties, and utter inability to resist the trend toward militarism, which seemed necessary for a time because of almost constant threats from militarized Haiti. The Dominican Republic, like its closest neighbor, was tyrannical and turbulent. Its first 40 years of independence were marred by nearly forty revolutions, several succeeding in overthrowing the national government, which necessarily depended upon the armed caudillos of the provinces for support. Two of the early leaders--Pedro Santana, the first president, and Buenaventura Baez--almost wrecked the country with their quarrels. They rapidly, and often violently, succeeded each other several times in the presidency.

During these years the Dominicans were in constant fear of reconquest by Haiti. President Santana, convinced that the tiny country could not defend itself, made repeated overtures to France and Spain to assume a protectorate over the republic. For a brief period from 1861 to 1865, while the US was occupied by civil war, Spain gave its consent to the proposals, and the Dominican Republic became once more a Spanish colony. Santana was made its governor-general. Partly because of pressure from the US, which protested that this action violated the Monroe Doctrine, but chiefly because of the united resistance of the Dominicans, Spain withdrew in 1865 and independence was again restored.

In 1869 President Baez, once more in power, tried to arrange for the annexation of the Dominican Republic to the US. The Grant administration was receptive to the idea. US naval forces were dispatched to the Republic while lengthy negotiations for annexation proceeded, and a treaty to this effect was completed in 1870. But when the treaty failed to win ratification by the US Senate, US forces were recalled and the entire project was eventually abandoned in 1871.

The latter half of the nineteenth century, meanwhile, saw an expansion of US private investment in the Dominican economy, sometimes marked by exploitive speculation, fraudulent business practices, and collusion with avaricious Dominican officials. At the same time, government loans were being incurred both in Europe and the US with reckless abandon by irresponsible politicians, but the funds seldom reached the treasury, usually disappearing to the personal profits of individuals in the ruling clique. The extent of corruption reached proportions that were disgraceful even by Latin American standards. With mismanagement, opportunism, outright looting, and the mounting new debts contracted abroad, the solvency of the country rapidly deteriorated. Added to this was a series of revolts against the administration in almost unbroken succession. By the end of the century the situation had degenerated into financial and political chaos.

In the first years of the twentieth century, when French and Italian creditors were demanding payments from the Republic on long due claims and their governments threatened to use force, the US intervened. As early as January 1903, the Dominicans agreed to a plan authorizing appointment of a resident US fiscal agent and consolidation of some of the loans, with customs revenues of certain ports promised as collateral in case of default. In October 1904, the fiscal agent actually took possession of one of the customhouses. The following year, under the provisions of a convention of 7 February 1905, which though rejected by the Senate was effected as a modus vivendi by executive order of President Theodore Roosevelt, the US undertook the management of customs revenues and the arrangement of settlements with the creditor powers. Two years later, with the consent of the Dominican Government in a formal treaty signed on 8 February 1907, the US assumed further control of the country's finances: a US financial adviser was given broad powers over treasury receipts and expenditures; actual receivership of the customs was granted, with US collectors placed in the customhouses to supervise operations directly; and the Dominican Government promised not to incur any additional foreign debts. Under US tutelage great advances were achieved in retiring much of the government's foreign loans and considerable improvement made in restoring sound finances, but chronic unrest and disorder, including civil war, invasion by Haiti, and several more revolutions, prompted the US to dispatch a small force of marines in September 1912 and again in 1914 to protect the US-administered customs and help restore peace. Internal strife, however, continued, until the US finally took over outright the responsibility for governing the country in 1916.

The occupation by the US during World War I had been brought about largely for strategic considerations. In view of the necessity of securing the approaches to the Panama Canal, then the keystone of national defense, a weak Dominican Government harried by constant domestic troubles constituted a potential vulnerability for the US. Therefore, when pro-German Dominican politicians, gaining increasing influence, precipitated a government crisis in November 1916, President Wilson ordered the US Navy to take full control, purportedly in order to carry out the treaty of 1907. On 29 November 1916 Captain Harry S. Knapp issued a proclamation establishing a US military government. Marines were landed at Santiago and soon occupied the whole country.

For the next 8 years the Dominican Republic remained under the rule of US military government, which exercised legislative as well as executive authority. The Congress was dissolved and US naval officers were appointed to positions ordinarily held by cabinet members and to key subordinate offices in the various departments of government. As in the cases of Cuba and Haiti, the US undertook the overhauling and disciplining of the army as a prerequisite to the Dominican Republic's future political stability and economic progress. Throughout the period of US occupation, US marines labored to reform the army.

They created the first regular standing army in the Dominican Republic and organized it along up-to-date, professional lines. The result was to relegate the militias of the regional caudillos to a condition of impotence. A native constabulary, under US marine officers, was organized, equipped, and trained into an efficient security force. It effectively assisted the marines in suppressing several disturbances, after which there was no serious armed opposition to the US occupation.

With order and security established, the military government authorities initiated programs of education, public works projects, and economic development, including the building of roads and railroads and the construction of bridges, while at the same time the financial system was reorganized. As a result, there was considerable expansion of commercial production, bringing a temporary prosperity until the collapse of sugar prices in 1920. Many real and lasting improvements of economic benefit to the country as a whole were effected. But by the summer of 1920, hostility to the military government had intensified to the point where Dominican popular opinion was demanding termination of the occupation. Furthermore, the occupation was subjected to severe criticism both in the US and throughout Latin America. Accordingly, at the end of the year President Wilson announced that the US would withdraw from the Dominican Republic, and 6 months later the Harding administration began planning for evacuation and transfer of power. Four more years elapsed, however, before this actually came about.

It was not until 1922, after delays over the question of how much financial control the US would retain in order to complete liquidation of the foreign debt, that an agreement was negotiated and a provisional government installed preparatory to restoration of Dominican sovereignty. Difficulties continued, complicated by quarrels and factional intrigues among rival political leaders, for 2 more years before a formal convention, based on the 1922 agreement, was signed and ratified. Finally, in March 1924, General Vasquez was elected constitutional president, and upon his inauguration 4 months later, the US military government ceased to exist. The occupation itself ended with the withdrawal of US marines the following September. A substantial measure of US supervision over Dominican finances, however, remained in effect until 1941. Latent psychological effects of the unpopular occupation lingered, unfortunately, and even today tend to color attitudes toward the US not only in the Dominican Republic but throughout Latin America.

The first 6 years of restored independence were a period of relative prosperity and political tranquility. While Vasquez was in office a liberal new constitution was adopted in 1927. An ambitious new new political personality, General Rafael Trujillo Molina, however, had been quietly rising from obscure beginnings through the ranks of the US-sponsored constabulary to become head of the Dominican army, which he proved ready to use as a vehicle to personal political power. The opportunity presented itself when, despite gradually increasing discontent with the administration, Vasquez announced his candidancy for re-election to the presidency early in 1930 and trouble broke out, leading to revolt. Vasquez was overthrown and a provisional government formed. In the elections that followed, General Trujillo, with the support of the army, became President on 16 May 1930.

Trujillo immediately set about consolidating his position, launching a reign of terror and ruthlessly suppressing all opposition. By 1936 he had established a complete and unchallenged dictatorship. The extent of his success is indicated by the change of the historic name of the capital city that year from Santo Domingo to Ciudad Trujillo. For 30 years he has retained effective control of his country, governing all aspects of national life. He himself served as President from 1930 to 1938 and again from 1942 to 1952, while in the intervening

periods he allowed hand-picked puppets to fill the office. Since 1952 his brother Hector has functioned in this figurehead capacity, although Trujillo (officially referred to as the "Benefactor") remains the acknowledged ruler at home and abroad.

Economically, the Trujillo dictatorship has made impressive progress in giving the Dominican Republic a modern economy, eliminating foreign financial control (1941), retiring outstanding bonds (1947), and paying off the external debt in full (1953). Even the dictatorship's facade of social progress--opening new lands, building canals and roads, and modernizing the cities--is impressive. In human terms, however, the regime has meant atrophy and retrogression of freedom, justice, and self-respect for the Dominican people.

Relations between the Dominican Republic and its neighbors have violently fluctuated in the past decade. Although Trujillo settled a long-standing boundary dispute with Haiti in 1935, relations between the two nations were savagely broken 2 years later by the Dominican dictator when he ordered the massacre of several thousand helpless Haitians who had entered the country in search of employment. At Haiti's protest the Dominican Republic compensated for the outrage to the extent of $750,000 with promises to punish the perpetrator. In 1951 the two nations signed a treaty that regulated commerce, culture, tourism, and migration of labor, and defined rights and duties of the two states in case of civil strife in accordance with existing multilateral pacts.

On Christmas Day 1951 the two Caribbean dictators, Trujillo and Fulgencio Batista, buried the hatchet and signed a declaration of nonintervention and mutual respect before the Inter-American Peace Commission. This terminated the 3-year period of tension which followed the discovery that Dominican exiles were preparing an invasion of the island from Cuban soil. Later, with the victory of the Castro revolution, political temperatures in the Caribbean rose to fever heights, culminating in the severance of relations between Castro and Trujillo.

There is no known communist activity of significance, either overt or covert, in the Dominican Republic. Trujillo has been unrelentingly anti-communist since 1946 when he stamped out the only organized communist group. His government has generally followed a policy of friendly cooperation with the US and, with few exceptions, has supported the US position in international affairs. It has cooperated with OAS and supported the Western Hemisphere defense proposals.

Dominican exiles have long been a focal point of agitation in the Caribbean; in 1959, for the first time, they posed a major threat to the Trujillo regime. The closer ties that developed between dictator Trujillo and his peers Batista and Jimenez precluded much support for the exiles. With Castro in Cuba and a democratic government in Venezuela, however, fresh impetus was given the revolutionary cause. Small-scale forces associated with a Dominican exile organization, the Dominican Patriotic Union (UPD), invaded the country in June 1959 from Cuba. The UPD, based mainly in Venezuela and Cuba, has some Communists in leadership positions. It is operating with no interference from the Venezuelan and Cuban Governments, and is receiving support from the Cuban Government, the Venezuelan Communist Party, and probably the Venezuelan Government. Trujillo failed to make good his threat to retaliate with air attacks on Cuba if the invasion continued. The failure of the invasion has caused considerable demoralization in the Dominican liberation movement. This, coupled with the reduction in Cuban logistical support, has brought exile military activity to a standstill for the time being.

Recent indications are that some kind of crisis involving the Dominican Republic is imminent. Even the Church, hitherto a passive supporter of the government, has challenged Trujillo by formally condemning his excesses. US intelligence reports indicate that although the "Benefactor" apparently still retains the support of the rural lower class and the loyalty of the military, and thus will remain in power through 1960, the entrenched position he has built up for 30 years is showing signs of deteriorating.

Military Missions

The US Navy and Air Force have operated missions in the Dominican Republic; the Air Force established its mission in August 1948, the Navy on 7 December 1956. In 1959 the Dominican Government informed US officials that it could no longer pay its share of the expenses for the missions, including office space, clerical help, and official travel expenses, although it asked the US to retain the mission at US expense. But the US refused to assume these expenses, and withdrew the missions.2

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2. (S) OSD, "MSP;1961," 241; (U) Telephone Int with Col Harris, USAF, AFOOP, Serv and Sup Div, Missions Br; (U) Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on US missions in Latin America, ca. 1957. One source mentions a naval mission sent in 1943, but there is no corroborating evidence. See (C) MS, Army Industrial College, (OCMH files) seminar on "Implications of Export of Munitions to Other American Republics," 21 Dec 44, AM sess, 5.

US Military Assistance 1936-1948

The Dominican Republic has always relied mainly upon the US for its munitions supply. In 1939 President Roosevelt approved a statement of national policy regarding the supply of arms to American Republics, which provided for furnishing arms to Haiti, Cuba, and the Dominican Republic to the extent required to insure internal stability and on financial terms these countries could meet. As a result, 7 of the 8 vessels in the Dominican navy and all 6 planes in its air force prior to 1941 were of US origin. Between 1936 and June 1940 the US licensed the export of $269,916 worth of munitions to the Dominican Republic.

On 6 May 1941 the Dominican Republic was declared eligible for aid under the Lend-Lease Act and on 2 August 1941 signed a lend-lease agreement with the US. From 1941 to 1952 the Dominican Republic received lend-lease assistance to the value of $1,617,367, almost all of this assistance before 2 September 1945. The major categories of equipment allocated under this agreement were: Aircraft ($400,742), ordnance ($138,958), vehicles ($150,951), and vessels ($531,269). On 26 April 1949 the Dominican Republic made the final payment under its lend-lease agreement.

The US military establishment was authorized on 26 December 1945, under the terms of the Surplus Property Act,to grant military aid to the Dominican Republic. Although $103,000 worth of aid was authorized for transfer to the Dominican Republic, as of 31 October 1948 no material had actually been shipped.3

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3. Stetson Conn and Byron S. Fairchild, "The framework of Hemisphere Defense" (galley proofs of unpublished MS in OCMH files), 213; World Peace Foundation, Documents on American Foreign Relations

July 1939-June 1940 (Jones and Myers, ed, Boston, 1940), II, 840; US House, "Thirty-second Report to Congress on Lend-Lease Operations" (House Doc. No. 227, 82d Cong, 1st sess; Washington, 1951), App I (b); (TS) Table, "Current Foreign Military Aid Programs," Encl to memo, JMAC to Sec A, Sec Nav, and Sec AF, 9 Nov 48.

US Military Assistance, 1949-1960

US military assistance to the Dominican Republic between 1949 and 30 June 1959 totaled $9,885,000, approximately 1.5 per cent of the Latin American total. The major items of this aid were the following:

1) Cash and credit purchases of military equipment. The Dominican Republic has been allowed to purchase military equipment from the US for cash and credit under the terms of the Mutual Defense Assistance Act of 1949 and the Mutual Security Act of 1951. Through 30 June 1959 these purchases totaled $1,612,000--$1,405,000 worth of it actually delivered.

2) Military aid grants. The Dominican Republic and the US signed a bilateral military assistance agreement on 6 March 1953. This agreement made the Dominican Republic eligible for direct grants of equipment and other assistance under the Military Assistance Program (MAP). From 1955 to 1959 $6,373,000 in military aid was programed for the Dominican Republic, approximately 2 per cent of the Latin American total. As of 30 June 1959 $6 million of this total had been expended. Cumulative through 30 June 1960 grant aid was estimated to include: $2 million for aircraft and aircraft parts; $.6 million for ammunition; $1.1 million for electronics and communications equipment; $.3 million for training; and $.4 million for packing and transportation. Because of the political tensions in the Caribbean area, shipments of MAP materiel to the Dominican Republic were suspended in 1958. While about $1 million in grant assistance was provided in FY 1959, none of this included weapons, naval vessels, military aircraft or ammunition, except a small amount of training ammunition required by a Dominican vessel during training exercises in FY 1959 with the US fleet. No grant assistance was delivered furing FY 1960 and none is planned for FY 1961.

3) Grants from Excess stocks of the US military departments. The Dominican Republic also received $1.9 million worth of military equipment between 1954 and 1959 from the excess stocks of the US military departments. This equipment is not chargeable to MAP.[4]

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4. (S) OSD, "MSP:1961" (C) ICA, "U.S. External Assistance," 16 Mar 60, 54, 61; (U) Briefing memo for SecState, "Caribbean Arms Policy," 7 Apr 60 (Hist Div Files).

Non-US Purchases of Military Aid

The Dominican Republic continued to purchase military equipment from other than US sources during the years of mutual assistance. Between 1949 and July 1955 it purchased, among other things: 54 F-51 Mustang fighters from Sweden in 1953 and 1954 for $2,204,000; 20 tons of artillery ammunition from Brazil; and small arms from Lichtenstein. An inventory of arms and equipment of the Dominican Army in 1959 revealed 108 81mm mortars from Brazil (although probably of US or German origin); 40 artillery pieces from Germany, France, and Brazil; and 15 tanks from France. The Dominican determination to build up its armed

forces, coinciding with the US arms embargo against the Caribbean countries, has meant a substantial increase in Dominican military purchases from non-US sources. One State Department report estimated these non-US purchases to be as high as $90 million in 1959, the major portion for the Dominican Air Force. Included in the 1959 figure was a $3.4 million purchase of arms and ammunition from Belguim. The US attempt to get a commitment from Belguim to halt these shipments in light of the increased tension in the Caribbean ended in failure. Belguim announced that it sold only light defensive arms to recognized governments and would immediately halt shipments in case of a conflict.[5]

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5. (S) Cuba Briefing Book; (S) Dept of State, "Statistical Information on Latin America Military Forces and Military Expenditures," Intelligence Info Brief No. 225, 1 Dec 59; (C) Dept of State, "An Evaluation of Latin American Armament Expenditures," Int Rpt No. 6986, 14 Sep 55, App, Table I; Washington Post, 7 May 1960.

US Economic aid to the Dominican Republic

During the period 1946 to 1959, the Dominican Republic received $2,400,000 from the US in economic aid, only a minuscule slice of US economic aid to Latin America for this period. The major portion of this aid, $1.8 million, was obligated through the International Cooperation Administration under the Mutual Security Program in stable annual increments from 1952 to 1959. This small figure might be explained by the budget surpluses the Dominicans have enjoyed for a number of years. In 1956 and 1957, for example, the budget surplus was estimated at $2.8 and $1.7 millions respectively. During those same years US economic aid totaled only $.5 million. It is evident from these figures that the Dominican Government has required no assistance from the US to maintain a budget balance. However, the excess cost of recent military expenditures, coupled with the failures in Dominican export prices will no doubt damage the financial health of the nation.[6]

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6. (C) ICA, "U.S. External Assistance," 16 Mar 60, 54, 61; (C) Dominican Republic, "Country Team Analysis."

Dominican Armed Forces

Prior to 1 January 1959 many Dominicans evinced pride in their military services and believed that the country needed to maintain a strong military establishment, although a large segment of the educated public felt that the level of defense expenditures was unjustified by any potential danger. Some believed that the military budget constituted an effort by Trujillo to enhance his prestige and that military expenditures served to entrench and prolong his regime. If the present regime is a system which has produced stability, avoiding the chaos of periodic revolutions, it is also based purely on the armed forces, on personalismo, and on a complete absence of responsibility to the people. The recent emergence of Castro in Cuba as a potent counterforce to Trujillo drastically revised the power balance in the Caribbean. Trujillo now faces two threats: military invasion from Cuba; and, more important, the spread of Cuba's revolutionary doctrines throughout the Caribbean area.[7]

7. (C) Dominican Republic, "Country Team Analysis"; Edwin Lieuwen, Arms and Politics in Latin America (New York, 1960).

The following budget tables reveal an apparent stability of Dominican military expenditures in relation to national expenditures:

Table I

(In millions of US dollars)

	Total National Budget	Military Budget	Defense % of Total
1949	$ 66	$15	22.7
1950	71	19	26.8
1951	75	20	26.7
1952	83	23	27.7
1953	89	22	24.7
1954	95	20	21.1
1955	106	22	20.8

Table II

(In Millions of US dollars)

1956	$119.9	$28.6	24

Tabel III

(In millions of US dollars)

1957	$130	$30	23.1
1958	147	30	20.4
1959	155	39	25.2 [8]

8. Table I: Dept of State, Int Info Brief No. 225, 1 Dec 59.
Table II: (S) Dominican Reoublic Briefing Book
Table III: (S) OSD, "MSP: 1961." It is important to read these figures for internal comparisons only; the various definitions of total national budget used in these charts disqualify them for comparisons with each other.

Though these budget figures present a relatively stable picture of Dominican military spending, two significant facts should be noted: (1) almost half of the national budget is earmarked for a special fund for which no accounting is available, and (2) in September 1959 a $50 million extra-budget defense expenditure plan was announced. Furthermore it is quite possible that part of the nearly $75 million in the special fund may be allocated and expended for military expenditures. Thus the military expenditures for 1959 almost tripled the preceding year's expenditure, and probably reflect Trujillo's reaction to the new revolutionary storms buffeting the Caribbean.[9]

9. (S) Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on foreign and US missions in Latin America, ca. 1954, Stanford Univ., Hispanic American Report XII (Sep 59), 380, 381; (S) OSD, "MSP:1961."

Estimates of the strength of the Dominican armed forces vary from the OSD estimate of 9,600 in the active armed forces to the estimate

of the US Naval Attache, who lists a total of 24,288. (Trujillo himself claims 100,000 men in the Dominican armed forces. He is of course counting his reservists.) The Army Intelligence Digest of 15 November 1959 estimated the total Dominican forces at 17,760 including 9,600 army, 1,800 national police, 3,400 navy, and 2,960 air force. In addition, Trujillo also maintains a so-called "Anti-Communist Foreign Legion" estimated at 2,300 men. The army is capable of providing local internal security protection and defense against Haiti. In fact, the Dominicans are capable of repelling any group of Latin America revolutionaries likely to attack. They would be incapable, however, of successfully resisting a major attack by a modern power or of contributing a sizeable force for use elsewhere in the hemisphere. The troops are well trained and skilled marksmen. There are adequate amounts of arms and equipment. The national armory produces small arms weapons in excess of needs and has adequate repair facilities. The army is weak, however, in heavy artillery pieces. Its equipment includes: 111 mortars (Brazil and the USO); 44 artillery pieces (US, France, Germany, and Brazil); 29 tanks (US and France) and 10 amphibious trucks (US).

The Dominican navy has been judged by US naval observers as "capable only of providing local internal security protection and defense against minor external attack." It is also estimated to have only "negligible" tactical capability. Its largest vessels are 2 British destroyers purchased in 1948 and 1949; 2 US and 6 Canadian frigates (1 modified for use as the presidential yacht); 6 former US patrol vessels; and coast guard vessels, landing craft, rescue launches, and auxiliaries.

The Dominican air force includes 155 planes of which 32 are jet fighters, 37 piston fighters, and 48 fighter bombers. In addition, 5 B-26 medium bombers (World War II, stripped) were purchased in Miami in March 1960, ostensibly for Chile, and flown to the Dominican Republic.[10]

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10. (S) Dominican Republic Briefing Book; (S) OSD, "MSP;1961;" (S) Memo, Nav Attache to Amb, CIUDAD TRUJILLO, "Estimate of Dominican Military Strength," 20 Jan 60; Ornes, Trujillo, 131-133.

MAP

By terms of the defense agreement in effect since 1953, in which the Dominican Republic pledged cooperation with the US in the defense of the western hemisphere, the Dominicans accepted the primary missions of (1) defense of its coastal sea communications; (2) the defense of military bases, ports, and communications, (3) the standardization of doctine, methods, and materiel; and (4) the continued availability to the US of the guided missile tracking station located in the Dominican Republic. In 1960 the US was assisting the Dominicans in the support of 6 vessels. The Dominican forces in this support program numbered 469, approximately 3 per cent of the country's total armed forces. Until recently the functions of the MAAG for the Dominican Republic were performed by US Navy personnel assigned to the country. Upon removal of the Navy mission in December 1959, it was planned to establish a MAAG consisting of three officers, four enlisted men, and one civilian.[11]

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11. (S) OSD, "MSP;1961;" ASD/ISA, Office, Reg Dir Western Hemisphere, "Mutual Security Forces:Strength of MAP-Supported Units," MS table.

Arms Rivalry

In June 1958 the Country Team reported the absence of any serious preoccupation on the part of the Dominicans with the threat of force from neighboring states. This report, however, predated the rise of Fidel Castro by 6 months. Since that time Dominican relations with Cuba and Venezuela have deteriorated steadily. Fear of Cuban invasion has caused Trujillo to increase his military budget by more than 100 per cent in late 1959. On its part, the US, in an attempt to avoid aggravating the rivalry, has instituted an embargo on arms shipments to the entire Caribbean area.[12]

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12. Dominican Republic, "Country Team Analysis."

ECUADOR

Historical Outline

Small--with a population of only three million--poor, and beset to the north and south by aggressive neighbors, Ecuador has been unable either to play an effective part in international affairs, or even to protect the integrity of its territory. These same reasons have rendered continental Ecuador of little strategic importance to the US. Ecuador's Galapagos Islands, on the other hand, have become of primary importance to the defense of the Panama Canal in the air age.[1]

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1. The information in this section comes from the following secondary sources: J.F. Bannon and P.M. Dunne, Latin America: An Historical Survey (rev, Milwaukee, 1958); A.B. Thomas, Latin America: A History (New York, 1956); A.C. Wilgus and Raul d'Eca, Outline-History of Latin America (New York, 1941); A.P. Whitaker, The United States and South America: The Northern Republics (Cambridge, Mass., 1948); Lilo Linke, Ecuador: Country of Contrasts (London, 1954).

Geography explains many of Ecuador's chronic political problems. The broad tropical seacoast is dominated by the country's commercial metropolis, Guayaquil. Here is centered the agricultural export trade and here too an Ecuadoran middle class has appeared and institutions have developed to make modern Ecuador one of the democratic states of Latin America. A deep rivalry exists between Guayaquil and Quito, the national capital and dominant city of the temperate mountainous section of the country. Seventy-five per cent of the people live in this latter area, the vast majority engaged in subsistence agriculture. A third area, the trans-Andean region, covered with heavy forests and sparsely populated, is divorced from the rest of the country by the lack of transportation. It has been suggested that a better transportation system might knit the economic and political divisions of the country into a more viable nation.

The Ecuadoran independence movement began in 1809, and freedom from Spain was finally achieved in 1822. For a few years Ecuador was part of Greater Colombia, but declared itself an independent republic in 1830. Juan Jose Flores, one of Bolivar's generals, became the civil and military chief of the new republic. The next 30 years were marked by great political instability and a general lack of economic progress. The main opposition to the conservative Flores during these years centered in the liberal forces under Vicente Rocafuerte, who twice defeated Flores in civil wars (1834 and 1845).

From 1860 and 1875 Ecuador was ruled by Gabriel Garcia Moreno, perhaps the most remarkable figure in its national history, a conservative who suppressed all opposition with a violence that approached ferocity. The close union of church and state, bitterly opposed by the liberals, was a cornerstone of his policy. To his credit, however, he reduced civic corruption, suppressed banditry and the caudillos, established an orderly system of taxation, and supported improvements in education and transportation. His assassination ended the most stable and prosperous rule in Ecuador's history. There followed a period of struggle between the conservatives and liberals, the latter finally gaining power in 1895 when Eloy Alfaro became president after a short civil war. Alfaro's ascendency ushered in a relatively stable period of liberal rule marked by effective reforms lasting until 1911 when the country once more plunged into a 30-year period of political turmoil. This era of liberal rule, marked by six revolutions fomented by conservatives and several dissident

factions within the Liberal party itself, came to an end in 1933 with the quiet election of Jose Velasco Ibarra.

Ibarra proposed drastic reforms to solve the serious economic problems that faced depression-bound Ecuador. His quarrels with Congress and the army culminated in his expulsion in 1935 when he attempted to rewrite the constitution in favor of his dictatorship. Unsettled conditions continued until Carlos Arroyo del Rio became provisional president in 1939.

Faced with strong opposition as a result of his economic policies and Ecuador's galling defeat by Peru in the border war in 1941, Arroyo's administration soon descended into a harsh dictatorship. His opponents, including the Conservatives, some Liberals, and even the Communists formed a coalition--which, with the support of the army, overthrew Arroyo in 1944. After years of torture and censorship the masses of people welcomed back Ibarra as the savior of the country.

Ibarra's second administration, lasting 3 years, was at first a middle-class government which recognized the need for a new and liberal constitution. The constituent assembly called by the president prepared such a revolutionary document, however, that Ibarra signed it only under protest and suspended it by decree in 1946. Falling back on the Conservatives for support, Ibarra called for another constitutional convention. This resulted in the promulgation of the present constitution, a document recognizing the sovereignty of the people and guaranteeing a bill of rights reflecting the body of democratic ideas that characterize present-day Ecuador. Throughout his second administration Ibarra was favored by the faithful support of the masses, even though in its later years his regime was a virtual dictatorship. He was, and,--as his election to a fourth term in June 1960 indicates--still is, the most popular figure in Ecuador. In 1947 Ibarra's second administration fell like many before it because of its failure to maintain the support of the army and to achieve any unity between the political forces of the Sierra and the coast. Ibarra was once more forced into exile.

In addition to the Liberal and Conservative candidates advanced for the election of 1948, some of the country's civil leaders formed a middle-of-the-road party under Galo Plaza. The canvass, comparatively honest, resulted in his election. True to the promises of his party, Plaza embarked on a program of economic and social reforms, in which aid from the US had a part. The Rockefeller International Basic Economy Corporation helped develop the Guayas River basin agricultural project, the Export-Import Bank granted a loan of $250,000 for agricultural machinery, and the US extended further aid under the Point Four program. In 1952 Ibarra returned to the presidency for the third time and continued the economic programs launched by Plaza.

In 1956 Camilo Ponce Enriquez succeeded Ibarra in a peaceful election, and though his administration has had to face serious economic problems, the reform movement has continued to the present time. Ponce kept his promise not to interfere in the presidential election in 1960, and, in spite of some sporadic campaign violence in Quito, the recent election of Ibarra was generally peaceful and orderly. The effectiveness of the reforms of Alfaro--enforced by the excellent constitution of 1946, the growth of organized labor, the reduction of illiteracy, and the stimulation of economic life all give promise of strengthening the democratic institutions that Ecuador has created.

Foreign Policy

Ecuador has been continuously thwarted in the pursuit of its paramount foreign policy objective: the defense of its national territory against its ambitious neighbors. In 1904, yielding to the claims of Brazil, Ecuador relinquished 245,882 square miles of Amazon territory, and in 1916, hoping to win a friend in her struggle against ambitious Peru, Ecuador ceded 182,423 square miles in the Amazon basin to Colombia. After a brief war against Colombia in 1932, however, Peru began to press for further advantages in the Ecuadoran part of the Amazonian hinterland. Years of fruitless negotiations between the two neighbors ended in an undeclared war when Peru suddenly invaded southern Ecuador in July 1941. Against the highly trained Peruvian army and air force, the virtually defenseless Ecuadorans were forced to retreat. The dispute was temporarily settled through the mediation of the US, Chile, and Argentina, who prevailed upon Ecuador to hand over nearly two-thirds of its Oriente Province. The acceptance in 1944 of the final agreement arrived at at the Rio Conference resulted in the overthrow of the Ecuadoran government and caused much bitterness toward the US in Ecuador. Today the surrender of this territory remains a paramount issue in Ecuadoran politics.[2]

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2. Whitaker, US and South America; Linke, Ecuador.

Ecuador has maintained cordial relations with the US since its independence from Greater Colombia in 1830. Unlike Colombia, its neighbor to the north, Ecuador had been little affected by the imperialism of the US, either in its overt form or in the more sophisticated dollar diplomacy. It readily adopted a benevolent attitude toward the US in World War I. It severed relations with the Central Powers and permitted US armed merchantmen to trade freely in its ports. In 1938 Ecuador signed a trade agreement treaty with the US.

The advent of World War II saw an intensification of the good neighbor policy toward Ecuador. The US agreed to a modification of the reciprocal trade agreement that permitted Ecuador to impose quota restrictions on imports, and in June 1940 the Export-Import Bank granted Ecuador a long-sought $1,150,000 loan for transportation equipment and medical research. This growing friendship with the US signaled a swift decline in the influence of the Axis powers. The Italian Army mission was dismissed and the Japanese scientific mission and several prominent Germans, including the leader of the Nazi news agency, were expelled. Late in 1940 a US Army mission replaced the Italians in the Ecuadoran military schools. Ecuador broke off relations with Germany, froze all Axis funds, and allowed the US to construct an air base on the Galapagos Islands and a naval base at Salinas. During 1943 the Export-Import Bank granted Ecuador a further loan of $5 million.

Since World War II Ecuador, as a general policy, has persistently aimed at an international defense of the democratic system. Continuing its close wartime cooperation with the US it signed a mutual defense assistance pact in February 1952. It has been a staunch supporter of the UN and has made a point of being among the first to sign all international agreements of universal interest, such as the Declaration of Human Rights. Although it feels closest to those countries that might take a sympathetic attitude toward its dispute with Peru, Ecuador has declared that it does not wish to establish regional blocs within the Western Hemisphere, and has supported the OAS.

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Communism

The Communist party (PCE) has been legal in Ecuador since 1944, although as of December 1959 its 1,000 registered members left it considerably short of the 5,000 membership required for formal recognition as a national party. Its strength will probably increase somewhat in 1960 as a result of its recruiting drive among the Sierra Indians, whose pathetic state remains the principal failure in Ecuadoran social justice. Communist influence, however, has been greater than its numbers would indicate. In collaboration with left-wing Socialists, the party has largely dominated urban organized labor and gained much support among the university students. It has attempted to capitalize on the manifestations of nation-wide bitterness over the Peru-Ecuador boundary dispute by attacking the government for its unwillingness to reopen the issue.[3]

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3. (S) "Short-Term Prospects for Ecuador," SNIE 95-59, 8 Dec 59.

Foreign Missions

Various foreign missions have often spent many years in Ecuador as technical advisers and instructors to the armed forces. The first was a Chilean mission which arrived in 1900 by invitation of President Alfaro, who was keenly interested in the progress and technical training of the army. The Chilean mission followed German ideas and training methods. After World War I France operated an air mission in Ecuador, but a multitude of air accidents caused the government to cancel the contract after 1 year.[4]

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4. Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on foreign and US missions in Latin America, ca. 1954, 4, 5; (S) ODCSOPS, "Chronology of Pertinent Authority for U.S. Military Missions," Tabs A and B; Linke, Ecuador, 164; Edwin Lieuwen, Arms and Politics in Latin America (New York, 1960), 32, 33.

The Italians were by far the most influential in Ecuadoran military circles. Italy operated an air mission in Ecuador from 1937 to 1939 and, more important, a ground mission between 1922 and 1940. The Italians founded an aviation school and a school for military engineering, introduced various technical advances in the ground forces, and invited Ecuadoran army officers to attend Italian military schools. Thus on the eve of World War II nearly all officers of the Ecuadoran General Staff were Italian-oriented in training and sympathies.

Although the Germans were forbidden by the Versailles Treaty to operate military missions, they achieved an effective penetration of Ecuadoran society. They operated the civilian airlines, and many schools and news agencies in Ecuador were operated by German citizens.

Since World War II the US has operated all military missions to Ecuador. Relations with the three Ecuadoran services have been extremely cordial. In its training programs the US has emphasized the training of senior officers, who frequently attend schools in the Canal Zone and the US. Under the provisions of an agreement signed on 29 June 1944, the US Army operates for an indefinite period a mission at Quito with seven officers and three enlisted men. The purpose of this mission is to cooperate with the Ecuadoran military

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establishment in improving the efficiency of the army and equipping and training the MAP battalion.

On 12 December 1940 a mission contract was signed by the US with Ecuador for a US Air Force mission to assist in the establishment of operational techniques and maintenance facilities that would standardize the Ecuadoran Air Force along the lines of the US Air Force. The mission, with a strength of six officers and eight airmen, was extended for an indefinite period by notes of 10 May and 23 May 1955.

The US Naval mission in Ecuador dates from an agreement signed on 12 December 1940. The mission was later extended indefinitely by notes of 30 August and 6 December 1954.[5]

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5. (S) ASD/ISA, "Ecuador," Briefing Book, Office, Reg Dir Western Hemisphere; (U) Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on US missions in Latin America, ca. 1957.

Military Aid to Ecuador

Although Ecuador imported most of its pre-World War II military equipment from Europe, the US licensed the exportation of $218,888 worth of munitions for shipment to Ecuador between 6 November 1935 and 30 June 1940.

On May 1941 Ecuador was declared eligible for aid under the Lend-Lease Act and on 6 April 1942 signed a lend-lease agreement with the US. During the 9 years this program remained in effect, Ecuador received $7,794,772, all but $561,747 of this sum before 2 September 1945. Aircraft ($1.9 million), vehicles ($2.2 million) and vessels ($.9 million) were the major categories of equipment received under lend-lease. Ninety-nine per cent of the postwar total was appropriated for equipment in the vehicle category. By a payment made on 12 February 1951, Ecuador paid off the small balance outstanding on the part of its lend-lease account incurred under the terms of the lend-lease agreement of 6 April 1942.

On 26 December 1945 Ecuador became eligible to receive military equipment from the US military establishment under the Surplus Property Act. As of 31 October 1948 it had received $3,666,000 worth of aid under the terms of this act.[6]

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6. World Peace Foundation, Documents on American Foreign Relations July 1939-June 1940 (Jones and Myers, ed, Boston, 1940), II 840; US House, "Thirty-second Report to Congress on Lend-Lease Operations" (House Doc. No. 227, 82d Cong, 1st sess; Washington, 1951), App I(b); (TS) Table, "Current Foreign Military Aid Programs," Encl to memo, JMAC to SecA, SecNav, and SecAF, 9 Nov 48.

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US Military Assistance 1949-1960

US military assistance to Ecuador between 1949 and 30 June 1959 totaled $23.4 million: $1.5 million in cash and credit purchases of military equipment; $18.5 million in US military grant aid; and $3.4 million in military equipment granted from excess stocks of the US military departments.

Under the terms of the Mutual Defense Assistance Act of 1949 and the Mutual Security Act of 1951 Ecuador has been allowed to purchase, for cash and on credit, military equipment from the US. Through 30 June 1959 these purchases totaled $1,536,000--$1,299,000 worth of it actually delivered. This represents 0.85 per cent of the total purchases of military equipment from the US by all Latin American countries during this period.[7]

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7. (S) State Dept, "Military Assistance and Latin America" Special Paper A-7-10, 20 Sep 57, 6, 7, 22; (S) OSD (ASD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, 255.

On 20 February 1952 Ecuador and the US signed a bilateral military assistance agreement enabling Ecuador to receive direct grants of equipment and other assistance under the Military Assistance Program (MAP). From 1952 to 1959 Ecuador received $18.5 million worth of military aid through MAP, approximately 5.5 per cent of the Latin American total. As of 30 June 1959, $13.4 million of this total has been expended by Ecuador. Cumulative through 30 June 1960 this military grant aid was estimated to include: $4,167,000 for aircraft, including 16 F80C's and 4 T-33's; $2,661,000 for vehicles; $1,179,000 for ammunition; $2,180,000 for training; and $1,096,000 for packing and transportation. MAP military aid proposed for FY 1961 for Ecuador totals $3,006,000, including $1,310,000 for training, $657,000 for spare parts, and $500,000 for vehicles.

Ecuador also received $3.4 million worth of military equipment between 1953 and 1959 from the excess stocks of the US military departments. This amount, not chargeable to MAP, represented approximately 5 per cent of the total excess stock grants to Latin America.[8]

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8. (S) CSD, "MSP: 1961 " 244; (C) ICA, "U.S. External Assistance," 16 Mar 60, 63.

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Non-US Military Purchases

Ecuador continued to purchase military equipment from other than US sources during the years of mutual assistance. Between 1949 and July 1955 it purchased among other things: 12 jet fighter-bombers, 6 jet bombers, and 2 destroyers from the UK for $8,592,000; 6 patrol boats from West Germany for $380,000; and 64 half-ton trucks from Yugoslavia. An inventory of arms and equipment of the Ecuadoran army in 1959 revealed 24 artillery pieces from Italy and 4 from Germany compared to 64 from the US. Since World War II Ecuador has purchased at least five times more military equipment (in dollar value) from the UK than from the US.[9]

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9. (C) Dept of State, "An Evaluation of Latin American Armament Expenditures," Int Rpt No. 6986, 14 Sep 55, App, Table I; (S) Ecuador Briefing Book.

US Economic Aid to Ecuador

During the period 1946 to 1959, Ecuador received $55.3 million from the US in economic aid. Of this total $16.3 million was obligated through the International Cooperation Administration under the Mutual Security Program; another $22,000,000 was in the form of long-term loans from the Export-Import Bank. The $55.3 million represents 1.5 per cent of the total US economic aid to Latin America for this period.[10]

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10. (C) ICA, "U.S. External Assistance," 16 Mar 60, 63, 54.

Ecuadoran Armed Forces

The administrations of the last two presidents have proved again how dependent on the army is the survival of the national government. Always a potent factor in Ecuadoran politics, the army has been content of late to remain an autonomous institution in the body politic, receiving a stable share of the national budget. The last administrations have made it clear, however, that the president must respect the autonomous position of the army. Even a popular figure like Ibarra was unable to change the situation. His attempt to purge the army of disloyal elements who were blocking his reforms almost cost him the presidency in 1954. Ponce, the present chief executive, has had to rely heavily on the army for support in domestic crises. The following figures show the percentage of the national budget allotted to the military from 1949 to 1955:

(In Millions of US Dollars)

	Total National Budget	Defense Budget	Defense % of Total
1949	$36	$ 6	16.7
1950	30	6	20.0
1951	33	6	18.2
1952	27	6	22.2
1953	42	8	19.0
1954	48	10	20.8
1955	51	15	29.4

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These figures reveal that although Ecuador's military budget doubled in 6 years, the percentage this represented of the total budget remained relatively constant until 1955. This last figure can probably be explained by the extraordinarily heavy capital outlay for the purchase of 2 escort destroyers and 12 jet fighter bombers from the UK in 1955. It is important to read these figures for internal comparisons only; the limited definition of total national budget used in this chart disqualifies it for comparison with the following chart:

(In Millions of US Dollars)

	Total National Budget	Defense Budget	Defense % of Total
1956	$102	$15.7	15.4
1957	101	15.7	15.5
1958	104.6	15.8	15.1
1959	unknown	15.5	16.5

The Hispanic American Report Published the 1960 Ecuadoran budget figures revealing a total budget of $100 million, 16 per cent of which was allotted to the military.[11]

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11. (C) Dept of State, Int Rpt No. 6986, App, Table I; (S) Ecuador Briefing Book; (S) OSD "MSP: 1961," 244; Stanford University, Hispanic American Report, XII (Jan 59), 71.

The Ecuadoran armed forces numbered 21,224 in 1959, distributed as follows: 13,000 army, 2,210 navy, 1,104 air force, and 5,000 police. The army's equipment is a heterogeneous collection of European arms, supplemented by US equipment, most of which is obsolete and virtually useless except for the US items. The army lacks trained technical personnel, and, consequently, equipment maintenance is poor. Its heavy equipment includes: 41 light tanks (US); 12 65mm mounted howitzers (Italian); 8 75mm howitzers (US and German); 24 105mm howitzers (US); 22 mortars of various size (US); and 48 AA guns of various sizes (US and Italian).

Ecuador's navy is very small and the lack of technical training renders its combat effectiveness practically nil. It is incapable of effectively patrolling its territorial waters, particularly the Galapagos Islands. Its largest vessels are 1 US frigate, 2 Hunt class escort destroyers purchased from the UK, and 12 patrol boats purchased from Germany in 1954.

The air force of Ecuador has a total aircraft strength of 57: 1 jet fighter squadron, 1 fighter bomber squadron, 1 jet bomber squadron; and transport and training squadrons. The air force's tactical capability is extremely low, and its strategic air capabilities are negligible because of the limited number of aircraft.[12]

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12. (S) Ecuador Briefing Book; Jane's Fighting Ships 1959-1960 (London, 1959), 162, 163.

MAP

By terms of the 1952 defense agreement, in which Ecuador pledged cooperation with the US in the defense of the Western Hemisphere, Ecuador accepted the primary missions of defense of its coastal sea communications, its military bases, ports, communication nets and other essential facilities, and the protection of inter-American maritime routes. In FY 1960 the US was assisting Ecuador in the support of 1 engineer combat battalion, 1 naval vessel, and 2 air squadrons. The Ecuadoran troops in this support program numbered 1,492 in FY 1960, approximately 5 per cent of the country's total armed forces.[13]

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13. (S) OSD, "MSP: 1961," 244; ASD/ISA, Office, Reg Dir Western Hemisphere, "Mutual Security Forces: Strength of MAP-Supported Units," MS table.

Arms Rivalry

Ecuador's long-standing hostility towards Peru has made it extremely sensitive to any strengthening of the Peruvian armed forces. The purchase of small arms and ammunition from Argentina and the order for 12 patrol craft from Germany in 1954 was a result of the Ecuadoran Navy's fear of possible Peruvan aggression. Ecuador had developed close ties with Colombia, Chile, and Argentina, and in so doing it has reversed its stand against regional blocs.[14]

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14. (S) Ecuador Briefing Book; Linke, Ecuador, 161.

Disarmament

Ecuador claims credit for preceding both Chile and Peru in supporting arms limitation since it proposed the agenda item on this subject scheduled to be discussed at the eleventh Inter-American Conference to be held at Quito in 1960. President Ponce has promised that Ecuador would support strengthening the Inter-American Peace Committee and would also suggest the creation of an Inter-American Court of Justice to apply norms of law and redress grievances in Latin American disputes.[15]

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15. (C) Dept of State, "Latin American Efforts to Limit Armaments," Intelligence Rpt No. 8194, 15 Jan 60, 4.

GUATEMALA

Historical Outline

Guatemala today is the most populous country of Central America but only the third largest in area (Nicaragua and Honduras are both larger). The present population is estimated to be 3,700,000; the area is 42,042 square miles, or a little larger than that of Kentucky. The heart of the country is formed by the temperate highlands that cover its central half. Most of the inhabitants live in this region of fertile valleys enclosed by mountains. Over 60 per cent of the population is Indian, descendants of the Mayas, constituting by far the largest Indian component of any Central American state; most of the remainder is mestizo. The literacy rate of the country is 28 per cent. Guatemala has recently undergone social and political turmoil, including several years under a Communist-oriented regime, in the process of trying to adjust to the conditions of the modern world.[1]

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1. The information in this section comes from the following sources: Ronald M. Schneider, Communism in Guatemala: 1944-1954 (New York, 1959); (S) OSD (ASD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, facing, 249.

Although Guatemala broke her ties with Spain in 1821, she did not emerge as a fully fledged nation on the international scene until almost 2 decades later. As a colony she was the principal province of the captaincy general of the same name, which included as its other provinces the present Mexican state of Chiapas and the other Central American republics of today except Panama. The captaincy general made the break with the mother country as a unit, and almost immediately sought a foster mother in Mexico, which was being built by Iturbide into his short-lived empire. After Iturbide's fall in 1823, Chiapas stayed with Mexico, but the rest of the former captaincy general broke away, elected a constituent assembly, and established an independent government called The United Provinces of Central America. This was a federal government, under which each of the component provinces had its own state government. The federation lasted formally until 1 February 1839, but it had begun to disintegrate as early as 1835.

The failure of the federation may be attributed to two principal causes. There was the political ineptitude of the inexperienced theorists and soldiers who filled its offices; for example, in an effort to end the abuses of the old Spanish system of taxation the new government abolished so many sources of revenue without replacing them that it ensured its own bankruptcy. And there were the sharp differences between Conservative and Liberals, the two parties into which the politically conscious Central Americans were divided. The Conservatives, whose views were especially prevalent among the aristocracy and the clergy, wanted a strong central government, controlled by the upper strata of society. They contended that such a government was essential because the population was too ignorant, heterogeneous, and inexperienced in public affairs for democracy to work and because division of power between federal and state governments would foster sectionalism and rebellion. On the other hand the more doctrinaire Liberals, who were found particularly among the creole and mestizo professional men and others below the most privileged group in colonial times, regarded a strong central government as tyranny and argued that local governments, besides making possible a better defense of liberty, were actually necessitated by the dispersion and heterogeneity of the population. By the end of the 1820's the Liberals were convinced that the location of the federal capital in Guatemala City, the capital of the most powerful state in the federation, exposed the federal

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government to a serious risk of domination by Guatemala. Led by the Honduran Francisco Morazan, the Liberals of the ther states marched on Guatemala City, forced out the incumbent federal president, held an election in which Morazan was chosen president (he was inaugurated in September 1830), and moved the federal capital to San Salvador. But these heroic measures were in vain; for, as has been noted, the federation began coming apart a few years later.

One of the strangest figures in Guatemalan history came on the scene as the federation collapsed. This was Rafael Carrera, who was to dominate the affairs of his state from the late 1830's until his death in 1865. Still, his achievements indicate he possessed a considerable degree of native intelligence and the authentic charism of the natural-born leader. Carrera rose to power at the head of a horde of Indians among whom the Conservatives had fomented rebellion against the Liberal state government. The Indians had been told that Liberal measures such as those for trial by jury and civil marriage were an attack on the Catholic religion, whose officials the Indians believed to be their defenders. An act of God in the form of a cholera epidemic aided the efforts of the Conservatives; for when the government sent physicians and medicines among the Indians with a view to curbing the disease, the terrified and suspicious primitives thought the object was to poison them. Hailed by his followers as the "son of God," Carrera entered Guatemala City in triumph in April 1838. The president fled for his life, and a Conservative regime was installed. The Liberal legislation was repealed, including the law permitting civil marriage and various other anticlerical measures. Abolished tithes were re-established and monasteries restored. The Jesuits, who had been expelled, were allowed to return.

From this time until his death Carrera was the paladin of Conservatism, though he did not become president until December 1844, and voluntarily relinquished the office from 1850 to 1852. Despotic and fanatical, he put his personal impress upon the whole period, marking it as a time of absolutism and reaction like few others in the history of American states. The more extreme members of the clergy announced that he had come to power under a commission from the Virgin Mary, but his bigotry was so unrestrained as to make him a dubious ally of religion. Yet the picture is not entirely black from a broad Guatemalan point of view. His few apologists assert that though he associated with the aristocrats and was relied upon by them for support, he always distrusted them as hostile to the common people, and he is credited with achieving a substantial reduction in the public debt during his rule. Moreover, he was a consistent and stanch defender of Guatemalan nationalism. Looking upon the old federalism as an impossible dream under existing conditions, he refused to tolerate efforts by El Salvador, Nicaragua, and Honduras to revive it. And he took an active though not a leading part in the Central American campaign to rid the area of the American filibuster William Walker. His death deprived the Conservatives of their greatest leader of the century.[2]

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2. Chester L. Jones, Guatemala, Past and Present (Minneapolis, 1940), chap. 4 and note 19, chap. 4; Dana Gardner Munro, The Latin American Republics: A History (2d ed., New York, 1950), 456.

Carrera was followed by Vicente Cerna, who was hand-picked by the old dictator before he died and approved by a general assembly. Four years later Cerna was chosen again by a similar body; but the tide of revolt, already running for 2 years by this time, in another two years swept him from office, and with him the Conservatives and their works. The capital was occupied in 1871 by a victorious army led by

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the Liberals Miguel Garcia Granados and Justo Rufino Barrios. Garcia Granados assumed the presidency but had little desire to serve. He called elections in the spring of 1873, and his friend Barrios, who had already served for a time as acting president, was elected. Barrios was formally inaugurated on 4 June 1873.

In this manner Guatemala's greatest Liberal leader of the century and the most popular of its national heroes came to power. Like Carrera in force of character and gifts of leadership, he contrasted sharply with the Conservative dictator in most other ways. The son of well-to-do parents, he had pursued legal training long enough to become a notary, but had subsequently engaged in farming and ranching on his family's property before joining the revolution against Cerna. After he came to power he was described by critics as cold, sullen, unreliable, brusque, unconventional, grasping, iron-willed, and of unmeasured ambition; his defenders, however, assert that he was highly attractive personally, modest in dress, sober of habit, sanguine of temperament but alive to facts, indefatigably energetic, and loyal to his friends.

Barrios was convinced that the Church had been the major factor in the downfall of the earlier Liberal movement and in Carrera's long rule. He determined, therefore, to remove it from control over public affairs, at the same time insisting that his reform movement meant no ill to the religion inherited by the Guatemalan people from their fathers. In anticlerical moves carried through before his election as president, he had the Jesuits expelled again, and also the archbishop and bishops, whom he accused of complicity in reactionary movements. Tithes were again suppressed, the property of certain religious societies was confiscated, and monasteries were abolished and their properties nationalized. A few years later clerics were forbidden to be teachers, civil marriage was made obligatory, and church and state declared separate. Yet after the more liberal Leo XIII succeeded Pius IX in 1878, a new concordat was worked out between Barrios' government and the Holy Sec.

Equally active in other matters, Barrios pursued a program of internal reforms and progressive measures that make his period of control stand out, in the opinion of at least one scholar (from the perspective of ca. 1940), as the most brilliant and constructive in Guatemalan history. He overhauled the system of local government. He gave enthusiastic support to education, creating a ministry of public instruction, founding a normal school and six superior schools, seeking to set up free popular schools requiring universal attendance by children from 6 to 14 years of age, supporting a school of arts and trades and a military academy, and bringing the university under state influence. He established road taxes payable in work, and started building roads to the highlands and the Atlantic to provide the improved means of communication badly needed by the country. Under him the first steps toward a national ministry of agriculture were taken, and notable advances in finance were made.

Only in regard to the Indian population, which still constitutes over 60 per cent of the population of the country, did his optimism fail him. Believing that the future of Guatemala depended upon European immigration, he regarded the Indians as an inferior race to be exploited, though he sought to draw them to the ladino (non-Indian) standards of life and lent his support to plans for giving them common schools. But he made only minor efforts to modify the forced labor to which the Indians were subject, for he felt that this labor was essential to the success of his efforts to bring about agricultural advances.

In foreign affairs Barrios settled a long-standing boundary dispute with Mexico, and, like Carrera, he intervened occasionally in

the affairs of neighboring states in behalf of governments of his own political persuasion. Unlike Carrera, however, he developed a plan for uniting Central America. He believed such a union would eliminate the political disorders of the area, and he was encouraged by favorable responses to the idea from some of the other states. But there were also charges that Barrios only wanted to extend his dictatorship to all of Central America. In reply he protested that he was tired of public life and desirous of retiring even from the presidency of Guatemala. Nevertheless, spurred apparently by various disturbances in 1884 of the kind he wanted to end, he issued a decree on 28 February 1885 creating the union of Central America and proclaiming himself the supreme military chief. Most of the other states of the area announced that they were opposed to imposition of the union by force, though some again indicated hospitablity to the idea otherwise. Mexico informed Barrios that she would take any necessary steps in her own interests if Barrios pursued his plan. The US sent vessels to the coast of Central America to protect American interests. Undeterred, Barrios set out at the head of his army. The campaign was very short. On 2 April, in an attack at Chalcuapa, El Salvador, the great leader received a mortal wound; and with his death the union movement collapsed.[3]

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3. Jones, chap. 5; John Francis Bannon and Peter Masten Dunne, Latin America: An Historical Survey (rev. ed., Milwaukee, 1958), 535-536.

Between the death of Barrios and mid-1944, which has been called the end of the ancien regime in Guatemala, all the presidents were Liberals. There were 11 of them, but 3 presidents accounted for 42 of the 59 years involved. These 3 were Jose Maria Reyna Barrios, nephew of the great Barrios (7 years), Manuel Estrada Cabrera (22 years), and General Jorge Ubico y Castaneda (13 years). Reyna Barrios was chosen in an unusually free election in 1891, after the presidency had passed smoothly to Rufino Barrios' first designate and from him, upon his soon-tendered resignation, to a president chosen by a convention and assigned a 6-year term. After a disputed election in 1897, Reyna Barrios seized control by coup d'etat and had his term extended, but he was assassinated early in 1898. The succession passed without incident to his first designate, Manuel Estrada Cabrera. Though Estrada Cabrera went through the formality of an election every 6 years, he ruled as a dictator until 1920, when he was forced out by a combination of explosive political pressures within Guatemala and the US attitude that it was highly desirable for the constitution to be observed and for political arrests to cease. There followed a decade in which six men held the presidency before General Ubico, after being duly elected, took office in February 1931 and succeeded in establishing another long dictatorship, in which he was regularly "re-elected." He was forced to resign on 1 July 1944.[4]

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4. Jones, chap. 6; Schneider, 1.

During the more than half a century thus summarized there was little effective interplay of ideas and social forces, with the inevitable result that the political, as well as the social and economic, development of Guatemala was adversely affected.

The nearest thing to a social revolution prior to 1944 had occurred under Rufino Barrios, when the Conservative party, with its base in the aristocracy and clergy, was defeated--permanently, as it turned out. Barrios stripped the Catholic Church of its privileged status and much of its political influence, as we have seen. Moreover,

his promotion of the growing of coffee as a money crop to take the place of indigo and cochineal had far-reaching effects on Guatemala's economy and the bases of political power within the state. Changes in the system of landholding and labor accompanied the development of coffee growing. The result was that the best land soon ended up in the hands of large coffee growers, or finqueros, who thus had good reason to favor the Liberals. To furnish the necessary labor for the fincas, a wage system was evolved that was successful in inducing enough Indians to leave their highland villages for the purpose. But the majority of such Indians came from the families that had, because of misfortune or indolence, sold their share of the old communal holdings, for in most cases only dire necessity would impel the Indian to give up his way of life and become a part of the money economy. In 1934 Ubico abolished the wage contract system and replaced it with a series of vagrancy laws that compelled the Indians who cultivated less than a required amount of land to hire out as laborers for at least 150 days each year. Incidental to this system was a requirement that each affected Indian carry a labor card. These cards became a hated symbol of the Ubico dictatorship, and were abolished after Ubico's overthrow.

By the turn of the century the old party lines had become blurred. This process was helped along by the activities of the United Fruit Company, which began banana raising and exporting in Guatemala in 1906 and soon made bananas second only to coffee in importance to the Guatemalan economy. Under Ubico, coffee and bananas accounted for about 90 per cent of Guatemalan exports, with coffee about 5 times as important as bananas. The result was that, though the bulk of the population still continued in 1944 to be composed of subsistence farmers, most of whom lived in essentially Indian communities cut off from the main stream of national life, the state was run by, and largely for a small group of large landowners allied with the officer corps of the army and backed by the representatives of foreign corporations and the hierarchy of the Catholic Church. About 2 per cent of the total number of landowners held title to more than 60 per cent of the cultivated area of Guatemala whereas two-thirds of all landowners held, together, only 10 per cent of the farm land. A small but growing middle class consisting of business men, professional people, and office employees had little influence, and the embryonic urban proletariat was almost a political cypher.[5]

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5. Schneider, 2-6; Munro, 461-462.

The New Guatemala and Communism

The overthrow of General Ubico in mid-1944 set in motion a train of events leading to a genuine social revolution. After a general strike had paralyzed Guatemala City, Ubico handed over the reins of government on 1 July to three generals, led by Federico Ponce Valdez. When Ponce showed signs of desiring to be another Ubico, the middle-class professional men and intellectuals of the capital city joined with young army officers in plotting against the generals. Many of the young officers had become aware of Guatemala's need for reform as a result of wartime training in the US. Captured lend-lease equipment figured in the victory of the rebels, which came in October. Order was preserved by a junta until elections could be held. Dr. Juan Arevalo, a left-of-center intellectual was chosen president. The new government at once began passing reform measures designed to expand education, protect organized labor, and promote social welfare, industrialization, and agrarian reform. In political reform the key objective was transformation of the armed forces into supporters of the social revolution, with at the same time restricted political power.

Civic and social responsibility was taught the young officers, and emphasis was placed on professionalism. Pay and benefits of both officers and men were substantially increased, the armed forces were increased in size, and military installations were modernized.

Two factions now developed within the army--a leftist group and a moderate-conservative group. Each was headed by an officer who had played a leading role in the 1944 revolution: the leftist group by Colonel Jacobo Arbenz, who had become Minister of Defense in Arevalo's government; the moderate-conservatives by Col Francisco Javier Arana, the new chief of staff of the army. Arana's assassination in 1949 left the way clear for Arbenz's succession to the presidency in the election of 1950. Among the followers of Arana who fled into exile after their leader's death was Colonel Carlos Castillo Armas.

The Arbenz administration veered decidedly leftward. More easily duped than his fellow officers, Arbenz permitted the energetic Communist minority to make rapid gains toward taking over the social revolution. Their influence grew steadily within his government, within the working class, which they planned to arm, and among the Indian conscripts, whom they hoped to win over with gifts of land. The army leaders, though generally unresponsive to Communist overtures, did nothing to halt this process. Rather naively unaware of the magnitude of the increasing Communist threat within the country, they adopted a neutral attitude in politics. But the land-reform schemes of the Arbenz government could hardly arouse their enthusiasm, for they came from the middle and upper social ranks, where belief in the sanctity of private property was firmly held.

The attitude of the armed forces was crucial in the crisis of June 1954. The crisis arose from the arrival of a shipment of Soviet-loc arms in Guatemala. To counter the Soviet move, the US sent armaments to Guatemala's neighbors, and these armaments (it is alleged) quickly found their way into the hands of Colonel Castillo and his fellow exiles. When Castillo's "liberation army" crossed the border from Honduras, the Guatemalan Army could have driven it back. Instead, it reached a compromise with Castillo and ousted Arbenz and the Communists.

It has been suggested by an able student of Latin American affairs that the course of communism in Guatemala need not have been what it was--that US policy contributed directly to the buildup of Communist strength in the second half of Arevalo's 6-year term as president and under his successor, Arbenz. The Reds could have been deprived of any special appeal, it is argued, by expert diplomacy and quiet support for a regime of the democratic left. Such a policy could have been carried out by one of the State Department's good career men in the Latin American field or by the type of inspired "amateur" diplomacy practiced by Dwight Morrow with highly beneficial results in Mexico in the late 1920's. But the policy adopted, with an inexpert and inexperienced though well-meaning political appointee as ambassador in the crucial years from October 1948 to March 1951, was one of swinging in all directions at "communism" with the Big Stick. The consequence was that the Communists were allowed to monopolize social and economic reforms and could assert with considerable justification that opposition to communism was opposition to much-needed reforms; for the US even went so far as to characterize the reforms themselves as Communistic. By the time Arbenz became president, the argument continues, it was impossible for him to stay in power and have a reform program without Communist support. Since he proved to be dangerously weak and inept while the Communists became increasingly stronger, by 1953 or 1954 a US policy aimed at his overthrow seemed clearly justified. Still, even at this late date it was not necessary, according to the argument, to muster the whole mechanism of the inter-American system, to help the rebels with arms, and to build up a

tremendous propaganda campaign in order to carry out such a policy. The Reds were not strong in the army--a fact well known at the time--and had poor prospects of widening their influence in the officer corps. Under these circumstances, emergency measures were not imperative. Quiet support of the democratic forces in the army and elsewhere in the country might very well have led to the overthrow of the Arbenz regime by the Guatemalan people. There was an excellent chance of this, it is asserted, even though no one can prove that it would have happened. In any case, the argument concludes, the Big Stick tactics actually used left a bad heritage in Latin America, in addition to which communism is, if anything, generally stronger than before.

Castillo Armas and his men entered Guatemala City on 3 July. Castillo became president, serving on a provisional basis until a specially convened general assembly legalized his position before the end of the year. The agrarian law of the Arbenz administration was annulled, but the government replaced it with a plan claimed to be superior. Under the Arbenz legislation the state retained title to the land, which was expropriated from private individuals and corporations, notably the United Fruit Company; moreover, it was charged, the plots distributed were too small to be satisfactory economic units. Castillo returned all expropriated land to its former owners but received donations from individuals and the cession of a large tract from the United Fruit Company, in addition to land already owned by the government or acquired in new purchases for his program. The plots distributed were made large enough to be economic agricultural units, and provision was made for title to pass to the tiller after a trial period. Castillo's land-reform program was signed into law in February 1956. This and other measures of the new administration, including the injection of almost $90 million, mostly from the US, into the economy, began by the middle of 1957 to produce unprecedented prosperity. Unemployment was on the decline, investments had increased, roads and buildings were multiplying in the countryside, and foreign technicians were working for the improvement of agricultural techniques. Then, on the night of 27 July, Castillo was assassinated by a member of the presidential guards.

The vice president took charge of the government pending the choice of a new president in general elections. These took place in October, but were protested as fraudulent by the partisans of Miguel Ydigoras Fuentes. The provisional president resigned and a military junta took charge, invalidated the elections, and scheduled new ones for 19 January. Emerging from these elections with a plurality, Ydigoras was chosen president by the Congress. He took office on 2 March 1958.

The support for Ydigoras came primarily from the landowners and members of the upper middle class, and he was pictured by many as a dictatorial type. His background included service as a career army officer until 1944 and certain subsequent diplomatic missions. He left Guatemala after the anti-Ubico revolution of 1944 but returned in 1950 to run for president against Arbenz. After Arbenz's victory he again left the country. Castillo appointed him ambassador to Colombia. Since taking office as president he has asserted his complete dedication to democracy, and a trip to the US was made to try to disarm doubts on that score. On 6 December 1959 he won a congressional majority, which should make it easier for him to cope with the country's problems.[6]

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6. Schneider, Communism in Guatemala, 9, 10; Edwin Lieuwen, Army and Politics in Latin America (New York, 1960), 91-94, 137; Herbert L. Matthews, "Diplomatic Relations," in H.L. Matthews, ed., The United States and Latin America (New York, 1959), 161-164;

John D. Martz, Central America: The Crisis and the Challenge (Chapel Hill, 1959), 76-79; US House, "Report of the Special Study Commission to Guatemala," (House Doc. No. 207, 85th Cong, 1st sess; Washington, 1957), 10.

Military Missions

As in cultural and economic matters, Guatemala had been dependent on European countries or the US for guidance and assistance in developing her defense establishment. One of the principal ways in which such help has been provided has been through military missions sent to Guatemala by the more advanced nations. Since Guatemala has no navy, these missions have only been concerned with the Guatemalan ground and air forces.

The earliest ground missions in Guatemala were European. Information concerning them is scanty, but it is known that Spain, Germany, and Austria all sent missions prior to 1918 and that France had such a mission in the country from 1918 to 1924. Only the Spanish mission, which was in charge of Guatemala's national military academy from 1873 to 1922, achieved any significant result; it accomplished the complete indoctrination of the Guatemalan Army in Spanish military theory[7]

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7. (S) Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on foreign and US missions in Latin America, ca. 1954, 5, 10, and Tab A.

The first ground mission from the US arrived in 1930. It consisted of two officers, sent under the provisions of Public Law No. 247, 69th Congress, approved 19 May 1926. General Ubico, who became president the next year and ruled the country as a dictator until 1944, placed the two officers in charge of the national military academy. Some years later the mission was reduced to one officer, but he continued as director of the academy. After Ubico's forced resignation the US negotiated a new agreement with the Arevalo government under the same law. In accordance with this new agreement, which was signed on 21 May 1945 to cover a period of 4 years and renewed for a similar period in 1949, the US has maintained an Army mission of from 3 to 5 officers and 1 or 2 enlisted men in Guatemala. Although the agreement under which the mission operates expired in 1953, Guatemala has continued to fulfill her obligations under it, and as of February 1957 protracted negotiations toward a new agreement were still in progress.

The purpose of this Army mission is to enhance the efficiency of the Guatemalan Army. To this end its members cooperate with the Guatemalan Minister of Defense and the personnel of the Guatemalan Army, serving particularly as advisers to the general staff of the army and the directors of the various military schools. An additional duty devolved upon the mission as a result of the bilateral military assistance agreement between the US and Guatemala, signed on 18 June 1955, and the secret military plan subsidiary to this agreement. With ratification of the agreement the following October Guatemala committed herself to raise and contribute one infantry battalion for hemispheric defense. The US undertook, under the agreement, to assist in the equipping and training of this battalion, called in this respect a MAP (Military Assistance Program) battalion. In Guatemala MAAG functions

are performed by the personnel of the Army mission, the chief of which bears also the title Chief, MAAG, Guatemala, though no personnel are assigned to the MAAG as such. The MAP battalion's mission is to contribute to the defense of the Western Hemisphere through: (a) defense of military bases, ports, communication nets and other essential facilities; defense of areas of strategic importance, and (b) assisting the US in executing the tasks set forth in the bilateral military plans and such other tasks as may be mutually acceptable.[8]

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12. (S) ODCSOPS, "Chronology of Pertinent Authority for U.S. Military Missions," Tab B; (S) ASD/ISA, "Guatemala," Briefing Book, Office, Reg. Dir Western Hemisphere; (S) OSD, "MSP: 1961," 251.

The earliest air missions sent to Guatemala were also European. Again the available information is meager, but it indicates that both France and Italy had air missions in the country between the two World Wars and that a Frenchman served as director of the Guatemalan military aviation school until July 1944. A few months later Ubico fell, and the succeeding Arevalo regime signed an agreement with the US on 21 February 1945 under which the US maintains in Guatemala an air mission of 2 officers and 3 enlisted men. The original agreement, covering a period of 4 years, was renewed in 1949 for an additional 4 years by an exchange of diplomatic notes. In February 1953, by a further exchange of notes, this agreement was considered extended until replaced by a new contract. As of July 1956 negotiations were in progress for a new contract to run for an indefinite period.[13]

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13. (S) Dept of State, Doc on foreign and US missions in LA, 5, 6; (TS) Annex to App, SANACC 360/11, 22 Nov 48; (S) Guatemala Briefing Book.

US Military Assistance

During the period from 6 November 1935 to 30 June 1940, the total in munitions licensed to Guatemala by the US amounted to $222,094.77. Of this total $10,150 was spent during calendar year 1939 for US aircraft parts.

Under the Lend-Lease Act Guatemala received defense aid totaling $3,086,029. This sum was distributed among the following categories in the amounts indicated: ordnance and ordnance stores, $731,993; aircraft and aeronautical material, $1,754,759; tanks and other vehicles, $372,894; vessels and other watercraft, none; miscellaneous military equipment, $184,825; services and expenses, $41,556.

Surplus Property Act aid went to Guatemala between 1945 and 1948 under an authorization dated 26 December 1945. The total program authorized amounted to $2,375,000, and $2,057,000 worth of material had actually been received by Guatemala as of December 1948.[14]

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14. World Peace Foundation, Documents on American Foreign Relations July 1939-June 1940 (Jones and Myers, ed, Boston, 1940), II, 839, 842; US House, "Thirty-second Report to Congress on Lend-Lease Operations" (House Doc. No. 227, 82d Cong, 1st sess; Washington, 1951), App I (b); (TS) Table, "Current Foreign Military Aid Programs," Encl to memo, JMAC to SecA, SecNav, and SecAF, 9 Nov 48.

Guatemala received no military aid under MDAA or MSA(MAP) until FY 1956, following her signing a bilateral military assistance agreement with the US in June 1955. As of 30 June 1959 the US had programed $0.9 million under MAP for Guatemala, and $0.8 million of this had been expended. No aid from excess stocks was received during this period. For FY 1960 an additional $0.7 million has been programed, of which it is estimated that $0.4 million worth of material will have been delivered by 30 June 1960. These sums, chargeable to appropriations, are shown for Guatemala by year in the following table:

(In Millions of US Dollars)

	MAP Expenditure
1956	$0.4
1957	0.2
1958	0.1
1959	0.1
1960	0.4
Total	$1.2

Figures in the table are rounded

(Plus $1000 worth of excess stocks in FY 1960)

Of this MAP total expected to be expended in behalf of Guatemala by the end of FY 1960, $89,000 is accounted for by credit financing of Guatemala's MAP battalion, which numbers 561 men. Training has been much the largest single expenditure item, accounting for $560,000--more than half the over-all total. The other expenditure categories are the following: $268,000 for trucks (1/4-, 3/4-, and 2 1/2-ton), weapons (81-mm. mortars, 75-mm. rifles, .30- and .50-caliber machine guns, and US .30-caliber rifles), components, and spares; $206,000 for ammunition for the foregoing weapons, plus 6,000 grenades; $54,000 for electronics and communications equipment; $31,000 for packing, handling, and crating; $8,000 for spare parts; and $31,000 for "other material." This MAP aid to Guatemala constituted only a very small part of the total such aid to Latin America, being only 0.5 per cent.[15]

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15. (S) OSD, "MSP: 1961," 249-251; (C) ICA, "U.S. External Assistance," 16 Mar 60, 54; (C) ASD/ISA, Office, Reg Dir Western Hemisphere, "Mutual Security Forces: Strength of MAP-Supported Units," MS table.

Guatemala's purchases of military materiel from the US through FY 1959 amounted to $631,000 (of which $532,000 worth was delivered). This too was only a tiny part of the figure for Latin America as a whole, being only 0.34 per cent. These purchases were on behalf of the non-MAP-assisted portion of the Guatemalan defense establishment. The 561-man MAP battalion constitutes approximately 6 per cent, a minor fraction of the total strength of the Guatemalan armed forces, which is 9,203. The ground forces number 9,000, distributed between 2 regiments (6 battalions); the remaining 203 are in the air force, which is an integral part of the army. As of the end of FY 1957 approximately three-fifths of Guatemala's military purchases in the US had been for the army and the remainder for the air force. Ground-forces materiel purchased from the US includes 18 60-mm. mortars, 4 105-mm. howitzers, 16 37-mm. AT guns, 8 57-mm. recoilless rifles, 4 M3A1 light tanks, 6 Marmon Harringtons, and 12 M8 armored cars. All the aircraft in the Guatemalan Air Force at present are of US types. Though it is known that some of these planes were purchased

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from the US, complete information is not available. (It may be said, however, that Guatemala seems to have depended on US types of military aircraft since some years before World War II; a survey by the US Government in 1938 revealed no foreign aircraft in Guatemala at that time, and this was again found to be the case in 1944.) In mid-1958 the Guatemalan Air Force had 39 planes, including 10 F-51 fighters, 11 transports of various types, and 18 miscellaneous training craft. As of September 1959 the over-all total was reported to be 52, including 19 fighters.[16]

16. (S) OSD, "MSP: 1961," 218, 250, 251; (S) Guatemala Briefing Book; (C) ASD/ISA, "MSF Strength"; (S) Dept of State, Spec Paper A-7-10, 22.

Economic Aid

Economic aid may have an effect on the budgetary allocations of the recipient country, including the allocation for defense, by easing the need for allocations to nondefense activities; it is pertinent therefore to consider economic aid to Guatemala in connection with the foregoing information on military aid. Figures are conveniently available showing such aid since World War II. Prior to the inauguration of MSP, Guatemala received economic aid under the Institute of Inter-American Affairs (under MSP after 1951), Technical Assistance (under MSP after 1951), and the Inter-American Highway program, the last continuing to the present. Other non-MSP aid has been received concurrently with MSP aid: an Export-Import Bank long-term loan of $1.2 million in 1956, and under Public Law 480 (which governs the overseas disposition of surplus US agricultural products) a total of $4.4 million from 1954 to 30 June 1959. The total of both MSP and non-MSP economic aid received from the US by Guatemala from fiscal 1946 to 30 June 1959 is $104.1 million. This total was distributed by year as shown in the following table:

(In Millions of US Dollars)

	Total Economic Aid to Guatemala
1946	$ 0.8
1947	1.0
1948	1.7
1949	2.9
1950	1.7
1951	0.7
1952	1.1
1953	0.2
1954	0.2
1955	10.1
1956	34.4
1957	19.1
1958	17.5
1959	11.8
Total	$104.1

Figures in the table are rounded

Economic aid to Guatemala as shown in the table amounts to only 2.95 per cent of the total such aid to Latin America as a whole during the same period.[17]

17. ICA, "U.S. External Assistance," 54, 65.

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Non-US Armament Purchases

The other principal way in which foreign countries have contributed to the buildup of Guatemala's defense establishment has been in providing armaments, for Guatemala has no munitions industry of its own. The terms on which these armaments have been furnished range from cash or credit sales (as in the case of European suppliers, and also the US) to outright grants (from the US only). Until quite recently, European terms of sale were usually more favorable than those available from the US. The variety of countries from which Guatemala obtained arms and equipment between the World Wars resulted in a multifarious assortment that, though perhaps colorful, was contemplated by US military experts with a jaundiced eye. It has been pointed out that the 129 artillery pieces possessed by the country prior to World War II included 9 different calibers. Since then considerable headway has been made toward standardization with US types. The chief increment of non-US arms in recent years came in the shipment purchased by Arbenz from Poland in 1954, which precipitated the events leading to his ouster. According to US Army intelligence sources, "this large quantity of German World War II types gave Guatemala an adequate supply of small arms and infantry howitzers." In late 1959, again according to US Army intelligence sources, German artillery items in the inventory of Guatemalan arms and equipment consisted of 99 80-mm. mortars and 24 37-mm. AT guns. The only other non-US artillery item in the same inventory was 7 20-mm. AA Oerlikon guns of Swiss make. (When these Swiss guns were acquired is not clear; it is noted, however, that State Department information indicates the purchase by Guatemala in July 1953 of 12 20-mm. guns from Sweden. The same State Department information also indicates that 2,000 tons of ammunition was purchased by Guatemala from Poland for $5 million cash in July 1955--presumably for use with the arms purchased in 1954.[18]

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18. (S) Dept of State, Spec Paper A-7-10, 10; (C) MS, Army Industrial College, (OCMH files) seminar on "Implications of Export of Munitions to Other American Republics," 21 Dec 44, AM sess, 19; (S) Guatemala Briefing Book; (C) Dept of State, "An Evaluation of Latin American Armament Expenditures," Int Rpt No. 6986, 14 Sep 55, App, Table 5.

The foregoing figures on US military and economic aid to Guatemala may be studied in relation to Guatemala's over-all and defense budgets for most of the years since the enactment of MDAA in 1949. Estimates for FY's 1949 through 1955, the last year before the beginning of MAP aid to Guatemala, indicate that though the absolute annual amount budgeted for defense increased a little toward the end of the period, the ratio between this amount and the total governmental budget actually decreased slightly. The figures follow:

Table 1

(In Millions of US Dollars)

	Total National Budget	Defense Budget	Defense % of Total
1949	$45	$5	11.1
1950	42	5	11.9
1951	45	5	11.1
1952	60	6	10.0
1953	65	6	9.2
1954	73	7	9.6
1955	67	7	10.4

Similar figures are not available for FY 1956. And for FY's 1957 through 1960, two different sources must be used. These sources overlap on FY 1958 and fail to agree by approximately $13 million in the amounts shown for the total national budget, though they are close together for the defense-budget figure; therefore, the information for FY's 1957 through 1960 will be presented in two separate tables, one for each of the two sources. In this way, despite the discrepancy mentioned, a reasonably good indication is given regarding the trend of Guatemalan defense spending in relation to the total national budget since the beginning of MAP aid. The tables follow:

Table II

(1 quetzal to the dollar)

	Total National Budget	Defense Budget	Defense % of Total
1956	n.a	n.a.	n.a.
1957	$122,500,000	$ 8,934,000	7.3
1958	134,751,000	9,331,000	6.9

Table III

(1 quetzal to the dollar)

1958	$122,000,000	$10,000,000	8.2	Dollar
1959	116,000,000	10,000,000	8.6	figures
1960	115,000,000	10,000,000	8.7 [19]	are
				rounded

These tables indicate a further small increase in the absolute dollar figure budgeted for defense each year and a further net decline since FY 1955 in the ratio between the defense figure and the total budget for the entire government. They also show that after 1955, at the same time the defense budget was increasing only slightly, the total budget increased sharply. The obvious inference is that the great bulk of the additional funds went for nondefense purposes. It also is apparent that a large part of these additional funds was not derived directly from US aid.

US military observers consider Guatemala capable of providing local protection and defense of its territory against limited attack from outside forces but only the most elementary capability for surveillance of coastal waters.

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19. Table 1 is from (C) Dept of State, Int Rpt No. 6986, App, Table I; Table 2 is from (S) Guatemala Briefing Book; Table 3 is from (S) OSD, "MSP: 1961," facing, 249.

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HAITI

Historical Outline

The first country to gain its independence in Latin America, and the second oldest nation in the Western Hemisphere (after the United States), Haiti is also the smallest of all the American Republics and the only Negro one. Occupying the western third of the Caribbean island of Hispaniola (formerly Santo Domingo), the second largest of the Antilles, Haiti shares a common border with the Dominican Republic. Its territory covers an area of only 10,700 square miles, about the size of New Jersey, and 75 per cent of this is dominated by mountains, while the rest is coastal plains. Owing to its tropical location and terrain features, the climate is generally hot and semiarid. Since less than a third of the total area is arable, even with irrigation, the amount of cultivable land is limited to three-fifths of an acre per person.[1]

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1. The material in this section, unless other wise noted, comes from the following sources: M.R. Martin and G.H. Lovett, An Encyclopedia of Latin-American History (New York, 1956); Dana Munro, The Latin American Republics, (2nd ed, New York, 1950); Preston E. James, Latin America, (3d ed, New York, 1959); Selden Rodman, Haiti: The Black Republic (New York, 1954); (C) US Embassy Haiti (OSD/ISA files), "Country Team Analysis," CA 9586, 2 Jul 59; (S) ASD/ISA, "Haiti," Briefing Book, Office, Reg Dir Western Hemisphere.

The present population is 3,424,000, according to UN estimates of 1958, which gives Haiti the heaviest population density in the Western Hemisphere (320 per square mile). At least 95 per cent of the inhabitants are of pure Negro stock, the bulk of them constituting a rural peasantry. The remaining 5 per cent, who are mulattoes concentrated mainly in the south, form the political, economic, and social elite of the country. The fact that French is the official language, and a form of provincial French dialect, the local Creole patois, is the popular venacular spoken by the majority, makes Haiti the only French-speaking nation in the Western Hemisphere. In Haiti the state religion is Roman Catholicism and is supported by state funds. Although Roman Catholicism is predominant in Haiti, there exists a strong underlying element of Voodoo cultism in the country, especially in the hinterlands. The literacy rate is 10 per cent, the lowest in the Western Hemisphere.

The salient socio-economic fact about Haiti is poverty. The economy is based primarily on agriculture, and more than 80 per cent of the population depends on subsistence farming. Average annual per-capita income in recent years has been approximately $75, the lowest in the Western Hemisphere. The principal export product is the famous Haitian wild-grown coffee, followed by sisal, cotton, and sugar. Substantial mineral resources exist but are largely undeveloped. Exports range between $30 million and $40 million annually and have not been enough in the last few years to cover payments for basic imports. The Government's budgets, even when pared to an austerity minimum, must be deficit-financed from outside by grants and loans (from the US) in order to forestall balance-of-payments crises and collapse of the economy. The estimated total gross national product for 1959 was approximately $250 million, a significant decline from the high of about $300 million in 1956.

The way of living today remains essentially African, with only a superficial veneer of French cultural traits. Although political

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consciousness among the masses is practically nonexistent, there is a strong sense of ethnic self-identity and national pride. A fundamental tradition of individuality and personal freedom, reflected in a tendency to cling to traditional values and established ways and to resist change, characterizes the Haitian ethos. Basically, it is the prevailing attitude of apathy toward enterprise and progress generally that is the greatest obstacle to much-needed modernization of the picturesque but anachronistic patterns and institutions of Haiti's social, economic, and political life. For the present, at least, the unsophisticated masses are politically inert and manifest little elan to improve their lot.

Thus, in so many regards, Haiti is truly unique among all the diverse nations of the Western Hemisphere. A brief examination of the origins of this uniqueness and the historical course of events that shaped it can provide a measure of insight into the depth and scope of the contemporary problems confronting modern Haiti.

For some time after the discovery of Hispaniola by Columbus in 1492, the western side of the island, although a Spanish possession, was off the main course of Spain's colonizing interest in the New World, and it accordingly attracted relatively little immigration or development. In this backwash of the Spanish overseas empire, the first settlers to establish themselves in numbers were French immigrants. The Spaniards, unable to drive them out, eventually recognized French claims of sovereignty over the area, and in 1697 Spain formally ceded the territory corresponding roughly to modern Haiti to France. The new French colony became officially known as Sainte Domingue.

Under French rule, importation of Negro slaves from Africa, which had been begun by the Spaniards, was progressively stepped up in pace. A vast, highly organized plantation system, based on the exploitation of slave labor, rapidly arose until Sainte Domingue soon attained the status of one of the world's richest colonies, famous for its wealth and the great profit it brought to France. In the process of developing it into an economically successful colonial enterprise, however, an explosive social situation was created. By the end of the eighteenth century Negro slaves overwhelmingly outnumbered the whites, by some 520,000 to 29,000. But the most dangerous element was the colored freedman, many of them black, the majority of mixed blood. It was especially the hostility of the mulattoes, resenting the humiliating regulations and discriminations imposed by the whites who hated and feared their growing influence, that posed an ever-increasing threat to the tenuous control by which the incumbent French minority maintained its authority.

The explosive situation erupted in 1790. Caught in the ferment of liberal political doctrines and social theories unleased by the French Revolution of 1789, the Haitians launched a series of revolts in an effort to apply literally and realize in practice some of these democratic ideals for themselves. Insurrections by mulattoes and freedmen broke out, followed by widespread rebellions by Negro slaves. After more than a decade of bitter fighting, destruction, and massacre, the Haitians were able to wrest control from the local French authorities and to successfully resist all efforts to reimpose white rule. The heroes of the revot were the Negroes, Toussaint L'Ouverture, who organized and led much of the early resistance and died as a French prisoner, and Jean-Jaques Dessalines, who achieved final victory and saw the last of the French evacuate the country toward the end of 1803. On 1 January 1804, Dessalines proclaimed the independence of the western portion of Hispaniola, calling it the Republic of Haiti after the Indian world meaning "mountainous." In the same year Dessalines had himself declared emperor and ruled as a

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despot until his assassination in 1806. Thereupon the country was split into two states, the northern State of Haiti dominated by Negroes and ruled by King Henri Cristophe, and the southern Republic of Haiti, dominated by mulattoes and ruled by President Alexandre Petoin. In 1820 after Cristophe committed suicide, the southern Republic, under Petoin's successor, Jean Pierre Boyer, occupied the north and ruled over a unified Haiti. Then 2 years later Boyer succeeded in conquering the eastern portion of Hispaniola after the colonists there had thrown off Spanish rule. The Haitians retained control over the entire island until 1844, when the Spanish section once again arose and gained its freedom from Haitian domination, organizing itself as the independent state of the Dominican Republic.

The period of independence in Haiti witnessed slow general deterioration, marked by chronic turbulence and civil strife. From 1844 to the First World War twenty-two presidents governed the country, each administration varying only in degree of irresponsibility, opportunism, corruption, and incompetence. Political consciousness remained at the primitive level, and, except for violent rivalries among the small elite factions contending for power, no popular base for the processes and forms of government was permitted to develop. Instead, a tradition of government by personal rule evolved. Concomitant with political degeneration, throughout the nineteenth century the country experienced gradual economic and social retrogression, resulting in profound changes in the relation of the people to the land. The breakdown of the elaborate systems of irrigation built up by the French, because of the lack of an effective and constructively interested central authority, made most of the rich lowlands unproductive for purposes of commercial cultivation and uninhabitable for an agricultural people. Simultaneously, reversion from the efficient and highly organized plantation system of the coastal plains to smallhold subsistence farming throughout the mountainous interior decentralized the population into a peasantry of self-sufficient local units, which a lack of communications, owing to abandonment of the system of roads laid out by the French, further isolated from each other. In this situation, the military by default came to be the traditional dominant political force, assuming a role of political arbiter when not exercising political power itself directly, and always protecting its own vested institutional interests. Internal instability, both political and economic, eventually reached a chaotic state. After 1908 there was such a rapid succession of presidents that together they are referred to as the "Ephemeral Governments." Unrest became especially acute from 1911 to 1915, and the US finally intervened to restore order.

The American occupation lasted from 1915 to 1934, arousing considerable opposition from the Haitians during the early years and never proving very popular, despite certain apparent and substantial accomplishments. The circumstances that brought active US intervention were partly internal and partly external. Continual disorder had reduced the country to anarchy, and administrative inefficiency had involved Haiti in serious complications with foreign governments. Between 1911 and 1915, French, German, and British, as well as American, armed forces had repeatedly been landed to protect the life and property of their respective nationals because Haitian authority failed to exercise the functions of government effectively. Thus, in the strategic context of World War I, Haiti's critical internal situation was deemed a vulnerability in the defensive posture of the US in the Caribbean area, inasmuch as it posed an open invitation for European interference. But the immediate cause for the US's taking direct action was the danger of foreign creditor nations exploiting the excuse of defaulted debts as an opportunity to seize control of Haiti's finances and revenues, on the grounds that the Haitian treasury was demonstrably incapable of meeting the country's foreign

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and domestic obligations. Accordingly, a force of US Marines landed on 28 July 1915 and took possession of Port-au-Prince, the capitol of Haiti.

Under the protection of American troops, the Haitian Congress was persuaded to elect a new president, one who had been approved by the US and who had beforehand agreed to accede to US wishes. A treaty was signed on 16 September 1915 that provided, among other things, for appointment of a US General Receiver of Customs and a US financial adviser with full powers to control the financial administration of the Republic, and for a constabulary officered by US Marines to assume the maintenance of order. Meanwhile other detachments of Marines had been landed at several points, and on the basis of the treaty a technical state of military occupation was immediately established throughout Haiti. Later, this treaty, which was originally to remain in force for a period of 10 years, was extended to 20 years. US control over the country was further consolidated by two subsequent agreements; one providing that the US legation be consulted before any matter of law was introduced before the Congress; the other giving the US financial adviser the power of veto over all expenditures.

The first years of the occupation were troubled ones. A new constitution, largely devised by officials in Washington, went into effect in 1918, but only after the Haitian President was prevailed upon to dissolve the uncooperative Congress, with the support of the American-run constabulary, and have the constitution adopted by plebiscite. At the same time the abuses and high-handed methods of the constabulary officers provoked bitter hostility among the peasants. The result was a serious rebellion lasting 2 years and costing 2,000 lives before it was finally suppressed by US Marines. Gradually the active antagonism to the US occupation subsided. And under American guidance impressive material progress was achieved. Sound finances and a measure of political tranquility were restored, and important improvements in transportation, sanitation, and health were made. Nevertheless, the unpopular occupations engendered deep seated resentment toward the US among the Haitians, latent residues of which still linger today, and sympathetically evoked ill-feeling throughout Latin America.

Under President Hoover, the US began to consider ending the occupation, and steps were taken to plan for an orderly termination. The occupation formally ended in 1931, and many administrative functions were turned over to Haitian officials at that time. But the military occupation actually continued, in order to train native officers for the constabulary, until August 1934, when all US Marine forces were withdrawn. In the same year the US General Receiver of Customs and the financial adviser were replaced by an American "Fiscal Representative" with somewhat more restricted powers. He remained until 1941. Certain financial matters, however, such as supervision of governmental loan services, were retained under US control even after that.

One of the most important long-range effects of the US occupation was the increased effectiveness, organization, and prestige of the constabulary (the Haitian army). This served to institutionalize the already traditional role of the military as the determinant political force in internal affairs. Representing the only centralized power structure within Haiti, compared to the relatively amorphous civil authority, the army has held this position since. On four occasions it asserted itself and assumed the responsibilities of government.

A new constitution to replace the one of 1918 had been adopted in 1935 under President Vincent, followed by another that was approved in 1950. Shortly after Dr. Francois Duvalier, a Negro, was elected President on 22 September 1957, the present constitution was promulgated (22 December 1957). Duvalier, currently the incumbent, gives

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only lip service to constitutional methods. Despite being strongly opposed by the mulatto elite, by labor in the capital city, and by some elements in the army, his regime nevertheless has been able to maintain order. While Duvalier retains a certain popular support among the Negro lower classes, he is sustained primarily by the terror inspired by his secret police and armed civilian militia. In the event of his death or incapacity--and he suffered a heart attack in February 1959--the precarious internal political stability of Haiti is expected to be thrown into chaos, inasmuch as there is no clear successor.

In international affairs Haiti is generally pro-US and supports the OAS. There is relatively little Communist activity or influence evident; the Communists and allied political parties were outlawed or disbanded in 1948 and 1950. Relations with Haiti's neighbor and traditional enemy, the Dominican Republic, are marked by chronic suspicion and friction. The worst incident in modern times, which almost brought the two countries to war, was the massacre of several thousand Haitian migratory workers by Dominican troops in October 1937. Fortunately, through the intercession of other American republics a conflict was averted, and the Dominican Republic agreed to pay Haiti an indemnity of $750,000. In 1949 and 1950 Haiti formally appealed to the good offices of the OAS to mediate and resolve tensions with the Dominican Republic. Relations between the two, however, still remain sensitive.[2]

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2. US Sen, "United States-Latin American Relations" (Study by Corp for Eco and Ind Research for the Cmte on For Rel, 86th Cong, 2d sess; Washington, 1960), 28.

Haiti has been involved in the Castro-Trujillo feud because its location and inherent weakness make it a potential invasion route to the Dominican Republic. The Government, therefore, continues to be concerned over the danger of invasion from two sides: on the one hand, from Cuba by Cuban or Dominican exile forces en route to the Dominican Republic; on the other, from the Dominican Republic by Dominican forces trying to dislodge any Cuban landing, or as a preventive measure in anticipation of such an invasion. Moreover, there is also the possibility of Haitian exile groups attempting an assault.

Communism

Since the dissolution of the Haitian Communist party (PCH) in 1948 and the Communist-dominated Popular Socialist party (PSP) in 1950, Haitian communism has limited itself to clandestine activities. The strongly anti-Communist orientation of the Magloire administration (1950-1956) and the political apathy of the Haitian masses has prevented the growth of an effective underground movement. There are probably no more than 40 active Communists in Haiti. As in many other countries, the Communists' numbers bear little relation to their power. In Haiti suspected leftists are often given political or diplomatic posts principally because qualified individuals are in short supply. Moreover, several important political factions contain former PCH and PSP members. Of these the Haitian Democratic Alliance, which directs its appeal to the upper class, is probably the most influential. The Communist Workers' Movement, organized in July 1957, has been described by US intelligence sources as the most dangerous organizational attempt yet by Communists in Haiti since it provides for the first time--a proletarian base in that country for the Communists.

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3. (S) Haiti Briefing Book; US Sen, "United States-Latin American Relations" (Study by Corp for Eco and Ind Research for the Cmte on For Rel, 86th Cong, 2d sess; Washington, 1960), 21.

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Military Missions

Since the occupation of Haiti by US Marines (1915-1934), the US has encountered no competition from other nations in the training of Haiti's armed forces. As part of its purpose of establishing a stable, responsible government and safeguarding the reforms instituted in Haiti, the US deemed it necessary to reorganize the Haitian armed forces, which were chiefly responsible for the previously prevailing chaos. Accordingly, the marines trained a 3,000 man volunteer constabulary to replace the old army of 6,000 men. When US forces withdrew in 1934, the marines turned over their control of the constabulary to Haitian professionals. It was hoped that the new force would confine its functions to maintaining order--to act as servant rather than master of the state.

In 1949 the US resumed its training activities in Haiti. An air force mission was authorized on 4 January 1949 and extended indefinitely in 1957. It has sought: to construct a suitable international airport; to achieve a troop-to-aircraft manning ratio of 10:1 and a pilot-to-cockpit ratio of at least 1:1; to standarize and modernize aircraft equipment; and to set up an effective and continuous training program for the Haitian Air Corps.

The US Navy established a training mission in Haiti on 14 April 1949. The mission's primary purpose, to advise and train the small Haitian Coast Guard, was expanded in December 1958 to include the reorganization and training of the Haitian Army. The personnel of the naval mission has been greatly increased for this purpose. It now contains in addition to its naval personnel more than thirty officers and enlisted men of the US Marine Corps.[4]

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4. Edwin Lieuwen, Arms and Politics in Latin America (New York, 1960), 179-180; (C) Haiti, "Country Team Analysis"; (S) Haiti Briefing Book.

Military Assistance for Haiti 1936-1948

Although prior to World War II Haiti procured much of its military equipment from European sources, the US did license the export of $143,015 worth of military equipment to Haiti between 6 November 1935 and 30 June 1940.

On 6 May 1941 Haiti was declared eligible for aid under the Lend-Lease Act and on 16 September 1941 signed a lend-lease agreement with the US. From 1941 to 1952, Haiti received lend-lease assistance to the value of $1,423,147, all but $5,488 of this assistance before 2 September 1945. Aircraft ($350,123), vehicles ($146,346), and miscellaneous military equipment ($644,669) were the major categories of equipment received under lend-lease. Haiti liquidated the balance outstanding on the part of its lend-lease account incurred under the terms of the Lend-Lease Agreement of 1941 on 3 March 1948.

The US military establishment was authorized on 26 December 1945 under the terms of the Surplus Property Act to grant military aid to Haiti. As of 31 October 1948 Haiti had received $210,000 worth of aid under this act. On 3 June 1948 Haiti was authorized to receive additional aid from the US under Public Resolution 83. By 31 October 1948 this aid totaled $166,000.[5]

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5. World Peace Foundation, Documents on American Foreign Relations July 1939-June 1940, (Jones and Myers, ed, Boston, 1940), II, 840; (TS) Table, "Current Foreign Military Aid Programs," Encl to memo, JMAC to SecA, SecNav, and SecAF, 9 Nov 48; US House, "Thirty-Second Report to Congress on Lend-Lease Operations" (House Doc. No. 277, 82d Cong, 1st sess; Washington, 1951), App I (b).

US Military Assistance 1949-1960

US military assistance to Haiti between 1949 and 30 June 1959 totaled $1,868,000. The major items of this aid were the following:

1) Cash and credit purchases. Haiti has been allowed to purchase military equipment from the US for cash and credit under the terms of the Mutual Defense Assistance Act of 1949 and the Mutual Security Act of 1951. Through 30 June 1959 these purchases totaled $168,000--$103,000 worth of it actually delivered.

2) Military aid grants. Haiti and the US signed a bilateral military assistance agreement on 28 January 1955. This agreement made Haiti eligible for direct grants of equipment and other assistance under the Military Assistance Program (MAP). From 1956 to 1959 Haiti received $1.6 million in military aid through MAP, approximately 0.62 per cent of the Latin American MAP total. As of 30 June 1959 $1.4 million of this total had been expended by Haiti. Military grant aid for FY 1960 is estimated at $729,000. Cumulative through 30 June 1960 this aid was estimated to include: $1.4 million for coast guard patrol boats; $117,000 for training; and $96,000 for packing and transportation. Military aid proposed for Haiti in FY 1961 totals $371,000 including $191,000 for training, $60,000 for patrol boats, and $36,000 for spare parts.

3) Grants from excess stocks. Haiti also received $100,000 worth of military equipment between 1946 and 1959 from the excess stocks of the US military departments. This equipment is not chargeable to MAP.[6]

6. (C) ICA, "U.S. External Assistance," 16 Mar 60, 54, 66; (S) OSD (OSD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, 218, 253-255.

Non-US Military Purchases

A 1959 inventory of the Haitian armed forces revealed that all major equipment is from US sources. A large number of small arms and automatic weapons, however, have been imported by Haiti from Belgium, France, and Italy.[7]

7. (S) Haiti Briefing Book; (C) Dept of State, "An Evaluation of Latin American Armament Expenditures," Int Rpt No. 6986, 14 Sep 55, App, Table I.

Economic Aid

During the period 1946-1959 Haiti received $64,800,000 from the US in economic aid (as opposed to $1,868,000 in military aid), almost 2 per cent of the total US economic aid to Latin America. Of this

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total $23.9 million was obligated by the International Cooperation Administration under the Mutual Security Program; another $27 million was in the form of long-term loans from the Export-Import Bank. Because of the extremely marginal and increasingly precarious nature of the Haitian economy, economic assistance was urgently needed to reduce the imminent threat of economic collapse and political chaos. Moreover, the inability of the Haitian Government to finance even minimum development projects required outside capital to provide the base for long-range economic growth that might eventually ameliorate conditions.[8]

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8. (C) ICA, "U.S. External Assistance," 16 Mar 60,66; (S) OSD (ASD/ISA files), "Mutual Security Program: Fiscal Year 1960 Estimates, Latin America," 19 Feb 59, 141-143.

Haitian Armed Forces

As a result of their training by US Marines the Haitian military emerged from the occupation a unified, disciplined force, determined to protect their political and material interests. The momentum of reforms made during the US occupation enabled the civilians to retain power until 1946. Gradually the Negro army moved toward recapture of its pre-eminent position in politics. In this it has been supported by the Negro masses, who have been increasingly aroused by the failure of the mulatto leadership to improve the people's lot, by increasing evidence of graft, by inefficiency and mismanagement in high places, and by the progressive undoing of the economic and political reforms of the occupation era. Since 1946 the army, in particular the army's elite palace guard, has installed and dismissed presidents at will. It has become the only real political power in Haiti.[9]

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9. Lieuwen, Arms and Politics, 180-181; (C) Haiti, "Country Team Analysis".

The amount Haiti appropriates for its military departments has remained relatively stable in the post-war years, as the following charts reveal.

Chart I

In Millions of US Dollars

	Total National Budget	Defense Budget	Defense % of Total
1949	$19	3	15.8
1950	22	3	13.6
1951	24	4	16.7
1952	26	4	15.4
1953	28	5	17.9
1954	26	5	19.2
1955	28	5	17.9

It is important to read these figures for internal comparison only; the limited definition of total national budget used in this chart disqualified it for comparisons with the following charts.

Chart II

In Millions of US Dollars

1955	34.7	5.1	14.7
1956	25.6	5.0	19.6
1957	27.8	5.0	17.8

Chart III

In Millions of US Dollars

1958	39	6.0	15.4
1959	39	7.0	17.9

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10. Chart I: (C) Dept of State, "An Evaluation of Latin American Armament Expenditures," Int Rpt No. 6986, 14 Sep 55, App, Table I.
Chart II: (S) Haiti Briefing Book. The 1955 budget represents total expanditures; the 1956-1957 are estimates.
Chart III: (S) OSD (OSD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, 254.

It is important to note that the Haitian budgetary law contains two provisions which give the government considerable leeway in raising expenditures during the course of the year without reference to the national budget.

The Haitian armed forces numbered 5,137 in 1959, distributed as follows: 4,700 army, 278 coast guard, and 159 air force. Qualifications for the Haitian armed forces are exceptionally high. An enlisted man must pass a literacy test, this in a country where the literacy rate is 10 per cent. The officer must have 12 years of schooling and a 3-year course at the military academy at Ferers. The army embraces the entire armed forces; the coast guard and air force are subordinate branches. The army's equipment, all of it of US origin except for small arms, is inadequate and poorly maintained. Weapons and vehicles as of May 1959 included 12 60mm and 28 81mm mortars, 15 artillery pieces, and 9 light tanks. In November 1959 the Haitian Government announced that it had requested the US to re-equip the army.

The coast guard is equipped with approximately six small patrol vessels with which to carry out its assigned mission of maintenance of navigational aids and limited coastal patrol. The coast guard has been hampered by lack of funds, lack of skilled manpower, and local political problems.

The Haitian Air Force is equipped with 27 piston-propelled aircraft, including 4 fighters, 6 transports, and 17 trainers. The air force has no combat capability. Since it also operates Haiti's only civil airline, it emphasizes air-transport operations over tactical operations.[11]

11. (S) Haiti Briefing Book; Jane's Fighting Ships, 1959-1960 (London, 1959), 212; (S) Dept of State, "Statistical Information on Latin America Military Forces and Military Expenditures," Intelligence Info Brief No. 225, 1 Dec 59.

By terms of the defense agreement in effect since 1956 the US assists Haiti in the support of 3 coast guard vessels only. The Haitian forces supported by the MAP in 1960 numbered 100, approximately 2 per cent of the total Haitian armed forces. The official MSP appraisal of MAP accomplishments in Haiti notes that by providing equipment, training, and spare parts, the MAP has resulted in a 75 per cent increase in the relative military effectiveness of the Haitian armed forces and has enabled Haiti to develop a small modern naval force capable of ASW patrol as a contribution to hemispheric defense.

The MAAG functions in Haiti are performed by US military mission personnel assigned to the country and supported by their respective services and the host country.[12]

12. (S) OSD, "MSP: 1960, Latin America," 141-143; (S) OSD,"MSP: 1961," 253-255; (C) ASD/ISA, Office, Reg Dir Western Hemisphere, "Mutual Security Forces: Strength of MAP-Supported Units," MS table.

Arms Rivalry

Although relations between Haiti and the Dominican Republic have improved somewhat during the past several years, Haiti still fears and distrusts her traditional enemy. In fact, Haiti first made known her interest in military aid from the US shortly after the bilateral military assistance pact between the US and the Dominican Republic was signed. Although the Haitian armed forces would be incapable of protecting Haiti's border against the Dominican Republic, there has been no significant attempt to alter that situation through arms acquisition.[13]

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13. (S) Haiti Briefing Book.

Influence of US Aid

In its July 1959 analysis of the Haitian situation, the Country Team noted that with Duvalier's systematic purging of the higher ranks of the army and his integrating of the secret police into the army, no element, not even the army, would be able to control the chaos following his downfall. Yet in the same report the US Ambassador concludes: "It is my belief that if the US hopes to enhance Haiti's political and economic stability and foster US orientation within Haiti's armed forces, all current US programs in Haiti should be continued and the new air and military force objectives are necessary, not only in support of the strategic importance of Haiti to the US but also in support of the general political and economic relations between Haiti and the United States."[14]

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14. (C) Haiti, "Country Team Analysis".

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HONDURAS

Historical Outline

Honduras, with an area of 43,200 square miles (a little less than that of Pennsylvania), is one of the Central American big three in area--somewhat smaller than Nicaragua but larger than Guatemala. Its population is 1.9 million, of which about 2 out of 3 are illiterate. The country is 71 per cent rural, and 86 per cent of the rural population is mestizo. No other population center compares with the capital (Tegucigalpa), which, according to a recent figure, has 72,385 inhabitants. The bulk of the population is located in the north central part of the country, a region of highlands, mountains, and valleys. The mountains are conducive to village isolation and intense local feeling, and the lack of roads, or their impassability much of the year, further contributes to the spirit of localismo. Most Hondurans living outside the capital have never traveled more than a few miles from home. Towns develop and grow their own food staples and trade with one another. There is little knowledge of or interest in people living only a few miles away.

Honduras is, quite literally, a banana republic, for bananas are the primary export and main staple of the national economy. It is the only nation, in fact, of which this is true. Honduras fits the stereotyped notion of a banana republic in other ways too, notably in its history of political instability. The central position of the country has forced it, whether it wished to or not, to take part in nearly every international conflict that has occurred in the Isthmus; and the continual intervention of its stronger neighbors in its internal affairs, combined with factional hatred and greed for the spoils of office on the part of its own citizens, kept the republic in a state of chronic disorder until well into the twentieth century. It was recently credited with an average of about one revolution per year since it gained its independence, and in the past 136 years it has had 106 presidents.[1]

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1. Unless otherwise indicated all material for this section comes from the following sources: (S) ASD/ISA, "Honduras," Briefing Book, Office, Reg. Dir Western Hemisphere; OSD (OSD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, facing 257; John D. Martz, Central America: The Crisis and the Challenge (Chapel Hill: Univ. of N.C. Press, c. 1959), 113-114, 150-151, 158-159, 161; Dana G. Munro, The Five Republics of Central America, (David Kinley ed, New York: Oxford Univ. Press, 1918), 121; William S. Stokes, Honduras: An Area Study in Government (Madison: Univ. of Wis. Press, 1950), 329-331.

Dissensions within the country broke out soon after the authority of Spain was thrown off in 1821. The Spanish governor at Comayagua--the former capital, 35 miles west of Tegucigalpa--had already repudiated the authority of the Captain General in Guatemala. He was opposed, however, by the people of Tegucigalpa and several other towns, and his attempts to establish his supremacy were the beginning of a desultory conflict which lasted with few intermissions for a number of years. After the establishment of the federal union (more fully discussed in the historical sketch on Guatemala), Comayagua sided with the Conservatives and Tegucigalpa with the Liberals.* An army from

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*The terms Conservatives and Liberals, conventional in the literature on Honduras, are used here for convenience. It is noted, however, that a leading scholar in the Latin American field states

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that political parties have existed in Honduras only since the 1890's if such parties are to be defined as voluntary associations organized for the purpose of achieving control of government through legal procedures and having their members subordinate to the association. Up to the 1890's, he explains, Honduran political groups could be described as parties only in the loosest sense of the term; strictly defined, they were armed factions under caudillos seeking control of the government through force. See Stokes, 206-207.

Tegucigalpa, led by Francisco Morazan, played a large part in overthrowing the federal authorities in Guatemala in 1829. The triumph of this revolution, which had first broken out in El Salvador, led to the establishment of a Liberal state government in Honduras; but this fell after the disruption of the federation, when President Carrera of Guatemala aided the Conservatives to return to power (1840). From that time until the opening decades of the twentieth century, the republic was kept in a state of turmoil by a series of revolutions and civil wars, instigated and often actively participated in by Guatemala, El Salvador, or Nicaragua, and sometimes by all three.

Francisco Ferrer, supported by Carrera, held the supreme power from 1840 to 1852, first as president and then as commander in chief of the army. His successor was Trinidad Cabanas, a Liberal, who had been in office only three years when Carrera sent an army into the country to supplant him with Santos Guardiola. This ruler was assassinated in 1862. His successor, allying himself with El Salvador, became involved in a war against Guatemala and Nicaragua, and the victory of the two latter states resulted in the "election" of Jose Maria Mediana as President of Honduras. He was overthrown in 1872 by the intervention of the Liberals in Guatemala and El Salvador, who had just returned to power there. Ponciano Leiva assumed the chief magistracy in the following year, but was forced to relinquish it in 1876 by the intrigues of President Barrios of Guatemala. Marco Aurelio Soto, a man of ability and great influence, succeeded him, but he also was forced to resign in 1883 because of the hostile attitude of Barrios. He was succeeded by Luis Bogran, who held office until 1891. Ponciano Leiva, who followed Bogran, was again forced to resign in 1893 by a threatened revolution. His successor, Domingo Vasquez, was overthrown a year later as the result of a disastrous war with Nicaragua, and Policarpo Bonilla, and ardent Liberal and an ally of President Zelaya of Nicaragua, became president. After one constitutional term, he turned over his office to General Terencio Sierra. Sierra was overthrown in 1903 by Manuel Bonilla, who had started a revolution when the president made an attempt to impose on the country a successor of his own choosing.

In 1907, as the result of a quarrel between Bonilla and Zelaya, the Nicaraguan president, the latter sent an army into Honduras to aid a revolutionary movement headed by Miguel Davila. El Salvador, fearing the increase of Zelaya's influence, came to the aid of Bonilla, but was unable to prevent the complete victory of the revolution. Zelaya now threatened to attack El Salvador, and the president of that country, in league with Guatemala, prepared to support a counterrevolution in Honduras. A general Central American war would undoubtedly have followed had not the US and Mexico jointly interposed their mediation and suggested that all of the republics of the Isthmus send representatives to Washington to discuss the questions at issue between them. Thus the celebrated Washington Conference came about. One of the most important conventions adopted by the delegates of the five countries provided for the complete neutralization of Honduras and the abstention of her government from all participation in the conflicts between the other governments of the Isthmus.

The agreements at the Washington Conference had little effect for the time being on the situation in Honduras, for nearby countries encouraged and materially assisted a number of uprisings against the government of Davila during the 4 years following 1907. Until 1909 Zelaya helped his ally to suppress these, but when the Nicaraguan dictator himself fell in the year mentioned, the fate of the administration that he had protected in Honduras was sealed. Manuel Bonilla invaded the republic from the north coast in the latter part of 1910 and, after a few weeks of fighting, decisively defeated Davila's troops. When it was evident that the revolutionists were gaining the upper hand, a peace conference was arranged through the mediation of the United States, and both factions agreed to place the control of affairs provisionally in the hands of Dr. Francisco Bertrand. In the election that followed, Bonilla was made president by an almost unanimous vote. He held office until his death in 1913, when Dr. Bertrand, the vice-president, succeeded him.

Bertrand resigned in July 1915 in order to become a candidate for the 1916-1920 term. During the 6-month interval before the elections the duties of the executive office were delegated to Dr. Alberto Membreno, who discharged them with exemplary honesty, fairness, and ability, and administered the presidential elections in a relatively free fashion. Bertrand was elected and took office on 1 February 1916. As the end of his term neared, he sought by dictatorial means to determine his successor, whereupon an armed revolt drove him from the country and a council of ministers took charge. The council turned over the presidency provisionally to Francisco Bogran until a duly elected successor could be chosen. General Rafael Lopez Gutierrez emerged victorious at the polls and was inaugurated on 1 February 1920.

From this point the political institutions of Honduras, though they are even yet in a state of flux and change, moved much more rapidly toward stabilization. The beginnings of public opinion as a force in government were evident from the 1920's on, and although there were revolutions during the period, there was an increased tendency to reject revolution as a political device. It was during this period that the finishing touches were put on the organization and principles of the two leading political parties, the Liberals and the Nationals. The two parties have followed remarkably similar principles, for there is no conservative group as such in Honduras, though there are conservative elements in both the Nationals and the Liberals; since the closing decade of the nineteenth century all Honduran political parties have accepted the liberal doctrines of the French Revolution. But there is one fundamental difference between the Nationals and the Liberals. The National party has repeatedly attacked revolution and armed uprising as incompatible with the principles of democracy and therefore unjustifiable. Agreeing with the Liberal party on basic democratic ideals and the theoretical relationship of state and individual, the Nationals have insisted upon the immutable evil of antigovernment revolt. The Liberals have never felt this inhibition so strongly, and as recently as 1954 were narrowly prevented from staging a full-blown revolution. Their opponents have steadfastly maintained the principle regardless of circumstances.

The most notable instance of restraint by the National party was in the election of 1923, in which it supported Tiburcio Carias for the presidency. Carias, an experienced farmer, mathematics professor, and part-time military leader, was opposed by the Liberal Policarpo Bonillo and certain minor candidates. The election returns gave Carias a plurality but not a majority, which threw the election into the Congress for settlement. But the Liberals refused to attend sessions, thus blocking action by ensuring that a quorum was not present. In such a situation, with one man the obvious choice of the people and enjoying wide army support, the temptation to resort to revolution would have

been irresistible to most Latin American politicians. But Carias remained faithful to his campaign promises and refused to seize power. Because of the disorganization of the government and an outbreak of violence resulting from the impasse, it became necessary, nevertheless, for him to lead his military forces into action, and by April 1924 he was in control of the capital and most of the outlying regions. The US stepped in to help bring the disputing elements together, and as a result of the negotiations that followed, Carias' running mate in the election, Dr. Miguel Paz Baraona, was chosen president. Carias thereupon handed over power to Paz Baraona and supported his administration.

In 1928, again the National candidate, Carias lost a close but clear-cut decision to the Liberal candidate, Mejia Colindres. Carias was still in charge of the bulk of the Honduran military forces, but when a retabulation of the votes verified the victory of Mejia Colindres, Carias accepted the results and promised the new government his full support.

At last, in 1932 Carias won a decisive victory at the polls, the defeated opponent being the Liberal Angel Zuniga Huete. As Carias took office, a group of dissident Liberals rebelled, thus dramatizing the difference between themselves and the Nationals headed by Carias on the question of resorting to revolution. The revolting Liberals were suppressed after a series of bloody encounters.

Though elected in 1932 for a 4-year term under a constitution forbidding re-election without a gap of at least one term, Carias remained in office for the next 16 years--much the longest tenure of any Honduran president. This was made possible by the carefully legalized principle of continuismo, which was born in 1936. In that year a new constitution was promulgated by a duly elected constituent assembly, making no changes in the executive tenure sections except to provide that the incumbent executive should continue in office until 1943. In 1939 a similar action extended the tenure of the incumbent--i.e., Carias--to January 1949. This constitution of 1939 also stated that, starting in January 1949, the presidential term should be 6 years.

Among the problems confronting Carias when he took office was the internal dissension stirred up by the revolt of some of the Liberals previously referred to. Eventually he was successful in stabilizing the internal political situation without launching and reprisals against the Liberal party. All political enemies of the regime were permitted to participate actively, the only restriction being an agreement that they would refrain from revolution, conspiracy, or clandestine antigovernment activities. Despite government control of the military forces, there were rarely any repressive measures exercised against the populace.

Another of Carias' problems was a near-bankrupt treasury. He adopted a belt-tightening economy program that soon alleviated the acute monetary difficulty and balanced the budget for the first time in years, though at the expense of such unpopular measures as reduction of public servants' wages. Not until World War II were national finances again jeopardized. Honduran revenue accrues in large part from international trade, which was severely curtailed during wartime. Trade restrictions were serious enough to reduce total trade to its lowest figure in 35 years. Only after the Allied forces won their final victory was Honduras to right itself financially.

The improvement of communications was another problem--a grave one, as it still is, because of the handicaps imposed by Honduran geography. The construction of highways in that country is very difficult; passes are tortuous and elevated, when existent at all, and the clearing of the heavy forests of the central mountains is a

formidable undertaking. President Carias inaugurated a road-building program into which he poured, year after year, 10 per cent or more of the national budget. In addition, the Export-Import Bank lent Honduras $1 million in 1942 to complete construction of the Inter-American Highway, which links El Salvador and Nicaragua to Honduras. The road was soon completed, though it has not been paved. By 1945 Carias had built over one thousand miles of roads, and the impetus to improve the national road net has never been lost.

Internationally, Carias maintained good relations during his regime. His policy of abstaining from conspiratorial activities with other Central American republics contributed to regional stability. A boundary dispute with Nicaragua came up twice while he was president--and the matter is still unsettled--but on both occasions the nationalistic irritations of the two countries were eventually soothed by negotiation.

There were also negative as well as constructive aspects to Carias' administration. One of these was the stifling of legislative initiative. From 1925 to 1933 the Congress had begun for the first time to exercise independent government action. Favored by the absence of strong executive leadership, the legislative organ had operated under its own motivation and developed sufficient strength to withstand and even challenge executive policy in a responsible way. Carias soon changed this. With members of the National party dominating the Congress, the general found no difficulty in re-establishing legislative subservience to the executive, and the Congress has never really recovered from its 16 years under his thumb. Carias also kept a whip hand over the Honduran press. Though censorship at times appeared to be negligible, it always existed, and no paper publishing serious or continual criticism of the regime was likely to remain in business long.

When he finally stepped down, Carias relinquished the presidency to a friend and National party member, Juan Manuel Galvez, who, after having been duly elected, took office on 1 January 1949. Galvez had been a prominent lawyer for years and was relatively inactive in politics. His selection by Carias--in which Carias' only vice president, Abraham Williams, was bypassed--was considered an indication that the aging general had hand-picked a pliable successor to follow his orders. Those who knew Galvez were skeptical, and events were to prove him completely independent of his predecessor.

Dr. Galvez' program embraced activities in several broad interrelated categories, notably the promotion of economic growth, communications, and education. Economic growth depended to a great extent on improved communications. Galvez stepped up the budget allotment for roads to 15 per cent of the national total, and went as high as 25 per cent in 1953. Two notable improvements over Carias' road-building program were the use of funds for land surveys in advance of construction, resulting in better routes and the building of bridges over creek beds so as to make the roads passable in rainy weather. Some of the traditional isolation of rural Honduras was relieved by this program, but much yet remains to be done. The only paved highway in the country is still the one that leads from Tegucigalpa to the junction of the Inter-American Highway at Jicaro Galan. In addition to improving transportation, Galvez promoted economic growth by creating two state banks to protect and strengthen national finance. He also raised the income tax and provided for more efficient collection. The economy was further strengthened by diversification, with the dependence on bananas for foreign exchange substantially reduced. The general improvement in the country's financial position enabled it to pay off almost completely its external debt, owed mostly to Great Britain, by the end of the Galvez administration in 1954.

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In the field of education Galvez allotted about 20 per cent of the national budget annually for needed improvements, including revision of the educational system and the construction of new buildings. The literacy rate, still only an estimated 35 per cent, was even lower when he became president.

It was during Galvez' administration that the first general labor strike in Honduran history occurred. Carias had firmly repressed any moves toward the organization of labor, but it was only a matter of time before the combined elements of poverty, illiteracy, disorganization, and exploitation would generate a demand for better working and living conditions and formal organization. This time came in May 1954. The strike began more or less spontaneously among dock workers who refused to load a United Fruit Company ship preparing to depart for the US, and spread rapidly; it centered, however, in workers of the banana industry. In the absence of good organization among the workers, the situation became confused, and Honduran Communists, with help from Guatemalan Communists, succeeded in aggravating the confusion and probably prolonging the strike. Eventually the influence of the Communists was removed, but by the time the strike was settled, in July, the banana crop had perished on the stalk and the United Fruit Company and Standard Fruit had lost nearly $15 million. The strikers got substantial concessions, though not all they had originally demanded. Perhaps the most significant result of the strike was the recognition won by labor that it was a potent force in national affairs. Since 1954, however, it has been generally quiet.

The presidential campaign and elections of 1954 were acrimonious and hard fought. When Carias consented to run again on the National ticket, two dissident factions seceded and attacked the regulars. One of these factions was headed by Carias' former vice president, Abraham Williams. The Liberal candidate was Ramon Villeda Morales, who proved to be an adept campaigner. With the National vote split, Villeda won a large plurality over Carias, but not a majority. Under the constitution the determination of the winner now devolved upon the Congress, and if it failed to act within a specified time, upon the Supreme Court. Despite Villeda's large plurality of the popular vote, Carias stood a good chance of being chosen by either body. In the midst of the resulting tense situation President Galvez suffered a heart attack in mid-November and had to be flown to the Canal Zone for hospitalization. It soon became apparent that no winner was to be named, that neither the Congress nor the Court would act. Faced with the danger of revolution, Vice President Julio Lozano Diaz assumed dictatorial powers on 6 December, announcing that his purpose was to maintain order until a return to democratic government would be possible. Nearly 2 years later he was still ruling by decree when, on 21 October, he was forced out of office by a group of young democratically inclined army officers. A junta composed of three of these officers formed a provisional government until satisfactory arrangements could be made to restore constitutional government. In the fall of 1957 a constituent assembly was elected, and it chose as president of the country the Liberal leader who had received a plurality in the 1954 election, Ramon Villeda.

Villeda took office at a time of mounting national problems. The labor strike in 1954 had dealt the economy a crippling blow, and the 1955 agricultural crops had been hit by severe floods. The long period of acrimonious politics had inhibited business activities, causing among other things United Fruit and Standard Fruit to shelve plans for extensive programs worth hundreds of thousands of dollars to the government. The budgetary deficit for 1957 was $5 million. Through labor, finally organized after years without representation, was fairly quiet, Honduras was reported to be second only to Panama on the Communist

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Central American priority list. Until the country should enact labor legislation and land reform and thus develop antibodies in the body politic, it would be vulnerable to the virus of communism.

Villeda's administration has shown promise of an enlightened approach to these problems. Constitutional processes have been restored, and the government has made a sincere effort to ameliorate conditions in the country but has been hampered by budgetary limitations, lack of trained administrators, and internal political instability. Nevertheless, with the assistance of US and international organizations, an intelligent beginning has been made. The downward trend of the country's foreign exchange reserves has been reversed by a stabilization program adopted with the aid of the International Monetary Fund. A badly needed road-building program to continue the work of Carias and Galvez has been undertaken, with the Development Loan Fund and the International Bank for Reconstruction and Development collaborating in the financing of the project. Additional development projects aimed at opening up the country's rich but isolated agricultural areas have been initiated with the aid of the US. And, with the assistance of the technical cooperation program in Honduras, efforts are being made toward the further diversification of the country's agricultural production and the expansion of health and educational facilities.

Military Missions

According to available information, only one foreign military mission served in Honduras prior to establishment of a US mission in that country. This was an Italian air mission between the two World Wars, which apparently was of little consequence.

The first US military mission to Honduras was established at the end of World War II, under a treaty signed on 28 December 1945 covering 4 years. The mission consisted of 4 officers and 8 enlisted men, and its purpose was "to cooperate with the Ministry of War, the Chief of Staff of the Republic of Honduras and with the personnel of the Honduran Army, with a view to enhancing the efficiency of the Honduran Army and Air Forces." After the reorganization of the US defense establishment and the emergence of the US Air Force as a separate service, 4-year agreements were signed on 6 March 1950 for separate US Army and US Air Force missions to Honduras, the purposes of the two missions being the same as that of the original mission in 1945 except that each new mission would confine its activities to its appropriate branch of the Honduran defense establishment. Both agreements were extended by exchange of notes for an additional four years. The US is at present (April 1960) seeking new agreements, incorporating certain amendments, to run for an indefinite period. In addition to their other duties the two missions fulfill the functions of the Honduran Military Assistance Advisory Group. The bilateral military assistance agreement resulting in Military Assistance Program aid to Honduras was signed on 20 May 1954, and entered into force the same date. Under this agreement Honduras is obligated to contribute one infantry battalion to hemispheric defense, its mission being, mutatis mutandis, the same as that of the MAP battalion in Guatemala.[2]

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2. (S) Honduras Briefing Book; Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on foreign and US missions in Latin America, ca. 1954, 5 and Tab A; Info by telephone from Mr. McLean of Office of Inter-American Regional Political Affairs, Dept of State, 27 Apr 60.

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Military Assistance 1935 - 1960

Data on Honduras' acquisition of arms from the US during the past quarter of a century under various pertinent laws follow:

Between 6 November 1935 and 30 June 1940 the total trade in munitions licensed to Honduras by the US amounted to $968,376. Of this total, $287,551 was spent for aircraft (nontactical and non-strategic) and parts for such aircraft.

Under the Lend-Lease Act Honduras received defense aid from the US totaling $368,364. This sum was distributed among the following categories in the amounts indicated: ordnance and ordnance stores, $46,784; aircraft and aeronautical material, $257,371; tanks and other vehicles, $24,626; miscellaneous military equipment, $35,328; testing, reconditioning, etc., of defense articles, $2,325; services and expenses, $1,928.

Under an authorization dated 26 December 1945, Surplus Property Act aid was approved for Honduras in the amount of $220,000. None of this surplus property, however, was actually transferred to Honduras.3

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3. World Peace Foundation, Documents on American Foreign Relations July 1939-June 1940, (Jones and Myers ed, Boston, 1940), II, 839, 842; US House, "Thirty-second Report to Congress on Lend-Lease Operations" (House Doc. No. 227, 82d Cong, 1st sess; Washington, 1951), Ap I (b); (TS) Table, "Current Foreign Military Aid Programs," Incl to memo, JMAC to SecA, SecNav, and SecAF, 9 Nov 48.

Honduras received no MSP military aid until after it signed the bilateral military assistance agreement with the US, which, as previously noted, was in May 1954. As of 30 June 1959 a total of $0.8 million of grant aid chargeable to appropriations had been programed for Honduras, and all but $0.1 of this had been expended. For FY 1960, $0.3 million has been programed, and it is estimated that $0.1 of this amount will be expended during that fiscal year. In addition, the country will have received $14,000 worth of excess stocks in grant aid by 30 June 1960. MAP expenditures chargeable to appropriations are shown by year for Honduras in the following table:

(In Millions of US Dollars)4

FY	MAP Expenditure
1954	$0.3
1955	0.2
1956	0.1
1957	---
1958*	0.1
1959	0.1
Total	$0.8

(Figures in the table are rounded)

(Plus $14,000 worth of excess stocks)

*The first source cited below shows no MAP expenditure for FY 1958; the second, however, shows an estimate of $68,000, and this figure has been rounded to $0.1 million in the table.

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4. (C) ICA, "U.S. External Assistance," 16 Mar 60, 67; (S) OSD, "MSP:1961," 156; Ibid., 1961, 257-258.

These MAP expenditures in Honduras have been almost entirely for the purpose of training and equipping the nation's MAP-assisted infantry battalion, which numbers 650, approximately 13 per cent of the nation's total forces. Except for the category embracing vehicles, weapons, components, and spares, the largest expenditure item is training--$244,000, of which a portion has been programed for training Honduran Air Force personnel. Amounts allocated to the other categories of expenditure follow: $262,000 for vehicles, weapons, and components and spares; $196,000 for ammunition; $44,000 for electronics and communications equipment, components and spares; $7,000 for spare parts; $73,000 for "other material"; $1,000 for repair and rehabilitation of excess; $39,000 for packing, crating, handling, and transportation. The vehicles in question are 1/4-, 3/4-, and 2 1/2-ton trucks. The weapons are .30-caliber machine guns, 60- and 81-mm. mortars, 75-mm. rifles, .30-caliber rifles, and .30-caliber carbines. This MAP aid to Honduras constituted only 0.31 per cent of all MSP military aid to Latin America.

Honduran purchases of military materiel from the US amounted by the end of FY 1959 to $1,443,000 (of which $894,000 worth was furnished). These purchases constituted only 0.79 per cent of US military sales to Latin America as a whole during the same period. They were on behalf of the non-MAP-assisted portion of the Honduran national defense establishment. The 650-man MAP battalion is only a small part of the Honduran armed forces, which total 5,007, and are distributed as follows: ground forces, 4,600 (including 3,500 in the army and 1,100 in the civil guard); air force, 407. The army is organized into 6 battalions. As of the end of FY 1957, on the basis of dollar value, 40 per cent of Honduras' military purchases had been on behalf of the ground forces and 6.25 per cent for the air force. The remaining 43.75 per cent was expended on the navy, which no longer exists. (Jane's Fighting Ships, volumes for 1950-51 through 1956-57, shows the Honduran Navy had one vessel in the years covered--the 1,400 ton frigate Guayas, formerly the United States PF 5.) According to information on hand, military materiel purchased by Honduras from the US in addition to that furnished under MAP includes a number of 60-mm. mortars, 57- and 75-mm. recoilless rifles, 3.5-inch rocket launchers, and 75-mm. pack howitzers All 37 military aircraft possessed by the country as of mid-1958 were of US manufacture; information on where these were obtained, however, is not available, except that 9 4FU fighters were purchased from the US in 1956. The other planes included 6 additional fighters, 7 transports, 13 trainers, and 2 liaison craft. In September 1959 the total number of planes was reported to be 38.5

5. (S) OSD, "MSP: 1961," 210, 258-259; Ibid., 1957, IV-114A; (S) Honduras Briefing Book; (S) Dept of State, "Military Assistance and Latin America" Special Paper A-7-10, 20 Sep 57, 9.

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US Economic Aid

Figures on economic aid to Honduras similar to those given for Guatemala and Nicaragua are available for such light as they shed, in conjunction with the foregoing information concerning military aid, on the background of the nation's budget. Since World War II but prior to the inauguration of MSP, Honduras has received economic aid under the Institute of Inter-American Affairs (continued under MSP after 1951), Technical Assistance (continued under MSP after 1951), and the Inter-American Highway Program. It also received a loan of $0.1 million in 1948 to purchase US surplus property. Other non-MSP aid has been received concurrently with MSP aid: Export-Import Bank long-term loans in 1957, 1958, and 1959 totaling $3.5 million, and a total of $2.4 million under Public Law 480 (i.e., US surplus agricultural products). The total of both MSP and non-MSP economic aid received by Honduras from the US from fiscal 1946 to 30 June 1959 is $30.2 million. This total was distributed by year as shown in the following table:

(In Millions of US Dollars)[6]

FY	Total Economic Aid to Honduras
1946	$ 0.3
1947	0.6
1948	0.3
1949	0.2
1950	0.1
1951	0.2
1952	0.8
1953	0.7
1954	1.1
1955	2.0
1956	2.7
1957	8.2
1958	8.9
1959	4.5
Total	$30.2

(Figures in the table are rounded)

The total economic aid to Honduras, as shown in the table, constituted 0.85 per cent of all economic aid to Latin America during the same period.

6. (C) ICA, "U.S. External Assistance," 16 Mar 60, 54, 67.

Armament Purchases

Though European countries have engaged in an insignificant amount of military-mission activity in Honduras, they have contributed to the development of the Honduran armed forces by making military materiel available on terms often more favorable than the US has offered until recently. Like Guatemala and Nicaragua, Honduras still has a quantity of such materiel, including a number of French 81-mm. mortars and two 20-mm. antiaircraft guns of Danish make. Some rifle parts were purchased from Czechoslovakia in the 1950's.[7]

7. (S) Dept of State, Spec Paper A-7-10, 10; (S) Honduras Briefing Book.

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Defense Budget

Although Honduras has enjoyed civilian government for a considerable period, the army exercises a dominating influence in any administration. It recognizes itself as the ultimate defender of the Constitution and reserves the right to depose any government that, in its opinion, violates the supreme law of the land. Thus in 1957 it forced the resignation of Doctor Julio Lozano, after he had proclaimed himself Chief of State with dictatorial powers. Although the army permitted a civilian to succeed Lozano, it issued a manifiesto, dated 21 September 1957, to the Honduran people on the eve of the elections, which warned clearly that the army would not tolerate any loss of its privileges.

The provision made for the armed forces in the Honduran budget is indicated in the following tables:

Table 1 (2 lempiras to the dollar)

(In Millions of US Dollars)

FY	Total National Budget	Defense Budget	Defense % of Total
	Prior to MAP Aid		
1949	$20	$4	20.0
1950	20	3	15.0
1951	25	4	16.0
1952	14	2	14.3
1953	17	2	11.8
	Since MAP Aid Began		
1954	$32	$3	9.4
1955	28	3	10.7

(Dollar figures are rounded)

Table 2 (2 lempiras to the dollar)

FY	Total National Budget	Defense Budget	Defense % of Total
1955	$38,163,679	$3,400,000	9.0
1956*	38,950,000	3,233,739	8.3
1957	43,435,000	4,572,715	10.5

*In 1956 the fiscal year became the same as the calendar year; previously, it ended on 30 June.

Table 3 (2 lempiras to the dollar)

(In Millions of US Dollars)

FY	Total National Budget	Defense Budget	Defense % of Total
1957	$39	$5	12.8
1958	38	5	13.2
1959	43	5	11.6 8

(FY ending 31 December)

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8. Table 1 is from (C) Dept of State, "An Evaluation of Latin American Armament Expenditures," Int Rpt No. 6986, 14 Sep 55, App, Table I;

Table 2 is from (S) Honduras Briefing Book;

Table 3 is from (S) OSD (ASD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, 257.

Budgetary figures for study in relation to the foregoing data on military and economic aid have been obtained, as in the case of Honduras' neighbors, from three different sources, in the form of three tables. Fortunately, the same rate of conversion has been used for the three tables--two lempiras to the dollar. Nevertheless, the tables are not entirely satisfactory for comparison purposes. The first two, overlapping for the year 1955, diverge by $10 million in the figure shown for the total national budget, though the two figures shown for the defense budget agree when it is taken into account that one of the figures is rounded to the nearest million dollars. Similarly, tables 2 and 3 overlap for the year 1957, and here again the figures shown for the total national budget diverge, this time by $4 million, whereas the defense-budget figures agree in the same way as noted for 1955. Despite these defects, however, the juxtaposition of the tables gives a reasonably good indication of the trend of defense spending in Honduras as a percentage of the total national budget during the past decade.

US military observers consider Honduran armed forces capable of providing local protection, but unable to cope with well-organized or wide-spread domestic disorders or full scale attack from outside the country. Honduras' air capability is relatively high compared to those of other Central American countries. Honduras is capable of only the most elementary surveillance of its coastal waters.

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MEXICO

Historical Outline

The struggle for Mexican independence began in 1810 with a bloody uprising led by Miguel Hidalgo. It was not until 1821, however, after a liberal revolution in Spain had frightened Mexican conservatives, that Mexican independence became possible. In that year the conservative General Iturbide, who had been commissioned by the viceroy to suppress anti-Spanish guerrillas, reached agreement with the revolutionary forces and declared Mexico independent of Spain. In the following year Iturbide proclaimed himself emperor only to be overthrown by General Antonio Lopez de Santa Anna, the evil genius of Mexican politics. In 1825 Mexico became a federal republic after 15 years of strife and violence, conditions that were to be ingredients of Mexico's political development for the next hundred years.[1]

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1. Michael R. Martin and Gabriel H. Lovett, An Encyclopedia of Latin-American History (New York, 1956), 241.

From 1825 to 1855 Mexican political history revolved around the conflict between the Centralists (a coalition of the military, the Church, and the creole upper classes) and the Federalists (a scattered group of rural middle-class intellectuals). The Centralists, led by the colorful Santa Anna, ruled from Mexico City in the interests of their privileged supporters, while the Federalists, from the provinces or from exile in the US, plotted the downfall of their powerful rivals. The Federalists identified themselves more closely with the model of successful federalism, the US, than with the government in Mexico City. A good illustration of these centrifugal forces at work during Santa Anna's reign was the seccession of Texas in 1836. Similarly, one of the reasons for the swift success of US forces in the Mexican War 10 years later was the unsympathetic attitude of the provinces toward what they regarded as a Centralist's war.[2]

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2. Howard F. Cline, The United States and Mexico (Cambridge, Mass., 1953), 43.

In 1855, after a successful military revolt against Santa Anna, the Federalist seized control of the government and inaugurated the program known in Mexican history as la Reforma (the Reform). Its principal aims were to establish constitutional government, to abolish the independent powers of the clergy and the generals, and to stimulate economic progress by putting church properties into circulation. But the laws enacted to these ends, and the reform constitution promulgated in 1857, split the Federalist party and provoked a civil war. In this war the US supported Juarez and his Radical Liberal Federalists (usually shortened to Liberals or Constitutionalists), who controlled the Vera Cruz region, while the European powers supported a Centralist-Federalist coalition ensconced in Mexico City.

The result of the conflict was a Pyrrhic victory for the Federalists of Juarez, for the war had bankrupted Mexico. When the government was forced to suspend payment on the foreign debt, the UK, Spain, and France in 1861 sent troops to Vera Cruz to collect. Britain and Spain soon withdrew their forces, but Napoleon III, who had designs on Mexico, did not. As part of an intricate maze of international politicking Napoleon induced the Austrian Archduke Maximilian of Hapsburg to accept the crown of a Mexican Empire under the aegis of France. Following a plebiscite rigged by the French troops in Mexico, Maximilian, with the blessing of the Pope and the support of Mexican

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Centralists, ascended the throne of the Empire of Mexico in 1864. His empire lasted only 3 years. Maximilian's policies managed to alienate conservatives without winning the support of Juarez' Liberals, who continued their guerrilla war against the French. When the US, freed from the fetters of the Civil War, began to pressure Napoleon into withdrawing French troops, the end of the Mexican monarchy was in sight. In 1867 the Empire collapsed, its erstwhile emperor was unceremoniously shot, and Mexico, under Juarez and the Constitution of 1857, became once more a federal republic.[3]

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3. Ibid., 44-49; Martin and Lovett, Encyclopedia, 241-242.

The death of Benito Juarez in 1872 marked the end of an era in Mexican history. The history of the Reform had given Mexico another national hero and a semblance of national political consciousness, but the struggle had left in its wake proverty, misery, and economic and political dislocation. By this time Mexicans were ready to pay nearly any price for peace and order. And the price they paid was a heavy one: the centralized tyranny of Porfirio Diaz, which lasted from 1876 to 1910. Diaz subordinated social problems to economic ones and individual liberty to the prosperity of the national economy. Eventually, according to Porfirian doctrine, national strength would reach the point where political democracy might be possible. Unfortunately, the new prosperity touched only a fraction of the Mexican people--large landholders, financiers, and bureaucrats; the vast majority were exploited. By 1910 Diaz was in his eighties, and the political and economic fruits of his aging regime showed no signs of falling into the hands of the people. Clearly the tree would need some shaking.[4]

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4. Cline, US and Mexico, 51-55; Frank Tannenbaum, Mexico: The Struggle for Peace and Bread (New York, 1950), 46-48.

The Revolution* that began under the leadership of Francisco Madero on 20 November 1910 was the point of departure for modern Mexico. Originally political--its watchword was "effective suffrage, no re-election"--the Revolution evolved into a broad social movement, an "emerging nationalism" expressing the struggle of the peasant masses for land and the right to participate in the government. The whole period of history from 1910 to the present is usually considered in the context of this struggle and is called the Revolution.

The victory of Madero and his poorly clothed, poorly armed, poorly organized army was a surprise even to the revolutionists themselves. The Diaz regime, based on a largely mythical military power, collapsed, as it were, of its own senility. Madero was swept to power on the tide of a popular emotion which he symbolized but did not really understand. Well-intentioned but weak-willed and a poor administrator, Madero was deposed 2 years later in a counter-revolutionary coup by General Victoriano Huerta. Madero himself was murdered and the Revolution apparently died with him. But Huerta was unable to suppress all opposition. Undoubtedly, his task was made more difficult by the refusal of President Woodrow Wilson to recognize his government. Huerta was finally overthrown by the Revolutionary forces of Pancho Villa, Emiliano Zapata, and Venustiano Carranza who promptly turned to squabbling among themselves for the succession. From this melee Carranza emerged victorious, and it was under Carranza that the social aims of the Revolution began to find expression, to wit: in 1917 a

*The Revolution, begun in 1910 and still theoretically going on today; is always capitalized by Mexicans to dignify it and distinguish it from a mere barracks uprising.

new constitution was proclaimed. This document not only reiterated the liberal democratic concepts of the Constitution of 1857 but also embraced the ideals of social justice then sweeping the world.[5]

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5. Tannenbaum, Mexico, 49-62; Cline, US and Mexico, 212-215.

As president, Carranza was indifferent to the social issues confronting him. His administration was characterized by oppression, graft, and violence. It ended with the murder of Carranza himself. A period of comparative peace followed under two revolutionary caudillos, Alvaro Obregon and Plutarco Elias Calles. Obregon (1920-1924) began the process of professionalizing the army, encouraged the organization of labor, and recognized the need for agrarian reform. His successor, Calles--who, first as president then as jefe maximo of the Revolution, was the most powerful figure in Mexico for the next 10 years--continued the reforms started by Obregon and, while consolidating the power of the government, waged for a time a veritable war on poverty, disease, and ignorance. In his later years Calles became more conservative, but by resisting the temptation to succeed himself in 1928 he contributed greatly to the transition toward constitutional government. In 1929 Calles created a political machine, which, as the Institutional Revolutionary Party (PRI), controls Mexican politics to this day.[6]

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6. Tannenbaum, Mexico, 63-70; J. Fred Rippy, Latin America: A Modern History (Ann Arbor, 1958), 414; (C) CIA, "Mexico," NIS 70, sec 53, 3.

In 1934, when the Revolution passed into the care of Lazaro Cardenas, its social program approached its heyday. Cardenas' personal zeal was largely responsible for a quickening of the tempo of reform to unsurpassed speeds. With great effectiveness he championed the causes of labor, land redistribution, subordination of the military, and economic nationalism. He organized a workers' militia, and by bringing the army into the official party he made it share power with the civilian elements. His program for economic nationalism, which precipitated a crisis with the US, was the most spectacular event in an eventful and radical administration. By the time Cardenas made way for Avila Camacho in 1940, the day of the caudillo had passed, and Mexico was enjoying stable and progressive government.[7]

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7. Tannenbaum, Mexico, 71-77; Edwin Lieuwen, Arms and Politics in Latin America (New York, 1960), 114, 115.

Beginning with the administration of Avila Camacho the Revolution strayed from its leftist course and began to veer back toward the middle of the road. The governments following Cardenas were content to protect the social gains made during Cardenas' period and to extend the control of the civilian authority over the predatory militarism that had long plagued Mexico. But they tended to slow down the social welfare program in order to increase production, expand investment, and check inflation. In 1946 Miguel Aleman was elected president in the most peaceful election in Mexican history. Under Aleman an economic picture that had looked bleak a few years earlier began to brighten. Agriculture expanded to the point where food imports were almost eliminated; public works projects were constructed that increased irrigation and power; the nationalized petroleum industry began to achieve efficiency; the debt to the expropriated US oil companies was paid; and the national transportation system was improved.

Adolfo Ruiz Cortines, the candidate of the official party, succeeded Aleman in 1952. His program differed little from Aleman's except for a campaign against the ubiquitous graft in Mexican government. The conservative trend in Mexican leadership continued with the election in 1958 of the present chief executive, Adolfo Lopez Mateos. Lopez took a strong stand against labor agitation early in his administration and has continued the policy of encouragement to foreign investors and friendship with the US.[8]

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8. John F. Bannon and Peter M. Dunne, Latin America: An Historical Survey (rev ed, Milwaukee, 1958), 527-531; (S) "The Outlook for Mexico," NIE 81-57, 13 Aug 57; Stanford University, Hispanic American Report, XII (May, Nov, 59, Feb 60) 134, 135, 478, 648, 649.

Communism in Mexico

Since communism is not regarded as a serious internal threat in Mexico, the government has adopted a tolerant attitude toward it. Stemming from a mixture of democratic liberalism and Marxian socialism inherited from the Revolution, this tolerance extends to the international as well as the internal operations of communism, although there were portents of a stiffening attitude in 1959. Early in that year two Soviet embassy officials were ousted in connection with railroad workers' strikes against the government. Shortly thereafter members of a Chinese Communist acrobatic team were refused visas to enter the country.

Though Mexican toleration of communism has made Mexico a haven for Red exiles and a base of operations for Communist propaganda activities, communism is a negligible factor in the political life of the country. The local Communists have some capability for embarrassing the government through strikes and demonstrations, but no prospect of effecting a coup or winning a popular election.

Mexican Communists are divided among three groups, only one of which, the People's Party (PP), a front organization, has any significant following. The PP, led by Vicente Lombardo Toledano, was estimated to have in 1957 between 85,000 and 100,000 members, of whom approximately 10,000 were active. In 1952 Lombardo, running for president, polled slightly over 78,000 votes. Lombardo had adopted a soft policy calling for the unity of all elements in Mexican society to fight for the country's independence and progress and the elimination of US imperialists and monopolies. This policy has meant qualified support for the government on domestic issues and unqualified opposition to Mexican cooperation, especially military cooperation, with the US in foreign affairs. Lombardo has consistently supported the USSR and opposed the US on international issues.

The PP has some following among intellectuals, especially teachers and students, as well as among labor, agrarian organization, and the bureacracy, but the total of this support from these sources remains inconsequential. Labor is overwhelmingly anti-Communist.

Not only does Mexico tolerate communism--there has been no anti-Communist legislation or serious security program--but the government party even subsidizes, to a modest degree, the activities of the PP. It has been surmised that the reasons for this policy are (1) to maintain the PP as a counterbalance to the rightist National Action Party (NAP) and (2) to maintain the appearance of multiparty democracy in Mexico.[9]

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9. (C) "Mexico," NIS 70, sec 57, 4-10; (S) NIE 81-57, 13 Aug 57, 1-5; (S) Rpt No. 741, US Emb, Mexico to Dept of State, "Attainable Objectives of U.S. Policy in Mexico," 24 Dec 59, 3.

Mexico-US Relations

"It will always remain an interesting question," writes Professor Tannenbaum, "how two such distinct yet neighboring peoples, with so many difficulties between them have managed for more than a century to live with each other in peace, even if at times an uneasy peace." At the time of the Revolution the Mexican attitude toward the US was understandably one of fear and mistrust based on past humiliation, the bitter memory of a lost war, and the loss of half its territory. Moreover, as an emerging nationalism the Revolution was almost inevitably anti-foreign and, for special geographical and historical reasons, anti-US. Thus the Revolution posed a challenge to US diplomacy; the response, oscillating between "watchful waiting" and blatant intervention, was often inadequate.[10]

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10. Tannenbaum, Mexico, 247-249.

Henry Lane Wilson, US ambassador to Mexico at the outbreak of the Revolution, acting without instructions from the State Department, did his best to discredit Madero. His connection with the Huerta coup and the subsequent murder of Madero has plagued his successors ever since. In spite of the ambassador, however, official policy was non-interference, and President Taft withheld recognition of Huerta pending the settlement of claims. There the matter rested when Woodrow Wilson took over in 1913. Wilson, unmistakably hostile to Huerta, enunciated a policy of constitutional legitimacy: the US would not recognize a government that had come to power by unconstitutional methods. The President's attempts to unseat Huerta--by nonrecognition, by direct negotiation, and by the occupation of Vera Cruz--finally succeeded in 1914, but his intervention did nothing to enhance US prestige south of the Rio Grande. Wilson's next escapade in Mexico was the Pershing expedition. Designed to chastise Pancho Villa for his murderous raids against US nationals, the expedition, after failing to locate the elusive caudillo, ended by increasing anti-US sentiment among all Mexican factions. It was quietly recalled in February 1917 when the war in Europe began to divert attention from Mexican problems. During the war Mexico remained neutral and used US solicitude over security and resources as a lever to obtain concessions in certain disputed matters.[11]

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11. Cline, US and Mexico, 135-162, 183-186.

Mexican-US relations between the two world wars revolved chiefly around the interpretation of article 27 of the Constitution of 1917. This article annulled the titles to public lands acquired after 1876 and enunciated the doctrine, common in Iberian lands, that all subsoil properties belonged to the nation. Most deeply affected by these provisions were US nationals and US oil companies who had acquired extensive properties during the Diaz regime. In an effort to protect US citizens' interests in Mexico, the State Department made recognition of the Obregon government dependent upon a treaty promising that lands and properties acquired before the Constitution of 1917 would not be nationalized. Obregon refused these conditions, defending Mexican agrarian policy as both economic and humane. He agreed, however, to a conference of commissioners to exchange views. As a result of the understanding reached by the commissioners in 1923, the US recognized Obregon, and a short time later was sending arms and even conducted a bombing mission to help him squelch a rebellion in one of the provinces. Unfortunately, the gentlemen's agreement reached with Obregon was not binding upon his successor, President Calles. When Calles introduced a new petroeum code looking toward

eventual nationalization of the oil industry, he precipitated a crisis that brought the US and Mexico to the brink of hostilities. At this point, when there was renewed sentiment for armed intervention, US policy seemed to change course abruptly. With the appointment of Dwight Morrow as ambassador to Mexico in 1927 there was a perceptible relaxation of the tensions that had built up. Morrow got the Mexican Government to accept the principle that the obligations of presidential predecessors were binding on their successors, while the US recognized the principle that the ownership of subsoil deposits was vested in the nation. This was the beginning of the transition toward the "good neighbor."[12]

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12. Cline, US and Mexico, 189-213; Graham H. Stuart, Latin America and the United States (New York, 1955), 162,163.

The diplomatic calm that prevailed over the Rio Grande following the Morrow mission was shattered by Lazaro Cardenas in 1938 with his sensational expropriation of the foreign oil properties. In Mexico the date of the expropriation decree, 18 March 1938, became a milestone comparable to independence day. Mexicans hailed it as the beginning of their economic independence, and Cardenas became a national folk hero. The US oil companies charged robbery and appealed to their government for help. By this time, however, the good neighbor policy was firmly established, and Franklin D. Roosevelt seemed determined to reconcile promises with deeds. The good neighbor policy virtually precluded the forceful protection of American properties in Latin America; and furthermore, the good will of Mexico was becoming essential to the Allied war effort. In April 1938 Roosevelt stated that US oil companies should receive a settlement but that under no circumstances should it include the value of the oil beneath their expropriated lands. From then on the oil companies with holdings in Mexico were mostly on their own.[13]

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13. Cline, US and Mexico, 234-250.

Given the background of US-Mexican relations, the possibility of military collaboration in 1940 seemed remote. Nevertheless, Mexico, between 1939 and 1942, shifted from a passive spectator to an active partner of the US in the war against the Axis. In August 1941 Mexico broke off economic relations with Germany by closing the German consulate and withdrawing its own consulates in Germany. The following month it passed an espionage law to check possible fifth-column activity. In November 1941 the US and Mexico signed a general agreement, which cleared up the ancient problem of agrarian claims and established a procedure for settling the oil controversy. The fortunate timing of this agreement is obvious. On 8 December 1941 Mexico broke off relations with Japan and impounded Axis funds. Then in May 1942, after German submarines had torpedoed two Mexican tankers, Mexico declared war. By signing the United Nations Pact on 14 June 1942, Mexico lined up with the democracies in a full moral,military, and economic sense.

Mexico's contribution to the Allied war effort was substantial. It consisted mainly of providing raw materials--lead, mercury, zinc, copper, graphite, antimony, fibers, oil--for US war industries, but it also included supplying laborers and armed forces. One squadron of a newly created air force, Squadron 201, saw combat duty in the Philippines. In the diplomatic field, Mexico played a prominent role in the effort to tighten up the inter-American system preliminary to the establishment of a world organization. The choice of Mexico as the site for the Inter-American Conference of February-March 1945

(Chapultapec Conference) was symbolic of Mexico's increased prestige and importance in American and international affairs.[14]

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14. Cline, US and Mexico, 265-282.

During his visit to the US in 1959 President Lopez Mateos well summarized Mexico's international outlook when he said: "For Mexico as for all Latin America the greatest problem is relations with the United States. But for Mexico this is becoming less and less of a problem". On its part, the US, by recognizing Mexico's problems and aspirations, has contributed to a friendly partnership that has grown stronger since the end of the war. And as the stresses and strains that existed between the two neighbors have been eliminated, Mexico has shown increasing signs of expanding its influence in the Spanish-speaking world and its leadership in the hemisphere. It played the role of go-between at the Rio Conference of 1947. When the conference was deadlocked between the US view that only a treaty of political-military arrangements should be made and the Latin American position that economic matters should be threshed out first, the Mexicans came up with the magic formula--a separate conference on economic affairs--that broke the deadlock. At the Bogota Conference in 1948 Mexico again played a leading role, stressing the thesis that hemispheric peace rested on raised standards of living. In the UN, too, Mexico has stoutly upheld the small-nation viewpoint.[15]

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15. New York Times, 13 Oct 59, 4; Cline, US and Mexico, 1, 2, 297-406.

Today, US-Mexican relations are friendlier than ever. Most of Mexico's exports go to the US and most of its imports come from the US. Moreover, US investment in Mexico totals about $800 million and is increasing by $50 million a year. In the hemisphere Mexico is recognized as one of the leaders in the Latin American world. Its only trouble with a Latin American nation was over a minor border incident in which Mexican fishing boats were strafed by Guatemalan planes early in 1959. This issue was settled amicably in September after relations between the two neighbors had been severed for 8 months.

In the cold war Mexico seems committed to an independent though generally pro-Western policy. It has steadfastly refused to sign a bilateral military agreement with the US and has never accepted a US military mission (or any foreign mission), and it was the only Latin American country that failed to endorse the anti-Communist resolution adopted at Caracas in 1954. Yet Mexico signed the Rio Treaty and supports, morally at least, the idea of hemisphere defense. At a meeting of the UN Economic and Social Conference in 1951 Mexico countered Russian-inspired charges that the economic difficulties of Latin American were caused by "imperialist re-armament by the United States." The Mexican army has adopted US training techniques and US doctrine. Finally, though Mexico maintains diplomatic relations with Poland, Czechoslovakia, and the USSR, and the Bloc countries are currently engaged in a vigorous compaign to expand their trade with Mexico (illustrated by the Mikoyan visit in 1959), Mexico has neither accepted economic aid from nor significantly increased its trade with the Bloc.[16]

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16. Cline, US and Mexico, 1, 405; (S) OSD (ASD/ISA files), "Mutual Security Program:Fiscal Year 1960 Estimates, Latin America," 19 Feb 59, 165,166; (S) OSD (OSD/ISA files), "Mutual Security Program: Fiscal year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, 261; Stanford U, HAR, XII (Nov 59), 478; (S) NIE 81-57, 13 Aug 57, 8; (C) NIS 70, sec 55, 34, 35.

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US-Mexican Military Relations and Aid to Mexico

The menace of totalitarianism signaled by Hitler's rampage in Europe and Japan's voracious expansion in Asia, posing as it did a common threat to the Western Hemisphere, was the impetus for the beginning of military collaboration between Mexico and the US.

In June 1940 the State Department held exploratory conversations with the Mexican ambassador to determine the possibilities for concrete hemisphere defense measures. These discussions elicited the requirements of each country: Mexico needed equipment and munitions, which in the past had been obtained from Europe; the US needed Mexican airfields for air communications with Panama. Attempts to conclude firm agreements, however, were frustrated by internal as well as international politics. Within Mexico the pressure of public opinion in the election year of 1940 precluded any formal alliance with the US. Also the two countries had not yet resolved problems raised by Mexico's expropriation of US property in Mexico. However, when in November 1941 the US and Mexico reached agreement on the oil issue, the course of military collaboration became smoother. Talks that had originally taken the form of interchanges between the military and naval attaches of each country now evolved into an extensive military partnership. A few weeks after Pearl Harbor the Mexican Senate assented to an airfield agreement, and on 12 January 1942 it was publicly announced that the two governments had decided to establish a Joint Mexican-United States Defense Commission.[17]

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17. Stetson Conn and Byron S. Fairchild, "The Framework of Hemisphere Defense" (galley proofs of unpublished MS in OCMH files), 334-341.

The Commission never assumed the broad character of the Canadian-US Board of Defense. It considered a much narrower range of technical and immediate problems, including the defense of the two Californias, the construction of air bases, and the disposition of lend-lease aid to Mexico, which began in 1943 and was designed principally to further internal security.

From a US standpoint internal security was the most serious problem facing Mexico. Vigorous Axis fifth-column activities were being channeled through the Spanish Falange to the Mexican Sinarquistas, a group of rightist Mexican anti Revolutionaries. The Sinarquista movement--under which flourished a variety of subversive, Fascist elements--appealed mainly to peasants, whom the Revolution had not benefited, and was supported by Axis funds. At the outbreak of World War II the movement claimed a membership of one million. Yet despite the existence of this internal threat and Mexican sympathy with the ideal of hemispheric cooperation, the Mexican Government, always wary of US ties, remained reluctant to seek financial aid from the US. Between 1935 and 1939 the US licensed $7.75 million worth of munitions for export to Mexico, apparently on a strictly cash basis. Moreover, Mexico was one of only four Latin American republics that by the beginning of 1941 had not submitted a list of arms requirements to the War Department.[18]

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18. Conn and Fairchild MS, 341-344, 352, 353; Cline, US and Mexico, 293, 294; World Peace Foundations, Documents on American Foreign Relations July 1939-June 1940, Jones and Myers, ed, (Boston, 1940), II, 840.

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The outbreak of war in Europe found Mexico's war machine sadly in need of equipment and training. It had a few vessels of Spanish manufacture and several old US planes. Thus, when the shadows of war began to darken the hemisphere itself, and after the oil settlement had removed the last obstacle to cooperation, Mexico began to relax its position of not accepting US credits. It signed its first agreement on 27 March 1942, more than a year after lend-lease was enacted. The first credit was limited to $10 million, but the final agreement of 18 March 1943 increased it to $40 million. Under the terms of the lend-lease agreement Mexico got the privilege of buying at a 67 per cent discount any of the items transferred. After the war Mexico decided to keep all the equipment it had acquired, amounting to about $[illegible] million in all. By 1949 it had paid the agreed price; the final settlement was signed on 24 February 1951.[19]

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19. Conn and Fairchild MS, 353; Cline, US and Mexico, 277, US House, "Thirty-second Report to Congress on Lend-Lease Operations" (House Doc. No. 277, 82d Cong, 1st sess; Washington, 1951), 26; (C) MS, Army Industrial College (OCMH files), seminar on "Implications of Export of Munitions to Other American Repbulics," 21 Dec 44, table ff 32 (AM).

Lend-lease shipments, the military side handled through the Joint Mexican-US Defense Commission, were restricted by (1) the interpretation of the act by the Lend-Lease Administration and (2) the ability of the US to furnish the requested material, which often included the very things in short supply in the US. Nevertheless, US aid did begin to flow to Mexico in 1943. Almost half of the authorized dollar value of lend-lease aid was for aircraft and aeronautical equipment ($16 million). A total of 305 aircraft of various types was transferred to the Mexican army. The number consisted mainly of trainers but included 25 P-46's for the 201st Squadron and 30 Douglas light bombers for antisubmarine patrols and escort duty. Other important items authorized for lend-lease aid were ordnance and ordnance stores ($8 million); tanks and other vehicles ($3 million); vessels and other craft ($3.3 million); testing and reconditioning ($2.7 million); and miscellaneous military equipment ($2.6 million). Training programs in US service schools for members of the Mexican armed forces, and important feature of defense aid, were also paid for out of lend-lease funds.[20]

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20. Conn and Fairchild MS, 355; US House, Rpt on Lend-Lease, 1951, App I (b).

Post-war Military Policy

In the post-war period Mexico returned to the nonaggressive, uncommitted military policy that had been reluctantly interrupted during the war. Its defense expenditures have not been predicated on the need to repel external aggression, and it has sought to avoid international commitments. Mexico supported collective action in Korea but refused a UN request for troops. In the Suez crisis of 1956 it followed the same policy: approval in principal, no military support. Regarding US military assistance programs, Mexico, until recently, has taken a negative attitude. Mexican officials were plainly relieved when no agreement was reached on a mutual defense assistance pact in 1952. Mexican cooperation in the joint defense commission has been politely nominal since 1956. As of April 1959 the commission had held no meetings for 2 years.[21]

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21. (C) NIS 70, sec 55, 34-35.

Although since the end of the war Mexico has accepted both military and economic aid from the US, this aid has been almost exclusively economic assistance in the form of loans. Under the Surplus Property Act Mexico did receive almost $21 million worth of military equipment. Between fiscal 1946 and fiscal 1959, however, Mexico was programmed for only $3.5 million in military aid compared with $416.9 million in economic aid. Economic assistance, dating from 1946, has consisted mainly of loans from the Export-Import Bank ($297 million) and money expended in the program for the eradication of hoof and mouth disease ($93 million). Since 1952 Mexico has participated in the technical cooperation program and had received $6.3 million by 1959. Grant military aid did not begin until 1958. By the end of 1959 Mexico had received $1.1 million of the $3.5 million approved. The program for FY 1960 called for military aid of $3.3 million, $3.0 million for credit financing of military sales and $347,000 for training. It is worth noting that the total military aid to Mexico during the fiscal period 1946-1959 was only 1 per cent of the total military aid to Latin America. On the other hand, economic aid ($416.9 million) represented almost 12 per cent of the total for Latin America for the same period.[22]

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22. (TS) Table, "Current Foreign Military Aid Programs," Encl to memo, JMAC to SecA, SecNav, and SecAF, 9 Nov 48; (C) ICA, "U.S. External Assistance," 16 Mar 60, 54, 68; (S) OSD (ASD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, 262; (C) NIS 70, sec 55, 34-35.

Armed Forces

"Probably no country in Latin America," says Lieuwen, "has suffered longer and more deeply than Mexico from the curse of predatory militarism." The period from independence to the Revolution was a period of military violence during which political processes were at the mercy of parasitic military bands and military adventurers like Santa Anna, who made and unmade governments for 30 years. During his long dictatorship Porfirio Diaz managed, by craft, patience, bribery, and violence, to instill some discipline in the officer corps, but failed to create an efficient or loyal fighting force. On the eve of the Revolution the Mexican Army consisted of 4,000 officers and 20,000 men. Its missions were to quiet internal opposition and to perpetuate Diaz in power; it failed in both.

Although the Revolution destroyed the regular army, it by no means eradicated militarism. Instead of a national army Mexico suffered under a whole series of revolutionary armies led by caudillos like Villa, whose private army was larger than Diaz. By 1920 there were some 80,000 men under arms in Mexico. During the next 20 years, however, the Mexican Army, which had been one of the most political and nonprofessional in Latin America, became one of the most nonpolitical and professional. This reform was largely the work of Presidents Obregon, Calles, and Cardenas, and a young general, Joaquin Amaro. By 1930 the army had been cut to 50,000 and military expenditures slashed from 107 million pesos to 70 million. Cardenas even took the precaution of building up labor and agrarian militias as counterpoises to the regular army, which he employed extensively in educational and public-works roles. Cardenas' successor, Avila Camacho, himself a general, delivered the coup de grace to politically minded generals shortly after his inauguration in 1940 when he dropped the military from the government party, disbanded the military bloc in Congress, and "retired" a number of political generals.[23]

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23. Lieuwen, Arms and Politics, 101-121.

In 1940 the estimated strength of the armed forces was 10,000 officers and 53,000 men of whom 10,000 were administrative personnel. During the past 20 years the strength has been maintained at approximately the same level. During the recent period of economic and population growth in Mexico the armed forces have received a declining percentage of the national budget as the following table shows:

Mexican National Expenditures (in million pesos)

	Total Gross Expenditures	Defense (and Military Industry)	Defense % of Total
1939	571	92	16
1943	1078	153	14
1947	2143	234	11
1951	4670	308	6.5
1952	6464	369	5.7
1953	5490	381	6.9
1954	7917	436	5.5
1955	8883	471	5
1956	10270	522	5
1957	10598	564	5

For the purpose of evaluating these figures it is instructive to compare them with similar figures for other Latin American nations.[24]

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24. (C) NIS 70, sec 65, Jun 58, 73.

For instance, compared with the defense percentage of total budget for Mexico, the same percentage for all Latin American countries from 1949 through 1955, according to a State Department source, ranged between 18 and 21 per cent. Also interesting is the fact that for the years 1957, 1958, and 1959, Mexican defense expenditures represented only 0.8 per cent of the gross national product (GNP). In Latin America only Costa Rica (0.4 per cent) and Panama (0.6 per cent), which have no armies, had lower ratios of defense expenditures to GNP.[25]

25. (C) Dept of State, "An Evaluation of Latin American Armament Expenditures," Int Rpt No. 6986, 14 Sep 55, App, table 1; (C) ICA, "Defense Expenditures of Selected Countries of the Free-World," Background Paper B-17, 24 Feb 60, 4.

JS (b)(1) 1.3(a)(1)+(4)

26. Cline, US and Mexico, 277; (C) NIS 70, sec 55, 34, 35; (S) ASD/ISA, "Mexico," Briefing Book, Office, Reg Dir Western Hemisphere.

JS (b)(1) 1.3(a)(5)

27. Lieuwen, Arms and Politics, 119; (S) Rpt No. 741, 24 Dec 59, 5, 6.

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NICARAGUA

Historical Outline

Nicaragua is the largest of the Central American countries, with an area of 57,000 square miles. Most of the country is relatively low-lying, but there is an area of highlands in the central part made by two ranges of the Cordilleras that traverse the country in a southeasterly direction. The climate is predominantly tropical. The Atlantic lowlands have a very heavy rainfall, averaging 150 inches annually; as a result they are densely forested and thinly populated, the inhabitants consisting of some Indian tribes in the isolated northeastern corner and, elsewhere along the coast, mostly of English-speaking Negroes. By contrast, the Pacific lowlands, with an annual rainfall of 80 inches, constitute the country's most important agricultural area and have concentrated in them the great majority of Nicaragua's 1.4 million inhabitants. From this circumstance arises the paradox of crowded conditions in the Central American country with the lowest population density. The Nicaraguans are mainly of mixed Spanish and Indian extraction, with the ratio of European to Indian blood corresponding roughly to the social status of the individual, in descending order. The principal crops are cotton, coffee, sesame, sugar, rice, corn, and beans. The central highlands are occupied by small farmers who raise coffee as a main cash crop. Nicaragua's literacy rate is 40 per cent.[1]

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1. (S) ASD/ISA, "Nicaragua," Briefing Book, Office, Reg. Dir Western Hemisphere; (S) OSD (ASD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, facing 263; Dana Gardner Munro, The Latin American Republics: A History (2d ed., New York, c. 1950); J.F. Bannon and P.M. Dunne, Latin America: An Historical Survey (rev. ed., Milwaukee, 1958); John D. Mortz, Central America: The Crisis and the Challenge (Chapel Hill, c. 1959).

Like its sister Central American republics, Nicaragua was a province of the Captaincy General of Guatemala in colonial times and severed its connection with Spain in 1821 along with the rest of the Captaincy General. Like them too, after being briefly annexed to Mexico, Nicaragua was a member of the United Provinces of Central America until that federation collapsed about 1839. Thereafter until the ouster of the American filibuster William Walker in the 1850's, the country was torn by constant strife between its Conservatives and Liberals. In the polarization of political life between these two parties all differences of policy or principle were early lost sight of in what became simply a regional feud between the two chief cities. Granada was the Conservative center, and Leon that of the Liberals, and the accident of birthplace determined the politics of most individuals. There were, to be sure, a few level-headed leaders in both cities who endeavored to bring about harmony, but their efforts were frustrated by popular hatreds and the machinations of military leaders who profited from the continuance of disorder. The heads of the army, rather than the numerous chiefs of state who succeeded one another for 2-year terms, were the real rulers of the country. Casto Fonseca, a Liberal, was commandante de armas until 1845. In that year the Conservatives, with their allies from Honduras and El Salvador, barbarously sacked Leon and killed many of its inhabitants. The Conservatives then moved the capital to Masaya, and subsequently to Managua. A few years later, however, the capital was re-established at Leon by the new commandante de armas, Trinidad Munoz, who betrayed his Conservative supporters. In 1851 the Conservatives regained power, with the help of Honduras and Costa Rica, and subjected the Liberals to such a repressive regime that the people of Leon revolted in 1854. When the Guatemalan dictator Carrera intervened on the Conservative side, the Nicaraguan Liberals turned for help to William Walker and his band of filibusters recruited in the United States.

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Walker came to Nicaragua in June 1855 with 58 men. In October he seized Granada by surprise attack. The Conservative leaders, though their army was undefeated, made peace in order to save their families from mistreatment. A Conservative became president, but Walker was made commander of the army. Disbanding the native troops, the filibuster leader soon made it clear that he proposed to rule the country with his "American Phalanx"; and in 1856, after the leaders of both parties had started a revolt against him, he had himself elected President of Nicaragua. By this time hundreds of adventurers were coming to Nicaragua to join his forces. His activities aroused much interest in the US, both because they seemed likely to defeat British efforts to obtain control of the canal route across Nicaragua and because many persons in the South hoped that he would eventually bring Nicaragua into the Union as a new slave state.

Walker's most useful ally was the Accessory Transit Company. He made the mistake, however, of supporting a group within this company that was trying to wrest control from its former president, Cornelius Vanderbilt; and when he canceled the company's concession and granted a new one to his friends, Vanderbilt quickly avenged himself. By this time armies from all the other Central American states, as well as forces representing both parties in Nicaragua, were marching against the intruders. While Walker was preparing to make a stand against these enemies in western Nicaragua, Vanderbilt's steamers on the San Juan River and Lake Nicaragua helped the Costa Rican forces to cut off his communications with New York. The filibusters held out against overwhelming odds for several months; but they lost heavily from disease and desertion, and on 1 May 1857 Walker surrendered to the commander of an American warship. (Twice in the next 3 years he attempted to return to Central America with filibustering expeditions. His career ended when he was captured and executed in northern Honduras in 1860.)

Nicaraguan Conservatives and Liberals had joined forces in the fight against Walker. With the elimination of the common enemy, it seemed probable that they would resume their normal feuding. A new basis for joint action arose, however, when Costa Rica attempted to take advantage of the situation to retain possession of territory that Nicaragua claimed along the San Juan River. In the understanding reached between the two parties Maximo Jerez, the leader of the Liberals, consented to the establishment of a Conservative government under Tomas Martinez.

Thus began a long period of relative peace and good government under the control of the Conservative party. The Granada aristocracy was a homogeneous, well-organized group, and its leaders, following a conciliatory policy toward the Liberals, succeeded one another in the presidency by agreement. Though Nicaragua's material wealth was very much less than that of its neighbors Guatemala and El Salvador, it made material progress under the Conservative rule. In the course of time, however, the people of Leon and the country at large found the prolonged domination of one small group increasingly wearisome. In 1893, when the first serious dissension within the oligarchy occurred, conditions were ripe for the successful Liberal revolt of that year, headed by a young leader from Managua named Jose Santos Zelaya.

Within a few years Zelaya had established a despotic and corrupt dictatorship. The more militant Conservative leaders revolted time and time again but were always defeated. By the turn of the century Zelaya was challenging the contemporaneous Guatemalan dictator, Estrada Cabrera, as the dominant figure in Central American politics.

With the adoption of the Roosevelt corollary to the Monroe Doctrine the US began to take an increased interest in Central America problems. Political conditions in the region were far from satisfactory. In Nicaragua and its sister republics, except Costa Rica, enemies of the regime in power were eagerly awaiting an opportunity to overthrow it. Without free elections they could only hope to do so by armed revolt. Since the customary method of starting a revolution was to obtain arms and a base for operations in some neighboring country, each government felt unsafe so long as neighboring governments were in unfriendly hands, and was inclined in such circumstances to give encouragement or open aid to exiles from neighboring states in order to make its own position more secure. This practice not only fomented internal strife, but caused frequent international wars. Failure to protect foreign lives and property during these disorders often caused complications with European powers, and unpaid debts and claims were a further source of trouble.

In 1906 Regaledo, the Minister of War of El Salvador, provoked a war between his country and Guatemala by giving aid to a revolution against Estrada Carbrera. Honduras was drawn in on the side of El Salvador, but the fighting was soon stopped by joint mediation of the US and Mexico. A few months later a general Central American conference met at San Jose, Costa Rica, to adopt treaties that would prevent similar affairs in the future. This meeting accomplished little, however, because Zelaya not only refused to attend, but attacked Honduras and installed his friend Miguel Davila as president there. The Nicaraguan dictator then attempted to foment a revolution in El Salvador, apparently hoping to pave the way for a new union of Central America under his own leadership. When Guatemala prepared to resist his plans, general war was imminent. Again the US and Mexico offered their mediation, and this time Zelaya was compelled by diplomatic pressure to agree to send representatives to Washington to discuss the settlement of all outstanding Central American problems.

The Washington Conference in 1907, at which all five republics were represented, adopted a series of important treaties. It was agreed that all international disputes in Central America should be submitted in the future to a permanent court consisting of one judge from each state. Other provisions called for Honduras, up to that time a battleground for her stronger neighbors, to be neutralized, and for the five governments to restrict the activities of political refugees from the signatory states and to refrain from any encouragement of revolutionary movements.

The new treaties might have assured peace if the signatory governments had acted in good faith; but neither Zelaya nor Estrada Cabrera respected them. Zelaya continued to aid revolutionary attempts in El Salvador until United States naval forces were ordered to intercept his filibustering expeditions. On the other hand, both El Salvador and Guatemala were accused of aiding a revolution against Zelaya's ally, the President of Honduras, and this affair would have brought on a war involving all four countries if the United States and Mexico had not made strong representations. The matter was referred to the newly established Central American court, which absolved Guatemala and Honduras from the charges against them. Unfortunately, it seemed clear that political considerations rather than the weight of the evidence had influenced the votes of several judges, and the court lost much prestige as a result.

Relations between the US and Nicaragua had by this time deteriorated seriously, for there had been disputes over claims and other matters as well as friction arising from Zelaya's violations of the 1907 treaties. The authorities at Washington were thus predisposed to sympathize with a revolution that started on the east coast of Nicaragua in 1909, and they openly took sides when the government's forces executed two American soldiers of fortune who were in the revolutionists' employ. Secretary Knox told the Nicaraguan charge d'affaires that the Zelaya regime was "a blot upon the history of Nicaragua" and expressed the conviction that the revolution represented "the ideals and the will of a majority of the Nicaraguan people." Diplomatic relations were broken off, and were not resumed even after Zelaya resigned the presidency in favor of Dr. Jose Madriz, a generally respected liberal from Leon. When the revolutionists were defeated in the interior and driven back to their original base at Bluefields, the American naval commander refused to permit the government forces to attack them there, on the ground that fighting in the town would destroy the property of Americans and other foreigners. Soon afterward, in August 1910, Madriz' regime collapsed, chiefly because its supporters felt that the attitude of the US made their cause hopeless.

The victorious revolutionists set up a government at Managua, but it was soon clear that their regime was not likely to survive without outside help. It was headed by General Juan J. Estrada, formerly Zelaya's governor at Bluefields, who had been promised the provisional presidency as an inducement to join the revolution with the troops under his command. One of his principal advisers was another Liberal, General Jose Maria Moncada, who had been a personal enemy of Zelaya. The other leaders of the revolution, and the overwhelming majority of the victorious army, were Conservatives. Their most popular chieftain was General Emiliano Chamorro, the hero of many past revolts, but there were rival factions headed by General Luis Mena and by Adolfo Diaz. The group in power was thus weakened by internal dissensions and mutual distrust, while the Liberals were still strong numerically and united in their desire to regain control. It was only through the good offices of the representative of the US, Thomas C. Dawson, that the revolutionary leaders were persuaded to accept a program under which Estrada became president and Diaz vice-president for a 2-year term. At the same time they agreed that the pressing question of foreign claims should be dealt with by a commission in which the US should participate and that a foreign loan, secured by a customs collectorship, should be obtained to relieve the desperate financial situation.

A treaty providing for the customs collectorship was signed on 6 June 1911. It was never ratified, because the US Senate withheld its approval; but while it was still pending, two New York banking firms that had obtained the contract for the proposed bond issue made a small short-term loan to meet Nicaragua's most pressing needs. To secure this, they established a customs collectorship under an American citizen named by them and approved by the Department of State. They also helped Nicaragua to establish a national bank and to reform the depreciated paper currency, and acted as agents of the republic in making an agreement to resume service at a reduced rate of interest on a loan that Zelaya had obtained in 1909 from a British syndicate. The American bankers were thus deeply involved in the situation when the failure of the treaty made the proposed larger loan impossible. Nicaragua could not repay the advances already made, and in fact required several further small advances during the next two years. The customs collectorship was continued, and in 1913 the bankers bought a 51 per cent interest in the national bank and in the national railroad, both of which they were already managing.

Meanwhile, factional rivalries made the political situation worse. Seven American soldiers were killed in the fighting between government forces and revolters in 1912. A legation guard of about a hundred US Marines was stationed at Managua in that year; it was to remain for the next 13 years. This small force was regarded in Nicaragua as a symbol of the determination of the US to uphold the existing government, and its presence helped the Conservative party to remain in power despite growing opposition. The American minister informed the Liberal candidate forthe presidential term beginning in 1917 that he would not be recognized if elected.

The United States sought by its intervention in Nicaragua not only to promote peace within the republic and in Central America as a whole, but to improve the disorganized condition of the government's finances and thus to remove one possible cause of intervention by other foreign nations. Despite the failure of the loan treaty, upon which the whole program had rested, something was accomplished. An efficient customs service was created, the fluctuating and rapidly depreciating paper currency was stabilized, and service on the British debt, in default after the revolution, was resumed. The government nevertheless was constantly in financial difficulties, and payments for supplies and salaries were greatly in arrears. When the European war temporarily dislocated the country's commerce in 1914, both the New York bankers and the English bondholders were compelled to agree to a suspension of payments due them, and even the new currency system seemed about to break down.

Partly with the idea of affording some financial relief to the Nicaraguan government, the US entered into the Bryan-Chamorro Treaty of 1914, which provided for the payment of $3,000,000 to Nicaragua in return for the exclusive right to construct a transisthmian canal in her territory. The US was also to obtain naval bases in the Gulf of Fonseca and on the Corn Islands in the Caribbean Sea. This agreement brought angry protests from Costa Rica and El Salvador. Costa Rica maintained that it had a right to be consulted before Nicaragua made any grant for canal purposes in the San Juan River, and pointed out that this right had been specifically affirmed by President Cleveland when he arbitrated a boundary dispute between Nicaragua and Costa Rica in 1888. El Salvador claimed that a naval base in the Gulf of Fonseca would imperil Nicaragua's neighbors and also that the waters of the gulf belonged jointly to the three states bordering upon it. After futile protests to Nicaragua and to the US, these two countries brought suits against Nicaragua in the Central American Court of Justice. Both obtained decisions condemning Nicaragua's action in entering into the treaty, but not declaring the treaty itself invalid.

The US and Nicaragua refused to recognize the Court's right to pass judgment in the matter, and Nicaragua soon afterward denounced the convention under which the Court operated. An important part of the peace machinery set up by the 1907 treaties thus disappeared. The Court had accomplished little of value in 10 years of existence, but it was unfortunate that the US should have been partly responsible for its demise. The naval bases contemplated by the Bryan-Chamorro Treaty were never established, and there is no immediate prospect that the canal will be built.

The $3,000,000 was paid to Nicaragua, but only after a long dispute regarding the way it would be used. The bankers, relying on promises by Nicaragua, maintained that their claims and those of the British bondholders should be paid first, but the Department of State insisted that other American creditors should have equal consideration. A compromise was finally reached in the Financial Plan of 1917, which limited the Nicaraguan Government's current expenditures to a fixed sum each month and made the balance of its revenues available for the payment of debts. The operation of this plan, and of a similar plan

adopted in 1920, was supervised by a High Commissioner, appointed by the US Secretary of State; as a consequence there was for some years a considerable measure of American control over Nicaragua's finances. Under both plans large sums were available for debt payment, and by 1924 the government had discharged its debts to the American bankers and repurchased the latter's stock in the national bank and the national railroad.

In view of the demonstrated inefficacy of the 1907 treaties and the serious state of political unrest and international tension prevailing in Central America in 1922, the US in that year invited the five republics to confer in Washington. As a result, a new set of Central American treaties were signed early in 1923, similar in general to the treaties of 1907. But a new form of court was established, replacing the one set up in 1907, which had five permanent, politically appointed judges. The new court consisted of a panel of Central American and foreign judges from which the parties to a dispute could select a tribunal in each case that arose. Another innovation was machinery to enforce the commitments, made in 1907 and reiterated in the new treaties, to respect existing governments in the area and refrain from encouraging revolutionists plotting against them; this machinery consisted of international commissions of inquiry to investigate disputes over questions of fact. The US became a party to the convention that provided for these commissions. The new treaties also contained in more explicit form a provision of the 1907 treaties that had had little application in practice. This was a commitment by each country not to recognize a government coming into power in a Central American country by revolution or coup d'etat against a recognized government so long as the freely elected representatives of the people had not constitutionally reorganized the country; and even after such reorganization, recognition would not be given to any new government headed by one of the leaders of the revolutionary movement or by anyone who had held certain high offices in the preceding government. The significance of this principle was greatly enhanced when the US announced that it would be followed in US policy toward Central America.

An occasion for application of the principle soon arose in Nicaragua, growing out of disorders resulting from withdrawal of the marine legation guard. The presence of the guard had long been a source of embarrassment to the US, but the US had feared withdrawal would precipitate a civil war. In August 1925, however, the risk was taken, and the marines left the country. Disturbances followed almost immediately, and in October a coup d'etat against the existing coalition government gave de facto control to General Emiliano Chamorro, though for the time being the coalition president and vice-president remained in office. Chamorro, still the chief figure in the Conservative party, had been disappointed in the preceding election by a coalition between members of his own party and the Liberals. Now, hoping to ease himself into the presidency by means having the color of legality, he forced the vice-president to flee the country and had himself named by the congress to that office. Then the President was "given" a leave of absence, and Chamorro assumed the presidency. Both the US and the other Central American governments refused to recognize the new regime on the ground that it was clearly in contravention of the 1923 treaty. The Liberals at once started a revolt, and disturbances and disorders continued through the remainder of the year. Chamorro was persuaded by the US to resign in November 1926, and the Congress chose as president Adolfo Diaz, whom the US recognized. The Liberals continued their revolt, however, and the marine legation guard was re-established in January 1927. The following April President Coolidge sent Henry L. Stimson to Nicaragua to insist on a settlement. After brief negotiations, both sides agreed to surrender their arms to the American forces, now amounting to some

2,000 men, in return for a promise that the US would supervise a free election in 1928. To assure fair play, a constabulary was to be trained by American officers, and until this was ready for service the American marines were to maintain order. Diaz continued as president, but Liberals were restored to many of the positions held by them in the coalition government before Chamorro's coup d'etat.

The greater part of the forces on both sides cheerfully surrendered their weapons, and a few recalcitrants were forcibly disarmed. The population as a whole was relieved and pleased that the war had ended. It seemed probable that the program of pacification would be carried through without great difficulty. Matters took on a different aspect, however, when Augusto Cesar Sandino suddenly attacked and very nearly overwhelmed a garrison of American marines and Nicaraguan constabulary at Ocotal in July.

Sandino, one of the lesser generals on the Liberal side, had broken his agreement to disband his forces and had escaped with them into the sparsely inhabited northern provinces. He never had more than a few hundred men under arms, but the mountainous, heavily forested terrain encouraged guerrilla warfare and made it difficult for the American marines to catch and destroy his forces. As he attracted more and more attention by ambushing small patrols or raiding unprotected towns and plantations, he won much sympathy in Latin America and among anti-imperialists in the US. His movement thus took on a significance far beyond its actual military importance. It did more to create Latin American ill will than any other episode in US foreign policy since the taking of Panama.

Sandino's operations had less effect in Nicaragua itself. Peace was restored in the more important sections of the country, and the new constabulary, the Guardia Nacional, or national guard, became a fairly efficient body under its American officers. The presidential election, supervised by General Frank R. McCoy, was held late in 1928 under conditions satisfactory to both parties. General Jose Maria Moncada was the Liberal candidate, and Adolfo Benard was nominated by the Conservatives after the US had pointed out that the Nicaraguan constitution would make General Chamorro's election illegal. Moncada won, and was peacefully inaugurated on 1 January 1929.

Shortly before the election both candidates agreed that the winner would ask for American supervision of the election of 1932, hoping in this way to diminish the possibility of renewed party strife in the meantime. Moncada not only honored this agreement but also arranged to have American officers conduct the congressional election in 1930. In both cases the Liberals won, despite some dissension within the party. The president who took office in January 1933 was Dr. Juan Bautista Sacasa, the titular leader of the revolt of 1926-1927.

Sandino continued to make trouble. In 1931, when an eathquake destroyed Managua and killed nearly a thousand people, he took advantage of the general confusion to sack Cabo Gracias on the east coast, murdering nine North Americans and a number of other civilians. In January 1933, however, the last of the American marines were withdrawn from Nicaragua and the objective for which the rebels had ostensibly been fighting was accomplished. At the same time Sandino was confronted by an agreement between the Liberals and Conservatives to cooperate energetically against him; in February 1933 he made peace with the Nicaraguan government. In 1934 he was assassinated by political enemies.[3]

After the withdrawal of the US Marines from Nicaragua, the dominant figure in the country until his death in 1956 was Anatasio Somoza. The son of a San Marcos coffee planter, Somoza was educated at Managua, the National Institute in Granada, and Spain. He then studied bookkeeping and business administration at the Pearce School in Philadelphia, and worked for a time in that city as a bookkeeper, spending 7 years there altogether. After his return to Nicaragua, where he had a varied career in private and public employment, he was placed at the head of the national guard upon the departure of the US Marines. In this capacity he personally directed the military campaign against Sandino, and some have accused him of complicity in Sandino's assassination.

Already the most powerful man in Nicaragua for some years, Somoza had himself elected president in December 1936 for the term beginning the following 1 January. When the congress made a new constitution in 1938, he had the presidential term extended to 8 years. Though he early began to manifest dictatoral inclinations, he brought progressive and enlightened ideas to the government of his country. He appointed James H. Edwards of New York to reform Nicaragua's finances, and ruled that employees should turn back a month's salary for rearmament. In 1938, in order to reduce the cost of living, he passed a law limiting to 20 per cent the profits accruing to merchants. He regulated agriculture, especially the manipulation of the cotton crop, ordering cotton goods and agricultural implements to be sold at cost; and in 1938 he ordered the cotton crop reduced by half in an attempt to wipe out the boll weevil. Among his efforts to raise the low standard of living of the poor was the placing of a huge order for secondhand clothes in New York to be sold at low prices to the Nicaraguan peons.

Somoza's attitude toward the US was friendly and cooperative. He accepted the mediation of the US, Venezuela, and Costa Rica in a border dispute with Honduras. He visited Washington in 1939, arranging among other things an Export-Import Bank loan of $2,000,000. He renewed discussions concerning the canal route and had the terrain surveyed upon his return home. In 1940 he had a group of Communists arrested and deported. In 1941, and especially after the crisis of Pearl Harbor, he gave the US loyal support, declaring war on 11 December on Germany, Italy, and Japan, and 9 days later on Rumania, Hungary, and Bulgaria. In recognition of US aid in launching the National Military Academy, he designated the 45 cadets graduating from the academy in 1944 the "Roosevelt Class."

In elections called for January 1947 Somoza decided to retire to the background as commander of the national guard and let a hand-picked successor, Leonardo Arguello, become president. But when Arguello, who was installed in office in May, showed signs of wishing to rule according to his own ideas, Somoza had the compliant congress declare him mentally incompetent and replace him with Somoza's uncle. When the uncle died in 1950, Somoza himself resumed the presidency and continued in that office until his death. Though the coup against Arguello provoked a good deal of unrest and dissatisfaction, particularly among the wealthy ranchers and businessmen, there was no resort to arms, and by the early 1950's Somoza felt secure enough to take a trip abroad. His travels took him to the Dominican Republic, Haiti, and the US, where he got some important aid for his country through the Point IV program. But in 1954 there was a plot to assassinate him, and on 21 September 1956 another effort succeeded. Shot in four places, the wounded dictator was flown to the Canal Zone and given the best of medical treatment available, but died on 29 September.

Back in Nicaragua his two sons moved into complete authority following the shooting of their father. Luis Somoza, 34 years old, became acting president, and Anastasio, 2 years younger, became commander of the national guard. Luis was formally elected president the following February. Soon after his inauguration he announced the initiation of a liberalizing approach. Surprising emphasis was given this policy when he sent to the Congress a new law of presidential succession excluding an incumbent president or anyone else in his family. The Congress passed this law, thus ruling out both Somozas as possible candidates for president after Luis's present term expires in 1963.

Military Missions

Although it appears that the US did not send any military mission as such to Nicaragua until some years after World War II, available information indicates that US influence had no rivals in the form of European military missions in that country during the past half-century at least. No information has been found concerning any non-US military missions in Nicaragua prior to the US intervention in that country in 1909 on the side of the Conservatives revolting against the dictator Zelaya. As we have seen intervention resulted in the establishment of a legation guard of a hundred US Marines at Managua in 1912, and though this guard was withdrawn in August 1925, the disorders that followed led to its re-establishment in January 1927 and continued stay in the country until January 1933. After the second US intervention the marine guard helped organize and train a Nicaraguan National Guard, thus fulfilling in addition to its other duties the function of a military mission though not having that status.

The earliest of the present military missions from the US to Nicaragua was sent by the Air Force, in accordance with a contract between the two countries signed on 19 November 1952. The contract was for 4 years, but as of July 1956 negotiations were under way for an indefinite extension. This mission acts in an advisory capacity to the Nicaraguan Air Force.

The present US Army mission was sent to Nicaragua under an agreement signed on 19 November 1953. In accordance with this agreement the Army maintains in that country a mission consisting of 3 officers and 4 enlisted men. The objective of the mission is to enhance the efficiency of the Nicaraguan National Guard in matters of training, organization, and administration through advice and assistance given the Minister of War and officers of the national guard. It also has the responsibility of assisting in the training and equipping of a MAP-assisted battalion--thus, like the Army mission in Guatemala, performing the functions of the MAAG for the country. The bilateral military assistance agreement calling for the creation of this battalion in Nicaragua was signed in April 1954. The mission of the battalion, mutatis mutandis, is the same as that for Guatemala's MAP battalion.[2]

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2. (S) OSD (ASD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation, 2 Mar 60, 265; (S) (S) ASD/ISA, "Nicaragua," Briefing Book, Office, Reg. Dir Western Hemisphere; Munro, The Latin American Republics, 465-467, 473-476.

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Military Aid from the US

Purchases from the US, however, have not been inconsiderable during the past quarter of a century. Data on these purchases follow.

Between 6 November 1935 and 30 June 1940 the total trade in munitions licensed to Nicaragua by the US amounted to $306,367.52. Of this total, $20,906 was spent in calendar year 1939 for aircraft.

Under the Lend-Lease Act Nicaragua received defense aid from the US totaling $887,199. This sum was distributed among the following categories in the amounts indicated: ordnance and ordnance stores, $90,622; aircraft and aeronautical material, $469,528; tanks and other vehicles, $133,038; vessels and other watercraft, $13,846; miscellaneous military equipment, $45,699; testing, reconditioning, etc., of defense articles, $122,939; services and expenses, $11,523.

Under an authorization dated 26 December 1945, Surplus Property Act aid was approved for Nicaragua. A total program of $130,000 was authorized; however, no materiel was transferred under the program.[3]

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3. World Peace Foundation, Documents on American Foreign Relations July 1939-June 1940 (Jones and Myers, ed, Boston, 1940), II, 840, 843; US House, "Thirty-second Report to Congress on Lend-Lease Operations" (House Doc. No. 227, 82d Cong, 1st sess; Washington, 1951), App I (b); (TS) Table, "Current Foreign Military Aid Programs," Encl to memo, JMAC to SecA, SecNav, and SecAF, 9 Nov 48.

Nicaragua became eligible for grant aid under the Military Assistance Program by signing a bilateral military assistance agreement with the US in April 1954, as has been previously noted. No other type of military assistance under MDAA or MSA had been received by the country prior to this time. As of 30 June 1959 a total of $1.2 million of grant aid chargeable to appropriations had been programed for Nicaragua under MAP, and all of this had been delivered. An additional $0.3 million is programed for FY 1960, and it is estimated that $0.2 million of this amount will have been expended by the end of the fiscal year. In addition to the foregoing, it was estimated that Nicaragua would have received by 30 June 1960 deliveries from excess stocks worth $23,000. MAP expenditures chargeable to appropriations are shown by year for Nicaragua in the following table:

(In Millions of US Dollars)

MAP Expenditures

1954	$0.3	
1955	0.3	
1956	0.1	(Figures in the table are rounded)
1957	0.2	
1958	0.2	
1959	0.1	
1960	0.2	(estimated)
Total	$1.4	

(Plus $23,000 worth of excess stocks)

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This expenditure of MAP funds in Nicaragua has been almost entirely for the purpose of training and equipping the nation's MAP-assisted infantry battalion; $614,000 or nearly half the total, has been allocated to training, and of this a small part has been expended for training Nicaraguan Air Force personnel. Amounts for other categories of expenditure follow: $422,000 for vehicles (including 1/4-ton cargo trailers and 1/4-, 3/4, and 2 1/2-ton trucks), weapons (including .30-caliber machine guns, 60mm. mortars, 75mm. rifles, and .30-caliber rifles and carbines), components, and spares; $167,000 for ammunition; $46,000 for electronic and communications equipment, components, and spares; $7,000 for spare parts; $49,000 for "other material"; $8,000 for repair and rehabilitation of excess"; and $40,000 for packing, crating, handling, and transportation. This MAP aid to Nicaragua constituted only 0.47 per cent of all MSP military aid to Latin America.[4]

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4. (C) ICA, "U.S. External Assistance," 16 Mar 60, 69; (S) "MSP: 1961," 263-264; Ibid., 1957, IV, 125-126.

Nicaragua's purchases of military materiel from the US through FY 1959 amounted by the end of FY 1959 to $2,083,000 (of which $1,734,000 worth was furnished). These purchases constituted 1.2 per cent of the $177,793,000 worth of materiel purchased by Latin America as a whole by the end of FY 1959. Nicaragua's purchases were for the non-MAP-assisted portion of the Nicaraguan defense establishment. The 756-man MAP battalion is approximately 14 per cent of the National Guard, or total defense force, which numbers 5,271. The ground forces, organized into 9 battalions, account for 5,000 of this figure; the air force, which is an integral part of the National guard, has a personnel strength of 271. As of the end of FY 1957 Nicaragua's military purchases from the US were on the basis of dollar value, distributed between the ground and air forces approximately in proportion to personnel strength.

It is known that Nicaragua purchased from the US for her ground forces $65,000 worth of machine guns and pistols in July 1953 and that subsequently, after the MAP program was in progress, she purchased 7,000 rifles, 7 million rounds of .30-caliber ammunition, and 4 105mm. howitzers. Other ground-forces materiel of US types possessed by the Nicaraguan ground forces but not supplied under MAP included a number of 81mm. mortars, 3.5-inch rocket launchers, 37mm. antitank guns, medium tanks, half-tracks, and armored cars. Presumably most if not all of this materiel was purchased from the United States. In the case of aircraft it is known that, though the air force has only US-type planes, 25 F-51 Mustangs were purchased from Sweden (for $750,000) in July 1955. This accounts for the great majority of the 32 fighter aircraft on hand as of September 1959. At the same time there were 6 other aircraft assigned to tactical units, including 2 bombers, and the over-all total of aircraft in the Nicaraguan Air Force was 59.[5]

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5. (S) OSD, "MSP: 1961," 218, 264; (S) Nicaragua Briefing Book; (S) Dept of State, "Military Assistance and Latin America" Special Paper A-7-10, 20 Sep 57, 9; US House, "Military Assistance Advisory Groups: Military Naval, and Air Force Missions in Latin America" (Report by Porter Hardy, Cmte on Armed Services; Washington, 1956), [illegible] 10.

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US Economic Aid

Figures on economic aid to Nicaragua similar to those given for Guatemala are available for such light as they shed in conjunction with the foregoing information concerning military aid, on the background of the nation's budget. Since World War II but prior to the inauguration of MSP, Nicaragua has received economic aid under the Institute of Inter-American Affairs (continued under MSP after 1951), Technical Assistance (continued under MSP after 1951), and the Inter-American Highway program, the last continuing to the present. The only other non-MSP economic aid received in the same period has been Export-Import Bank long-term loans ($0.6 million in 1951, $2 million in 1957, and $0.5 million in 1959). The total of both MSP and non-MSP economic aid received from FY 1946 through FY 1959 is $28.6 million. This total was distributed by years as shown in the following table:

(In Millions of US Dollars)

	Total Economic Aid to Nicaragua
1946	$ 1.7
1947	1.7
1948	0.5
1949	0.4
1950	0.4
1951	1.3
1952	0.8
1953	0.9
1954	1.2
1955	3.6
1956	2.6
1957	6.2
1958	3.5
1959	4.3
Total	$28.6

(Figures in the table are rounded)

The total economic aid to Nicaragua shown in the table amounted to only 0.81 per cent of the total such aid to Latin America as a whole during the same period.[6]

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6. (C) ICA, "U.S. External Assistance," 16 Mar 60, 54, 69.

Non-US Purchases of Armaments

Though finding no field for the operation of military missions in Nicaragua, European nations have been able to participate in the development of that country's military establishment by offering military materiel for sale on terms usually more favorable than those available in the US until recently. Between 1949 and July 1953 Nicaragua purchased 8 81mm. and 12 60mm. mortars from France. Other foreign ordnance still on hand in late 1959 included 17 120mm mortars of French and Israeli makes, 6 65mm. howitzers of Italian manufacture, 20 Swiss 20mm. antiaircraft guns, and 8 Swedish 40mm. antiaircraft guns.[7]

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7. (S) Dept of State, Spec Paper A-7-10, 9; (C) Dept of State, "An Evaluation of Latin American Armament Expenditures," Int Rpt No. 6986, 14 Sep 55, App, Table I; (S) Nicaragua Briefing Book.

Armed Forces

Like Costa Rica, Nicaragua does not have an Army as such. Its National Guard, however, with its effective leadership and high morale remains a leading factor in Nicaraguan politics. The absolute loyalty of this well organized fighting unit to General Somoza during his lifetime explains in part his long tenure as a Central American political leader. Nicaragua's current president, Colonel Anastasio Somoza,Jr., youngest son of the former president and a graduate of the US Military Academy, is head of all military forces. The following budget figures reveal to some extent the present position of the armed forces in his administration.

Table 1

(5 cordobas to the dollar)
(In Millions of US Dollars)

	Total National Budget	Defense Budget	Defense % of Total
1949	$18	$ 2	11.1
1950	17	2	11.8
1951	24	2	8.3
1952	28	3	10.7
1953	28	3	10.7
Since MAP Aid Began			
1954	$42	$ 3	7.1
1955	45	10	22.2

Table 2

(7 cordobas to the dollar)
(In Millions of US Dollars)

	Total National Budget	Defense Budget	Defense % of Total
1955	$39.1	$ 5.1	13.0
1956	37.2	6.3	17.0
1957	37.8	n.a.	n.a.

Table 3

(7 cordobas to the dollar)
(In Millions of US Dollars)

	Total National Budget	Defense Budget	Defense % of Total
1958	$41	$ 8	19.0
1959	44	7	15.9
1960	40	8	20.0 8

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8. Table 1 is from (C) Dept of State, Int Rpt No. 6986, App, Table I.
Table 2 is from (S) Nicaragua Briefing Book.
Table 3 is from (S) OSD, "MSP: 1961, 262.

Budgetary figures for study in relation to the foregoing data on military and economic aid are not available in a single table, but have to be taken from three different tables, each from a different source. Such figures may vary considerably with the source, as may be seen above for the year 1955, which occurs in two of the tables. Conversion rates may vary from table to table; the first table is based on 5 cordobas to the dollar and the other two on 7 cordobas to the dollar. Nevertheless, juxtaposition of the three tables provides a useful general indication of the trend of defense spending in Nicaragua versus the over-all budget.

US military observers consider the National Guard of Nicaragua capable of providing local protection and resisting limited invasion. It could not successfully defend against an invasion by a modern force of equivalent size. The MA program has provided equipment enabling Nicaragua to organize one modified infantry battalion of 756 men, approximately 14 per cent of the total armed forces. This battalion remains the only relatively modern unit in the Nicaraguan Army.[9]

9. (S) OSD, "MSP: 1961," 265; (C) ASD/ISA, Office, Reg Dir Western Hemisphere, "Mutual Security Forces: Strength of MAP-Supported Units," MS table.

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PERU

Historical Outline

The history of Peru has been marked by a succession of dictatorships rooted in the lack of political consciousness of the masses and the tradition of autocratic government by the ruling minority. Only with the exploitation of the wealth of mineral resources and the growth of industry, both supported by foreign capital, did a Peruvian middle class begin to emerge. The political power of this rising middle class, however, has not yet produced stable democratic processes. In order to ensure the continuation of industrial growth through the investment of foreign capital, the middle class, eschewing radical ideas of reform, has supported the policies of oligarchic government as long as the government has encouraged foreign investment.[1]

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1. The information in this section is from the following sources: J.F. Bannan and P.M. Dunne, Latin America: An Historical Survey (rev ed, Milwaukee, 1958); A.B. Thomas, Latin America: A History (New York, 1956); A.P. Whitaker, The United States and South America: The Northern Republic (Cambridge, Mass, 1948).

Peru dates its independence from the entrance of San Martin into Lima in 1821. He resigned as Protector in 1822, leaving the complete liberation to Bolivar, who assumed dictatorial powers in 1824. Proud Lima, however, refused to submit to Bolivar's Greater Colombia plan. The Peruvians overthrew the governing council left by Bolivar and established a provisional government under General Jose La Mar. Following a short war against Colombia, in which Peru suffered defeat, La Mar was deposed. He was finally succeeded by Santa Cruz, at that time the caudillo of Bolivia, who united the two countries. The union quickly dissolved, and Peru began a century of military dictatorships, civil war, and anarchy.

In spite of the severe political turmoil, Peru realized considerable economic and social progress in its first century of independence. The rule of Ramon Castilla (1844-1862)in particular marked a generally progressive era in Peruvian history. The economic prosperity resulting from the exploitation of the guano deposists enabled Peru to inaugurate modernization of its communication and transportation systems, to consolidate the internal debt, and begin payments on the foreign debt. Education was promoted, Negro slavery was abolished, and the lot of the Indians was generally improved. The growth of industry and the influx of foreign capital stimulated by World War I brought the Peruvian middle class into prominence. No longer did the oligarchy hold exclusive sway over the nation's fate; Peru was being transformed from a feudal into a modern state.

The postwar years also brought a new vitality to the liveral political ideas advocated by Peruvian intellectuals throughout the nineteenth century. These ideas were effectively spread by Hoya de La Torre's left wing political party, the Alliance of American Revolutionary Parties (ARPA). A harbinger of this change in political temper was the liberal Constitution of 1920. Although Augusto Leguia had returned as absolute dictator in 1919, he undertook many social and economic reforms sanctioned by the liberals.

The depression of 1929 threw the Leguia government into bankruptcy and brought about the dictatorship of Sanchez Cerro, whose despotic rule ended with his assassination in 1933. His successor, Oscar Benavides (1933-1939), represented a more enlightened military dictatorship. He inaugurated the economic reforms necessary to extricate Peru from the depression and sensibly settled the border

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dispute Cerro had instigated with Colombia. But in 1939, having failed to maintain the support of the reactionary groups, Benavides threw his support to Manuel Prado. President Prado, elected at the head of a 12-party coalition, was expected to be a tool of Benavides but soon injected an entirely new spirit of moderation into Peruvian politics. He worked closely with Congress, developed industry, encouraged unionization, fostered education and social services among the masses, legalized ARPA, and in 1945 gave Peru its first free election.

In the election of 1945 Jose Bustamante was elected at the head of a coalition dedicated to the modernization of Peru's feudal social structure. But the new government soon found itself split by internal dissension: the Apristas, the largest group in the coalition, insisted on immediate and radical legislation to improve the lot of the masses, while the more moderate members of the coalition followed Bustamante in counseling caution. Adopting the tactics of their earlier oppressors, the Apristas reacted with violence. Bustamante was able to crush the Apristas revolt of 1948 and outlaw the party, but the conservatives, with the aid of high army officers, staged a revolt and supplanted Bustamante with General Manuel Odria. Odria, operating under a cloak of constitutionality, legalized his dictatorship by a bogus election in 1950 in which he stood as the only candidate. Although Odria was a right-wing dictator, he planned to justify his dictatorship with a substantial list of material achievements. During his regime industrialization leaped forward under a comprehensive 5-year plan; the nation maintained an absolutely free economy; social security was introduced; and earlier-instituted social reforms were continued. In 1956 Odria, having lost the support of many conservatives, announced that he would not run for re-election.

Social conditions in Peru in the 1950's had improved perceptibly over those of a century earlier. Some of the rich were richer, but many of the poor were not quite so poor. Wages and salaries were considerably higher and probably presented greater purchasing power in spite of the rising costs of living. But there had been little progress toward democracy since the winning of independence. Today, however, with the continued industrialization of the country, with the irresistable demands for a broader political democracy engendered by the ideals spread during two World Wars, and with the peaceful re-election of Prado in 1956 ensuring a continuance of modernization, Peru seems to be climbing toward an economic plateau from which can be seen the promised land of social betterment.[2]

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2. The Peruvian Country Team Report of 1958,* revised in 1959, presents a notable exception to this opinion. The team reported in 1958 that "democracy, hopefully restored two years ago is floundering, and Peruvians, disenchanted with the present Government, seem prepared to turn to the time-honored solution of a military junta." No secondary source consulted agrees with this estimate. The National Intelligence Estimate, "The Outlook for Peru," (97-59, 13 October 1959), also disagreeing said: "It is likely that the Prado government will serve out its terms and that there will be reasonably free elections and an orderly transfer of power in 1962."

*(S) US Emb Peru (ASD/ISA files), "Country Team Analysis," Desp No. 969, 11 Jun 58.

Foreign Relations

Its first century of independence marred by military dictatorships, civil wars, and anarchy, Peru was further unsettled by a series

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of wars: in 1828 an attack on Bolivia; in 1829 a boundary dispute with Colombia that failed, unfortunately, to settle the Amazon boundaries of the two belligerents; in 1864 a minor affair with Spain mediated by the US in 1879; and finally a disastrous War of the Pacific with Chile (1879-1883). This last conflict cost Peru the province of Tarapaca and resulted in the occupation of Tacna and Arequipa by Chilean forces. The dispute dragged on until finally arbitration by the US settled the question in 1929.[3]

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3. Whitaker, US and South America; (S) "The Outlook for Peru," NIE 97-59, 13 Oct 59.

US relations with Peru during the nineteenth century were not close because the real or apparent indifference of the US towards inter-American cooperation gave rise to resentment in Peru, one of the leading exponents of the idea. In 1864, for example, when Peru was threatened by the Spanish Navy, the US refused to attend the Panama Congress that met to coordinate hemispheric defense against European invasions. As noted above, however, the US did attempt to settle the dispute by unilateral action in 1879.

After US entrance into World War I, Peru severed relations with the Central Powers and gave some aid to the Allies, although it stopped short of a declaration of war. It allowed US armed merchantmen to trade freely in its ports and in 1918 seized 10 German vessels and turned them over to the Emergency Fleet Corporation of the US. Also, Peru signed the World War I peace treaty and joined the League of Nations.

The major incidents in the history of Peru's foreign relations during the twentieth century are the boundary disputes with Colombia (1932-1935) and Ecuador (1934-1942). Through a series of agreements to which Brazil, Ecuador, Peru, and Colombia were parties, Colombia was granted an extension of Amazon territory to include the town of Leticia, a much desired port on the Amazon river. Many Peruvians, however, considered that too much had been conceded to Colombia. In 1930 a band of Peruvian civilians and soldiers attacked Leticia. Both countries armed, and were soon at war. The fact that these two nations, who had defaulted on their public debts, were squandering millions on a border war quickly elicited offers of international arbitration. The League of Nations' offer of arbitration was accepted, and finally in 1935 both sides agreed to a peace treaty calling for a status quo ante bellum.

The second border dispute, more important in light of contemporary Peru-Ecuador rivalry, began in 1934 when a century-old controversy over Ecuador's Oriente province flared anew. The exaggerated claims of Peru to the disputed territory would have deprived Ecuador of all but a narrow strip lying between the Andes and the Pacific. Clashes occurred along the border during the next 7 years with both sides steadily increasing their armed forces. In 1941 Peru invaded the coastal province of El Oro, but under the combined pressure of the US and the ABC powers a solution was finally forced upon the belligerents at the 1942 Rio Conference. Peru agreed to back down from its extreme position, although it retained the lion's share of the territory--a fact never forgotten nor forgiven by Ecuador.

When World War II broke out President Prado's natural inclination was to sympathize with the Allies. The Italian mission contract was allowed to expire; Japanese immigration, particularly heavy in the 1930's, was halted; Japanese funds were frozen; Axis propaganda was curtailed; and in 1942, relations with the Axis were terminated. The Peruvian Congress conferred extraordinary powers upon Prado in order to carry out the agreements under the Rio Pact. For the first time

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in the history of its relations with the US, Peru agreed to a commercial treaty in May 1942.

During the postwar era Peru has maintained a policy of close and friendly ties with the US. The US imposition of lead and zinc quotas in 1958, however, provoked widespread criticism in Peru. Peru, in fact, is generally dissatisfied with US commercial policy, and there has been a demand in the national Congress for an increase in trade with the Soviet Bloc. Until the present, Peru has had less contact with the Soviet Bloc than any of the major Latin American countries: the only Bloc mission, a Czechoslovakian legation, was expelled in 1957 for engaging in subversive activity.

While Peru now has generally friendly relations with other American countries, its boundary dispute with Ecuador continues to cause sporadic periods of strained relations with that country.

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Communism

In the climate of political toleration of recent years, the influence of the Communist party (PCP), which was outlawed in 1948, has been growing. Its membership is now 6,000 and may be as high as 12,000, with a considerably greater number of sympathizers. Its strength is concentrated in the cities, particularly among the disaffected mestizos and migrant Indians in urban areas and in the student federations. The Communists have little direct influence on the government, although there are a few in Congress, and a number of Communists hold secondary government positions. Significantly, they have failed to attract a following among the rural Sierra Indians. They are still far weaker than ARPA in strength and influence, and the latter remains the more effective competitor for mass support. The Communists have benefited, however, from upper class disposition to encourage them as rivals to ARPA.[4]

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4. (S) "Peru," NIS 88, Sec 56, Jun 57; (S) NIE 97-95, 13 Oct 59.

Military Missions

The formation of Peru's armed forces into a professional class began with the importation of a French Army mission in 1896. Successive French missions served the Peruvian Army until 1943. They improved the organization, training, and equipment of the army and originated the military school system. The effectiveness of later French missions was diminished by the apparent tendency of French officers to use their assignments for personal profit. Unfortunately, considerable sums of money were wasted and a stock of obsolete and useless materiel was acquired by the Peruvian Army through these officers, many of whom represented some arms factory or other munitions enterprise. Among Peruvian army officers, however, a deep sentimental attachment for the French was implanted, an attachment which frequently involved a suspicious and critical attitude toward the US.

Other nations were active in Peruvian military circles before the war. The Germans operated an army mission from 1927 to 1929. Their tactlessness and arrogance aroused so much opposition, however, that they were dismissed. Under President Benavides, the Italian Government had an air mission in Peru from 1936 to 1940 and reorganized the Peruvian Air Force along Italian military lines.

The US supports Army, Navy, and Air Force missions in Peru. The Army has been maintaining a mission in Peru since 1944 although individual officers had been assigned for short training missions as early as 1942. The present mission dates from 20 June 1949, and through a new agreement signed on 6 September 1956 the mission, consisting of 11 officers and 4 enlisted men, has been contracted for an indefinite period. The mission personnel serve as training advisors to the General Staff, combat arms, and technical services, including the service schools.

The Navy mission to Peru is the second oldest US mission in Latin America. It was established on 20 July 1920 at the request of dictator Leguia and lasted 13 years. On 31 July 1940 the mission was renewed and by a series of notes has been extended on a 4-year basis. The present contract is due to expire in 1960. The mission, composed

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of 6 officers and 7 enlisted men, is attempting to place the Peruvian Navy's training program on a self-sustaining basis; as a result, Peru is now capable of training practically all its own naval personnel.

The US has maintained an air mission in Peru since 7 October 1946. The mission, consisting of 8 officers and 10 enlisted men, is on indefinite assignment to train the Peruvian Air Force.[5]

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5. Stetson Conn and Byron S. Fairchild, "The Framework of Hemisphere Defense" (galley proofs of unpublished MS in OCMH files), 99; (S) Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on foreign and US missions in Latin America, ca. 1954, 3, 4; (U) Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on US missions in Latin America, ca. 1957; US House, "Military Assistance Advisory Groups: Military, Naval, and Air Force Missions in Latin America" (Report by Porter Hardy, Cmte on Armed Services; Washington, 1956), 21-23.

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Military Assistance for Peru

Except for the production of small-arms ammunition, Peru has been forced to import all military equipment. Prior to World War II the majority of this equipment came from Europe, although the US licensed the exportation of $2,654,953 worth of munitions for shipment to Peru between 6 November 1935 and 30 June 1940, including $390,328 worth of military planes and aircraft parts in 1939.[6]

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6. World Peace Foundation, Documents on American Foreign Relations July 1939-June 1940 (Jones and Myers, ed, Boston, 1940), II 841.

On 6 May 1941 Peru was declared eligible for aid under the Lend-Lease Act, and on 11 March 1942 signed a lend-lease agreement with the US. In the next 9 years Peru received $18,916,471, all but $238,513 of this sum before 2 September 1945. Most of the money was appropriated for the following categories:

Aircraft and aeronautical material	$6,822,095
Ordnance	$2,617,089
Tanks and vehicles	$1,655,624
Vessels	$4,140,962

On 26 December 1945 Peru became eligible to recieve military equipment from the US military establishment under the Surplus Property Act. As of 31 October 1948 Peru had received $15,111,000 worth of aid under the terms of this act.[7]

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7. US House, "Thirty-Second Report to Congress on Lend-Lease Operations" (House Doc. No. 227, 82d Cong, 1st sess; Washington, 1951), App I (b); (TS) Table, "Current Foreign Military Aid Programs," Encl to memo, JMAC to SecA, SecNav, and SecAF, 9 Nov 48.

US Military Assistance 1949-1960

US military assistance to Peru between 1949 and 30 June 1959 totaled $90,464,000, approximately 15 per cent of the Latin American total.

The major items of this total were for the following:

(1) Cash and credit purchases of military equipment. Peru has been allowed to purchase military equipment from the US for cash and credit under the terms of the Mutual Defense Assistance Act of 1949 and the Mutual Secruity Act of 1951. Through 30 June 1959 these purchases totaled $36,164,000--$34,064,000 worth of it actually delivered. This figure, which includes a $15.6 million credit, represents approximately 20 per cent of the total purchases of military equipment from the US by Latin American countries during this period.

(2) Military aid grants. Peru and the US signed a bilateral military assistance agreement on 22 February 1952. This agreement enabled Peru to become eligible for direct grants of equipment and other assistance under the Military Assistance Program (MAP). From 1952 to 1959 Peru received $30.4 million in military aid through MAP, approximately 11.8 per cent of the Latin American total. MAP military aid proposed for Peru in FY 1960 totaled $6.1 million. It is estimated that by 30 June 1960 this military grant aid will have amounted to:

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$5.4 million for aircraft, including 18 B-26's and 16 F-80's, $5.2 million for vehicles, including 214 trucks; $4.1 million for ammunition; $2.2 million for training, and $1.9 million for packing and transportation. MAP military aid proposed for FY 1961 totals $4,767,000 including $253,000 for aircraft, $1,143,000 for spare parts, and $1,509,000 for training.

(3) Grants from excess stocks of the US military departments. Peru received $8,300,000 worth of military equipment between 1953 and 1959 from the excess stocks of the US military departments. This equipment is not chargeable to MAP. Peru received approximately 7 per cent of the excess stock grants to Latin America.[8]

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8. (C) ICA, "U.S. External Assistance," 16 Mar 60, 54, 72; (S) OSD (ASD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, 269-271; (S) State Dept, "Military Assistance and Latin America" Special Paper A-7-10, 20 Sep 57, 6, 7, 22.

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Non-US Military Purchases

Peru continued to purchase military equipment from other than US sources during the years of mutual assistance. Between 1953 and 1955 Peru purchased among other things: 24 tanks from Czechoslovakia; 1 tanker from Denmark and 1 from the UK, at a cost of $3 million and $4 million respectively; rifles from Belgium; and 10 Hawker Hunters and 1 trainer from the UK. An inventory of arms and equipment of the Peruvian Army in 1959 revealed 281 artillery pieces from France, Germany, Japan, Sweden, Switzerland and Denmark compared with 102 from the US; 54 pieces of armor equipment from France and Czechoslovakia; and 120 pieces of motor equipment from Argentina and France. In 1959 Peru also acquired two major additions to its navy: the cruisers "Ceylon" and "Newfoundland" from the UK.[9]

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9. (S) Dept of State, "Statistical Information on Latin America Military Forces and Military Expenditures," Intelligence Info Brief No. 225, 1 Dec 59; (S) ASD/ISA, "Peru," Briefing Book, Office, Reg Dir Western Hemisphere; New York Times, 5 Nov 59, 5; Ibid., 20 Dec 59, 23.

US Economic Aid to Peru

Economic aid, by easing the need for allocations to nondefense activities, may have an effect on the budgetary allocation of the recipient country, including the allocation for defense. It is pertinent, therefore, to consider economic aid to Peru in connection with the foregoing information on military aid. During the period 1946 to 1959 Peru received $254,500,000 from the US in economic aid--7 per cent of the total US economic aid to Latin America. Of this total $20 million was provided through the International Cooperation Administration under the Mutual Security Program; another $189.2 million was in the form of long-term loans from the Export-Import Bank.[10]

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10. (C) ICA, "U.S. External Assistance," 16 Mar 60, 54, 72.

Peruvian Armed Forces

The Peruvian armed forces seem more reluctant than formerly to intervene in political affairs, but nevertheless remain the ultimate arbiter of political power. As elsewhere in Latin America they are increasingly inclined to concern themselves only with professional interests and with the maintenance of constitutional order. Military leaders have been generally critical of Prado's vacillating policies, but they seem to have little desire to assume the responsibilities of government. They have pressed him to take a stronger stand against labor disorders and Communist agitation. In circumstances of great political tension it is conceivable that military rule would be established to maintain order and to suppress radicalism.[11]

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11. (S) NIE 17-59, 13 Oct 59, 4.

The amount Peru appropriates for its military departments has remained relatively stable in the postwar years as the following tables reveal:

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Table I

(In Millions of US Dollars)

	Total National Budget	Defense Budget	Defense % of Total
1949	$ 77	$16	20.8
1950	91	22	24.2
1951	129	29	20.4
1952	135	26	19.3
1953	146	37	25.3
1954	159	31	19.5
1955	175	34	19.4

Table II

(In Millions of US Dollars)

	Total National Budget	Defense Budget	Defense % of Total
1956	$205	$41	20.0
1957	253	57	22.5

Table III

1958	249	48	19.3
1959	264	53	20.1

While the military budget has more than tripled during these 10 years, the percentage of the total budget it represents has remained relatively constant. However, in order to finance its military program, Peru has been forced to sacrifice essential economic development programs.[12]

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12. Table I; (C) Dept of State, "An Evaluation of Latin American Armament Expenditures," Int Rpt No. 6986, 14 Sep 55, App, Table I, 3; Table II: (S) Peru Briefing Book; Table III: (S) OSD, "MSP;1961," 269-271. Great care must be exercised by the reader in making comparisons of figures in one table with those in another. Although the sources for Peru seem to have agreed on definitions of national budget and what should be counted as military expenditures, experience with other Latin American budget accounts suggests that these figures should be used for comparison only with others in the same table.

The Peruvian armed forces numbered 60,105 in 1959, distributed as follows: 30,000 army, 16,000 police, 2,500 national guard, 7,061 navy, 112 marines, and 4,432 air force. Intelligence estimates indicate that the army's combat effectiveness is above average for Latin America: it would be able to defeat Ecuador and offer stubborn defense against any other neighbor. Weapons and vehicles as of June 1959 included 449 mortars (US, France, Argentina); 383 artillery pieces (US, Italy, Denmark, Switzerland, Czechoslovakia, Japan, Germany and France); 30 light tanks (US); 35 medium tanks (US); and 54 armor pieces (Czechoslovakia and France).

The Peruvian Navy has a reputation for good ship-handling and seamanship, and significant progress in the various aspects of modern naval warfare has been made in the last 2 years. The combat vessles include: 3 destroyer escorts (transferred to Peru by the US under the MDAP in October 1951); 3 frigates (2 purchased from Canada in 1947;

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the third purchased from the US in 1948); 8 submarines (all from US); 2 coastal minesweepers (acquired from US in 1947); and tank landing ships, river gunboats, and fleet transports. In late 1959 Peru announced that it had purchased 2 British cruisers to replace 2 obsolete vessels of the same class. [In January 1960 the JCS forwarded to

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13. (S) JCSM-17-60, 14 Jan 1960; (S) Ltr, ASD/ISA to AsstSec State Inter-American Affairs, 21 Jan 60.

The navy is largely dependent on foreign sources for equipment and material. If the older vessels were scrapped, it is estimated that the navy could man and operate an additional eight to ten escorts of the frigate-type vessels.

Peru's air force, one of the leading four in Latin America, has an inventory of 241 aircraft, including 41 jet fighters, attack bombers, and trainers and 65 piston fighters and attack bombers. The air force possesses greater combat capabilities than its counterparts in either Chile or Ecuador, both traditional antagonists of Peru.[14]

14. (S) Peru Briefing Book; Jane's Fighting Ships 1959-1960 (London, 1959), 271-274; (S) Dept of State, Int Info Brief No. 225, 1 Dec 59.

MAP

By the terms of the defense agreement in effect since 1952, the US assists Peru in the support of the following MAP units: 1 field artillery battalion, 1 engineer battalion, 10 vessels, and 3 air squadrons. The Peruvian personnel in these units, 3,157 in FY 1960, approximate 5 per cent of the total armed forces. Under standard procedure the MAP responsibilities of the US in a given country are carried out by a Military Assistance Advisory Group (MAAG) sent to that country. In Peru, however, MAAG functions are performed by the personnel of the Army mission, the chief of which bears also the title Chief, MAAG, Peru, though no personnel are assigned to the MAAG as such.[15]

15. (S) OSD, "MSP: 1961," 271; (C) ASD/ISA, Office, Reg Dir Western Hemisphere, "Mutual Security Forces: Strength of MAP-Supported Units," MS table.

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Arms Rivalry

Because of its continued territorial dispute with Ecuador and a traditional jealousy of its more powerful neighbor Chile, Peru has viewed with suspicion the military policies of these two countries and has consistantly attempted to improve her own military position in spite of external criticism. Peru has blamed Ecuador for the "everlasting" armaments race, charging that for 17 years Ecuador has refused to recognize the 1942 Rio Protocol and that consequently Peru has been obliged to keep its guard up. Ex-dictator Manuel Odria announced that Peruvian participation in the forthcoming Inter-American Conference in Quito would depend exclusively on the attitude assumed by Ecuador, and that if Ecuador were to adopt tactics aimed at the revision of the Rio Protocol, which fixed the boundary, Peru would be justified in assuming a similar attitude.

Although Chile and Peru have both supported disarmament proposals for Latin America (see below), charges and countercharges of an arms race between them are flying between Lima and Santiago. Peru has accused Chile of excessive military aircraft purchases. Chile has countered by charging that with the recent acquisition of two British cruisers Peru was engaged in a naval race that would shift the naval balance of power in favor of Peru; that while Chile relied on US aircraft consignments as part of the over-all Latin American air forces build-up, Peru continued to purchase additional fighter planes with its own money; and that the Ecuadoran threat was an unreal issue since Peru had twice as many inhabitants and was militarily stronger than Ecuador.[16]

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16. Stanford University, Hispanic American Report, XIII (Feb 60), 682, 683.

Disarmament

Peru was the first country to announce its support of the disarmament program for Latin America proposed by President Alessandri of Chile on 20 November 1959. Prime Minister Beltran was its chief supporter, since his new austerity program for Peru was being threatened by new military outlays, particularly the recent naval purchases made over his objections. The Peruvian approach outlined by Beltran was similar to Chile's. It would like to see an arms-limitation conference reach the conclusion that what counts is not the arms possessed by any one country in a vacuum but the arms relationship between it and other countries. If a moderate level of armaments could be established by international agreement and inspection it would afford greater security than an indiscriminate arms race in which the largest countries could buy the most.

The Peruvian press, excepting the anti-government El Comercio, has strongly supported this position. El Comercio insists thay any curbs on Peruvian arms purchases are inopportune in view of the unresolved border problem with Ecuador.[17]

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17. (C) Dept of State, "Latin American Efforts to Limit Armaments," Intelligence Rpt No. 8194, 15 Jan 60, 1, 6.

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URUGUAY

Historical Outline

Uruguay, with an area of 72,000 square miles, is the smallest republic in South America. It is situated on the left bank (Banda Oriental) of the Uruguay River, from which it gets its name, between Argentina and Brazil. The first Europeans to inhabit the area were nomadic gauchos who had crossed the river from Buenos Aires. In order to protect their cattle lands against the encroachments of the Portuguese, these Spaniards in 1726 built a fortress on the left bank of the river. On the site of that fortress is the present city of Montevideo. For two hundred years the Spaniards and Portuguese fought for possession of the Banda Oriental. It is to this rivalry--rooted in the fact that neither Portuguese Brazil nor Spanish Argentina was willing to see the Banda absorbed by the other--that Uruguay owes its independence.[1]

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1. George Pendle, Uruguay: South America's First Welfare State (London, 1952), 1-8; Austin F. Macdonald, Latin America Politics and Government, (2d ed, New York, 1954), 481.

The history of the Banda during the nineteenth century is so replete with invasions and civil wars that it is remarkable that Uruguay should have emerged as a sovereign nation. Remarkable too, is the fact that in this bitterly contested land was born the first truly democratic republic in Latin America.

Under Spanish rule Uruguay was administered as part of the Viceroyalty of La Plata. When the creoles of Buenos Aires revolted in 1810 and deposed the Viceroy, the Spanish governor and his garrison at Montevideo remained loyal to Spain. The Orientales (Uruguayans), under the leadership of Jose Artigas, collaborated with the creoles of Buenos Aires to oust the Spanish from Montevideo. In the course of a long siege, however, Artigas and the forces of Buenos Aires divided over the future status of the Banda. The result of this dissension was to clear the field for still another rival for control, the Portuguese, who soon occupied the territory. In 1821 the Banda Oriental became a province of Brazil.[2]

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2. Pendle, Uruguay, 9-12.

Four years later a band of patriot exiles, the "immortal thirty-three," crossed the river under the command of Juan Antonio Lavalleja and, with the help of Buenos Aires and the support of the Orientales, began an uprising against the Brazilians. The resulting hostilities soon proved the accuracy of a British Foreign Office prediction that the rivalry between Brazil and Buenos Aires for hegemony in the Banda would seriously disrupt Britain's valuable commerce with the Plata ports. Understandably, the UK undertook to mediate between the rivals, and in 1828 British good offices were instrumental in securing a treaty agreement which established a buffer state, the independent Republica Oriental del Uruguay, between the contending powers.[3]

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3. Ibid., 12-13.

But independence brought neither the beginning of peace nor the end of foreign intervention. During the next 75 years, revolution, assassination, and war were the occupational hazards assumed by

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twenty-five Uruguayan governments. It was during this chaotic period that the rival factions in Uruguay took the names and colors that their offspring, the political parties of today perpetuate. The differences between the factions were personal rather than ideological, but in time the Colorados (reds) became identified with urban liberalism and the Blanchos (whites) with rural conservatism. During the period the pattern of politics added to the turmoil. The Colorados settled down to office more or less permanently; the Blancos became a permanent and often violent opposition. In 1959 the Blancos (now officially Nationalists) assumed power for the first time in 93 years.

It was the alliances contracted by Colorado and Blanco leaders with neighboring regimes that caused the ruinous interventions that occurred in the nineteenth century. From 1843 to 1851 the city of Montevideo was besieged by the forces of Rosas of Argentina. During the next 16 years General Flores, in his bids for power, twice invited Brazilian intervention. In return for this help Flores committed his country to support Brazil and Argentina in the War of the Triple Alliance against Paraguay (Paraguayan War) 1865-1870.

The person most responsible for the arrest of political chaos in Uruguay was Jose Batlle y Ordonez, who began his campaign for constitutional, economic, and social reform in 1880 in his newspaper El Dia. He served two terms as president, 1903-1907 and 1911-1915. At the end of his first term he stepped down, in itself an unprecedented step in Latin America, and went to Europe to study methods of government. When he returned in 1911, his program for social and political reform had matured, and he called for drastic constitutional reform in Uruguay. From that time on the question of constitutional reform has been a recurring theme of the political life of Uruguay.[4]

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4. Ibid., 13-16.

Batlle y Ordonez, convinced that the country's ills had been caused by corrupt elections and excessive presidential power proposed substituting an executive council for the office of president. Despite violent opposition by the Blancos and by a segment of his own party, Batlle's idea for a council prevailed eventually. The constitution that went into effect in 1919 was a compromise between the Batlle plan and the presidential system. It provided for a president elected by the people for 4 years and ineligible for immediate reelection and a national council of administration of nine members popularly elected for 6-year terms. The party polling the greatest vote got two-thirds of the seats on the council, the leading minority party one-third. This compromise was designed to deprive the Blancos of an excuse for armed insurrection after each election. The system functioned until 1933 when Colorado President Gabriel Terra, seeking extraordinary powers he deemed necessary to cope with the depression, dissolved the congress and ruled by decree. A year after his coup Terra engineered the public approval of a new constitution, which transferred the powers of the council to the president. Terra's successor, his brother-in-law Alfredo Baldomir, attempting to rule democratically, re-established the national council of administration. The Blancos, however, took what Baldomir considered unfair advantage of the situation to obstruct legislation and censure the Colorado party's policy of collaboration with the Allies. In 1942, therefore, the President removed the three Blanco members of the council, dismissed the congress, and called elections to amend the constitution. The new constitution, which was approved by the people, again abolished the plural executive, but in most other respects reflected the influence of Jose Batlle y Ordonez, who had died in 1929. Among its features were abolition of the death penalty, state medical aid for the needy, state assistance to trade unions, and various other welfare and civil liberatarian provisions.

In 1951 the principal Colorado faction, the Batllistas, revived the scheme for a plural executive or, as it is called in Uruguay, el colegiado. This time the Nationalists, at least the Herrera faction, supported the plan as their only chance to secure representation. Thus with bipartisan support the Batlle plan was adopted; the presidency was abolished and replaced by the colegiado, a nine-man national council of government.[5]

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5. Ibid., 16-19, 23-25.

Whether or not it could properly be ascribed to the plural executive system, the politico-economic situation in Uruguay 6 years after the inauguration of the new colegiado was undeniably bad. Inflation was rampant, foreign trade and production flagged, the debt structure reached alarming proportions, and political leadership seemed to have exhausted itself in intraparty squabbling. The victory of the Blancos (Herrera Nationalists) in the election of November 1958 was regarded as a protest against the deteriorating economic conditions in Uruguay. The incumbent government seemed incapable of coping with a worsening economic crisis precipitated apparently by its own fiscal and economic policies as well as by unfavorable world trade conditions.

The new government, which took office in March 1959, promised an austerity program stressing sound money, stimulation of agricultural and industrial production, and a realistic approach to social legislation; but owing to the factional strife within the party, there was no assurance that any effective program would be forthcoming soon.[6]

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6. Russell H. Fitzgibbon, "Uruguay: A Model for Freedom and Reform in Latin America?" in Frederick B. Pike ed, Freedom and Reform in Latin America (Notre Dame, Ind., 1959), 239-244; (C) NIS 91, sec 53, 2; Stanford University, Hispanic American Report, XII (May 59), 170.

To add to Uruguay's woes, the country was visited in April 1959 by the worst floods in its history. Thousands of people were left homeless, and losses were staggering in the sheep and cattle industries, which provide the basis for the country's economy. The floods also exacerbated Uruguay's already deteriorating trade problem. Products, including meat, that are normally exported had to be imported from Argentina and Europe; the trade deficit for 1959 was expected to reach $37 million. Meanwhile mounting prices provoked strikes and demands for higher wages.

A start toward economic reform was finally attempted in December 1959 when the legislature passed into law a bill providing for currency devaluation, elimination of the system of multiple exchange rates, and a modification of the import and export tax structure. Essential to this program was a $25 million loan, which the government hoped to secure from the International Monetary Fund. The effects of the reform, of course, remain uncertain at this time.[7]

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7. Stanford U, HAR, XII (Oct 59), 458, 459; ibid., (Feb 60), 693.

Uruguayan Foreign Relations

During the First World War Uruguayans had strong motives for sympathizing with the Allied cause. First, as citizens of a small nation they were shocked by the German invasion of Belgium, also a small nation. Second, they had close commercial ties with Britain. Third, the cultural influence of France was still predominant. Fourth, Italian settlers and their families constituted a considerable and important element in the community. And finally, Uruguay was aware of its ties to the US in the pan-American brotherhood of nations. The government issued a decree of neutrality in August 1914, but as the war progressed Uruguay's neutrality grew progressively weaker. When the US severed diplomatic relations with Germany, Uruguay, with the support of the entire press of the nation, formally announced its approval of the rupture. Later, when the US declared war, the government expressed its recognition of the rightness of the decision. Shortly afterwards Uruguay declared that "no American country, which in defense of its own rights should find itself in a state of war with nations of other continents, will be treated as a belligerent." Finally, in October 1917 it severed diplomatic relations with Germany, revoked its own neutrality decrees, arrested the captains of eight German ships anchored in Montevideo harbor, and leased the vessels to the Emergency Fleet Corporation of the US.

Between wars Uruguay was a conscientious member of the League of Nations and remained on friendly terms with its neighbors. During World War II, however, friction developed between Montevideo and Buenos Aires. Uruguayans disliked the undemocratic tendencies of the wartime regimes in Argentina; Argentine military and nationalist leaders resented Uruguay's cooperative attitude toward the US. There was no doubt that in the Second World War as in the First, Uruguay's sympathies lay with the Allies. In December 1939 the German warship Graf Spee was forced to seek refuge in the harbor of Montevideo. Refused an extended stay by the Uruguayan Government, the crew scuttled the ship in the estuary of the Plata and repaired to Argentina where they were received cordially. In May 1940 the government took quick action to suppress a plot by Germans in Uruguay to seize military control. During the crisis the US rushed two cruisers to Montevideo, and Brazil hastily came to the assistance of its neighbor by dispatching military supplies to Uruguay. Soon afterwards Uruguay agreed to the establishment within its territory of naval and air bases for the defense of the Americas, and accepted a US offer of financial and technical assistance as part of the agreement. After the Rio Conference of January 1942, Uruguay severed diplomatic relations with the Axis but not without internal opposition. Nationalist party leader Dr. Luis Alberto de Herrera, who regarded the threat of US domination as greater than the threat of German aggression, protested against the anti-Axis actions and demanded a strict neutrality. Herrera's attitude paralleled that of the Argentine nationalists among whom he had many close friends. But despite his efforts Uruguay remained in the Allied camp. During the war Uruguayan publicists, usually chary of provoking Argentina, frequently criticized the "colonels' clique" and its supporters. Moreover, the dogged little republic offered asylum to political refugees from both Argentina and Paraguay and as a counterbalance to the tension existing between Uruguay and Argentina, maintained particularly amicable relations with Brazil. In 1945 Uruguay, under diplomatic pressure from the US, declared war against the Axis powers and thus qualified for membership in the United Nations Organization.[8]

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8. Ibid., 85-87; Dana G. Munro, The Latin American Republics: A History (New York, 1950), 208.

Uruguay's position as a buffer state--it has been called an Argentine province in Brazilian territory--has conditioned its entire history and largely explains its international outlook. It is not surprising, therefore, that Uruguay has always championed mutual cooperation within regional and international organizations. At Chapultapec in 1945 it sponsored, with Colombia and Brazil, an agreement to prevent, by armed force if necessary, any attack upon the territory or political integrity of an American nation. The following year it proposed collective action against any American country defaulting on its international obligations or denying to its own people "the elementary rights of man and of citizen." In brief, like most small nations, Uruguay is interested in internationalism. This does not mean, however, that Uruguay has not unilaterily asserted its own independence and national dignity. Throughout the Peronista regime relations between Uruguay and its powerful southern neighbor continued strained. Argentina banned its nationals from touring in Uruguay, thus depriving the latter of an important source of income. Uruguay reacted, to the vast displeasure of Peron, by granting asylum to Argentine exiles. Happily theoverthrow of Peron in 1955 brought to an end the troubled relations between the two governments.[9]

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9. Macdonald, Latin American Politics and Government, 481, 482; Alfred B. Thomas, Latin America: A History (New York, 1956), 328.

Within the framework of hemisphere defense arrangements and its bilateral military agreement and strong financial ties with the US, Uruguay has maintained considerable independence in foreign affairs. In 1956 it reopened its legation in Moscow, renewed relations with Rumania, and appointed commercial representatives to Communist China, Poland, and East Germany, It should be noted, however, that this policy reflected resentment of US trade policies and a need to find new markets for its wool, meat, hides, and wheat rather than any deviation from Uruguay's traditional democracy. Two specific causes of Uruguayan displeasure with the US were the US agricultural surplus disposal program and the countervailing duty on Uruguayan wool tops. Although this duty was eliminated in 1959, US purchases had not appreciably increased. On the other hand, by the end of 1959 Uruguay had more extensive relations with Soviet Bloc countries than any nation in Latin America excepting Argentina. Five Bloc countries (the USSR, Czechslovakia, Bulgaria, Poland, and Rumania) have diplomatic representation in Uruguay, and East Germany and Hungary have resident commercial missions. Direct Uruguay-Soviet Bloc trade rose to $36 million in the first 9 months of 1959 compared with $20 million in the same period of 1958. During the 1958-1959 wool season the Bloc bought 38 per cent of the Uruguayan crop; the USSR was the principal consumer of this commodity. In return the USSR supplied 35 per cent of Uruguayan petroleum requirements for 1959. Despite this accelerated trade tempo, however, Uruguay showed no tendency toward a preference for Bloc trade. Up to the end of 1959 it had refused Soviet offers for an expanded program. At the time of this writing the future of Bloc commercial influence hinged upon wool-oil arrangements pending for 1960.[10]

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10. (S) OSD/ISA, "Uruguay," Briefing Book, Office Reg Dir Western Hemisphere; Stanford U, HAR, XII (Nov 59), 515; (S) Economic Intelligence Cmte, (J-2 files), "Sino-Soviet Bloc Economic Activities in Underdeveloped Area: 1 July - 31 December 1959," EIC-R14-58, 29 Feb 60, 77, 78.

One of Uruguay's most consistent foreign policy themes is its disapproval of antidemocratic regimes in Latin America. Sensitivity on this point is apparently not confined to leftist elements. On the other hand, there was evidence of growing resentment against the increased Communist propaganda activity emanating from the Soviet embassy in Montevideo. In March of this year the government threatened to sever relations with the USSR over the issue. Benito Nardone, chairman of the national council, stated that though there was some sentiment for an immediate break, he favored demanding a reduction in the 80-man embassy to match Uruguay's 6-man mission in Moscow.

Uruguay's foreign policy, then, might be described generally as pro-US, pro-UN, and pro-OAS.[11]

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11. Stanford U, HAR, XII (Oct 59), 458; AP Wire Service, 3 Mar 59; New York Times, 28 Sep 59, 2.

Communism in Uruguay

By virtue of the deep respect for civil liberties and the absence of police controls, the Communist movement in Uruguay has had a wide latitude. Yet despite these advantages the influence of the movement may be termed insignificant. Several features of Uruguayan society account for this lack of Communist success. First, the population of about 2.7 million is relatively homogeneous and free from the tensions caused by large unassimilated minorities. Second, until recently there was general contentment with economic conditions. Third, the socialistic program of the government--the state owns most of the basic industries and services--and employs over 20 per cent of the labor force--and its extensive welfare activities have stolen the Communist's thunder. The Communist Party in Uruguay (PCU) has a membership of about 5,000 persons. Although it has considerable influence in the labor movement and conducts a vigorous propaganda program, the party has little political influence. In 1954 it polled only 19,000 votes in returning two members to the lower house. The Communists have infiltrated the lower levels of some ministries and control the executive machinery of the largest trade union in Uruguay, the UGT, but they have no influence in either the army or the national police. From time to time the party has contracted political marriages with national parties on specific issues. In the past, for instance, it has allied itself with the Nationalists on an anti-US theme. This marriage was necessarily short-lived, however, for the Communists are fundamentally incompatible with the conservative Nationalists.[12]

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12. (C) NIS 91, sec 57, 1-16.

Foreign Missions in Uruguay

Unlike its neighbors Uruguay has never had a non-US military mission. Its first mission of any kind was a small US Air Force mission, which it agreed to accept on 4 December 1951. Under the terms of the agreement, which was extended in 1955, the mission's purpose was to help increase the efficiency of the Uruguayan air force "in accordance with a program of analytic action." At the end of 1956 the mission had a total of 11 men. It now includes Army and Navy sections and also performs the MAAG function in Uruguay.[13]

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13. Uruguay Briefing Book; (U) Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on US missions in Latin America, ca. 1957; US House, "Military Assistance Advisory Groups: Military, Naval, and Air Force Missions in Latin America" (Report by Porter Hardy, Cmte on Armed Services; Washington, 1956), 24.

Arms and Aid

Munitions shipments from the US to Uruguay were insignificant prior to the Second World War. From November 1935 to the end of 1939 the total value of export licenses issued during that period was only about $160,000. Most of Uruguay's modest needs for armaments were satisfied by European countries. At the outbreak of the war Uruguay had on hand a few small vessels obtained from Italy and Spain in the thirties and about 17 planes, most of them also of Italian provenance. In May 1941 Uruguay was declared eligible to receive lend-lease aid; it signed an agreement on 13 January 1942. From that date through 31 March 1951 the US sent Uruguay a total of about $7 million worth of lend-lease material, almost all of it before September 1945. In round figures this aid was distributed in the following amounts:

tanks and other vehicles.	$1,940,000
aircraft and aeronautical material	1,718,000
vessels and other water craft	1,550,000
ordnance and ordnance stores	1,181,000
miscellaneous military equipment	690,000

Between 1945 and 1948 Uruguay received another $5.75 million worth of equipment under the Surplus Property Act.[14]

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14. World Peace Foundation, Documents on American Foreign Relations July 1939-June 1940, (Jones and Myers, ed, Boston, 1940), II, 841; MAAG Uruguay, "Narrative Statement," 20 Aug 59, sched D, 1; (C) MS, (OCMH files) Army Industrial College, seminar on "Implications of Export of Munitions to Other American Republics," 21 Dec 44, AM sess, 5, table ff 32 (AM); (TS) Table, "Current Foreign Military Aid Programs," Encl to memo, JMAC to SecA, SecNav, and SecAF, 9 Nov 48.

In 1952 Uruguay and the US signed a mutual defense assistance agreement, which went into effect in June 1953. Small amounts of military aid began arriving in the following year, and by the end of 1959 Uruguay had received a total of $17.8 million worth of the $22.1 million programmed. The military assistance program for FY 1960 called for a $3.4 million appropriation for Uruguay and the proposed program for 1961 for the same amount. Deliveries for FY 1960 were estimated at $2.1 million, for 1961 $3.7 million. Including the estimated deliveries for 1960 the grant aid to Uruguay for the entire

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program was distributed among the various categories as follows (round figures):

aircraft, comp., spares.	$8,000,000
tanks and other vehicles, comp., spares . . .	2,500,000
other material.	1,850,000
ships and harbor craft, comp., spares	1,500,000
ammunition	1,500,000
electronic and communications equip.	1,450,000
packing, handling, transportation	1,400,000

Major items included the following: 14 F80C's, 20 T6's, 4 T33's, 3 DE's, 67 1 1/2-ton trucks, 202 smaller vehicles, 76 machine guns, 572 carbines, and 131 MK9 depth charges. The major allocation in 1960 was in the category "ships and harbor craft" etc., which included the new ocean escort (DE). The largest allocations in the proposed 1961 program were for spare parts ($1.05 million) and training ($1.01 million). Three S2F's programmed in 1959 were expected to be delivered after July 1960. In addition to direct grants ($17.8 million) and credit and cash purchases ($2.7 million) the US turned over $4.8 million worth of equipment from excess stocks between the fiscal years 1956 to 1959.

Under the mutual security program Uruguay also received economic aid. Between 1952 and 1959 it got a total of $10.5 million, most of it in 1959 when it negotiated an $8.8 million loan from the Development Loan Fund. During the period 1946-1959 Uruguay received various other forms of economic assistance chiefly loans, including a $6.3 million economic development loan in 1959.

In summary, the total aid to Uruguay during the fiscal period 1946-1959 was $52.2 million. It was divided almost equally between military aid ($29.6 million, including cash and credit purchases and excess stock deliveries) and economic aid ($22.6 million). The grant aid ($22.1 million), all military, represented 8.6 per cent of the total for Latin America; cash and credit purchases ($2.7 million) 1.5 per cent of the Latin American total; and economic aid ($22.6 million) 6/10 of 1 per cent of the total.[15]

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15. (S) Uruguay Briefing Book; (C) ICA, "U.S. External Assistance," 16 Mar 60, 54, 73; (S) OSD, (ASD/ISA files), "Mutual Security Program: Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, 273, 274.

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Armed Forces and US Aid

Militarism began to die out in Uruguay toward the end of the nineteenth century, and the country's economic and social progress in the twentieth was paralleled by the evolution of the armed forces into a professional, nonpolitical entity. Since the end of the first administration of Batlle y Ordonez in 1907 the military has ceased to be a decisive factor in internal politics. Today the defense minister is a civilian, and there is no conscription. The armed forces play a "minor, disciplined, and a completely subordinate role in the Uruguayan state." From 1949 through 1955 the military received approximately 10 per cent each year of the total budget compared to an average of between 18 and 21 per cent for all of Latin America. Since in Uruguay budgets are now approved for 4 years, it is difficult to determine precisely the percentage of military expenditures, but the consensus of estimates is that it is still running consistently about 10 per cent. Lieuwen, writing in 1960, cites the figure as 11 per cent. In 1954, the only year for which such a statistic is available, military expenditures represented about 2.4 per cent of the gross national product.[16]

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16. Edwin Lieuwen, Arms and Politics in Latin America (New York, 1960), 170, 171; (C) Dept of State, "An Evaluation of Latin American Armament Expenditures," Int Rpt No. 6986, 14 Sep 55, App, table 1.

As of 15 November 1959 Uruguay's army had a reported strength of 9,250 and its national police force 10,400. Since Uruguay has no armaments industry, it has a serious problem of scarcity of spare parts, but it maintains its weapons and equipment in excellent condition. Its small arms are of both US and European origin; heavier equipment is mostly from the US. The heavy equipment includes 9 4.2-inch mortars (US), 12 75mm recoilless rifles (US), 16 105mm howitzers (US), 4 40mm AA (Sweden), 40 M3A1 and 17 M24 light tanks (US), and 75 2 1/2-ton trucks.[17]

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17. (S) Uruguay Briefing Book.

As of mid-1959 the Uruguayan navy consisted of 11 small ships and 1,700 officers and men. The largest vessels were 2 US escorts (DE) built in 1943, 1 corvette (PCE) built in the UK in 1944 and acquired from Canada in 1953, and 1 former US subchaser (PC) completed in 1943. In addition the navy had 14 aircraft, all acquired from the US since 1949.

In 1959 the air force, 1200 men and a mix of mostly US planes included 7 F-51's, 14 F-80's, 4 T-33's, 11 B-25's, 13 T-6's, and 4 C-57's. Because of the obsolescence of some of these aircraft and the failure of the government to provide bombing and gunnery training facilities, the effectiveness of the tactical air force was questionable.

In view of the condition of the Uruguayan economy there is no disposition on the part of the government to increase the armed forces and no prospect of any substantial increase in military expenditures in the near future. Consequently the maintenance, improvement, and modernization of Uruguay's armed forces depends exclusively on outside aid.[18]

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18. (C) NIS 91, sec 82, 1, 4, 5, 11; (S) MAAG Rpt, 20 Aug 59, 1, App-C, sched D.

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By the terms of the 1953 Mutual Defense Assistance Pact, in which Uruguay pledged cooperation with the US in the defense of the Western Hemisphere, Uruguay accepted the primary mission of defending its coastal sea communications and its bases, ports, communications nets, and other essential facilities. The objective of the MAP was to help the Uruguayan units designated as mutual security forces in the execution of their hemisphere defense assignments. In FY 1960 the US was supporting, through the MAP, units containing 3,700 of Uruguay's 12,300 combat forces. This amounted to about 16 per cent of Uruguay's entire armed forces (including police). The MAP-supported units consisted of 1 infantry regiment and other units totaling about 2,300 troops, the navy's 2 DE's and 1 PCE, 9 ASW patrol aircraft, and 2 air squadrons. MAAG reports in 1958 and 1959 indicated that the improvements resulting from grant aid to Uruguay were obvious and that the effectiveness of combat units of the armed forces was directly proportional to MAP support. Besides the material effects, MAP deliveries were said to have increased morale, encouraged reorganization of units according to a modified US TO&E, and increased the desire of the professional officers to learn English. Whether Uruguay, under present and prospective economic conditions, could make any effective contribution to hemisphere defense was dubious.[19]

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19. (S) MAAG Rpt, 20 Aug 59, 2, sched G and D, Ann I; (S) OSD (ASD/ISA files), "Mutual Security Program: Fiscal Year 1960 Estimates, Latin America," 19 Feb 59, 219; (S) MAAG Rpt, 22 Aug 58, App C, 4; (C) ASD/ISA, Office, Reg Dir Western Hemisphere, "Mutual Security Forces-Actual Strength," MS table.

In accordance with Uruguay's historic outlook upon national security, its mobilization plan is based on the assumption that should either neighbor, Brazil or Argentina, become aggressive, the other will rush to Uruguay's assistance. Although Uruguay's buffer status has relieved it of the necessity to maintain a large, burdensome armed force, Uruguay decided, according to a report by the US ambassador in 1958, "as a matter of national policy and prestige," to have a military organization, although of limited size. The report also stated that the military assistance being supplied by the US to Uruguay was considered to be the minimum required to support even a small military organization. If Uruguay could not obtain aid from the US the efficiency of its armed forces would decline both materially and morally and it would probably turn to foreign sources for assistance. Thus though the US had suffered some loss of prestige by the delivery of obsolescent equipment, and though "mention of military assistance . . . usually brings forth imperative demands for economic aid, . . . " the support of Uruguay's military organization, which constituted practically all grant aid to Uruguay, was making an effective contribution to US foreign policy objectives. "Regardless of United States' opinion as to whether or not this organization is required," the report concluded, "we must continue to support it in order to attain our national foreign policy objectives."[20]

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20. (C) US Embassy Uruguay, "Country Team Comments on FY 60," 17 June 58, OSD/ISA files; (S) MAAG Rpt, 22 Aug 58, 2.

Venezuela

Historical Outline

In 1830 Bolivar lay broken and dying, his dream for La Gran Colombia shattered. The South Americans, he lamented, were ungovernable; he had plowed in the sea. At the beginning of its independence Venezuela, Bolivar's birthplace, was part of Greater Colombia, but upon the death of the liberator, Venezuela seceded from the union and embarked on a volatile, turbulent career of its own.[1]

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1. The material in this section, unless otherwise noted, comes from the following sources: J. Fred Rippy, Latin America: A Modern History (Ann Arbor, 1958); Arthur P. Whitaker, The United States and South America the Northern Republics (Cambridge, Mass., 1948); Austin F. Macdonald, Latin American Politics and Government, (2d ed, New York, 1954); A.P. Jankus and W.M. Malloy, Venezuela: Land of Opportunity (New York, 1958).

Until 1846--i.e., for the first 16 years after separation--Venezuela was governed or controlled by Jose Antonio Paez, one of Bolivar's generals. Although poor himself, Paez governed in the interests of the white oligarchy of merchants, planters, clergymen, and soldiers who favored a centralized republic dominated by an aristocracy of wealth in alliance with the Church. The Paez oligarchy was displaced in 1846 by the Liberals, a rival oligarchy that advocated a federal system. Theoretically, the Liberals, who ruled from 1846 to 1858, transformed Venezuela into a federal republic; what they actually established was an unstable federation of caudillos, all vying for the position of real power, the supreme caudillo at Caracas. Like the conservative supporters of Paez, the Liberals were mostly planters and intellectuals, but they included a few members of the lower classes. During their tenure in Caracas they abolished Negro slavery and adopted universal manhood suffrage.

The 12 years from 1858 to 1870 were the most turbulent in Venezuelan history: a coalition of Conservatives and dissident Liberals unseated the Liberal government, both parties splintered into violent factions, and Venezuela was ravaged by almost continuous civil war. The wars almost destroyed the nation, and foreign intervention was narrowly averted before peace and order were restored by a new strong-man in 1870.

The new leader was the able, aristocratic Antonio Guzman Blanco. Although the constitution under which he ruled prohibited two successive presidential terms, Guzman Blanco, directly or through his puppets, ran Venezuela with an iron hand for 19 years (1870-1889). Guzman was a skillful politician and capable administrator, though dishonest, vain, and despotic. While he constructed roads, bridges, schools, and public buildings, he stifled freedom of speech and the press, committed brutalities, and persecuted the Church. His critics--from exile, of course--who pointed out that his personal fortune grew more rapidly than the national wealth, eventually succeeded in expelling him in 1889. From Paris Guzman watched his country broil in anarchy.

Unsettled conditions prevailed in Venezuela until 1899 when a pair of mestizos with their guerrilla warriors from the western mountains descended upon Caracas and overthrew the government. For the next 36 years these two guerrillas, Cipriano Castro and Juan Vicente Gomez, provided Venezuela with two tyrannical dictatorships, notorious even in Latin America for their irresponsibility, brutality, and durability.

Cipriano Castro (1899-1909) governed Venezuela as his personal property for 10 years, piling up huge deposits in Curacao and New York,

jailing and executing political opponents, and enraging foreign governments by his cavalier treatment of their citizens and claims. Late in 1908 Castro, seriously ill, went to Europe to regain his failing health. His trusted lieutenant, Vicente Gomez, now took matters into his own hands. Informing Castro that his health would undoubtedly be better if he stayed in Europe permanently, Gomez took over the machinery of government that he was to manipulate for the next 27 years.

With the exception of his foreign relations, Gomez conducted the business of government much like his unlamented predecessor. He was one of the world's cruelest dictators. While he amassed a hugh personal fortune, he imprisoned, tortured, killed, or exiled hundreds of citizens. In his defense, it is argued that he maintained the peace and promoted Venezuela's material prosperity; the reply, however, which is more convincing, is that he achieved peace by terror, and that prosperity flowed not from Gomez but from the oil-pregnant soil of Venezuela.

Oil production began near Maracaibo in 1918, and in 10 years Venezuela was the second largest producer in the world. Gomez sought to use the receipts from the industry to lessen Venezuelan dependence on foreign countries and to diversify the economy. What revenue did not find its way into his own pockets the dictator used to pay off foreign debts, build roads, and make other material improvements. The oil industry also provided jobs for many of the people. But there is another side to the story. Contrary to Gomez' hopes, the growth of the industry tended to increase not decrease the dependence on foreign countries and to produce specialization not diversification in the Venezuelan economy. Moreover, the prosperity of "black gold" did not trickle down to the masses, with the result that the gap between rich and poor widened and the general standard of living continued at a bare subsistence level.

When Gomez, the "tyrant of the Andes," died a natural death in 1935, the people of Venezuela delirious with delight danced in the streets of Caracas while the Gomez family took to their heels, planes, and yachts. The people dumped tons of shackles, reminders of the incubus of the Gomez regime, into the Caribbean at Puerto Cabello.

Between the death of Gomez and an army coup in 1948, Venezuela experimented for 13 years with democratic government. Gomez' successor was his Minister of War General Eleazar Lopez Contreras. The new president believed in freedom and to everyone's surprise restored it to the people. He emptied the jails of political prisoners and repatriated the exiles; guaranteed freedom of speech and the press; and granted labor the right to organize and to strike. In 1936, after Lopez Contreras had been elected by Congress to a full term, a new constitution was adopted for the nation. Although still basically conservative--there was no provision for direct election of the president, for instance--the constitution revealed a definite break with the old tradition. This trend toward greater democracy continued so that by 1940 an opposition political party had blossomed to contest the election of Lopez Contreras' successor. The new party, called Democratic Action (AD), which nominated author Romulo Gallegos, relied for support chiefly on labor and the intellectuals, who felt the trend toward democracy was moving too slowly. The indirect election, however, made the AD's task all but impossible; the Congress, as expected, chose the government candidate, General Isaias Medina Angarita.

Medina Angarita was even more liberal than his predecessor. He carefully respected freedom of speech, preferred civilians to army officers for important posts, imposed an income tax, and catered to the demands of labor. Although he suppressed some Nazi newspapers after Venezuela broke relations with the Axis in 1941, Medina Angarita allowed the Communists to speak their minds freely.

As his term of office waned, Medina Argarita tapped Angel Biaggini as the official choice for the presidency, a decision that neither AD nor the friends of Lopez Contreras accepted. AD leaders approached the president with a deal: a coalition government to serve for 1 year while a new constitution was written providing for direct popular election. When the president rejected the proposal, the AD turned to the army. With the support of some disaffected young officers, the AD attacked on 18 October 1945, and within 24 hours the government was theirs.

After deporting Lopez Contreras and Medina Angarita and confiscating a good deal of private property, the junta of five civilians and two army officers who now assumed power turned to the business of giving Venezuela creditable government. The president of the junta was a 40-year lawyer, Romulo Betancourt, a political exile for many years, a one-time admirer of communism, and a close friend of labor. Betancourt's program called for the expropriation of large estates, the construction by the government of low-cost housing, and the development of a publicly subsidized merchant marine. Two of its first acts--the junta was ruling by decree--were the imposition of an excess profits tax aimed at foreign oil companies and the establishment of price controls on essential products. The junta then began the task of framing a new constitution. Completed in October 1947 after long debate by a constitutional assembly, the constitution was the most democratic in Venezuelan history. Its provision for popular elections was promptly exercised in the election of 1947. To the surprise of all Latin America, this election in December 1947 was absolutely free and unrigged. The people gave AD a resounding vote of confidence and elected as president the AD candidate, Romulo Gallegos, who took office in February 1948. But Gallegos, continuing in the liberal fashion of the junta, made the mistake of alienating the army officers who had assured his party's triumph. He not only rejected an army demand for six cabinet posts but even talked of transforming the army into a police force. The tanks rumbled into action on 24 November 1948; Gallegos hustled into exile, many AD leaders were arrested, and a three-man military junta took over in Caracas.

The new junta proceeded to ignore, except in its promises, the democratic developments of the past 3 years. It suspended the constitution of 1947, dissolved the Confederation of Venezuelan Workers, outlawed the AD and the Communist party, and tossed into concentration camps the lingering leaders of the AD. In 1952 the junta, by now under the leadership of Colonel Marcos Perez Jimenez, decided to solicit popular support for its program. Convinced that with the AD out of the running the government could win in an honest election, the junta set one for 30 November. When the first returns indicated that the opposition was ahead of the government by two to one, however, the junta decided not to wait for the final results. It placed the nation in a state of siege, silencing the press and the radio for 2 days. Then on 2 December it announced that the government party had gained more seats than all its opponents combined and that Perez Jimenez had been named provisional president of the nation. Early in 1953 the new constitutional assembly confirmed Perez Jimenez as president, and 3 months later it put the finishing touches on the nation's new constitution.

The dictatorship of "P.J.," as the president was known throughout the country, was characterized by peace and order but general discontentment. Although Perez Jimenez promoted a spectacular program of public works, the program resulted in no substantial improvement of the living conditions of the masses. The dictator angered all elements of society by his ruthless police-state methods and his ostentations pampering of the favored elite. As Perez' "constitutional" term neared its end, opposition activity quickened. The suppressed

political parties began to pool their action through the clandestine Junta Patriotica. Even within the military establishment an anti-administration conspiracy developed.

The end came on 22 January 1958, as the climax to a general strike organized by the Junta Patriotica. On the night after the second day of the strike the military approached the dictator with the news that he must go. On the following day a five-man junta headed by Rear Admiral Wolfgang Larrazabal assumed power, its chief mission to prevent a counterrevolutionary attack by the friends of Perez Jimenez. As for the deposed dictator, he arrived in the US in March and moved his family from its plush Miami hotel to an estate near Palm Beach. The New York Times remarked that it was unfortunate that the US should grant visas to such men as Perez Jimenez when thousands of the more deserving were denied entry.[2]

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2. (S) "The Venezuelan Situation and Prospects," NIE 89-58, 9 Sep 58, 3, 4; Stanford University, Hispanic American Report, XI (No. 3), 159-152.

The junta took office amid the confusion and uncertainty caused by the inevitable rumors of counterrevolutionary plots. To its great credit, however, it not only maintained order but did so without completely stifling liberty. As a precaution against its enemies the junta expelled several prominent perezjimenezistas and found special missions abroad for officers of questionable fealty, but generally speaking it preserved and strengthened democratic processes.

Within the year the junta arranged for democratic elections, the first in Venezuela since 1947. The leading parties contesting the election were the Accion Democratica (AD), Union Republicana Democratica (URD), the Christian Socialist (COPEI), and the Venezuelan Communist party (PCV). The results of the election, which was honest and without incident, was a clear-cut win for AD and its presidential candidate Romulo Betancourt. Betancourt won almost 50 per cent of the vote; Larrazabal, his closest rival, 34 per cent; and Rafael Caldera, backed by the COPEI, 16 per cent. The AD also won large majorities in the Congress and Senate. The Communist party, which claimed 7 congressional seats, polled 6.2 per cent of the congressional votes but only 3.4 per cent of the presidential vote (for Larrazabel).[3]

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3. Stanford U, HAR XI (No. 12), 675, 676.

In February 1960 Betancourt celebrated his first year in office--in itself a singular achievement for a freely elected president in Venezuela. But Betancourt's achievements, in the face of staggering problems, did not stop at survival. He kept a coalition of democratic parties working together despite pressures from both right and left. He began a sorely needed land reform, built schools and highways, and invited a World Bank mission to help plan a 4-year development program. In spite of high oil revenues, however, Venezuela has many obstacles in the path to stability and prosperity: land is still concentrated in the hands of a few; the cost of living is appalling; houses and hospitals are inadequate; illiteracy is rife; and unemployment is rising. Moreover, Betancourt has undertaken to honor the notes piled up by his predecessor to finance the showy, graft-ridden public projects of the ousted regime.

As it entered its second year, the Betancourt administration demonstrated its increased control of the political situation by taking a firmer stand against its domestic and international foes.

In an anniversary speech Betancourt attacked the PCV as being "completely incompatible with democracy and in conflict with the interests of Venezuela." Because of their role in helping to rid the country of Perez Jimenez, the Communists had been immuned from violent criticism by the government. From the tenor of Betancourt's remarks, however, it appears that the Communists, who had been allowed a great deal of freedom, though excluded from the coalition government, were in for some heavy weather.

Venezuela also began to react more strongly to the growing tensions in the Caribbean. Betancourt intensified his campaign against another enemy, General Rafael Trujillo of the Dominican Republic.

To its trade, transportation, and communications embargo, Venezuela added a charge, brought to the OAS, of "patent and flagrant violations of human rights" against the Dominican dictator.

Although the suppression of an uprising in April 1960 probably strengthened Betancourt's position, the chief threat to this government remains the army, for its role in politics is still decisive. The outcome of the Betancourt experiment meanwhile is being watched carefully in Latin America. Its success would be applauded by all the democracies; its overthrow by a military coup would be of particular importance to the US since it would most likely be interpreted in Latin America as the result of a US preference for dictatorships.[4]

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4. Stanford U, HAR, XIII (Apr 60), 111, 113; (S) NIE 89-58, 9 Sep 58, 11; Time, LXXV (8 Feb 60), 34-40.

Foreign Relations

For two reasons--one geopolitical and the other economic--the US has exercised great influence in the foreign affairs of Venezuela since the latter's independence from Spain. Thus it is possible to describe Venezuela's international role largely in terms of its relation to US policies--the Monroe Doctrine and imperailism and, more recently, internationalism and anti-communism. In addition, US economic interest in Venezuela has been a potent factor in that country's international relations, particularly since private US interests control the dominant industry--petroleum. However much it may have chafed whenever these political and economic ties seemed to bind too tightly, Venezuela has never seemed disposed to cut them.

Even while it was still part of Gran Colombia (i.e., before 1830) Venezuela found itself under the protection of the Monroe Doctrine, a unilateral declaration of US policy decreeing America off-limits for further European expansion. In 1824, months after Monroe's pronunciamento, Gran Colombia proposed an alliance with the US as a means of implementing the doctrine. The doctrine, however, remained a dead letter as far as Venezuela was concerned until 1895 when the anti-imperalist Democrat, Grover Cleveland intervened in a long-standing border dispute between Venezuela and British Guiana. With a ringing iteration of the doctrine, he demanded that the UK accept arbitration.[5]

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5. The material in this section, unless otherwise noted, comes from the following: Whitaker. US and SA; Dexter Perkins, A History of the Monroe Doctrine, (rev ed, Boston, 1955).

That it promptly agreed to do so indicated that Great Britain was prepared to concede US hegemony in the Caribbean. At first Venezuela

and most of Latin America applauded. But in the end, to Venezuelans, who lost most of the disputed territory (although certainly not as much as it would have lost if Britian had been allowed complete freedom of action), and to Latin Americans generally, the incident provided additional causes for fear and resentment of the US. For Cleveland had made it plain that the purpose of the intervention was not to get territory for Venezuela but to force the UK to recognize US predominance in the area. Venezuelans did not rejoice over the news communicated by Secretary of State Olney to Salisbury that "the United States is practically sovereign on this continent and its fiat is law." Cleveland's action was a diplomatic victory--for the US and the Monroe Doctrine, not for Venezuela and Pan-Americanism.

Seven years later, with the rough rider Theodore Roosevelt now in the saddle in Washington, Venezuela was once again the cause of a reassertion of the Monroe Doctrine, or better, a new edition of it known as the Roosevelt Corollary. In 1902 Cipriano Castro, the reckless dictator of Venezuela, by a series of affronts and defaults in payment, provoked Britain, Germany, and Italy to intervene in behalf of their citizens. The powers, remembering Cleveland's strong stand, were careful to secure Roosevelt's acquiescence beforehand, but when the intervention led to violence, and the violence to a strong reaction in the hemisphere, Roosevelt switched to a policy, eventually accepted by the powers, of settling the dispute by arbitration. This resolved the immediate issue; for the new type of European threat, however, the US now needed a policy for the future. Rejecting a proposal by Argentine Foreign Minister Drago that would have proscribed all intervention in Latin America, Roosevelt accepted instead a formula that barred Europeans but claimed a general right of intervention for the US. Thus Roosevelt drew up a blueprint which succeeding administrations followed in furthering US interests in the Caribbean.

Up to the beginning of the First World War, Venezuela, with the other Latin American republics, continued to show its distrust of the growing power of the US. In a conference of the Bolivarian states in 1912 at Caracas, Venezuela joined with its neighbors in exhibiting a renewed interest in hispanicism, an identification with Spanish culture with discernible anti-US overtones. Understandably, fear of the US afflicted those countries--Colombia and Venezuela--that were closest to the northern colossus.

During World War I it was also these two countries that were the least ardent among the Bolivarian group in their support of the Allied war effort. Moreover, to the extent they did sympathize with the Allies it was invariably sympathy for the UK, Belgium, Italy, and France rather than for the US. Nevertheless, though it did not break with the Central Powers, Venezuela allowed US armed merchantmen to trade in its ports and went along with other pro-Allied measures.

Venezuela is famous for the long line of dictators it has produced, including, in this century alone, the nefarious Castro, Gomez, and Perez Jimenez. But, as professor Whitaker observes, "its real dictator in the present generation is oil, and the Venezuelan petroleum industry is controlled by foreigners." In the 20's and early 30's Gomez, realizing that Venezuelans themselves were not able

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6. Whitaker, US and South America, 59.

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to exploit the nation's vast oil resources, and wishing to pay off the international debts that had long harried his country, cultivated the friendship of foreigners and foreign governments and welcomed investment from abroad. The result was to make Venezuela more than

ever dependent upon foreign nations, especially the US. By 1948 two subsidiaries of Standard Oil of New Jersey accounted for one-half of the country's production of oil, which in turn accounted for 90 per cent of total exports. More recently the industry was generating 60-70 per cent of the government's revenues and accounting for 97 per cent of its exports. Although the conduct of the US companies in Venezuela was probably no worse than that of other foreign companies in Latin America, the very preponderance of these alien "economic royalists" dominating the economy of Venezuela was bound to be harmful to the US politically.

Along with an increasing tendency toward bilateral dealings with Latin America in economic affairs, the US, between wars, turned increasingly toward a policy of multilateral negotiations in political affairs. This policy was doubtless stimulated by (1) the competition offered by the League of Nations, which Latin Americans embraced eagerly as a counterweight to US domination, and (2) the approach of the Second World War. Accompanying the decline of the League and the rise of totalitarian aggression was a growing sense of regional solidarity, shared by Venezuela, among the nations of the hemisphere. The Americans expressed this solidarity at the conferences of 1936 in Buenos Aires and 1938 in Lima, which provided for consultation by the various foreign ministers in case of an outside threat to the hemisphere. At the conferences of foreign ministers called to implement the Lima decision (Panama 1939, Havana 1940, Rio 1942), the Venezuelan delegations played prominent and distinguished parts. Partly as a result of this feeling of the need for hemispheric unity and partly because of the existence of antiexpansionist civilian governments in power in Venezuela and Colombia, these two neighbors were able to settle a long standing border dispute in April 1941.

The attack on Pearl Harbor provided the test for the inter-American system created by the conferences. Venezuela responded by breaking diplomatic relations with the Axis powers on 31 December. Throughout the war it participated in many of the anti-Axis declarations and enforcement measures adopted by most Latin American governments. But it was not until February 1945, that, in order to establish elibibility for admission to the coming conference of the United Nations, Venezuela saw fit to declare war. Its oil, of course, which had been flowing ceaselessly into Allied planes, tanks, and vehicles, contributed more to the war effort than could any possible diplomatic or military gesture by Venezuela.

In the postwar world Venezuela's international role continued more than ever to be determined by its economic and political relationship to the US, since, despite the ostensible pan-Americanization of continental security, the Caribbean remained a primary US security zone. Another important, if less decisive, influence on Venezuelan foreign relations was the character of the incumbent government: the attitudes, sympathies, principles, and practices of the AD regime differed radically from those of the Perez Jimenez dictatorship that assumed power in 1948.

Perez Jimenez made a special effort to cultivate US friendship, and during his 10-year reign US-Venezuelan relations were cordial. Although his methods and internal policies could hardly be termed models of democratic decorum, his economic and international views were in accord with US policy. The dictator welcomed private foreign investment, which ensured continued US domination of the oil industry. US investment in Venezuela was estimated recently at about $3 billion.

The bonds between the US and Venezuela under Perez Jimenez were reinforced by a concert of views on communism. In international affairs, therefore, the dictator vigorously supported the US on many

cold-war issues. For example, when the US faced a crisis in the Formosa Straits in 1955, Venezuela's foreign minister publicly placed his country's moral support and strategic resources at the service of the US "in order to safeguard the ideals of liberty and justice."Venezuela discouraged commercial and diplomatic intercourse with the Soviet Bloc and followed the US lead in condemning Soviet imperialism in Hungary and the US-French-Israeli intervention in Egypt. US-Venezuelan relations during the dictatorship, however, were not perpetual bliss. Venezuelan officials displayed vexation whenever the US showed any leaning toward oil import restrictions, caviled at US economic policy in Latin America as "unduly negative," and took an independent tack on the issue of territorial waters.

Another complication barring perfect harmony was the matter of choosing friends in the hemisphere. Perez Jimenez' predilection for dictators Somoza, Odria, Batista, and Trujillo, if not prejudicial to US policy, was nonetheless embarrassing; his hatred of Munoz Marin and Jose Figueres was even more so. Perez Jimenez detested Munoz, who, as governor of Puerto Rico, is in effect a US official, for harboring the dictator's exiled rival, Romulo Betancourt. He regarded Figueres of Costa Rica, another friend of Bentancourt and democracy, as public enemy number one in the hemisphere. Unfortunately for US-Venezuelan accord, while Venezuela was giving moral and probably material support to an invasion of Costa Rica by exiles from Nicaragua in 1955, the US was supporting Figueres and Costa Rica.

In 1958 with the triumphant return of Bentancourt and the AD, a march by which Venezuela moved from the dictator camp into the camp of the democracies, the nation's foreign policy turned some appropriate somersaults. Venezuela reestablished friendly relations with Argentina, Uruguay, Chile, and Costa Rica and ended its honeymooning with Nicaragua, Cuba, and the Dominican Republic. (With the last, it severed relations on 12 June 1959.) In 1958 the populace of Caracas provided a vivid illustration of its feelings toward the defunct Perez Jiminez regime and toward the US, who in 1954 had awarded the dictator with the Legion of Merit. They greeted visiting Vice President Nixon by cursing, spitting, and bashing in the windows of his limousine.

In spite of popular indigation toward the US, aggravated by the rankling presence of Perez Jimenez in posh retirement in Florida, the Betancourt government, because of the close economic ties with the US and an antipathy toward international communism, appeared ready to adopt, preferably in concert with the other Latin American countries, a firm but friendly attitude toward the US.[7]

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7. (S) NIE 89-58, 9 Sep 58; Stanford U, HAR, XII (Aug 1959),328.

Communism

The Venezuelan Communist party (PCV) organized clandestinely in 1931, emerged as a legitimate political party in 1945. It was driven underground by Perez Jimenez, but has now reemerged under the leadership of Gustavo Machado Morales. The party is numerically weak in comparison with the three major parties of the left (AD, COPEI, and URD), but it exerts considerable influence through its infiltration of key positions in organized labor, the press, the teaching profession, and student organizations. It has also achieved some success in its efforts to infiltrate the government and the major leftist parties. Its most immediate and pressing objectives are to preserve its present freedom of action and to prepare a firm base from which to influence future governments. The PCV's public efforts are directed primarily toward achieving respectability and acceptance as the most patriotic

and democratic of Venezuelan parties. Its stated program is a composite of those of the 3 major parties, but it is more stridently nationalistic and anti-imperialist. It is most vociferous in its support of the concept of "national unity"--which is, in effect, the concept of a popular front against military reaction. However, the party remains fundamentally hostile toward AD, which it recognizes as its most effective rival for popular and labor leadership.

Its resistance to the Perez Jimenez dictatorship temporarily improved the Communists' relative position in Venezuelan labor leadership. Since the fall of the dictatorship, they have been able to exploit this advantage. However, it was the surviving AD-sympathetic unions which took the lead in organizing labor resistance to the dictatorship, and, with the return of AD and COPEI labor leaders from exile and prison, these unions have regained leading position in the labor movement. At the 1958 national convention of the reorganized Federation of Petroleum Workers relative party strength is estimated to have been as follows: AD, 60 per cent; PCV, 27 per cent; URD, 7 per cent; COPEI, 6 per cent.

In Latin America the Venezuelan Communist party runs second to Argentina in total membership and second to Chile in the percentage of total votes captured in the most recent elections. As of December 1958 the PCV was estimated to have 30,000 to 35,000 members. It claimed 6.2 per cent of the total votes cast in the 1958 election, winning 2 of the 51 seats in the upper house and 7 of the 133 in the lower house. However, Larrazabal, head of the military junta which ruled Venezuela during 1958 and to whom the Communists gave their support, did not win the presidency. Their vote helped him poll a large majority in Caracas, but his alignment with this element appears to have cost him heavily in other parts of the country. The PCV polled only 3.4 per cent of the presidential vote. Since the PCV candidate received 4.8 per cent of the vote in 1948, this seemed to show a decrease in Communist strength. Throughout the campaign Betancourt was outspokenly anti-Communist.

The leaders of all the major parties in fact have taken occasion to declare their lack of sympathy with communism, but they have also supported the right of the Communists to participate in Venezuelan politics as a legitimate political party. It is unlikely that they regard Communist activities as a serious danger in comparison with the possible restoration of a military dictatorship. So long as that threat remains, they will be unwilling to forego the potential contribution of the effective Communist organization to a united civilian resistance. Consequently, there is no early prospect of effective action to limit Communist activity in Venezuela, at least not until a stable civilian government has established itself beyond doubt.[8]

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8. (S) NIE 89-58, 9 Sep 58; US Sen, "United States-Latin American Relations" (Study by Corp for Eco and Ind Research for the Cmte on For Rel, 86th Cong, 2d sess; Washington, 1960), 21; (C) "Venezuela," NIS 86, sec 57, 1-4.

Military Missions

The rise of professionalism in the Venezuelan army dates from the introduction in 1905 of foreign doctrine and discipline. In that year Venezuela began sending its officers to Chilean military schools and welcomed a training mission from that country. Since Chile had recently reorganized its army under German tutelage, Venezuela's modern military development began along European lines. European training continued after World War I with the organization of French

military missions. The French ground missions assigned to reorganize the Venezuelan Army operated only briefly, the first from 1921 to 1923, and the second during 1936. The French air mission of 1921 had a more lasting effect: an aviation school was established, and air fields were constructed. The mission was considered a failure, however, because of the unpopularity of the French personnel and the constant failure of the student aviators. When the mission was terminated in 1923, several French instructors were retained on an individual contract basis. Another result of the mission was that all Venezuelan air equipment until 1935 was of French manufacture. Its inferior quality, however, later caused the government to place claims against the manufacturers.

Other European nations were also active in Venezuelan military circles prior to World War II. Individual Spaniards assisted in organizing the School of National Safety (the Police and National Guard School) between 1938 and July 1940 and, more important, an Italian air mission began operating during this same period. The Italian mission, eventually numbering 12 members, exerted a strong influence on the development of the Venezuelan Air Force at the eve of the war.

The US maintains army, navy, and air force missions in Venezuela. Although individual officers have represented the US in Caracas since 1938, the army has operated a formal mission in Venezuela only since 1944. The present mission dates from 10 August 1951, and through agreements signed in February 1957 the mission, consisting of 20 officers and 18 enlisted men, has been extended for an indefinite period. The mission personnel serve in advisory capacities in each branch of the Venezuelan Army and as instructors in the branch service schools.

The US began negotiations with Venezuela for the establishment of a naval mission in July 1940, and a mission was finally assigned in March 1941. The present mission, consisting of 7 officers, 6 navy and 1 marine and 14 enlisted men, was appointed on 23 August 1950.

The US has had an air mission in Venezuela since 13 January 1944. A new contract, signed on 16 January 1953, is due to expire in 1961.[9]

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9. Edwin Lieuwen, Arms and Polticis in Latin America (new York, 1960), 32, 33; Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on foreign and US missions in Latin America, ca. 1954; (U) Dept of State, Office of Inter-American Regional Pol Aff, untitled doc on US missions in Latin America, ca. 1957; (S) ODCSOPS, "Chronology of Pertinent Authority for U.S. Military Missions," Tabs A and B.

US Military Assistance 1936-1951

Prior to World War II Venezuela made substantial purchases of US military equipment. At least 30 of the aircraft in its 37 plane air force and 4 of the 10 major vessels in its navy were of US origin. Between November 1935 and June 1940 the US licensed the shipment of about $2 million in munitions to Venezuela.

On 6 May 1941 Venezuela was declared eligible for aid under the Lend-Lease Act, and on 18 March 1942 it signed a lend-lease agreement with the US. From 1942 to 1951 Venezuela received lend-lease assistance to the value to $4,528,492, almost all of it before 2 September 1945. Most of the assistance was allocated in the following categories and amounts:

aircraft and aeronautical material	$1,564,210
ordnance	668,855
tanks and vehicles	777,341
vessels.	789,864

On 27 April 1949 Venezuela signed an agreement for the liquidation of its financial obligations incurred under the Lend-Lease Act.

On 26 December 1945 the US military establishment was authorized under the terms of the Surplus Property Act to grant military aid to Venezuela. As of 31 October 1948 Venezuela had received $7,955,000 worth of aid under this act.[10]

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10. World Peace Foundation, Documents on American Foreign Relations July 1939-June 1940, Jones and Myers, ed (Boston, 1940), II 844; US House, "Thirty-second Report to Congress on Lend-Lease Operations" (House Doc. No. 227, 82d Cong, 1st sess; Washington, 1951), App I (b); (TS) Table, "Current Foreign Military Aid Programs," Encl to memo, JMAC to SecA, SecNav, and SecAF, 9 Nov 48.

US Military Assistance 1949-1960

Since Venezuela is capable of purchasing with its own funds all materiel and equipment required for its armed forces, it has not received military grant assistance from the US. The US does have a military understanding with Venezuela, however, based on the results of planning talks in 1956. In an exchange of notes the US agreed, subject to annual appropriation of funds by Congress, to sell Venezuela over a 10-year period $180 million worth of military equipment on credit terms that permit Venezuela to pay for individual purchases over a period of 3 years. Through FY 1959 Venezuela has placed firm orders for equipment requiring $35 million in credit. Through 31 December 1959, Venezuela repaid $23.7 million of this current debt, including $1.3 million interest. FY 1960 orders for an additional $14 million of equipment are currently being developed from the list of requirements.[11]

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11. OSD (OSD/ISA files), "Mutual Security Program:Fiscal Year 1961 Estimates, Military Assistance Functional Presentation," 2 Mar 60, 279.

Non-US Military Purchases

As of July 1955 Venezuela apparently led Latin America in the purchase of non-US military equipment. The US State Department reported that the chief reasons given for these purchases were the comparatively easier credit terms and the availability of European goods. According to the report, Venezuela had contracted for at least $38.7 million worth of non-US military equipment. This equipment included: 6 Canberra jet bombers, 2 jet transports, 21 Vampire jet aircraft and 3 destroyers from the UK; 224 mortars and ammunition, 12 patrol vessels, 40 tanks, and 1 transport yacht, and rifles and ammunition from Sweden, Switzerland, and Belgium. With the exception of the French tanks all this equipment was bought for cash.[12]

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12. (C) Dept of State, "An Evaluation of Latin American Armament Expenditures," Int Rpt No. 6986, 14 Sep 55, 1-4, App,Table I.

[redacted] [redacted]

US Economic Aid

Because it possesses the most assured source of dollar income and the highest per capita national income in Latin America, Venezuela has needed little economic aid from the US. The government's share of the oil industry's revenue alone totals $2.4 million a day. Since 1946 Venezuela has received $16.5 million from the US, approximately 0.5 per cent of the Latin American total. The greater part of this aid was in the form of several small Export-Import Bank loans obligated since 1949.[13]

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13. (C) ICA, "U.S. External Assistance," 16 Mar 60, 74.

Venezuelan Armed Forces

Estimates of the influence of the armed forces in the political life of Venezuela vary considerably. The traditional view, expressed by several experts in Latin American history, reiterates General Bolivar's famous remark: "Venezuela is a barracks." The history of the nation, they believe, could be told in the lives of its military dictators; the unchallenged supremacy of the armed forces has been the chief characteristic of the nation's politics. Despite the collapse of Perez Jimenez' military dictatorship in January 1958 and the election of a civilian president in the following December, the armed forces are still the most potent factor in the affairs of government.

Recent intelligence reports do not completely agree with this traditional view. Because, they report, from 1935 to 1958 every Venezuelan government existed only at the sufferance of the military, it is commonly supposed that the armed forces still have the power to make and break governments at will. This supposition is doubtful in the present circumstances. The rank-and-file of the army, are ill-trained and unreliable conscripts who might well refuse to impose the will of their officers on a civil population united in its resistance. They believe the likelihood of a concerted effort on the part of the military to seize power has apparently receded, although they admit that relations between the military and civilian elements have continued tense.[14]

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14. Lieuwen, Arms and Politics, 165; (S) NIE 89-58, 9 Sep 58; Wm. S. Stokes, Latin American Politics (New York, 1959), 129, 132.

According to one student of Latin America, Venezuela is in the transitional stage between military-dominated and civilian-controlled government. The "curse" of militarism, he says, is far from being lifted. The figures for military expenditures seem to buttress his thesis. Contrary to expectations, the advent of a popular, democratic government in Venezuela saw an increase rather than a decrease in military expenditures. According to one news source, Betancourt has had to maintain military expenditures at a high level in order to keep the army in the barracks and out of the palace.

[redacted] [redacted]

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Table I
(In Millions of Bolivares)

	Total National Budget	Defense Budget	Defense % of Total
1936/7	285.3	35.8	12.3
1942/3	304.3	34.4	11.3
1946/7	1,054.1	79.8	7.5
1947/8	1,426.9	109.2	7.7
1948/9	1,946.0	128.5	6.6
1949/50	1,602.2	178.9	11.2
1950/51	1,631.8	172.0	10.5

Table II
(In millions of US dollars)

	Total National Budget	Defense Budget	Defense % of Total
1949	$495	$40	8.1
1950	483	54	11.2
1951	490	52	10.6
1952	585	59	10.1
1953	690	60	8.7
1954	709	60	8.5
1955	704	62	8.7

Table III
(In millions of US dollars)

	Total National Budget	Defense Budget	Defense % of Total
1955/6	$ 910	$ 82.2	8.1
1956/7	1,161	93.0	9.0
1957/8	1,836	142.3	7.3

Table IV
(In millions of US dollars)

	Total National Budget	Defense Budget	Defense % of Total
1958	$1,620	$187	11.5
1959	1,863	188	10.1
1960	Unknown	178	11.3 [15]

15. Table I: (C) NIS 86, sec 65, 34, 35.
Table II: (C) Dept of State, "An Evaluation of Latin American Armament Expenditures," Int Rpt No. 6986, 14 Sep 55, App, Table I. Table III: (S) ASD/ISA, "Venezuela," Briefing Book, Office, Reg. Dir Western Hemisphere.
Table IV: (S) OSD, "MSP;1961," f277; (S) Venezuela Briefing Book. Because of the various definitions of national budget and what should be included as military expenditures great care must be exercised by the reader in making comparisons of figures in one table with those in another. (e.g., Several items usually classified as military expenditures--airports, military housing, officer's clubs, etc.--are included in the budgets of other ministries in Venezuela)

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The Venezuelan armed forces numbered 27,856 in 1959, distributed as follows: 14,500 army, 6,000 national guard, 4,947 navy, and 2,409 air force. Intelligence estimates indicate that the Venezuelan Army would be capable of defending the country against a minor attack from neighboring countries or offering token resistance to sustained attack by a modern military force. The same intelligence sources evaluated the arms and equipment, as of 15 May 1959, of the Venezuelan Army as insufficient, heterogeneous, and largely obsolete or obsolescent. Major weapons as of that date included 1,452 mortars (US and France), 97 artillery pieces (US and France); 58 light tanks (40 from France, 18 from US).

The Venezuelan Navy is in the process of rapid expansion. At present it has 3 destroyers (UK), 6 Italian-built frigates, 3 Canadian frigates, 1 ex-US submarine, and miscellaneous patrol, coast guard, and transport vessels. It has announced plans to purchase a cruiser in the near future. Venezuela leads Latin America in the purchase of non-US warships, to the detriment of US plans for the standardization of Latin American naval armaments. Because of this rapid expansion and because of the extreme heterogeneity of the fleet, combat effectiveness is low. There is a shortage of trained enlisted crews and repair facilities, and in the event of an emergency, the problem of spare parts for non-US ships would be a serious one.

The air force includes 171 aircraft, including 67 jets, about one-fourth of British and the remainder of US manufacture. Maintenance is above Latin American standards and generally adequate, but there is a shortage of trained technical personnel. Though the air force is capable of assisting the army in maintaining internal order and limited initial offensive operations against neighboring countries, it has no strategic capability by US standards.

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16. (S)"Venezuela" Briefing Book; Jane's Fighting Ships 1959-1960 (London, 1959), 464-466; (C) Dept of State, Int Rpt No. 6986, 1-4, App, Table I.

MAP

The US has signed no bilateral military agreement with Venezuela. Hence, there are no MAP supported forces in the Venezuelan armed forces and no MAAG. (The liaison function between the Venezuelan armed forces and the DOD required in administering the sales program is being performed by US military mission personnel assigned to the country) As discussed above, the US has a military understanding with Venezuela covering the sale of military equipment through a special program. The major contribution of Venezuela to the security of the Western Hemisphere lies in its supply of strategic raw materials, particularly oil and iron ore. The object of any special US military considerations toward Venezuela is to insure the continued production of and US access to these strategic resources, to obtain Venezuelan participation in and support of measures to defend the Hemisphere,

primarily by protection of its own resources; and to retain Venezuela's friendship as well as its support of US foreign policies.[17]

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17. (S) OSD, "MSP;1961,",279.

Disarmament

President Romulo Betancourt has enthusiastically supported the Chilean proposals for an arms limitation conference. Furthermore, the Venezuelan armed forces publicly seconded the civilian authorities on this issue. Acting Minister of Defense, Brigidier General Pacheco Vivas, stated that the Defense Ministry fully shared the national government's judgment regarding the arms race in which, he asserted, Venezuela had never been involved.[18]

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18. (C) Dept of State,"Latin American Efforts to Limit Araments," Intelligence Rpt No. 8194, 15 Jan 60.

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APPENDIX I

MUTUAL SECURITY PROGRAM - ASSISTANCE TO LATIN AMERICA*

(These figures are cumulative totals as of 30 June 1959.
All figures in millions of US $)

	Grant Aid Military Assistance	Credit Financing	Excess Stocks	MAP	Total MAP (Includes Excess Stocks)
Argentina				25.5 (5.5%)	25.5 (2.9%)
Bolivia	0.3		0.1 (.09%)	117.0 (25.2%)	117.4 (13.2%)
Brazil	101.4 (39%)		66.5 (58%)	30.5 (6.6%)	198.4 (22.3%)
Chile	34.3 (13%)		16.2 (14%)	26.9 (5.8%)	77.4 (8.7%)
Columbia	21.9 (8.5%)		8.6 (7.5%)	9.1 (1.9%)	39.6 (4.4%)
Costa Rica				9.7 (2.1%)	9.7 (1.1%)
Cuba	11.0 (4%)		5.4 (4.7%)	2.6 (.56%)	19.0 (2.1%)
Dominican Republic	6.3 (2.4%)		1.9 (1.6%)	1.8 (.39%)	10.0 (1.1%)
Ecuador	18.5 (7.2%)		3.4 (2.9%)	21.0 (4.5%)	42.9 (4.8%)
El Salvador				6.2 (1.3%)	6.2 (.71%)
Guatemala	0.8 (.31%)	0.1 (.09%)		63.4 (13.6%)	64.3 (7.2%)
Haiti	1.6 (.62%)		0.1 (.09%)	28.2 (6.1%)	29.9 (3.4%)
Honduras	0.8 (.31%)			17.5 (3.7%)	18.3 (2.1%)
Mexico	2.5 (.97%)	1.0 (1.9%)		6.3 (1.3%)	9.8 (1.1%)
Nicaragua	1.2 (.47%)			6.2 (1.3%)	7.4 (.83%)
Panama				11.4 (2.4%)	11.4 (1.3%)
Paraguay	0.3 (.12%)	.03 (.01%)		19.7 (4.2%)	20.0 (2.2%)
Peru	30.4 (11.8%)	15.6 (30%)	8.3 (7.2%)	20.9 (4.5%)	75.2 (8.5%)
Uruguay	22.1 (8.6%)		4.8 (4.2%)	10.5 (2.3%)	37.4 (4.2%)
Venezuela		35.4 (68%)		1.1 (.24%)	36.5 (4.1%)
Total Latin America	256.3	52.1	115.4 a/	464.2	888.0

*Tables compiled from (S) ASD (ASD/ISAfiles), Mutual Security Program: Fiscal Year 1961; (C) ICA, "U.S. External Assistance," 6 Mar 60. Annual obligations data are on a "program" basis, that is, obligations incurred during a fiscal year from appropriations for that year. The cumulative totals are on a "net" obligations basis, that is, total obligations minus deobligations, plus reobligations. The sum of the annual data, therefore, may not add, by small amounts, to the cumulative totals for individual countries. (Continued next page)

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ASSISTANCE TO LATIN AMERICA CONTINUED

	Non-MAP Economic	Total Economic (incl MAP)	Grand Total Eco & Mil MAP & Non-MAP (less Excess Stocks)	Total Military Sales (Purchased)
Argentina	425.7 (13.8%)	451.2 (12.5%)	451.2 (11.7%)	19.5 (11%)
Bolivia	58.3 (1.9%)	175.3 (5.2%)	175.6 (4.5%)	0.5 (.28%)
Brazil	1,189.7 (39%)	1,220.2 (34.5%)	1,321.6 (34%)	23.2 (13%)
Chile	255.3 (8.3%)	283.2 (8%)	317.5 (8.2%)	11.9 (6.7%)
Colombia	155.8 (5%)	164.9 (4.6%)	186.8 (4.8%)	10.2 (5.7%)
Costa Rica	48.6 (1.6%)	58.3 (1.6%)	58.3 (1.5%)	0.9 (.51%)
Cuba	38.0 (1.2%)	40.[illegible] (1.1%)	51.6 (1.3%)	5.7 (3.2%)
Dominican Republic	0.6 (.019%)	2.4 (.07%)	8.7 (.22%)	1.6 (.90%)
Ecuador	34.3 (1.1%)	55.3 (1.5%)	73.8 (1.9%)	1.5 (.85%)
El Salvador	2.8 (.09%)	9.0 (.25%)	9.0 (.23%)	0.9 (.51%)
Guatemala	40.7 (1.3%)	104.1 (2.9%)	105.0 (2.7%)	0.6 (.34%)[1]
Haiti	36.6 (1.2%)	64.8 (1.8%)	66.4 (1.7%)	0.2 (.11%)
Honduras	12.7 (.41%)	30.2 (.85%)	31.0 (.80%)	1.4 (.79%)
Mexico	410.6 (13.4%)	416.9 (11.8%)	420.4 (11%)	3.6 (2%)[2]
Nicaragua	22.4 (.73%)	28.6 (.81%)	29.8 (.77%)	2.1 (1.2%)
Panama	45.2 (1.5%)	56.6 (1.6%)	56.6 (1.5%)	N.A.
Paraguay	15.2 (.50%)	34.9 (1%)	35.2 (.91%)	0.4 (.23%)[3]
Peru	233.6 (7.6%)	254.5 (7.2%)	300.5 (7.8%)	36.2 (20%)[4]
Uruguay	12.1 (.39%)	22.6 (.64%)	44.7 (1.1%)	2.7 (1.5%)
Venezuela	15.4 (.50%)	16.5 (.47%)	51.9 (1.3%)	54.4 (31%)[5]
Total Latin Amer	3,061.1	3,525.3	3,840.6	177.5

In addition, Latin American Regional obligations and expenditures are not shown in the table, but are included in the totals. (These obligations and expenditures total $27.9 million of which $25 million are MAP Economic funds.) Consequently, the sum of the country cumulative totals does not equal the figures shown for total Latin America. a/ "Excess Stocks" figures represent the acquisition valu of equipment and supplies excess to the requirements of the U.S. military departments granted to countries without charge to MAP appro priated funds. [1] Includes $89 thousand credit financing; [2] includes $990 thousand credit financing; [3] includes an estimated $147 thou credit financing; [4] includes $15.6 million credit financing; [5] includes $35.4 million credit financing.

Note: Percentage columns do not add up to 100% because assistance figures and percentage figures have been rounded off.

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APPENDIX II

Dollar Value of the arms, ammunition and implements of war
authorized to be exported from the U.S. under export licenses issued
by the Department of State

	1946	1947	1948	1949	1950	1951
Argentina	14,050,104	19,899,283	30,735,061	11,090,918	5,193,974	5,654,586
Bolivia	327,224	36,534	496,437	977,500	998,116	1,390,502
Brazil	11,249,240	10,134,083	16,589,614	21,494,801	17,062,258	24,107,487
Chile	1,552,201	1,253,805	3,434,379	2,570,347	1,140,256	1,998,834
Colombia	3,454,428	1,707,525	4,049,733	4,177,312	8,467,407	5,704,882
Costa Rica	418,602	297,735	1,013,966	646,520	311,290	429,361
Cuba	1,617,555	1,110,061	1,720,120	1,755,8[illegible]0	1,395,539	1,388,652
Dominican Republic	256,644	1,519,130	1,091,912	1,020,704	808,891	1,093,848
Ecuador	1,332,728	470,203	1,003,222	731,378	1,285,763	1,024,724
El Salvador	155,874	908,185	195,095	633,309	763,035	361,266
Guatemala	185,136	175,961	1,158,287	1,097,518	653,912	736,486
Haiti	51,970	36,749	318,034	138,253	166,385	319,809
Honduras	263,250	456,978	1,127,636	2,287,643	802,277	1,493,578
Mexico	7,115,268	4,343,464	12,642,664	5,170,133	7,459,258	6,379,239
Nicaragua	184,345	554,971	506,821	392,431	444,287	427,804
Panama	514,459	4,645,877	2,139,669	468,911	1,117,025	1,342,748
Paraguay	22,529	101,621	464,518	121,897	337,034	419,569
Peru	4,828,943	1,375,358	2,393,591	972,153	1,145,940	2,121,056
Uruguay	714,311	438,747	858,245	1,392,574	905,804	983,160
Venezuela	7,117,166	4,548,109	8,805,127	8,796,317	4,348,051	5,001,299
Total	$55,412,977	$54,064,379	$91,803,738	$64,776,472	$54,806,502	$62,378,890

These statistics were obtained from reports prepared by the Munitions Division, Department of State for the National Munitions Control Board.

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1952	1953	1954	1955	1956	1957	1958	1959
							(Jan - Jun only)
2,990,783	5,183,379	8,231,461	3,817,846	13,499,776	14,937,541	20,663,094	5,229,658
719,031	579,521	857,336	2,133,594	3,272,279	1,179,735	2,334,690	1,072,661
13,517,308	13,146,910	29,020,486	21,488,213	35,799,437	72,897,932	41,782,174	16,749,642
2,241,274	5,282,012	5,711,333	7,667,921	10,998,248	9,04 ,536	13,946,314	3,219,910
3,945,300	10,887,366	20,306,699	20,801,672	12,413,020	12,611,532	5,595,929	4,485,021
730,378	904,327	4,149,241	3,228,144	1,561,796	1,531,555	2,071,503	998,420
2,604,423	5,463,320	5,709,091	4,545,095	13,138,212	11,316,405	8,825,635	1,418,387
2,030,684	2,252,021	2,333,948	1,926,264	1,363,392	2,704,530	3,430,031	461,127
1,434,705	2,514,036	1,625,723	1,768,489	993,373	1,996,706	3,745,238	1,735,377
967,877	755,743	1,051,123	1,144,005	968,498	900,312	889,542	200,752
1,000,948	702,826	1,453,401	1,566,142	2,940,758	4,505,937	4,691,959	1,223,042
207,451	140,368	616,452	280,193	333,871	313,768	789,761	85,117
1,887,665	692,088	1,415,617	658,248	1,385,437	880,492	1,321,826	286,578
8,392,790	13,174,269	11,905,836	9,328,200	18,312,630	17,903,531	34,236,259	13,671,542
590,229	519,804	1,052,368	2,857,744	1,584,521	1,754,411	1,795,455	742,822
1,194,717	975,651	714,393	303,079	962,222	1,816,169	1,522,383	949,751
443,307	170,229	803,058	1,076,998	210,530	2,271,530	1,287,249	368,380
3,435,126	2,911,374	18,777,030	9,357,524	9,708,555	8,225,446	6,111,359	1,816,685
530,135	545,870	308,581	1,394,979	1,518,394	2,326,594	2,151,938	1,216,685
7,205,933	16,662,132	15,824,763	13,545,849	26,361,935	36,547,075	51,458,098	24,325,309
$56,816,141	$83,463,551	$132,197,900	$108,891,199	$156,945,884	$278,615,669	$228,650,837	$80,248,366

APPENDIX III

LATIN AMERICA*

Population, Area and Gross National Product (1958 Prices)

	Population	Area (Sq. Miles)	Total GNP - $ Millions US				Per Capita GNP - Dollars US			
			1956	1957	1958	1959 Est.	1956	1957	1958	1959 Est
Argentina	20,500,000	1,084,000	3,503	3,[illegible]41	3,731	3,[illegible]19	180	183	185	17[illegible]
Brazil	64,200,000	3,300,000	11,[illegible]08	12,130	12,699	13,207	194	198	202	20[illegible]
Chile	7,500,000	28[illegible],000	2,691	2,769	2,818	2,950	388	389	385	393
Colombia	13,800,000	440,000	2,521	2,4[illegible]2	2,493	2,554	195	187	185	185
Cuba	6,[illegible]00,000	44,000	2,427	2,7[illegible]5	2,569	2,520	388	431	397	382
Dominican Republic	2,900,000	18,815	560	[illegible]29	650	6[illegible]0	214	233	232	228
Ecuador	4,200,000	112,000	745	784	792	820	196	201	198	195
Guatemala	3,700,000	42,042	613	652	660	655	186	186	189	177
Haiti	3,500,000	10,700	300	239	266	229	91	70	78	65
Honduras	1,900,000	43,200	341	355	370	387	201	197	206	204
Mexico	33,300,000	760,000	8,403	8,7[illegible]	9,120	9,485	275	278	282	285
Nicaragua	1,400,000	57,000	285	292	301	305	221	219	218	215
Peru	10,500,000	482,300	1,2[illegible]	1,295	1,282	1,280	130	130	126	122
Uruguay	2,700,000	72,172	1,605	1,589	1,509	N.A.	606	593	559	N.A.
Venezuela	6,500,000	352,143	5,368	6,237	6,437	N.A.	902	1,017	1,019	N.A.

*Table compiled from (S) ASD (ASD/ISA files), "Mutual Security Program: Fiscal Year 19[illegible]1 Estimates, Military Assistance Functional Presentation," 2 Mar 60.