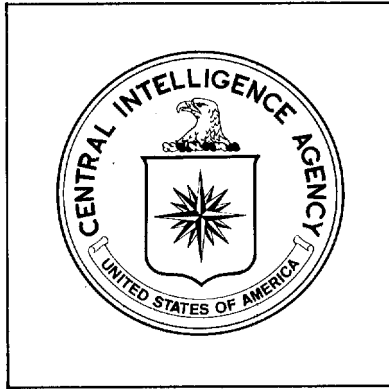


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Latin American Trends

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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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Peru: A New Ministry in the Works

President Morales Bermudez reportedly is considering establishing a ministry of defense, among other things, to enable the current prime minister, Army General Vargas Prieto, to remain influential in the government after his mandatory retirement next February. Vargas is a long-time associate of the President and is politically more moderate than Army Chief of Staff Fernandez Maldonado, who is scheduled to succeed him.

A defense ministry would dilute to some extent the powers now exercised by the prime minister, who also serves as minister of war and commanding general of the army. At least one of these three positions, the War Ministry, might be abolished if a defense ministry is formed. The argument that a defense ministry would bring a greater degree of rationality and cohesiveness to national defense planning, while plausible, is almost certain to engender opposition from cabinet-level officers and important troop commanders who may fear their authority will be diminished.

Opposition by the officer corps in late 1974 to a scheme by former President Velasco to create the post of vice president forced him to abandon the plan. President Morales Bermudez is in a better position to defend this latest scheme, should he go ahead with it. In the first place, the formal requirements for creating a new cabinet post--as opposed to a vice presidency which arguably is not a "ministry"--are minimal: under the terms of the Revolutionary Statute and the 1933 Constitution, the President of the Republic has effective power to determine the number of ministries and who will staff them.

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Although the President would need the concurrence of the three service chiefs, who collectively constitute the Revolutionary Junta, the fact that a defense ministry would be a useful bureaucratic tool and not be an obvious move to further the ambitions of a particular general, adds to the proposal's attractiveness. The failure of Velasco's ploy to create a vice presidency was assured when it became apparent that it would be used to boost General Graham Hurtado, who was recently ousted by Morales Bermudez. There is no evidence to suggest that Morales Bermudez intends to use a defense ministry for similar purposes; the duties of a defense minister would not lend themselves to political activity as would those of a vice president.

Morales Bermudez and some of his associates probably believe that a defense ministry would fit into an overall plan to reduce radical influence in the government, bring order to the regime's stifling bureaucracy, and generally place the President's imprimatur on the revolutionary process. The precise changes that may result from these ambitious goals remain unclear, but continued maneuvering by Morales Bermudez is certain. (CONFIDENTIAL/NOFORN)

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Panama-Cuba: Strains at the Working Level

Panamanian government officials are concerned over the reported activities and sometimes high-handed manner of Cuban diplomats. Their concern is not so great as to affect planning for Torrijos' trip to Havana in January or damage overall relations, but the Cuban examples may give Torrijos further pause before he decides on establishing relations with the USSR and China--two diplomatic projects that have been on the back burner for some time.

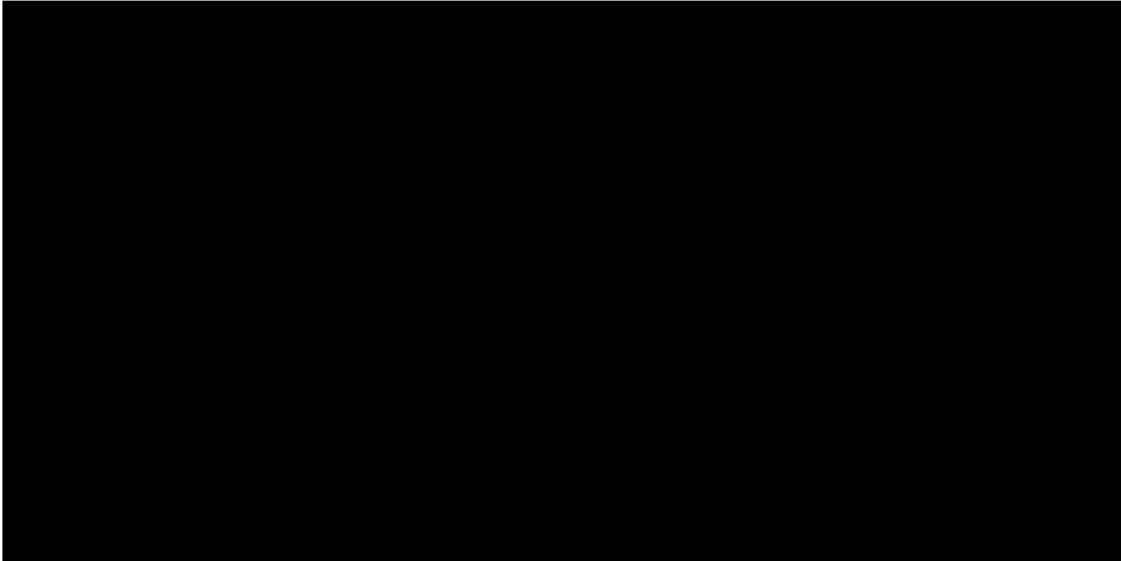
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There has been no discernible impact on general relations between the two countries. Torrijos has accepted an invitation to send a Guard delegation to observe Cuban military maneuvers at the end of this month and a high-level Cuban delegation will be in Panama this week to coordinate Torrijos' trip to Havana on January 10. Nonetheless, Torrijos' concern may be one more factor prompting him to mull over the advisability of allowing the Soviets or China to establish an embassy in Panama and perhaps add to his domestic concerns. (SECRET/NOFORN/NOCONTRACT/ORCON)

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Guyana: Arms Purchases

Two unusually large shipments of automatic rifles and ammunition have arrived in Georgetown on personal consignment to Prime Minister Burnham's office. Another shipment is anticipated soon by sea freight.

The shipments reportedly include 7000 rifles, 1500 submachine guns and two millions rounds of ammunition. The unusual circumstances surrounding the secretive purchases, including an unpublicized trip to Europe by a high-ranking government official, lends an air of mystery about the intended use for the arms. Moreover, the size of the purchase suggests that these weapons may not be primarily intended to resupply the British-trained Guyanese Defense Force (GDF). In previously negotiated agreements, resupplying the GDF is normally handled through the Crown Agent of the British government. This time negotiations were conducted with an international commercial arms dealer at a higher cost than would have been the case had the government used normal channels.

Since the GDF strength is only about 2000, and the size of the police force numbers only slightly more, it would appear that many of these weapons are destined for the para-military Guyana National Service Corps (NS). There is no evidence that the weapons are intended for transfer to neighboring Surinam or French Guiana.

Early this year, the director general of the National Service Corps, reported that he was directed by Burnham to increase military training for the Corps. He was told to instruct his men in the use and maintenance of weapons and hand-to-hand combat.

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there are reactionary elements in the Defense Force and Burnham is convinced that a well-trained and disciplined NS force is a necessary counterweight to the GDF in the event that it becomes "misdirected."

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While there is no present indication that GDF is an obstacle on Burnham's road to socialism, he apparently is taking no chances. Top officials of the GDF have been chosen for their loyalty to Burnham and several hundred of its members are now receiving ideological instruction at one of the major National Service Corps training centers. Burnham has already indicated that the NS will play an increasingly important role in Guyana's transformation to socialism. It would seem that supplying the NS with modern weapons is a logical next step for Burnham to take. (SECRET/NOFORN/ORCON)

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Paraguay: Democracy in the Stroessner Tradition

Last month's municipal elections produced no surprises for veteran viewers of Paraguayan politics. As predicted, (see Latin American Trends, September 24, 1975) the ruling Colorado party garnered 87 percent of the vote, and the largest legal opposition group, the Radicals Liberals, netted 10 percent.

As usually happens in these contests, there were scattered reports of fraud and intimidation. Radical Liberal party chief Domingo Laino--who has previously been accused by the administration of having Marxist sympathies--complains that he was denied a ballot when he entered the polling booth. It is generally believed that President Stroessner has enough popular support to ensure a landslide for Colorado candidates in a completely honest contest, but the government has never been willing to test this. On the contrary, there is fresh evidence of official paranoia with regard to the Radical Liberals, whom Stroessner apparently sees as succumbing to leftist influences.

The government apparently once again favored the minuscule "Levi" Liberal party in a calculated effort to weaken the Radical Liberals. The Levi faction--the only legal liberal group from 1962-1967--reportedly received covert funding prior to the recent election. Although it attracted only three percent of the vote, its showing was surprisingly strong for an organization that, according to its own leaders, receives the bulk of its overt financial backing from only seven members.

The other legal party, the Febreristas, after debating whether to participate at all, fielded candidates in three of the country's 16 electoral districts and got 156 votes.

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In sum, opposition parties are still unable to show that participation in politics is especially useful. There has actually been a decline in the number of citizens who take the trouble to vote. In 1973 there were 1,052,000 registered voters and in 1975 only 870,000. So long as Stroessner continues to exercise such a tight rein--and after 21 years in office the prospects for more significant liberalization are dim--the electoral process will continue to be an essentially irrelevant exercise in Paraguay.
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Cuba: "Plan Boomerang" Boomerangs

The Chilean government has been somewhat less than successful in substantiating its recent exposure of a "plot" to flood the country with foreign guerrillas and bring down the Pinochet regime by assassination.

According to the government, the alleged scheme, known as "Plan Boomerang," involved infiltrating some 1200 terrorists, representing a variety of Latin American guerrilla groups, into Chile from Argentina. An advance party of 40 Cuban-trained terrorists was reported by the Chileans to have arrived in Panama by air from Cuba on August 21 on its way to Argentina where it would link up with 900 other guerrillas. A Chilean press service released the names of the 40 individuals. Our investigation reveals that included in the list were:

--15 Cuban entertainers, including the artistic director of the Cuban National Dance Group, enroute to cultural performances in Panama and Costa Rica;

--The Panamanian ambassador to Cuba, and three of his relatives;

--The Cuban consul general in Panama;

--A high official of the Cuban foreign ministry;

--The Cuban ambassador to several African countries;

--An official of the Cuban National Institute of Agrarian reform;

--A Cuban radio commentator traveling with her son, presumably to visit her brother-in-law, a Panamanian citizen.

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Whatever the Cubans have done in the past by way of subverting governments in the hemisphere, they would seem to be free of blame in this case. (CONFIDENTIAL)

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The Bahamas: Settling on the Rent for US Bases

The much-divided Bahamian cabinet only last month settled on a basis for determining the rent to be charged the United States in exchange for continued military base rights in the islands. Months of personal tension and division between Prime Minister Pindling and Minister of External Affairs Adderley failed to produce even a ballpark rental figure, but now a simple formula has been found which has the solid support of the entire cabinet: Each minister is to prepare a developmental aid request for his department, and the combined costs for these aid programs will become the basis for constructing the total rental package which Adderley will negotiate with the United States.

The Bahamians now have great expectations of capital development money coming from the US, and want to budget \$50 million worth of developmental projects next year which will have to come out of a new rental agreement. Last week, however, the prime minister admitted in a radio interview that negotiations with the US may not be completed by the end of the year, forcing yet another extension of the existing agreement at the old rental figure.

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The government appears to be hanging much of its political and economic fortunes on a successful agreement.

Financially, the government needs all the new revenues it can find. Though the tourism slump in the Caribbean has not hit the Bahamas as hard as most of the other islands, things could be better. Pindling has recently proposed the creation of a Commonwealth self-defense force, an extremely expensive budget

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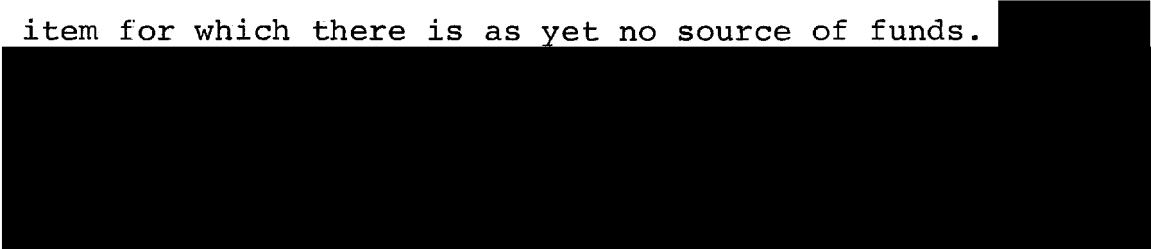
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item for which there is as yet no source of funds.

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Uruguay: Book Review

Martin Weinstein's recent book Uruguay: The Politics of Failure is a scholarly attempt to put Uruguay's political, economic, and social decline into analytical perspective. The influence of the well-known Latin American political theorist Kalman Silvert, who is also Weinstein's mentor, is obvious throughout.

The book's major thesis is that Uruguay's most famous political reformer, Jose Batlle y Ordonez, in his haste to create a modern welfare state, focused attention on the capital Montevideo, which contains almost half the nation's population, and neglected rural interests. Weinstein argues persuasively that instead of forging a strong nation, Batlle and his followers created a highly institutionalized urban society that was not democratic but highly exclusivist, increasingly authoritarian, and lacking in national scope.

Weinstein's way of organizing his book grows out of his ideological concerns. The chapters in order of presentation are: The theoretical framework; Batllismo and its opponents; Coparticipation--the development of political institutions; Class and nation; and Uruguay in the 1960s and 1970s--a requiem for democratic nationalism.

If there is a major flaw in the book, it is that Weinstein tries to cover too much ground in 139 pages. While he obviously did not intend to write a reference work, he may be accused of being overly selective in his choice of details. He devotes only six pages to the Tupamaros guerrilla organization and mentions the ongoing civilian-military leadership conflict in passing.

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Nevertheless, some of his details provide valuable insight into current affairs. For example, he notes that President Bordaberry's father was the major organizer of rural oppositionist sentiment to Batlle during the early decades of this century and gives background information that is helpful in understanding Bordaberry's present position on agricultural issues. He also mentions Bordaberry's affinity for the government in Brazil and his desire to promote binational economic integration by becoming an agricultural client of Brazil.

The main thrust of the work, however, is a criticism of what Weinstein and Kalman Silvert describe as modern "corporatist state politics." Weinstein's concluding paragraph makes it clear that he has intended his work to be a case study: "Politics should be desired for its effective and instrumental value to the individual and society. Neither a purely utilitarian calculus nor a coldly corporate technocracy are capable of sustaining political systems in which men enjoy full citizenshipyet these are the routes that are increasingly chosen. The events of recent years make it painfully obvious that the choice Uruguay has faced equally confronts the modern and emerging nations of this world." (UNCLASSIFIED)

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