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THE WHITE HOUSE
WASHINGTON

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Mac:

Since writing this memo, I have received a telegram from La Paz which reports consultation between Bolivia and Uruguay on a possible simultaneous break by both. The Embassy does not know the outcome of these consultations.

According to the Bolivian Foreign Minister Bolivia will make its announcement on August 20.

fm.

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By thw, NARS, Date 2-25-77

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August 18, 1964

MEMORANDUM FOR MR. BUNDY

Following are problems of current interest in Latin America:

1. Cuba Resolution: The Bolivian Cabinet has approved breaking relations with Cuba. Apparently, there is some in-fighting and double-crossing going on in the Bolivian Government, and the decision has not been announced, e. g., Presidential Secretary Fellman voted for the break and announcement by the Foreign Minister in the Cabinet meeting and then argued in the MNR Central Committee that the President should announce. The Uruguayan Council has voted 5 to 4 to break relations, but is still toying with the idea of getting an ICJ decision first. The Embassy has been instructed to discuss with the Foreign Office and point out that only the GA or SC can request an opinion of the ICJ; this is not in cards and Uruguay will look foolish pursuing this line.

2. Cuba: The Muste Non-Violent group sent out a boat on a trial run and the Coast Guard picked it up. As agreed beforehand, the Coast Guard turned the boat over to the U. S. Attorney. State excepted the U. S. Attorney to obtain a libel against the boat, but has been informed that Justice had instructed the U. S. Attorney to send his draft to Washington. State does not know whether this indicates a change in signals by Justice or not. The Muste group is expected to make an effort to depart for Cuba within the next few days.

3. Dominican Republic: The stabilization program worked out with the IMF and the US has kicked up a storm. The points of the program, which have caused the sharpest reaction, are increases in gasoline and social security taxes. There is a general strike in Santiago, second largest city in the DR. The military has stuck with Reid so far. The present estimate is that Reid has a 50-50 chance of pulling through.

4. Haiti: Regarding Haiti's complaint that the DR is a sanctuary of Haitian exile forays against Haiti, Mann suggested to the Haitian Ambassador that Haiti consider (1) going to the OAS or, (2) engaging in direct talks with the DR.

25X1A [REDACTED] State is considering its next move. In general, Mann does not believe we can condone the DR being used as a sanctuary, [REDACTED]

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5. Bolivia: There was a lengthy discussion at the ARA staff meeting August 18 of our heavy AID commitments in Bolivia, and our over-identification with the Paz Government. Budget support to Bolivia -- now about \$14 million -- is under continuing attack on the Hill. Mann is especially concerned about such incidents as the US Ambassador appearing on the same platform as Paz during his campaign; the participation of an AID police adviser in a police patrol that got ambushed in a gun battle with a political group in Bolivia, etc. He is seeking a way out of budget support, and wants to reduce sharply our identification with the Paz Government.

6. Brazil: There is rather voluminous reporting out of Brazil that the "hard line" military officers, cattle farmers, Lacerda, etc., are unhappy with the Castello Branco Government, and are planning to present an ultimatum. Some of the reports go so far as to suggest a coup is in the making. The general feeling in State is that the noise is considerably greater than the potential for action, and that Castello Branco can handle the situation. Lacerda, who is capable of being the noisiest, has recently been implying he could improve his presidential chances by being a successful Cabinet Minister, and has been acting accordingly.

Paul
Robert M. Sayre

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