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CENTRAL INTELLIGENCE AGENCY
CONFIDENTIAL
OFFICE OF NATIONAL ESTIMATES

14 March 1962

MEMORANDUM FOR THE DIRECTOR

SUBJECT: The Situation and Prospects in British Guiana

Summary

1. The February disturbances in British Guiana cast in doubt the ability of any one of the established political parties to administer the colony successfully once the British relinquish their authority. Only British military power -- requested by Premier Cheddi Jagan to restore order -- prevented the downfall of the government. A withdrawal of British troops any time soon would probably result in a renewal of public disorders. Whether or not the British hold on to Guiana, the prospect there is for a long period of instability and, at best, labored and meager economic progress dependent largely on financial assistance from abroad.

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Background

2. The recent upheaval was largely confined to the capital city. Its immediate cause was Jagan's new budget bill, which called for compulsory savings and introduced high tariffs and more and higher taxes. The bill imposed particular hardship on city dwellers, most of whom are Negroes. The antigovernment riots and strikes were also rooted in genuine economic discontent, and were indicative of growing dissatisfaction with Jagan's dominant People's Progressive Party (PPP). As violence increased, racial tensions were aggravated. One of the principal consequences of the February disturbances is a significant increase in the potential for racial conflict.

3. The most powerful indigenous political force in the colony has been the Communist-oriented PPP. It has derived its strength mainly from East Indians, most of whom live in the countryside, but some of whom are prosperous town businessmen. In the last year, however, the PPP's fortunes began to slide as the party tried without any notable success to set in motion an economic development program and to deliver on its promises of effective government. In the August 1961 elections, it won only 42 percent of the popular vote, but this was sufficient to give it a narrow majority in the legislature.

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4. The principal opposition party -- the socialist People's National Congress (PNC) of L. Forbes Burnham -- is supported by the colony's large Negro population in the cities (including most government employees) and in bauxite mining areas; it won 41 percent of the popular vote, only one percent less than the PPP, in the August 1961 elections. An additional opposition party is the United Force (UF), which seeks to be multiracial. It is based largely on the small commercial class (including the Portuguese minority) which fears that Jagan would transform the country into a Communist state after independence. It is clear that a slight change in electoral tactics or a coalition with the UF would have given the PNC a legislative majority. Since the election many people have been further alienated by the Premier's failure to obtain sizable outside financial assistance and to alleviate the enormous economic difficulties in the colony.

UK Position

5. A key factor in the outlook for British Guiana is the UK, which is at present reviewing its policy on the colony. London seems almost certain to delay British Guiana's independence by postponing the May conference, which was to have

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discussed plans and timing of independence, previously thought of as coming in late 1962 or 1963. Jagan has already agreed to an investigation of the February riots by a Commonwealth commission, and the time necessary for this procedure, combined with the press of other business in the Colonial Office, suggests that the new conference date would be in September at the earliest, with independence following perhaps some seven months later.

6. The British, however, will not wish to delay granting independence indefinitely. They are not happy about prolonging their financial burden in Guiana (about \$20 million a year) and fear that to delay very long would arouse indignation in many parts of the world where colonialism is a sensitive issue. Furthermore, the British are considerably less concerned than the US about the threat of communism emerging in the colony. They estimate that Jagan would seek, after independence, to assume a neutralist stance and obtain aid from both the West -- principally the US -- and the Bloc. They probably anticipate that Jagan would have serious difficulty in maintaining order and, indeed, in maintaining a government, but feel that the alternative of delaying independence for long would be worse.

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Jagan's Problems

7. The disorders have left Jagan seriously weakened. His political future is in jeopardy. His prestige is badly tarnished as a result of his call for British help and his inability to get his budget bill through the legislature intact. He is in a poor position to maintain public order in the future without help. The Negro police force probably cannot be considered reliable or adequate for Jagan's purposes. Even though the British prevented the opposition from bringing down the government, the antigovernment manifestations were a spectacular demonstration of basic instability.

8. In addition, Jagan's economic and financial problems are even more acute now than before the riots. Whereas before the riots almost 20 percent of the labor force was out of work, an even larger number are now unemployed as a result of the destruction in Georgetown. Jagan's program for economic development has been set back and he is now faced with a sizable bill for reconstruction in the capital city. Furthermore, uncertainties about British Guiana's political stability will discourage foreign investment and assistance.*

* British foreign investment in Guiana amounts to between \$400 and \$500 million and is mainly in sugar production. Canadian investment is about \$80 million and US investment about \$30 million, both mainly in bauxite.

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9. Moreover, there is some question whether Jagan can still rely on the full loyalty of the PPP organization. The opposition to his budget bill proved that the PPP cannot count on the unquestioning support of the East Indian middle class and business circles. Indeed many East Indians merchants, who had for some time been disaffected with Jagan but chose to back the government in power, are now inclined to leave the country rather than to stay and rebuild their businesses. Strikes have already taken place among the East Indian sugar workers and economic deterioration arising from the February disturbances might cause defections from Jagan's party among these workers and others who work in the rice fields.

10. On the other hand, the crisis left the opposition with reduced prestige. The opposition had no coordinated plan. Its several leaders acted recklessly and in the end tended to neutralize each other. Organized labor actively collaborated with the opposition parties, but is not committed to any party or leader. Except in the case of the civil servants, labor failed to get its way and may now be more fragmented than before the crisis. Jagan and his party may be able to recoup some strength by taking advantage of differences within labor.

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11. There are no known defections from the PPP's narrow majority in the legislative assembly -- it has 19 out of 34 seats -- and, with major concessions on Jagan's part, the budget would probably have a reasonable chance of passing. However, the extent of Jagan's concessions are unclear and the opposition is almost certainly out to win two or three members of Jagan's party away from him. If Jagan's concessions are unsatisfactory they may be able to do so.

12. If the opposition managed to turn the budget issue into a vote of no-confidence in Jagan, it might thereby gain the chance to form a new government. More probably new elections would be held, either because of collapse of the present government or pursuant to a British decision to hold new elections before granting independence as they did in Ghana. The outcome of such new elections is unpredictable, particularly if the electoral system is changed to proportional representation, as desired by PNC leader Burnham. Jagan might again win, but if so his forces probably would have even less of a margin than in the August 1961 elections. Alternatively, the PPP might win a majority under another leader, perhaps Balram Singh Rai, the present Minister of Home Affairs. The PNC might win a majority of the seats --

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depending on its electoral tactics and the electoral system. Its chances would improve greatly if Burnham, who has antagonized many non-Negroes by his racist policies, were to be replaced, but he is unlikely to step down. The UF has no chance of winning an election or leading an electoral coalition.

Outlook

13. Racial tension has been so increased by the February riots that further violence seems inevitable unless the country is forcefully and effectively governed. The chances are slim that genuinely indigenous political elements can provide such a government in the years immediately ahead.

14. There is little likelihood that UF, standing alone, will have any substantial influence on British Guiana in the foreseeable future. The UF is now more isolated than ever from the country at large because of its popular identification as a Portuguese party with extreme conservative views. The basic political choice is between the two leftist parties.

15. Jagan's most serious opponent, Forbes Burnham, came out of the February disorders with greatly reduced prestige. He proved his skill at arousing Georgetown mobs, but he also showed that

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he is either unable or unwilling to control them. He has concentrated on opposing Jagan and there is no evidence that he has any alternative program; in view of the considerable factionalism, in his party, its policy once in power cannot be defined.

16. There is no evidence of any organized effort to supplement the leadership of the existing political parties. Although the February crisis did not bring forth any outstanding personality from other political groupings, business, labor or other sectors of national life around whom moderate elements could rally.

17. Thus, we cannot exclude the possibility of the development of a politically viable grouping composed of the relatively moderate elements of the PPP, PNC, and UF. In view of the generally tense and unstable situation in British Guiana, however, the stability of such a solution would be highly uncertain.

18. We believe that a Jagan government in the postindependence period would be likely to seek to benefit from relations with both the West and the Communist countries. For some time Jagan has been seeking trade and aid from the West and he has expressed interest in participating in the Alliance for Progress.

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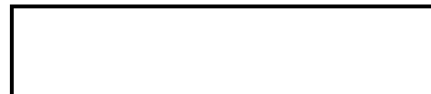
He has also been seeking trade and aid from the Bloc and one Bloc representative has made an aid proposal in Georgetown. Despite his Communist connections, Jagan probably would try to avoid antagonizing US, British, and other Western countries, thereby jeopardizing assistance to his government. London presumably would not object to trade arrangements but has indicated an intention to prevent any Bloc loan.

19. Should the West not provide the help Jagan considers necessary, he almost certainly would seek to fill the gap by working with the Bloc. In any case, his associations with communism and his ideological orientation would make him a good subject for manipulation by the Bloc. Although there is no evidence that he is now under Bloc control.

20. Jagan feels strong sympathy for Castro's cause. His government trades with Cuba and he has placed students in Cuba for training. The development of Jagan's association with Cuba will depend in large measure on the state of his relations with the West.

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SHERMAN KENT *LKW*
Chairman

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15 March 1962

**Mr. Bromley Smith
Executive Secretary,
National Security Council
Room W-6
The White House
Washington, D. C.**

Dear Bromley,

**Mr. McCone has suggested that you might want to pass
a copy of the attached memorandum along to the President.**

15/
**Sherman Kent
Assistant Director
National Estimates**

Attachments: 2

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15 March 1962

**Mr. Thomas Hughes
Acting Director of Intelligence
and Research
Department of State
Washington 25, D. C.**

Dear Tom,

**Mr. McCone has asked that you pass the attached
memorandum to Alexis Johnson.**

The other copies are for you.

/s/
**Sherman Kent
Assistant Director
National Estimates**

Attachments: 4

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