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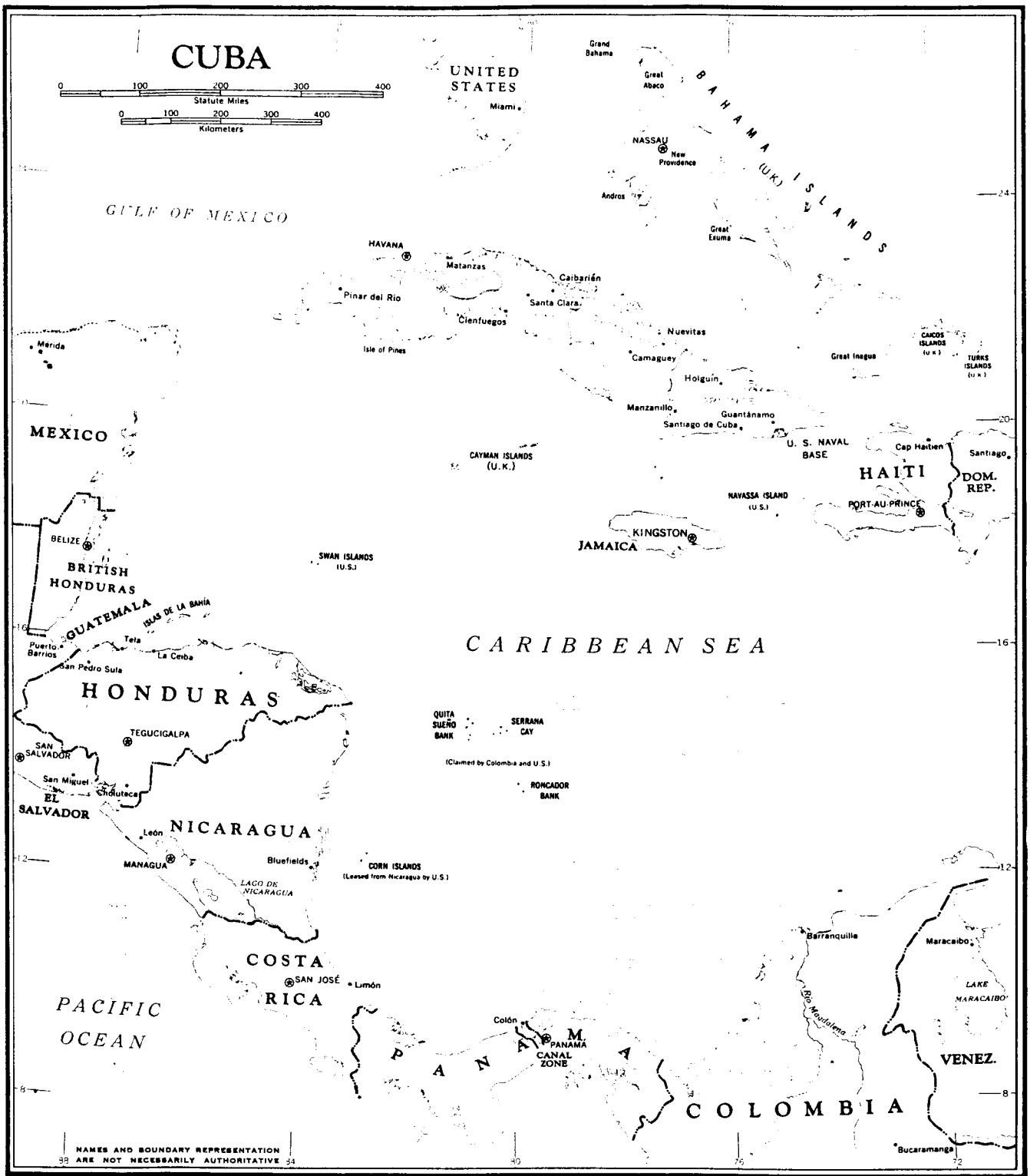
NUMBER 85-64

Situation and Prospects in Cuba

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SITUATION AND PROSPECTS IN CUBA

THE PROBLEM

To assess the Cuban situation and the outlook over the next year or two.

CONCLUSIONS

A. Though the downward trend of the Cuban economy seems to have slowed and perhaps levelled off, we believe the economic situation will be stagnant over the next two years. Inept management and low labor morale will persist. Living levels are likely to become slightly lower, and shortages of foodstuffs, housing and many types of consumer goods will continue. Slight gains in industry are likely, but these will probably be offset by some decline in the agricultural sector. (*Paras. 3-7, 9-13, 17-19*)

B. Export earnings in 1965 and 1966 are likely to be below 1964 levels, because of lower sugar prices and poor prospects for substantially larger production of sugar and other export commodities. The value of total trade with the Free World can be expected to decline during the period. We believe that the Soviets and other Communist countries will provide sufficient credit assistance to prevent a seriously damaging drop in total imports. In these circumstances, Cuba's heavy economic dependence on the Communist world will continue. (*Paras. 8, 14-16*)

C. Depressed levels of consumption, the imposition of work norms, and forced labor and security duties will tend to narrow the regime's popular support. However, the huge security apparatus will almost certainly prevent popular dissatisfaction from bringing down the regime. We think it likely that a number of military officers have lost sympathy with certain of its policies, but we doubt that there is

military disaffection on a scale sufficient to threaten Castro. Major deterioration in the internal situation or serious difficulties within the government could alter the picture, but would be unlikely to undermine Castro's power position in less than several years. We believe his death would lead, in fairly short order, to a power struggle of unpredictable outcome. (*Paras. 20-36*)

D. The Cuban armed forces are much the best-equipped in Latin America and, except for Brazil, the largest. Their capabilities have continued to improve, chiefly as a result of the delivery of additional weapons from the USSR and Cuban acquisition of weapon systems formerly under Soviet control. The compulsory military service program, introduced last November, will probably cause an initial drop in the level of training and efficiency, but will permit improved selectivity of recruits for the active forces, and will eventually produce a much larger trained reserve. (*Paras. 37-43*)

E. There are almost certainly no Russian combat units still in Cuba. Upon completion of current withdrawals, a Soviet MAAG-type presence, mostly technical and maintenance personnel, of about 2,000 will probably remain so long as the Cuban armed forces remain dependent on the USSR for technical and material support to maintain their complex Soviet equipment. (*Paras. 44-45*)

F. During the period of this estimate, the Soviets are highly unlikely to reintroduce strategic weapons into Cuba, though they have the technical capability to do so clandestinely. They might use Cuba for support of their submarines, but so long as they calculate that the risk would be high, they would not push such a venture very far. (*Paras. 46-47*)

G. The Cuban-Soviet relationship remains intact, although frictions have continued. Castro, though willing to lean to the side of the Soviets in the Sino-Soviet dispute, has refused to join in any formal condemnation of Peiping. He is concerned lest a further improvement in US-Soviet relations leave his regime more isolated and exposed. Though the Soviets almost certainly consider Castro to be erratic and undependable, they have little choice but to continue to support him. (*Paras. 48-52*)

H. The most explosive question in Soviet-Cuban relations, as well as between Castro and the US, is the continuation of U-2 overflights. Castro and Khrushchev have conducted a program of

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warnings, threats, and compromise suggestions to induce the US to desist. It is almost certain that Cuba now has full control over the SAM system—and consequently the capability to shoot down a U-2. Thus we believe that the Soviets can only give advice, backed up by their political and economic leverage, though we cannot wholly exclude the possibility that they have retained some sort of physical restraint on an actual firing. Nevertheless, we believe that Castro does not intend to force the issue until after the US elections, when he will seek UN action. If this fails, there is considerable danger that he would order a shutdown, calculating that the US would not retaliate in force or that, if it did, the resulting hue and cry would end the overflights. An impulsive reaction by Castro or even an unauthorized shutdown is always possible. (*Paras. 44, 53-56*)

I. Castro has a serious interest in improving relations with the US, as a means of reducing the pressures on his regime. He probably also considers that his recent gestures are useful to build a record of Cuban reasonableness and flexibility in preparation for Cuba's appeal to the UN on the U-2 issue. He will probably make further overtures from time to time, but there is little chance that he will accede at any early date to the conditions the US has stated. (*Paras. 57-58*)

J. Castro's efforts to foment revolution in Latin America have suffered setbacks during the past year. He is probably somewhat less sanguine about the chances for quick success. Nevertheless, he will almost certainly continue to provide aid and subversive training to potential revolutionaries. He may press for early aggressive action by some Castroist groups, even though their immediate chances seem poor, hoping that their repression would eventually produce conditions more favorable for exploitation. (*Paras. 59-62*)

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DISCUSSION

I. INTRODUCTION

1. The appeal of Castro's revolution is wearing thinner, though his own hold on the instruments of power remains firm. During the year since our last general assessment of Cuba,¹ the Castro regime has had more setbacks than accomplishments, more tribulation than triumph. The economic difficulties have been particularly evident; these have brought a further narrowing in popular support and increasing resort to methods of repression and threat. The hopes of the Cuban leaders for rapid gains by sympathetic revolutionary groups elsewhere in Latin America were dealt serious blows, particularly in Venezuela last December and by the Brazilian revolution in April.

2. On the other hand, there have been some important achievements. Cuban forces have considerably improved their overall capabilities, largely through the acquisition of more Soviet weapons and weapon systems. The regime's large-scale effort in technical, vocational, and general education has moved ahead, though at some expense to the quality of education on the professional level. The program of training and indoctrinating subversives from other countries has continued. On the economic side, substantial Soviet aid is continuing and high world prices permitted good earnings from a small 1964 sugar crop, aiding Cuba's effort to expand imports of critically needed equipment from Western suppliers.

II. THE ECONOMY

Current Situation

3. There were contrasting aspects to Cuba's economic performance in 1963. Regarded as a whole, it was another bad year: total production was below that of 1962 and Gross National Product (GNP) remained substantially below that of 1958, the last prerevolutionary year. On the positive side, however, the rate of economic decline, which has been rapid in recent years, seems to have slowed or levelled off. Data so far available suggest that stagnation at a low level will continue through 1964; slight gains in industrial output are likely, but these will probably be offset by some decline in the agriculture sector.

4. We estimate Cuban sugar output in 1964 at approximately the same level as in 1963—3.8 million metric tons—the smallest crop in 18 years.² The regime had hoped for a larger harvest, and the replanting of cane undertaken in 1962 and 1963 might have made this possible. However, Hurricane Flora damaged some cane and intensified transport and supply difficulties. The regime's nationalization of middle-sized farms in October (the Second Agrarian

¹ NIE 85-63, "Situation and Prospects in Cuba," dated 14 June 1963, Secret.

² The 1962 crop was 4.8 million tons, crops in the pre-Castro years were typically over 5 million tons.

Reform) also created new problems in sugar production. Moreover, despite an early start at the harvest, the organizing of civilian "volunteer" brigades, and the use of army units, the regime once again failed to lure or drive an adequate labor force into the grueling work of the cane fields. Harvesting was also adversely affected by military alerts, especially the large-scale mobilization undertaken in May. Increased use was made of cane loading machines, but this seems to have made only a marginal difference. Consequently, some cane remained uncut when the harvest season ended in June.

5. The regime's general inability to manage agriculture is also evident in lower output of most other crops. Hurricane Flora, the nationalization decree, and the diversion of land from food and industrial crops to cane have been other depressing factors. The regime is trying to institute more intensive farming methods and increased application of fertilizer, but it is probable that production in nonsugar agriculture this year will be even lower than the unimpressive level of 1963.³

6. There has probably been a slight increase in industrial output since early 1963, resulting largely from an improvement in the supply of imported fuels and industrial raw materials and from the opening of some new plants, most of them built with Soviet Bloc aid and under the supervision of Soviet Bloc technicians. Nevertheless, Minister of Industries Che Guevara continues to express dissatisfaction with the slow pace of industrial expansion and the low productivity of industrial labor.⁴ None of the longer-range, Soviet-financed mining or power projects have yet come into operation. Plans for large-scale industrialization have been shelved for the indefinite future.

7. By and large, the Cuban construction industry is still in the doldrums; its performance in 1963 dipped below that of the previous year, and the plan for 1964 calls for no increase. Cuban officials have publicly admitted that construction on a number of plants, some where the machinery was delivered long ago, has lagged behind schedule.

8. Cuban trade data for 1963⁵ show an increase of \$25 million in exports over 1962, a rise attributable to higher prices for sugar. Imports in 1963 rose to their

³ It is worth noting that the Cuban economic plan for 1964 calls for only a 1.3 percent increase over 1963 in the total amount of food available for consumption including imports. Even if this goal is fulfilled—and the Cubans have seldom met plan goals in the past—it would not be enough to keep up with the annual population growth, and per capita consumption would decrease.

⁴ Guevara, in February of this year, discussed the unimpressive performance of the economy during 1963 and, in calling for new efforts, said, "We cannot rest on our laurels. Our industrial laurels are so tiny that they are not enough to rest on, not even to rest one finger on. We must at least create some laurels. That is our task."

⁵ The 1963 trade figures are taken from a recently acquired document. This source appears accurate in many of its details, and we are disposed to give it more credence than our earlier projections. Those projections were, nevertheless, based upon a considerable body of evidence; they placed Cuban exports at \$475 million and imports at \$730 million for 1963. Further light will be thrown on the issue when Soviet trade statistics for the year are available, but this will not be for a month or so.

highest level since 1958. This increase was almost entirely in imports from the Communist countries and much of it was deliveries of machinery and equipment financed by development credits. For 1964 the value of Cuban exports will again increase, largely because of the high sugar prices which prevailed when most of the crop was sold. Imports as a whole may go up slightly in 1964; a rise in imports from the Free World is likely to be largely offset by a decline in imports from the Communist countries. The level of Soviet assistance in 1964 will probably be appreciably below the \$350 million level of 1963.

CUBAN FOREIGN TRADE 1957-1964

| | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 | (in millions of dollars) | |
|---------------------|-------|-------|-------|------|------|------|--------------------------|---------------------|
| | | | | | | | 1963 (preliminary) | 1964 (estimated) |
| Exports (FOB) | | | | | | | | |
| Communist countries | 40 | 15 | 15 | 150 | 480 | 405 | 350 | 350 |
| Free World | 805 | 720 | 625 | 470 | 145 | 115 | 195 | 250 |
| Total | 845 | 735 | 640 | 620 | 625 | 520 | 545 | 600 |
| Imports (CIF) | | | | | | | | |
| Communist countries | negl. | negl. | negl. | 125 | 515 | 640 | 705 | 630 |
| Free World | 900 | 850 | 750 | 430 | 190 | 120* | 130* | 225 |
| Total | 900 | 850 | 750 | 555 | 705 | 760* | 835* | 855 |

* Excluding US ransom payments of \$13 million in 1962 and \$35 million in 1963.

9. The Castro regime has given considerable attention to the problem of obtaining the parts and other production requisites needed to maintain Cuba's capital plant, largely of US manufacture. The Soviets have not provided this material in adequate quantity, and Cuba has had to divert scarce skills and funds into uneconomic efforts to make parts by hand and to use substitute material and equipment. Costly improvisation has been necessary to establish new foreign suppliers, who have exacted maximum prices for vitally needed supplies.

10. In these circumstances, the Castro regime has intensified its efforts to expand trade relations with Western nations. By these means it hopes not only to mitigate the adverse effects of the US economic denial program but also to reduce its own political isolation. Because the Soviets and other Communist countries allowed Castro to reduce his shipments of sugar to them during 1963 and 1964, he has been able to capitalize on high sugar prices temporarily obtainable in the Free World and to increase his earnings of convertible currency. Convertible currency reserves now stand at about \$75 million, and prospects for foreign exchange earnings this year are reasonably good. Moreover, Castro has been able to secure from the UK and France some \$30 million of medium term credits for urgently needed transport and construction equipment. Some of this is being delivered in 1964; some is to be shipped in 1965.

11. The most glaring weakness of the economy has been the regime's own extraordinary mismanagement and ineptitude. After the revolution, the regime

launched an ill-considered program of forced-draft industrialization and agricultural diversification; the most important result of this was to undermine the established basis for sugar production. Now the regime has completed the circle: sugar is again the watchword and the goal for 1970 is 10 million tons. Expanded cattle production for food and industrial supply is another primary goal of the administration. Following rapid nationalization of the great bulk of the island's economic activity, the regime adopted a doctrinaire Marxist approach toward the managerial function: in its pursuit of centralized control, more and more economic establishments were made part of large and unwieldy "consolidated enterprises," with all major decision-making authority concentrated in Havana. But so time-consuming and bureaucratic has the decision-making process become that Castro himself has damned the system and called for decentralization and the exercise of much more responsibility at local levels.

12. Cuban officials have been frank to say that their economic statistics are not accurate enough for sound planning—but they plan and plan and plan. The loss, through defection, of skilled labor and managerial talent has had a cumulative adverse effect. Not many of the new managers seem to be cost conscious; during 1963 the state industrial enterprises fell short by almost 250 million pesos of the 687 million pesos that they were supposed to turn over from their incomes to the Cuban budget. Perhaps most serious of all is the regime's continuing failure to provide meaningful material incentives for workers and farmers. The imposition of work norms and an extended work week have contributed to the decline in labor morale.

Economic Outlook

13. The latest in the regime's series of efforts to improve administration of the economy is the assumption by President Dorticos of the roles of Economic Minister and director of planning. But Cuba's problems of inept management and low labor morale are not quickly solvable; they represent a very basic limiting factor on the performance of the economy for the short-run future at least. Also of prime importance in appraising overall prospects for the next two years is the outlook for Cuban earnings from sugar exports.

14. Recent sharp declines in sugar futures make prospects much less promising for 1965, and probably for 1966 as well. World spot prices, which had hit a peak of 13 cents a pound a little over a year ago and were still as high as 12 cents last November, are now below 5 cents; sugar futures for 1965 indicate a further decline. Assuming prices on this general level for sales to non-Communist countries, the Castro regime would have to expand sugar production by about 20 percent to earn as much in 1965 as in 1964; moreover, it would have to sell the entire increase to the Bloc at the agreed price of 6 cents per pound.⁶

⁶ During Castro's visit to the USSR last January, the Soviets, in effect, extended to 1970 their commitment of mid-1963 to pay six cents per pound for Cuban sugar. The January agreement also calls for increasing Soviet purchases: 1965, 2.1 million tons; 1966, 3 million tons; 1967, 4 million tons; 1968-1970, 5 million tons per year.

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15. Such an expansion of output is possible but unlikely. Although the regime is moving gradually ahead with its program of devoting additional land to cane production, it probably will not be able to overcome the serious labor shortage which has characterized the last three harvests. The regime appears now to be convinced that a solution can be found only through mechanized harvesting techniques. Soviet machinery thus far has been a disappointment. Cuban use of harvesting equipment is still at the experimental stage, and we doubt that mechanization will provide more than marginal relief during the next two years.

16. During the rest of 1964 and the first part of 1965, the Castro government will almost certainly obtain additional credits from Western European firms contracting to supply equipment to Cuba. Thereafter the availability of such credits will depend to a considerable degree on Cuban earnings from the 1965 sugar crop and on the prospects for exports in 1966. The outlook for both is unfavorable, and there will probably be some decline in the total value of Cuban exports. In this case, imports would almost certainly decline also, especially from the Free World, as Cuba's suppliers began to have doubts about Cuba's credit-worthiness. At least by 1966, and perhaps as early as 1965, Cuban foreign trade is likely to be below the 1964 level. However, we believe that the Soviets and other Communist countries will provide Cuba sufficient credit assistance to prevent a seriously damaging drop in total imports.

17. The outlook for development of the industrial and construction sectors of the economy is closely related to the prospects for imports. With total imports likely to be no higher—and perhaps lower—than in 1964, there will be little opportunity to increase supplies of building materials, industrial raw materials, spare parts, and fuels. Any increases in industrial production and construction in 1965 and 1966 are likely to be small.

18. The regime's emphasis on technical education in the secondary schools and universities will tend, over the long term, to aid growth, especially in the industrial sector. This factor is not likely to have a major impact during the next two years, however. The program is still relatively new, the shortage of trained teachers is serious, and the regime has so far succeeded in carrying out only part of its planned massive shift of students to technical training.

19. In sum, we believe that the Cuban economy will operate at a low level for the next two years. Because of population growth, the individual living standard is likely to become slightly worse. Shortages of foodstuffs, housing, and many types of consumer goods will persist. The regime's prolonged failure to deliver the economic benefits it promised, together with its probable need to introduce additional belt-tightening measures, will be likely to narrow further its base of popular support.

III. THE INTERNAL POLITICAL SCENE

Current Situation

20. As the revolution has lost impetus, the regime has been shifting increasingly to methods of compulsion and repression in pressing ahead with its socialization program. The Cuban leaders are applying some measures borrowed from the Soviet Bloc without successfully adapting them to Cuban characteristics; they are not putting enough Latin flavor into a system which the Swiss ambassador in Havana has referred to as "Marxism cha-cha-cha." The regime has absorbed small industrial, service, and retail businesses into the massive government-run sector of the economy and has taken a number of steps in the socialization process. It has proclaimed three new laws in the past year: the Second Agrarian Reform, the Work Norm and Wage Classification Law, and the Obligatory Military Service Law. If fully implemented, the three laws will have a profound effect on practically all Cubans. They strike not only at the interests of those already disenchanted with the regime but also at the peasants and students, who make up much of Castro's strongest support.

21. The Second Agrarian Reform of October 1963 expropriated most farms over 165 acres. Some 7,000-8,000 farms have been affected, and state ownership of agricultural land has increased from approximately 40 percent to 70 percent. This, in itself, was a tremendous blow to Cuba's conservative rural sector; moreover, many smaller farmers are convinced that their turn will come soon, despite Fidel's repeated assurances to the contrary. The regime has been attempting to force the small farmers to sell all their products to the government collection agencies; but black marketing continues on a considerable scale. Within the last few weeks, the party newspaper *Hoy* has warned peasants who work on state farms that they must no longer keep cows or grow vegetable gardens of their own.

22. The work norm and wage scale system currently being introduced throughout Cuba will apply to agricultural as well as industrial labor. The regime has been moving cautiously in this field, seeking to strike a balance between the political desirability of keeping workers reasonably satisfied and the economic need to increase output and reduce cost through reallocation of workers on a major scale, and through improvement of the performance of the individual worker. The regime launched its work norm program on an experimental basis more than 18 months ago, and it has been sharply expanded this year. Workers are being fitted into eight salary classifications. The norms themselves are not high, but those who fall below them will lose pay and the regime plans gradually to raise norms. Already the traditional Christmas and vacation bonuses have been eliminated, the typical work week has been extended from 40 to 44 hours, and some holidays have been abolished. Regimentation of the labor force has been increased by the issuance of work cards to employed and unemployed.

23. The Obligatory Military Service Law is designed in part to provide a cheap labor force which the regime can use wherever it sees fit. Popular reaction has

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been so adverse that the regime has been forced into a public relations campaign to assuage angry Cuban mothers. A number of prospective draftees have defected; a few have probably joined insurgent groups. The penalty for draft-dodging is stiff—as much as six years in prison. The regime has recently announced that students, perhaps the most privileged class in Cuba, will no longer be exempt from the draft. A further source of resentment on the part of many young people is a recent decree specifying that students must participate regularly in productive work, as well as keep up with their studies.

24. Antipathy between the “old” Communists (members of the regular party prior to Castro’s revolution) and the “new” Communists (who are Fidelistas and revolutionaries first and Communists second) has persisted since the days of the revolutionary fighting—when the “old” Communists, in Fidel’s own words, “hid under the bed.” This behind-the-scenes conflict flared into the open once again in March of this year in the trial of Marcos Rodriguez; several important “old” Communists were accused of shielding for years a member of the regular Communist Party who had betrayed non-Communist revolutionary student leaders to Batista. Castro himself had to intervene directly in the trial; in the name of unity and to preserve some balance between the two groupings, he papered over the dispute. But the quarrel remains very much alive, and the recent appointment to second-echelon government posts of several loyal Fidelistas who had been consigned to obscurity by “old” Communist leaders suggests that the latter have lost ground.

25. Infighting of this sort has been one of the reasons that Castro’s United Party of the Socialist Revolution (PURS) has been so long in the process of formation. He originally said it was to be completed by early 1963, but by February 1964 it claimed less than 33,000 of a projected 55,000 membership, and formation of the first PURS cell in the armed forces did not occur until 18 December 1963. Progress has also been slowed by the difficulty of training prospective members from the poorly-educated classes and by differences of opinion between leading figures in the new party and some government bureaucrats about who is to exercise what powers. But probably the most important impediment has been Fidel’s own misgivings about his ability to build the kind of party he could trust. He is acutely aware that the PURS, once fully formed, will contain a potential to challenge his own highly-personalized rule. Thus he is moving slowly and cautiously, holding the partly-formed PURS largely to an advisory role, while he retains the power to make all important decisions.

26. Castro has also retained close control over the military and over the appointment of officers to key assignments. A few members of the military have defected and others, among them officers, have almost certainly lost sympathy with certain of the regime’s policies, though they are not willing to take the risk of overt opposition at this time. We, nevertheless, doubt that there is military disaffection on a scale sufficient to threaten the regime.

27. Castro has not been able to put an end to insurgent activity. Small guerrilla bands continue to operate from the mountainous areas of Pinar del Rio,

Las Villas, Camaguey, and Oriente provinces. The regime seems particularly concerned that an expansion of guerrilla activities in conjunction with a successful landing by Cuban exiles could incite elements of the population to revolt. We do not believe that the present capabilities of the exiles justify this fear, but we do think the fear is real. Indeed, it was almost certainly the primary reason for the extensive Cuban military alert and mobilization that took place in May.

28. The very fact that the regime is nervous and has moved during recent weeks to arrest and deal ruthlessly with small numbers of suspected agents and other opponents has probably increased its short-term security. The large and increasing number of potential opponents of the regime within the country has never had much opportunity to organize for any unified action. The elaborate internal security machinery which now exists makes dissident organizational activity even more difficult and dangerous.

Security Machinery

29. Castro's Cuba remains a police state. The principal security and counter-intelligence organization, the Department of State Security, with an estimated personnel strength of about 10,000, maintains units throughout the country and apparently has been effective in infiltrating and exposing counter-revolutionary groups. It works closely with all the other security agencies and especially with the huge and ubiquitous organization of volunteer informants—the Committees for the Defense of the Revolution. Throughout the country, in rural areas as well as in almost every city block, these informants report to the local committee the results of spying on their neighbors. Committee membership is claimed to be almost a million and a half. Local committees distribute food rationing cards, hand out propaganda, and organize “voluntary” work groups; committees at higher echelons assist the security agencies in maintaining control of all aspects of private life. Parallel informant roles are played by the Union of Young Communists, the Federation of University Students, and the Federation of Cuban Women.

30. The police organizations—the Bureau of Public Order, the Technical Investigation Department, and the National Identification Department—are charged with ordinary law enforcement duties; they have a total of at least 10,000 personnel, nearly half in the Havana area. The Popular Defense Force comprises about 100,000 civilian workers, men and women, who serve part time. They come primarily from the old militia reserve. Except in case of emergency, their mission is to help police and security forces maintain order.

31. The Cuban foreign intelligence service, the General Directorate of Intelligence (DGI), with a staff of about 500, maintains field stations in every country with which Cuba has diplomatic relations and has representatives distributed throughout Europe and Latin America. In the Western Hemisphere, its mission is “export of the revolution”—promotion of revolutionary activities,

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from subversion to guerrilla warfare, by every possible technique of espionage and violence. The DGI has trained and continues to train guerrilla and intelligence agents and supports their activities throughout Central America and in most South American countries, as well as assisting leftist political candidates and penetrating Cuban exile organizations. This latter function may deprive exile raiders of the all-important element of surprise.

32. During the past year, the Castro regime has considerably expanded two counterinsurgency bodies, the "Fight Against Bandits" (LCB) and the "Fight Against Pirates" (LCP), though we still have no acceptable figures on their strength. Full-time elite organizations, they probably engage in more armed actions than any other security force. Units of the LCB, the larger and more active, have engaged in numerous helicopter-assisted sweeps and encirclements, some culminating in skirmishes with guerrilla bands. The LCP operates coastal observation posts and patrol boats, using small stations along Cuba's 2,000-mile coastline, to prevent exile infiltrations, as well as the escape of disaffected Cubans. Both groups work closely with the Department of State Security. A third organization formed in late 1963 is the National Frontier Guard Corps, under the control of the Ministry of Interior; its mission is also coastal defense.

Outlook

33. In view of the extensiveness and pervasiveness of this security apparatus, the chances appear very small that under present circumstances popular disaffection with the regime will be transformed into an effective effort to bring it down. Castro has demonstrated a remarkable ability to preserve a workable degree of unity among the disparate groups involved in the regime. He has been able to make the great bulk of the population accept—without active opposition—the socialization and regimentation of his revolution.

34. The ability of the regime to survive may, of course, be lessened by a major deterioration in the basic internal situation. Acrimony and disagreement within the government, over such matters as the export of revolution or the advantages and disadvantages of rapprochement with the US, could lead to a power struggle among regime leaders that would seriously weaken the government and reduce the effectiveness of the security organizations. Another possibility which might change the odds for survival would be measures so oppressive as to precipitate large-scale demonstrations, and so generally unpopular that elements in the security forces and military forces would refuse to intervene or might even side with the people. However, changes of this nature extensive enough to undermine Castro's power position would be likely to take some years.

35. If Castro were to die or be removed from the scene during the next year or two, the immediate response of the regime, including the military, would probably be a rallying together to try to hold the populace in line and to defend against a feared US intervention. There is, however, no Cuban on the scene today who appears to have sufficient personal power and popular support to

contain and control the powerful diverse forces within the revolution. Neither Raul Castro, the designated successor, nor Che Guevara, nor any other member of the "inner circle" has the personal qualities and following required to control Cuba as Fidel has done. In his 1 May 1964 speech, Castro revealed that, if he should fall, he expected the leadership of the PURS to assume command. He apparently anticipates that his successor would be a committee, presumably led by the "inner circle," with the PURS National Directorate arrayed behind them.

36. However Castro's immediate succession is arranged, we believe that there would be no more than a brief period of unity after Castro's departure before a major power struggle began. We cannot predict with any confidence the outcome of such a struggle. Certainly the role of the Cuban military will be crucial. Among the many possible results of a power struggle would be the emergence of a regime much like Castro's, dominated by men who support him now and supported and accepted by most military elements. Another possibility would be a regime led by a non-Communist leftist individual or clique that resented Castro's communization of the original 26th of July movement.⁷ Such an event would probably find the security forces with divided allegiances and would most likely result in civil strife or even civil war. Some non-Communist group might wish to call for US assistance. In sum, Castro's death would jeopardize the type of political pattern which now exists in Cuba—and could cause a dramatic reversal.

IV. THE MILITARY FORCES

Current Situation

37. Castro's armed forces have grown from a ragtag band of guerrillas in the Sierra Maestra to much the best-equipped military force in Latin America and, except for Brazil, the largest. We estimate the personnel strength of Cuban forces to be more than 100,000 men on active duty: Army, 90,000; Navy, 6,000; Air Force, 4,000; ground-based air defense (radar and surface-to-air missile systems), 8,000. In addition there are about 85,000 in the ready reserve and a 100,000-man homeguard militia called the Popular Defense Force; the latter, however, has only a limited combat capability and is useful primarily for local defense, rear-guard security, and a manpower pool in time of emergency.

38. The Soviets have supplied the Castro regime with more than enough modern military equipment for its forces. Its elaborate air defense system includes 24 SAM sites; an extensive air surveillance radar network; and 138 MIG fighters, including 40 MIG-21's. The Air Force's helicopters are of par-

⁷ A non-Communist regime able to command broad support among the Cuban people would probably pursue highly nationalistic policies and maintain many of the socialistic measures introduced by Castro.

ticular importance for operations against insurgents and exile landings, and transport aircraft are being used in coastal patrol missions.

ESTIMATED CUBAN HOLDINGS OF MAJOR MILITARY EQUIPMENT

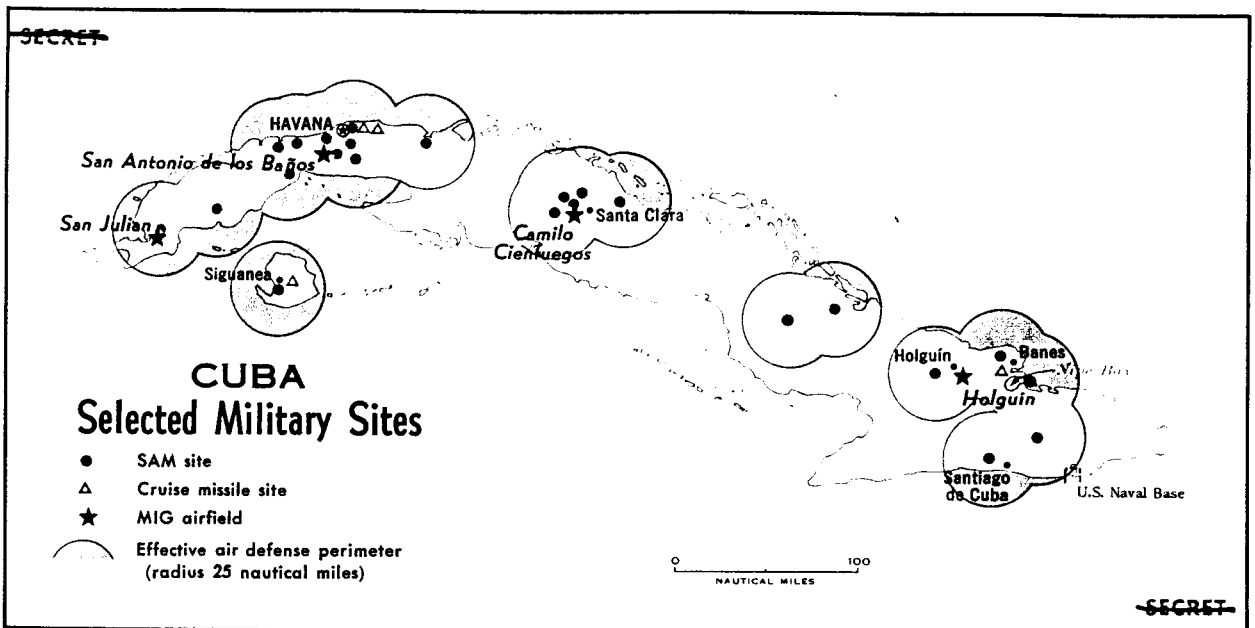
| | | |
|--|--------|--|
| Tanks and self-propelled guns | 700 | |
| Other Armored Vehicles | 250 | |
| Field Artillery and Antitank Guns | 1,300 | |
| AAA Guns | 900 | |
| Mortars | 900 | |
| FROG Rocket Launchers | 6 | |
| Military Trucks | 21,500 | |
| SAM Sites | 24 | (with enough equipment for 3 more sites) |
| | | |
| SAM (SA-2 Guideline) Missiles | 600 | |
| Cruise-Missile Sites | 4 | |
| Cruise-Missiles | 150 | |
| Air Defense Radars | 200 | |
| Jet Fighters: | | |
| MIG-15/17 (FAGOT/FRESCO) | 86 | |
| MIG-19 (FARMER) | 12 | |
| MIG-21 (FISHBED) | 40 | |
| Helicopters | 90 | |
| KOMAR Cruise-Missile Boats (60 Missiles) | 12 | |
| Kronstadt and SO-1 Subchasers | 9 | |
| Motor Torpedo Boats (P-4/P-6) | 24 | |

39. Most of the increase in Cuban military capabilities over the past 18 months has resulted from the delivery of additional Soviet weapons and from the acquisition of weapon systems formerly under Soviet control. The Soviets have delivered tanks, patrol craft, MIG fighters, and some additional SAM launchers and missiles since the 1962 missile crisis and have transferred to the Cubans the cruise and surface-to-air missiles systems, KOMAR missile boats, MIG-21 jet fighters, and ground forces weapons, including FROG rockets. Cuban forces are well-equipped to combat internal resistance and to repel invasion short of direct US intervention, but lack experience in the use of some of the newly acquired Soviet weapons. Although Cuban forces are experienced in small unit operations, they still suffer from lack of training in large-scale exercises or in joint operations necessary for more effectively combating maritime raids and internal insurgency. Deficiencies in transportation and logistical support also hinder military readiness and operations.

40. In the event of US invasion, Cuban plans evidently envisage a strong initial resistance at the point of attack, followed by a defense of pre-selected key positions and, finally, by guerrilla warfare. Only a small proportion of Cuban forces, however, would be likely to carry on prolonged guerrilla operations.

41. The Cuban Navy and Air Force are defensively equipped, trained, and oriented. Neither force has more than a limited offensive capability: the Navy,

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for example, lacks landing craft. The Air Force, while capable of providing some support to guerrillas in the Caribbean area, lacks the airlift capacity for more than a very small effort.

Outlook

42. The conscription law went into effect in December 1963, and the first conscripts were called up at the end of March. The law requires all Cuban males between the ages of 17 and 45 to register and most to participate in full or part-time military service, and it extends the active duty service from two to three years.⁸ One effect of the draft is likely to be an initial drop in the level of training and efficiency of the units to which the draftees are assigned. Over time, the most important military results will be to establish a much larger trained reserve and to supply selected personnel for operation and maintenance of the recently acquired advanced weapon systems.

43. After an initial increase in the size of the active armed forces, discharges will probably keep the Cuban military establishment close to its present strength. And following the temporary drop in the level of training and efficiency, training will probably become more advanced, to include combined operations and more technical instruction. Military organization may become somewhat more standardized. Nonetheless, Cuban forces will probably continue to display most of the same shortcomings and vulnerabilities that they have in the past. Lack of combat experience and dependence on the USSR for advanced training and material support will continue to be two of the most serious.

The Soviet Military Presence

44. The Soviets have continued to withdraw military personnel during 1963 and 1964 as they have gradually completed training of Cubans on various modern weapon systems and turned these systems over, one after another, to Cuban control. Soviet withdrawals have been paralleled by deliveries to Cuba of a variety of items of military equipment and supplies, primarily, it appears, for the purpose of bringing Cuban holdings in some of the systems up to full strength. The SAM system has been turned over to the Cubans, and they almost certainly have full operational control. Thus, the Cubans almost certainly have the capability to shoot down a U-2.⁹

45. There are almost certainly no Russian combat units still present on the island. Almost all of the Soviet personnel who manned the SAM and early

⁸ The law provides the regime with the means of accomplishing several objectives that are not directly military. Under the new law, inductees receive seven pesos per month instead of the old 83 peso pay; this will probably result in a saving of about 60 million pesos per year. Technicians much needed by the Cuban economy will be trained. A large and cheap labor force will be created for such jobs as aiding in sugar harvests. Finally, through registration of most adults, Castro has created a new mechanism to aid in exercising control over the population.

⁹ The SA-2 surface-to-air missile system has an estimated maximum operational range of about 25 nautical miles and a maximum effective altitude capability of about 90,000 feet.

warning radar systems have returned to the USSR; when the rest depart, there will remain an organization of the MAAG type, the majority of whom are technical and maintenance personnel. About 2,000 personnel of this type will probably remain so long as Castro continues to be dependent on the USSR for the technical and material support necessary for maintaining the complex equipment the Soviets have supplied.

Chances of Reintroduction of Strategic Weapons

46. We think it highly unlikely that the USSR will, within the period of this estimate, attempt to reintroduce strategic missiles into Cuba.¹⁰ Even if the Soviets believed that there was a chance of completing such deployments undetected, they would recognize that, to have the desired political effect, the missiles would subsequently have to be revealed. They would be aware, therefore, that at some point a crisis of the severest kind would arise in an area where, as proved in 1962, the USSR is at a grave disadvantage. The same line of argument applies to Soviet delivery to the Cubans of other weapons that might be considered "offensive" by the US (e.g., light bombers or submarines), though the Soviets might estimate that the risk of US counteraction would not be so great.

47. The Soviets might see less risk in using Cuba for logistical support of their submarines. This fleet is very large, but regular patrols in the Western Atlantic have not been established. Refueling and repair facilities in Cuba would go far to overcome difficulties of distance and transit time and thereby would increase Soviet capabilities. The USSR would not expect to keep the US in the dark for long about such a program, but it might believe that a gradual development in this direction—occasional brief visits, say, by individual submarines—would confront the US with difficult problems of response. On the other hand, the Soviets would almost certainly expect sharp reactions from the US. So long as they calculate that the risk would be high they would not push such a venture very far.

V. FOREIGN POLICIES

Cuban-Soviet Relations

48. The Cuban-Soviet relationship remains intact, although frictions have continued. Castro's contact with the Soviet ambassador has become relatively infrequent; he has failed to appear at various social functions of the Soviet Bloc embassies; he continues to treat the Chinese Communists and Albanians as close allies; and the Cuban press frequently runs in tandem a TASS article and one from the *New China News Agency*.

49. Castro has never signed the test-ban treaty. Indeed, last September he dismissed the relaxation of East-West tensions as much less important than

¹⁰We recognize that the Soviets have the technical capability of clandestinely reintroducing strategic weapons, but we believe the risk of another grave confrontation would be unacceptable to them.

Cuba's plight as "a small country, attacked, blockaded, against which a policy of undeclared war is being followed . . ." By inference he accused the Soviets of undue friendliness toward the imperialist enemies of Cuba. Castro and Che Guevara have long expounded the necessity for violent revolution, a position much closer to the Chinese than to the Soviet doctrine. They have also remained essentially in competition with most old-line, Soviet-backed Communist parties in Latin America. And in Cuba itself, Castro has acted to prevent the Moscow-oriented "old" Communists from attaining a dominant role in the government or in his United Party of the Socialist Revolution. In short, Castro has maintained a large measure of independence of action. He has shown himself willing to lean to the side of the Soviets in the Sino-Soviet dispute, but he fails in the most important test of loyalty: willingness to join in a formal condemnation of Peiping.

50. The Soviets, for their part, cannot regard Castro as either very dependable or very consistent. His egotism must tax their patience; the administrative methods of his regime must make them wonder whether a viable Communist state can really be molded from Cuban clay. Their aid bill for keeping the Cuban economy afloat is large enough to be burdensome; certain Soviet officials, as well as some from the Eastern European countries, which carry a relatively modest part of the whole, have long muttered about pouring funds down the Cuban rat-hole.¹¹ But the Soviets have not tried to bring Castro into line by withholding aid, despite the number of occasions in which he has flouted their interests. Instead, Khrushchev has catered to his ego and, during his visits to the USSR in the spring of 1963 and in January 1964, wooed him for weeks with attention and flattery.

51. Although Castro realizes that he cannot survive without Soviet support and that he must continue to rely on the benefits of large-scale Soviet economic and military aid, he will not submit to much Soviet discipline and control. He knows that the Soviets regard their stake in maintaining a Communist Cuba as a major one. Thus he almost certainly believes that he has—and, in fact, he probably does have—appreciable room for maneuver. Castro will continue to be quite suspicious of any improvement in US-Soviet relations. Apparently his fear is not that the Soviets would sell him out in bilateral negotiations, but that they might stand by while US economic pressures, exile raids, and an accumulation of adverse factors gradually eroded his position beyond recovery.

52. The Soviets seem to have little choice but to continue their patient support for Castro. They will almost certainly counsel him to caution in dealing with the US and in fomenting revolution in Latin America; they will not, however, be able to compel him to follow such a course. They will try to make Cuba viable as an example to other small nations and as a project to which So-

¹¹ By the end of 1964, Communist economic assistance expenditures to Cuba will amount to some \$850 million. These expenditures have been approximately as follows: 1961—\$30 million; 1962—\$250 million; 1963—about \$350 million. New outlays in 1964 are likely to be at least \$200 million.

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viet prestige is committed in the face of both the US and Communist China. For, despite all their difficulties with him, Cuba under Castro represents the best victory for the Soviet camp in the last several years and their first breakthrough in the Western Hemisphere.

The Problem of SAMs and U-2s

53. The most explosive question in Soviet-Cuban relations, as well as between Castro and the US, is the continuation of US reconnaissance overflights. The available evidence points to the conclusion that Cuba now has full control over the SAM system, thus leaving the Soviets only the capacity to give advice backed up by their political and economic leverage. On the other hand, the evidence is not such as to permit us wholly to exclude the possibility that the USSR has retained some sort of physical restraint on an actual firing. Khrushchev would have an incentive to maintain such a restraint because the untrammelled possession of the SAMs would give the volatile Castro an important influence over a vital Soviet interest. Khrushchev must calculate that in the event of a U-2 shutdown the US would retaliate sharply against Cuba. This could confront Khrushchev with the unhappy dilemma of facing up to the US in circumstances even less propitious than those of October 1962, or of publicly reneging on his oft-repeated promises to support Castro.

54. In the past few months Castro and Khrushchev have publicly and privately elaborated a common position against the U-2 flights. They have indicated that the flights will not be tolerated much longer and that, if political persuasion fails to deter the US, then a U-2 will be shot down. They have sketched a timetable which would bring the issue to a head after the US election. Castro has reiterated that he will take his case to the next UN General Assembly and exhaust the possible political remedies before ordering a shutdown. Khrushchev has taken pains to stress Castro's right and ability to use the SAM system and has warned that the USSR will stand by Castro in the event of US retaliation.

55. Though some surprise move in the midst of the US election campaign cannot be excluded, it seems more likely that the USSR and Cuba will continue to use the next few months to agitate the U-2 issue and sound out the US on possible compromises. Both Khrushchev and Castro have let it be known that they would not object to satellite or oblique photography. They have also hinted vaguely that some form of inspection on the ground might be arranged in return for inspection of nearby US territory. Castro and Khrushchev hope this combination of warnings, threats, and compromise offers will be effective in exerting pressure on the US. Even if this approach is fruitless, Castro probably estimates that in the process he can gain sympathy for his position, begin to mobilize UN members on his side, and raise the political costs to the US of retaliation for the shutdown of a U-2.

56. In sum, we believe that Castro will think it prudent to wait until after the US elections to force the overflights issue. At the same time, we think he is fully determined to launch a major effort for formal UN consideration of the

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matter, if he obtains no satisfaction from the US. If this campaign does not succeed, there is considerable danger that, as a last resort, he would order a shutdown, calculating that the US would not retaliate in force or that, if it did, the resulting hue and cry would bring overflights to an end. In the interim, there will be a possibility of an impulsive reaction by Castro. There is also the chance of an unauthorized shutdown, but in view of the importance to Castro of this matter, the chances of such an action seem to us to be small.

Overtures Toward the US

57. Khrushchev, in supporting Cuba's position on overflights, may again have urged Castro to explore the possibilities for a normalization of relations with the US. Castro probably considers such an effort useful to build a record of Cuban reasonableness and flexibility in preparation for Cuba's appeal to the UN. In any case, we believe that Castro has a serious interest in improving relations with the US. The US economic denial program has hurt Cuba and will continue to do so. Moreover, as parallel revolutions fail to materialize in Latin America, he is increasingly forced to give up the notion that relations with the US are a short-term problem destined to be swept away by the tide of hemispheric revolution. Furthermore, the longer a US-Soviet atmosphere of detente persists, the more he must concern himself with a possible lack of support from his patron in a crisis.

58. His interest in stabilizing relations with the US wars with elements in Castro's temperament, with his strong revolutionary bent, and with his recurring conviction that the US price for normalization would be nothing less than his own disappearance. He clearly considers US acceptance of his regime to be a long-range and chancy prospect to which he cannot commit his policies. Nevertheless, he has made various overtures toward the US from time to time. We expect future efforts, perhaps including some moderation of his conduct, intended to soften US resistance to a rapprochement. We think there is virtually no chance, however, that he will accede at any early date to the conditions which the US has stated.¹²

Latin American Policies

59. Castro is first of all a revolutionary and has expended much energy and effort encouraging violent revolution elsewhere.¹³ He has provided assistance to an assortment of Communist and non-Communist revolutionaries. Primarily this has taken the form of propaganda, limited financial aid, political indoctrination, and training in subversive techniques and guerrilla warfare. (In 1963

¹² On 6 July 1964 a State Department spokesman reiterated the longstanding US position that there are two elements in the Cuban situation which are not negotiable: "Castro's ties of dependency with the USSR which are tantamount to Soviet domination of the regime and the continuance of Castro's promotion of subversion elsewhere in the hemisphere."

¹³ For a detailed, country-by-country estimate of Communist and Castroist strengths, weaknesses, and opportunities, see NIE 80/90-64, "Communist Potentialities in Latin America," scheduled for USIB consideration in August 1964, Secret.

over 2,400 Latin Americans traveled to Cuba; several hundred of them probably received training in terrorist and guerrilla methods while there.) The Castro regime has undertaken direct supply of some arms to extremist groups (e.g., the Cuban arms cache discovered in Venezuela last November) but prefers to provide funds for the purchase of weapons from other sources.

60. Although these efforts have helped strengthen extreme leftist dissidents in a number of Latin American countries, there have been no Castro-style revolutions and, except in Venezuela and Guatemala, very little violent revolutionary activity. Indeed, Castro must view developments over the past year as disappointing. In Venezuela, long the priority target in Castro's revolutionary plans, the Communist and Castroist groups failed dismally in their terrorist attempts to disrupt the December election and prevent an orderly succession of government. In Panama, the climate of opinion which came into being with the anti-US riots in January seemed to offer a special opportunity for aggressive violent action by the Castroists against a vulnerable, oligarchic regime. Havana immediately urged this course, but the Castroists in Panama preferred to give priority to tactics aimed at gradually increasing their influence within the established political system. In Brazil, the removal of Goulart in April dimmed the prospects of the extreme left for exerting and expanding political influence; the Castello Branco government has broken relations with Cuba, leftists have been removed from important Brazilian government jobs, and the various local Communists and Castroist groups are in disarray. In sum, Castro's revolutionary hopes have suffered notable setbacks during the past year, some of them occurring despite circumstances which he apparently thought propitious for action.

61. These developments have also tended to stiffen the anti-Castro position of most of the member governments of the Organization of American States. The OAS adoption on 26 July of diplomatic, trade, and shipping sanctions against Cuba is primarily important in its psychological rather than its economic impact. But Castro obviously feels that Cuba's political isolation in the hemisphere is damaging to his cause; he will try to impede implementation of the sanctions as well as other actions which would reinforce this isolation.

62. We believe that Castro and his revolutionary theorist, Che Guevara, have become somewhat less sanguine about their chances for quick revolutionary success. In their speeches and propaganda on the subject, they will probably wax hot or cold at various times as they have in the past,¹⁴ but they almost certainly will continue to aid and train potential revolutionaries. They may press for early aggressive action on the part of Castroist groups in some Latin American countries, even though the immediate chances of these groups seem poor; here, their primary hope would be that the government's counter-action would antagonize larger segments of the population, eventually producing

¹⁴In a major speech on 26 July 1964, Castro once again delivered a general appeal for revolution in Latin America, adding a few words of encouragement for "the heroic revolutionaries" of Venezuela and the "courageous guerrillas" of Guatemala.

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conditions more favorable for exploitation. The Cuban leaders might, however, have difficulty in persuading even strong sympathizers to undertake the first step of this scenario; there is no plethora of willing martyrs in Latin America. A number of other factors also militate against quick Castroist revolution; these range from the dinginess of the Cuban show window to the increased effectiveness of the security forces—and the increased awareness of the potential threat—in many Latin American countries.

63. There is danger, nonetheless, that Castroists may succeed in triggering or participating in revolutions during the period of this estimate, and this danger may increase over a longer time-span. The basics of the Latin American situation—population pressures on limited resources, and rates of economic and social development which do not keep pace with the rising expectations of the people—mean continuing instability and growing popular dissatisfaction with established political parties and institutions. These conditions are readily exploitable by extremists of various shades; sudden change and revolutionary situations must be expected. Depending on the nature of such a situation, a few hundred Castroist activists or a small number of Cuban-supplied weapons could provide the initial impetus or even the decisive factor in an attempt to overthrow an established government. But the Castroists would not necessarily emerge as the dominant element in the revolutionary movement.

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