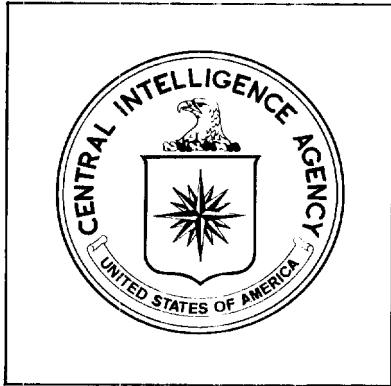


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STAFF NOTES:

Latin American Trends

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February 19, 1975
No. 0497/75

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LATIN AMERICAN TRENDS

This publication is prepared for regional specialists in the Washington community by the Western Hemisphere Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Mexico-Chile: "War Crimes" Tribunal Against Chile

President Luis Echeverria and other senior administration officials are taking an active role in the session of the "Commission Investigating the Crimes of the Chilean Military Junta" in Mexico this week. The organization, based in Finland, has previously held meetings in Helsinki and Copenhagen.

Foreign Secretary Emilio Rabasa and the secretary general of the ruling Institutional Revolutionary Party, Jesus Reyes Heroles, personally welcomed some of the principal delegates at the airport, and Echeverria gave the opening address. The President said that his presence was affirmation of Mexico's total support for "revolutionary nationalism" and self-determination of peoples. He also used the opportunity to attack the US indirectly and take credit for the Charter of Economic Rights and Duties recently adopted by the UN.

Several former luminaries of the Allende regime are taking part in the sessions. Former foreign minister Clodomiro Almeyda, who has been living in exile in Romania since his recent release from a Chilean jail, announced that he was accepting Echeverria's invitation to remain in Mexico. He will join 700 or 800 of his compatriots already living in exile there. Foreign Secretary Rabasa announced that Mexico agreed in principle to take an additional 151 prisoners who were on the list of 200 the Chilean government offered to free last December. He said the remaining 49 had chosen to stay in Chile even though it meant remaining in jail.

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Echeverria apparently believes he can get some mileage out of the conference without sacrificing much. Although the claim that Mexico is marching in a "revolutionary" path has lost most of its original meaning, he like his predecessors never misses an opportunity to reinforce this image. The President may also feel his actions help reinforce his "third world" leadership claims. Mexico broke diplomatic ties with Chile last November, so providing a platform for the anti-Chilean propaganda is unlikely to have any direct effect on their already bad relations. (CONFIDENTIAL)

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Argentina: Industrial Absenteeism

Top government officials are worried about soaring absenteeism among workers. Since the return of Peronism, workers have responded to higher wages, increased leave benefits, and full employment by staying off the job in droves. According to Secretary of Commerce Jose Alloatti, the absentee rate has jumped from around seven percent in 1973 to approximately 30 percent at present.

While inflation has caused industrial production costs to double, absenteeism has resulted in a 70-percent decline in productivity at several factories. Alloatti recently warned that such a trend could "ruin the republic."

Government leaders themselves, however, must shoulder much of the blame for the present situation. The labor law enacted last September protects workers from dismissal and gives them extensive legal advantages over management. For example, workers who take unauthorized leave are entitled to "sick pay" if they submit a medical certificate upon return to work. Since many unions have their own doctors and clinics, such certificates can be obtained easily.

Official favoritism is further reflected in the 2.4 percent jobless rate announced last month. This more than fulfills the requirements of full employment, which is defined at 97 percent. It also means that a number of "marginal" individuals hold jobs whose productive usefulness is in question.

High absenteeism is a common phenomenon in many industrialized societies where job fatigue and work boredom have become important disincentives once a

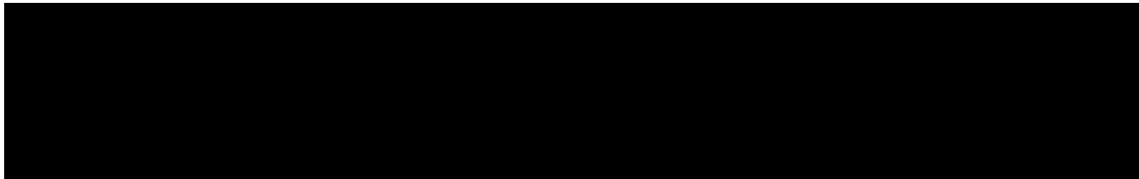
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satisfactory wage level has been attained. In Italy, for example, absenteeism increasingly became a problem after extensive benefits were granted workers by national legislation in 1969.

High absenteeism and low productivity will be one of the major roadblocks to current efforts to stabilize the Argentine economy. A sudden recession could force Mrs. Peron to choose between backing her economic advisers and retaining the support of labor leaders who are the backbone of Peronism. There already are signs of pressure within the government to take a tougher line with the unions. Economy Minister Gomez Morales has publicly expressed the desire to "trim the fat" from the public enterprises that employ thousands of workers. Alloatti went even further when he recently accused some labor leaders of fomenting absenteeism against the national interest and specifically attacked automotive workers in one plant for "industrial sabotage." (CONFIDENTIAL)



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The Bahamas: Cabinet Clash

Prime Minister Lynden Pindling has stated in writing his intention to resign over a dispute with his Attorney General, [REDACTED]. Despite having committed himself on paper, however, he may renege on his decision. His comment that he would wait until the visit of Queen Elizabeth II is over on February 22 before stepping down suggests that he is interested in a cooling off period during which the dispute can be settled and his resignation "reconsidered."

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Attorney General Paul Adderley, who doubles as Minister of Foreign Affairs, reportedly forced the confrontation during a cabinet meeting late last month. Adderley wanted to investigate the recent death of a prisoner at the hands of the police, and an incident in which 80 pounds of hashish disappeared from police custody last July. Pindling opposed the investigations but was not supported by the majority of the cabinet. Over the opposition of Deputy Prime Minister Hanna, Pindling then threatened to resign and later followed up with a letter reaffirming his intention.

Pindling probably hoped to force the cabinet to abandon its support for Adderley, and he may have no intention of following through. Nevertheless, the dispute will leave a distasteful residue that bodes no good for future cooperation between the two principals. It underscores some fundamental differences between Pindling, the crafty politician, and Adderley, the lofty, righteous intellectual, who himself threatened to resign in a previous clash with the prime minister. A resignation by Pindling would

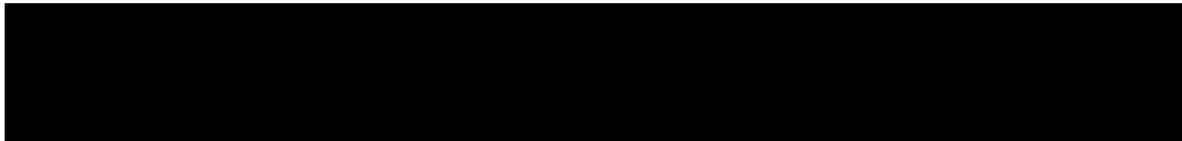
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precipitate a new round of elections, but the situation is not likely to reach that extreme. If a resignation is to come from the incident, it will probably be Adderley's, not Pindling's.

The opposition Free National Movement is attempting to take advantage of the conflict within Pindling's Progressive Liberal Party by calling for a vote of "no confidence" in the prime minister, according to a press report. The motion will be debated soon after the House of Assembly convenes on February 19. There is little chance, however, that Pindling's representatives would put their own political careers on the line by supporting the opposition's motion, and the "no confidence" vote seems destined for certain defeat.
(SECRET/NO FOREIGN DISSEM)



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Panama: Torrijos Backs Down

Although the political parties are dormant under the Torrijos regime, this does not mean that interest groups have no channels for getting their messages to the government. Many Panamanians have found that the most effective channel is straight to Torrijos himself.

When a recent law placed a 5-percent tax on winnings in the national lottery, ticket vendors demanded to be allowed to present their case to Torrijos. When they argued that the lottery contributes \$20 million a year to the national treasury and provides 4,500 jobs, Torrijos not only agreed to drop the tax, but he increased their commissions and instituted new prizes that should attract more customers for the lottery.

The pro-government press is playing up the case as an example of the regime's responsiveness to informal "popular consultation." As long as Torrijos believes this mechanism is working, he is likely to pay little heed to the voices calling for a return to the traditional political system. (UNCLASSIFIED)


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Panama-Peru: Two Views of Violence

Panamanian newspapers have given very different interpretations of the causes for the recent disturbances in Peru. Writing in the newspaper Matutino, columnist Ricardo Lince placed the responsibility on "reactionary forces"--the CIA, the oligarchy, and multinational companies--that allegedly were determined to halt the Velasco government's plans for revolutionary reforms. Lince saw in the Peruvian events a cause for deep concern in Panama, where the same forces--joined by the proponents of the status quo on the canal issue--are said to be waging a psychological war that requires all elements of the society to guard against a treacherous surprise attack. This line was picked up by Critica, which saw the Peruvian violence as the second link in a chain of events that began with the overthrow of Salvador Allende and might culminate in a threat to the Torrijos regime.

Estrella de Panama, on the other hand, placed the blame squarely on the Velasco government. Its editorial claimed that the Peruvian regime had been forced to use violence and lies to hide its "stupidity, incompetence, and growing unpopularity." Estrella cited the suppression of freedom of the press as one of the clearest signs of the Velasco government's weakness.

The different lenses through which the journals view the situation in Peru are largely symptomatic of their varying relationships with the Torrijos regime. Matutino and Critica are heavily influenced by the government. They reflect the administration's view of the Velasco regime as a "revolutionary brother."

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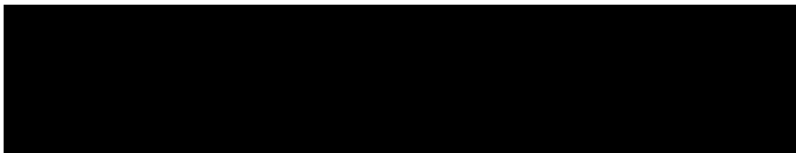
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Following the downfall of Allende, Torrijos felt that there were only two kindred regimes left in the hemisphere--those of Cuba and Peru. He will give the Velasco government all the verbal support he can.

Estrella de Panama is a different case. Although subject to censorship, it generally takes a line independent of the government. For this reason the Velasco regime's takeover of the independent press in Peru struck very close to home. Some of the criticism of the government in distant Lima may also have been obliquely directed at the authorities in Panama City. (CONFIDENTIAL)

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ANNEX

Dependence on Aide Hurts Argentine President

The dependence of Argentine President Maria Estela Peron on the shadowy Jose Lopez Rega as her principal political mentor has become a major vulnerability. In the six months since Juan Peron's death, Lopez Rega has emerged as the de facto strongman of the regime, and his personality and power have alienated the Argentine military and the country's other power brokers.

As minister of social welfare since Juan Peron returned to the presidency in October 1973, Lopez Rega has controlled over 20 percent of the national budget.

As secretary to the presidency, Lopez Rega has the authority to coordinate all of the President's official activities and has access to all the information she gets from any public official. He formally assumed this job only last month, but the appointment merely legitimized a role he was already filling.

As the government's unofficial coordinator for the fight against leftist terrorists, Lopez Rega is widely believed to be the mastermind behind the "death squads" that are trying to terrorize the terrorists.

It is Lopez Rega's strong personal influence over the inexperienced and insecure President, however, that gives him his greatest source of power. Mrs. Peron relies on Lopez Rega as a political strategist, personal confidant, and for psychological support. She seems swayed by his mysticism; he claims to be in communication with the spirit of Juan Peron and makes no attempt to hide his involvement in the occult.

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Lopez Rega serves as a kind of political lightning rod, drawing criticism to himself for administrative failures that might otherwise be blamed on the President.

Path to Power

Jose Lopez had a checkered career before he met Juan Peron. He was a police corporal, a nightclub bouncer and singer, a small-time publisher. He wrote several books on astrology. He ingratiated himself with Juan Peron in Madrid in the mid-1960s and became the exiled leader's private secretary and bodyguard.

It is unlikely that Juan Peron, during this period, ever turned to his secretary for advice on important matters, but Lopez Rega did manage some of Peron's business interests and was the leg man on some of Peron's political and financial dealings. On Peron's return to power in October 1973, the loyal servant was rewarded with a cabinet job.

Mrs. Peron and Lopez Rega have been close friends for more than a decade and partners in a wide variety of business ventures. They are reported to be joint inheritors of Juan Peron's sizable estate.

Now 58, Lopez Rega is not a particularly adept administrator. Indeed, his performance as minister of social welfare has been mediocre. He is, however, adept at blackmail and at intimidating his opponents; he has steadily strengthened his position by arranging the appointment of sycophants and allies to high government positions.

He publicly scorns popular references to him as El Brujo (the sorcerer), but probably finds his reputation as a mystic useful in intimidating and

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confusing his enemies. Whether he takes his pseudo-scientific interests seriously, they give him a sinister air and inspire widespread fear.

Murky Atmosphere

It may be that no one person governs Argentina today. The inner workings of Mrs. Peron's administration are cloaked from view. From somewhere within, executive decrees and ministerial pronouncements emerge, and an inert Peronist-controlled legislature promptly ratifies them. The return of Peronism by popular mandate in 1973 has proved to be little more than the replacement of a military cabal by bureaucratic authoritarianism.

This murky, unstructured atmosphere is made to order for Lopez Rega. He has appealed to ultra-nationalistic, anti-Marxist, and anti-Semitic forces within Argentina. He has encouraged Mrs. Peron to take a political stance to the right of her late husband--a shift that has cut off communication with the moderate Peronist left and seriously damaged any chances for unifying the movement.

In the process, he has made many powerful enemies. In Argentina's hidebound, highly stratified society, he is regarded as an interloper by the leaders of all major pressure groups. Instead of attempting to mollify these critics, Lopez Rega antagonizes them, for example, by appearing at Mrs. Peron's side whenever she makes a formal appearance.

One of those Lopez Rega has alienated is Ricardo Balbin, the leader of the moderate opposition Radical Party. Juan Peron had started a dialogue with Balbin, but Mrs. Peron has let it languish. Believing that

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Lopez Rega is chiefly responsible, Balbin has denounced recent government actions and criticized the extent of Lopez Rega's power.

Protests have come from military commanders, who distrust the ties Lopez Rega is said to have made with the minister of defense and the chief of the federal police. Although the commanders share with Lopez Rega a fear of the left and a goal of defeating leftist terrorists, the commanders think that he seeks to aggrandize his power at their expense.

Lopez Rega's earlier alliances with a number of other cabinet ministers and a key Peronist labor leader have cooled. He even has enemies in extreme right-wing circles.

An Unwanted Problem

Despite the wide range of this opposition, it is unlikely that any group or coalition will move decisively to depose him. They will try to contain and undercut him, but none seems willing to force the issue with the highly emotional President, who might resign and leave them all with an unwanted succession problem. This reluctance will probably last until the tide is turned in the struggle against terrorism.

Once terrorism ceases to be the major preoccupation, the armed forces could find ready support among political and labor groups to present Mrs. Peron with an ultimatum on Lopez Rega. Even if they did, it is doubtful that she would give him up.

Lopez Rega's role as a major actor probably will have a short run in Argentine politics, but he could be the catalyst that will bring the military back into

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politics. Army generals have already begun to take independent policy actions in internal security.

U.S. observers on the scene admit the possibility that a military-labor alliance will eventually take power and impose a neo-fascist dictatorship. Evidence of growing political frustration and collusion between these groups supports this prediction. While effective counter-insurgency operations have prevented a dramatic upsurge in leftist violence, behind the scenes maneuvering among those opposed to Lopez Rega has increased. This restlessness will almost certainly intensify between now and the national elections scheduled for 1977. (SECRET/NO FOREIGN DISSEM)



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