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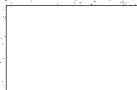
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Latin America Review



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1 March 1985

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**Latin America
Review**

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Factional pressures within the ruling Democratic Action Party are mounting as a result of early maneuvering in the party for the presidential nomination in 1988, continued economic recession, and doubts over US policy in Central America. [Redacted]

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Articles have been coordinated as appropriate with other offices within CIA. Comments and queries regarding this publication may be directed to the Chief, Production Staff, Office of African and Latin American Analysis, [Redacted]

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Articles

Argentina: Peronist Feuding

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The election of Radical party leader Raul Alfonsin as President of Argentina in October 1983 marked the first electoral defeat for Peronism since the movement's inception in 1945. Nevertheless, Peronism retained a powerful position in Argentine politics: it polled 40 percent of the popular vote, elected governors in half of the 22 provinces, controlled the largest bloc of legislators in the federal Senate, and continued to dominate the powerful labor movement. Since then, however, the Peronists have frittered away their strengths and failed to provide forceful democratic opposition to Alfonsin. The movement has splintered into two rival factions, each divided within itself, and prospects for reunification are poor. Unless the party can put its house in order before the congressional elections in November 1985, it is likely to face a crushing defeat at the polls and an even more uncertain future.

A Movement Without a Leader

Peronism¹ has been adrift since the death of its founder, President Juan Peron, in 1974. Peron's charisma and political savvy had held together a disparate coalition that ranged from the neofascist right to the Marxist left. The party's ideology, a hodgepodge of ultranationalist and vaguely populist assertions, could not compensate for the loss of the leader. Although formal unity held up until late last year, the Peronists have spent most of the past decade in party infighting and sometimes violent squabbles. The movement's major contenders for power include:

- *Organized labor.* The General Confederation of Workers (CGT)—Argentina's main labor

¹ Although referred to here as the Peronist movement or party, Peronism's formal name is the *Partido Justicialista*—the Justice Party.

federation—has been a traditional bastion of Peronism. Until recently the CGT was dominated by a faction of conservative unionists led by Lorenzo Miguel, a former vice president of the party. Miguel's heavily bureaucratic and rigidly hierarchical group has been challenged in recent years by at least two Peronist CGT factions that claim to represent a more progressive and flexible approach to both labor and party affairs. According to the press, the anti-Miguel forces may seize control of the confederation when it holds its national congress in April or May.

- *Followers of Herminio Iglesias.* The flamboyant party boss in Buenos Aires province controls the largest grassroots Peronist organization. According to the US Embassy, Iglesias is an extreme rightist whose devotion to democracy is at best questionable. Because of his dictatorial methods and proletarian style, Iglesias is anathema to the middle class and to self-described "respectable" elements of Peronism.
- *Provincial governors and senators.* These leaders represent the party outside Buenos Aires province and are mostly political moderates who seek to modernize Peronism and prevent its domination by organized labor. They derive much of their prestige from their electoral successes in 1983, which contrasted sharply with the Peronist defeats in areas where the traditional labor faction held sway.
- *The Peronist left.* Organized around Senator Vicente Saadi's Intransigence and Mobilization faction, this group seeks to shift Peronism toward the revolutionary left. The press reports that Saadi

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The "official" Peronist leadership: Lorenzo Miguel (standing on the right), Jose Maria Vernet (seated on the left), and Herminio Iglesias (standing left of center). [redacted]

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Dissident Peronist leaders at their congress. Oraldo Britos is second from the right. [redacted]



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has support in the party's youth section, but we believe that his influence within the movement as a whole is limited.

- *Independents.* This is a group of diverse, but generally centrist leaders, who have avoided identification with any party faction. It includes respected politicians such as Italo Luder, the Peronist presidential candidate in 1983, and many prestigious technocrats and professionals.

The Movement Splits

Although virtually all Peronist leaders publicly vowed after their 1983 defeat to reform the movement, little has been accomplished. This, in our view, was partially due to an ill-fated effort by Isabel Peron—the party's titular president and widow of Juan Peron—to assert authority through a committee of generally obscure rightwing politicians loyal to her. Her refusal to return permanently to Argentina from Spain and her growing isolation from party affairs eventually undercut the committee's authority. Bickering over its role hindered postelection efforts to reorganize the party.

By early 1984 the party was held together almost solely by its opposition to Alfonsin's proposed labor laws, which threatened to weaken Peronism's base in the trade unions by introducing strong minority representation in elected union councils. The assault on Peronist hegemony in organized labor was defeated in congress in March, and the movement returned to its habitual squabbling. At least three rival factions held rallies on 17 October, the party's "loyalty day." Moreover, the Peronists failed to formulate a coherent response to Alfonsin's referendum in November on the Beagle Channel Treaty with Chile, with some leaders favoring the accord, others opposing it, and most advocating abstention. The Alfonsin government's overwhelming victory in the referendum—nearly 80 percent of the voters supported the treaty and the voter participation rate was over 70 percent—was widely interpreted as a debacle for the Peronist opposition.

The quarreling within the party culminated at a national congress held in December. Reform-minded Peronists—mainly the provincial and independent

leaders—had, according to the US Embassy, envisioned the meeting as an opportunity to democratize the movement, clarify its ideology, and restructure it as a modern political party. These efforts were blocked by an alliance of Iglesias' Buenos Aires party machine and Miguel's labor followers. According to the press, the Iglesias-Miguel faction used physical intimidation and heavyhanded parliamentary procedures to elect new leaders beholden to the labor bureaucracy and the Peronist far right. The would-be reformers walked out of the congress in protest, publicly declared the new leadership illegitimate, and vowed to hold a countercongress in February 1985.

The Chasm Widens

The antagonism between the two factions deepened between December and February. Both sides rejected conciliation efforts by neutral party figures and the courts. The quarrel also turned violent, according to press reports. Several anti-Iglesias militants were assaulted and the home of the Buenos Aires party boss was firebombed.

The "official" faction—as the Iglesias-Miguel group calls itself—and the dissident "renovators" held competing congresses in February. The official congress attracted only 306 of the 719 party delegates who had attended the original conclave in December, revealing the Iglesias-Miguel grouping's minority status. The congress reaffirmed Isabel Peron as the party's titular president and ratified both Miguel and Iglesias in top leadership slots. Jose Maria Vernet, the Governor of Santa Fe province, was elected first vice president. According to Argentine commentators, Vernet is a noncontroversial figurehead who is being exploited by Iglesias and Miguel in an attempt to project an image of flexibility and openness to other segments of the party.

The Vernet ploy failed to persuade the dissidents that Iglesias and Miguel were serious about reform and democratization. The rival congress was attended by all the Peronist provincial governors except Vernet, most of the party's senators, and 413 of the original 719 delegates. The "renovators" also gained support

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from Saadi's leftist faction and many independent-minded leaders. According to the US Embassy, moreover, the dissidents are supported by the anti-Miguel forces within the CGT. As part of their effort to compete with the official faction, the renovators have stressed traditional symbols and themes of Peronism: they proclaimed Isabel Peron as titular party head² (while conferring real authority on Senator Oraldo Britos, a prominent provincial leader), and they emphasized their nationalism by opposing the Beagle Channel Treaty with Chile.

Prospects for Unity

We believe that the Peronists will be hard-pressed to control their squabbling before the November 1985 congressional elections. Both factions claim to represent the "authentic" party, and each demands that the other recognize its legitimacy prior to discussing unification. Although some party leaders have publicly warned of dire consequences for Peronism should two or more rival organizations contest the elections, the differences between the factions are deep and will not, in our view, be quickly papered over. They involve geography (the interior versus Buenos Aires), class (the middle class versus blue-collar workers), party structure (the traditional bureaucracy versus the new authority of Peronist governors and senators), as well as the personal antagonisms that have long plagued the movement. Moreover, both factions—especially the dissidents—are loose coalitions that are as preoccupied with maintaining internal unity as with seeking a wider Peronist consensus.

Nevertheless, there is at least one possible way out of the present impasse, in our view. The dissidents have publicly affirmed that they will have no dealings with Iglesias, who has come to represent all they detest in old-style Peronism. Many of the dissidents have stated, however, that they are willing to cut a deal with Miguel and Vernet. Both of these men recognize that their political clout may be sharply curtailed if, as the press has speculated, pro-dissident labor forces seize control of the CGT at its congress this spring. We believe, therefore, that Miguel and Vernet might

² Isabel Peron resigned as party president shortly after the rival Peronist congresses were held. The first vice presidents of each faction (Vernet and Britos) took over as de facto presidents.

desert Iglesias before the congress, in hopes of retaining some influence within Peronist labor and political circles.

Although such a development would isolate Iglesias, it would not ensure Peronist unity. Iglesias could continue to dominate the Buenos Aires provincial party machine and control a sizable bloc of deputies in the national legislature. Moreover, the dissidents would still face the formidable challenge of democratizing Peronism and restructuring it around a coherent ideology and elected leaders. The task would be eased if a respected independent leader such as Italo Luder—who has sided with neither faction but is reported to sympathize with the dissidents—acted as at least a symbol of unity during the process. But even under optimal conditions, it will be an uphill battle to reunify and refurbish Peronism before the elections in November.

Implications for Political Stability

We believe that Peronist factionalism will help Alfonsin maintain his political standing, even in the face of a faltering economy. He already has capitalized on the opposition's disarray by authorizing independent and dissident Peronist candidates to run under his Radical party banner in the coming elections. The decay of Peronism also would favor several small parties on both the left and the right that until now have been hindered by the electoral polarization between the Radicals and the Peronists. In the short run this probably would produce a more fragmented party system in which Alfonsin's Radicals would stand out as the sole democratic force capable of governing the country.

The longer term consequences of a Peronist collapse, however, would not enhance political stability, in our view. A proliferation of small, narrowly ideological parties probably would impede the consolidation of a democratic alternative to the Radicals. Furthermore, disgruntled Peronists might seek refuge in the Radical party. While bolstering Alfonsin in the short term, absorbing new militants and responding to new pressures would strain the Radicals' already fragile unity. Such a development could well convert the

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Radical party into an unwieldy coalition spanning the political spectrum, in many ways reminiscent of Peronism. In our view, Argentine political stability would be better served by the emergence of a streamlined and democratized Peronism capable of alternating in power with the Radicals.



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**Dominican Republic: The Future
of the Left** [redacted]

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Discontent over falling standards of living is providing the Dominican left with an unprecedented opportunity to broaden its popular appeal. Although a leftist-led nationwide work stoppage in mid-February was more successful than the government expected, persistent ideological, tactical, and personal differences among leftist leaders continue to undercut the left's effectiveness. President Jorge Blanco's demonstrated willingness to use force to contain potential troublemakers also has hampered leftist attempts to mobilize antigovernment sentiment. Nevertheless, the momentum generated by recent successes probably will facilitate leftist gains in national elections next year. [redacted]

National University and fostered splits in the leadership of the major leftist labor confederation. [redacted]

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Struggling to Broaden Appeal

According to US Embassy reports, opposition groups—left and right—see the country's worsening economic situation as playing into their hands. They reportedly anticipate making hefty gains among those dissatisfied with Jorge Blanco's management of the economy, particularly the hard-hit middle class. The President's difficulty in maintaining a working relationship with powerful ruling party chieftains, particularly Senator Jacobo Majluta, has hurt party discipline and presented further opportunities for Jorge Blanco's opponents. [redacted]

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The Leftist Mosaic

The Dominican left has long been highly fragmented. The US Embassy indicates that it consists of more than 15 parties and front groups covering a wide range of ideologies, from Moscow-line Marxists to pro-Chinese Maoists. Although the left touted the formation in mid-1983 of the Dominican Leftist Front (FID) as the first step toward its longstanding goal of building a broad-based political party, unity efforts have faltered. According to US Embassy sources, affiliates of the group elect their own leaders, hold separate party congresses, and sponsor competing organizations. Several members have split away to form separate parties. [redacted]

Leftists, recognizing their lack of support among the middle class, are trying to bridge the gap by forming neighborhood organizations, the so-called popular struggle committees. According to US Embassy [redacted] the committees—which probably number several hundred—recruit from a cross section of Dominican society: housewives, students, and teachers and other workers. By playing down the leftist affiliations of the committees, organizers reportedly hope to attract support for committee activities from democratic groups. US Embassy sources indicate that the committees have played a key role in organizing recent strikes—including a one-day nationwide work stoppage in mid-February. We believe leftist leaders may try to use them to spearhead additional protests. [redacted]

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Opposition to government belt-tightening has heightened the left's sense of purpose, but longstanding personal differences among leftist leaders continue to hamper cooperation and hurt efforts to persuade the populace that the left is a viable political force. The founder of the Dominican Liberation Party, for example, refuses to join the Communist-dominated FID in large part because of animosity between him and the leader of the Communist Party. According to US Embassy reports, conflicts between the two leaders have led to a major power struggle for control of the administration of the

Despite these activities, we have no credible evidence that pro-leftist sentiment among the people has increased much. Although the populace remains dissatisfied over the nation's economic problems, this discontent has not been translated into a shift of support for the left. Public apathy to leftist calls for

Table 1
Significant Leftist Political Groups

Party/Year Formed	Leadership	Estimated Membership	Comments
Dominican Liberation Party (PLD) 1973	Juan Bosch	16,000 to 20,000	Largest and best organized leftist party. Controls seven seats in national congress. Operates within the system but has not discarded armed struggle as an alternative. Has close links with labor through General Central of Labor (CGT). Plagued by internal splits. Pro-Cuban, pro-Soviet.
Dominican Leftist Front (FID) 1983 ^a	No single leader, but Communist Party Secretary General Aris Narciso Isa Conde is best known.	6,000 to 8,000	Loosely organized. Ideologically disparate. Most member parties tiny. Some endorse armed action. Has links with labor through CGT and Communist-controlled United Workers Confederation (CUT). Strong support at National University.
Communist Labor Party (PCT) 1979	Rafael Chaljub Mejia	150	Pro-Albanian, Maoist-oriented. Critical of FID.
The Communist Party of the Dominican Republic (PACOREDO)	Luis Montas	Small	Supported ruling party in 1982 national elections. ^a
Movement for Socialism (MPS)	Fidel Despradel ^b Roberto Duverge ^b	75	Composed primarily of intellectuals. Internally divided. Both factions left FID.
Socialist Workers Organization (OST)	Francisco Malagon Enrique de Leon	Small	Trotskyite. Dropped out of FID in 1984.

^a The FID is an umbrella group originally composed of the Dominican Communist Party, the Socialist Unity Movement, the Movement for Socialism, the Anti-Imperialistic Patriotic Union, the Communist Workers Nucleus, the Socialist Party, the Socialist Workers Movement, the Revolutionary Communist League, the Socialist Workers Organization, and the United Leftist Movement.
^b Each heads a faction of the party.

[redacted]

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protest marches last fall, [redacted] most Dominicans still believe leftist programs to remedy the country's economic ills are superficial. [redacted] even leftist leaders are disappointed at their inability to generate much popular backing. Moreover, we believe ongoing sectarian squabbles have done little to reverse the public's perception of the left as an assortment of individualistic political amateurs. [redacted]

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Jorge Blanco's dual-track policy has substantially undercut leftist efforts to generate antigovernment sentiment. We believe his well-orchestrated educational campaign is helping to persuade the population that the country must live within its

means. Recent moves to soften the blow of recent steep increases in fuel and food prices—including promises to increase the minimum wage by 20 percent, to continue subsidizing some food and medicine, and to provide a new health plan for teachers—have stolen much of the left's thunder. We also suspect that his willingness to allow the Dominican Liberation Party to hold peaceful rallies while keeping a tighter reign on Communist Party activities has intensified the left's chronic divisiveness and reinforced the benefits to be gained by the left in playing by the rules. [redacted]

The President also has used force effectively against troublemakers. Despite his willingness to tolerate a

Leftist Strongholds

Since the centrist Dominican Revolutionary Party came to power in 1978, the left has enjoyed considerable freedom of action. Leftist newspapers and magazines circulate widely, especially in Santo Domingo, and leftist protests are common. On the electoral front, leftist parties won slightly over 10 percent of the vote in the 1982 national elections and, consequently, have their first voice in the National Congress. They also are represented on several municipal councils. [redacted]

Reflecting in part the dominance of intellectuals among the left's leadership, leftist sentiment is particularly strong among students. The large Autonomous University of Santo Domingo is a traditional stronghold. According to the US Embassy, several leftist parties exist only on the university's campus. Press and Embassy reports indicate that Communist-dominated student groups have been active in recent antigovernment demonstrations. Because of the narrowness of university issues, however, we believe that the left has failed to maintain the support of educated Dominicans after they leave school. [redacted]

In our opinion, leftists have made their greatest organizational strides in recent years within the country's fledgling labor movement. The General

Central of Labor—the country's second-largest union organization, with control of about 50,000 workers—is the left's major union organization. It is strong among teachers, one of the Dominican Republic's most militant groups, as well as among workers in the manufacturing and communications sectors. Still, the political clout of the left among labor unionists remains weak; only 12 percent of the country's total labor force of 2 million is unionized, and non-Communist unions control most of these workers. Rising unemployment and leftist squabbles over union leadership also have hurt leftist influence among workers. [redacted] 25X1

Although their strength is predominantly concentrated in urban areas, leftists are trying to mobilize support among peasant groups. An affiliate of one large umbrella organization has set up a front group, the Independent Peasant Movement, to channel rural discontent. [redacted] 25X1

Based on a US Embassy report that the group has mounted only a handful of small demonstrations during the past year, its claim of 50,000 members seems exaggerated. [redacted] 25X1

vocal opposition left as part of his effort to broaden political participation, security forces have increased their monitoring of leftist activities. Police armed with riot gear were called out to handle violent student protests in December. To keep violence-prone groups under control and minimize potentially disruptive demonstrations, the government has detained Communist political and labor leaders. Periodic warnings by the military that it will not tolerate leftist efforts to upset the legally established order also have added muscle to the President's measures. [redacted]

The Potential for Violence

Growing concern that economic hardships might prompt the government to take more repressive

measures to control the left apparently has motivated several leftist groups to improve their paramilitary capabilities:

- [redacted] leaders of the Dominican Liberation Party endorsed military preparations for party members, including training in light arms and guerrilla techniques. 25X1

[redacted] 25X1

• [redacted]
members of the Dominican Communist Party have served with insurgent forces in El Salvador for the past two years in order to build up the party's cadre of combat-experienced members. [redacted]
[redacted] we estimate some 10 to 20 Communist Party members have served there. [redacted]
[redacted]



Isa Conde—Secretary General of the Dominican Communist Party. [redacted]

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We agree with US Embassy assessments that such preparations generally are defensive. Leaders of the Dominican Liberation Party consistently have rejected calls by radicals to take to the streets, in large part because they believe such moves would hurt their chances of improving their support in national elections scheduled for next year and raise the risk of military countermeasures. [redacted]

[redacted] party leaders have threatened to expel members participating in unofficial protests, and the US Embassy recently reported that the party opposes any violent anti-IMF protests. Moreover, [redacted]
[redacted]; the Communists have only a handful of small arms at their disposal and that second-tier Communist Party officials reject armed action [redacted]

Because some leftists apparently are convinced that the country is on the verge of a revolutionary explosion, there is some chance that extremists might use terrorist-type tactics on a small scale to try to spark public unrest. [redacted]
[redacted]

some leftists considered assassinating key officials and bombing government facilities. [redacted]

[redacted] a small terrorist group—the Trinitarios—may be rearming. US Embassy reports had indicated the group was relatively inactive. [redacted]

Prospects for Foreign Meddling

We believe that Cuba and to a lesser extent the Soviet Union have played major roles—short of supplying arms and ammunition—in the left's recent efforts to improve its paramilitary capabilities. [redacted]
[redacted]

[redacted] we believe Havana provides the Dominicans with transportation—presumably through Nicaragua. The Soviets reportedly helped to fund the first group of Dominican Communists sent to El Salvador in 1983. [redacted]

Although we believe the Dominican Republic's economic difficulties have heightened Fidel Castro's perception that the country is vulnerable to revolutionary upheaval, we have few credible indications that Havana—or Moscow—is pressing hard for armed action. Reporting from the US Embassy [redacted]

suggests that Havana's major objective in the Dominican Republic is to promote leftist unification. Cuba reportedly promised increased aid in order to encourage the formation of the Dominican Leftist Front in mid-1983. At the same time, the Soviets reportedly reduced their subsidy to the Dominican Communist Party, presumably to spur cooperation with other leftists [redacted]
[redacted]

Although leftist leaders frequently travel to Communist countries, other foreign powers remain

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Table 2
International Links of Leftist Parties

Party/Leader	Political	Economic	Military	Other
Dominican Liberation Party	Cuba and USSR provide advice and training. Party members also train in Nicaragua.	Receives funds from Cuba and USSR. Cuba provides 30 to 45 scholarships yearly for party members. In 1981, the Soviets began providing scholarships.	Cuba and the Soviets have provided military training. Some members now train in Nicaragua.	
Dominican Communist Party	Cuba and USSR provide advice and training. Some party members working in Nicaragua.	Receives funds and 100 to 150 scholarships per year from the USSR.	10 to 20 members have served with insurgents in El Salvador. Cuba and USSR have provided military training in the past.	Operates Soviet press (NOVOSTI) office in Santo Domingo. Labor affiliate is a member of Prague-based World Federation of Trade Unions.
Communist Labor Party			In recent years, discussed possible weapons training with Libya, Vietnam, and the Peoples' Liberation Army of Colombia.	
Socialist bloc ^a	Embassy reports leaders travel to Cuba to study labor, journalism, and peasant affairs.		[redacted] members receiving military training in Libya. In the past, Cuba reportedly has provided military training.	

^a The BS is a front group within the FID. It is composed of the Socialist Workers Movement, the Socialist Party, and the Communist Workers Nucleus.

[redacted]

secondary actors on the Dominican stage. In recent months, however, Libya has demonstrated a willingness to expand links with Dominican leftists, probably as part of Qadhafi's efforts to undermine US influence wherever possible. [redacted]

[redacted]

Outlook

The economic hardships we foresee over the next year are likely to afford the left additional opportunities to broaden its popular appeal. National and local elections scheduled for May 1986 will provide a

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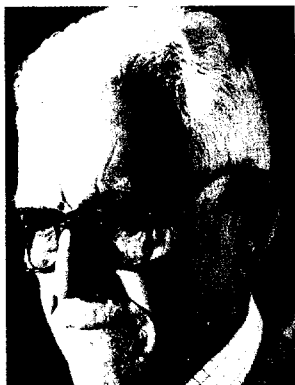
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Juan Bosch—leader of the Dominican Liberation Party. [redacted]

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Cuba International ©

convenient yardstick to judge the left's progress and we expect Juan Bosch's Dominican Liberation Party to increase its congressional representation and possibly win control of some municipalities. A sharp split in the ruling party would, by intensifying political polarization, significantly enhance the left's prospects. Disruptive protests by radical leftists may well pick up before the national elections, but the prospects for large-scale, antigovernment violence are likely to remain low. Over the longer run, unless crippling internal squabbles are resolved, we believe that the left probably will remain a peripheral force in national politics. [redacted]

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Grenada: Leftists Struggling To Regroup [redacted]

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Since the violent demise of the regime of Maurice Bishop in October 1983, Grenadian leftists have been struggling to reorganize and improve their tarnished image at home and abroad. Deeply divided into two factions and faced with strong antileftist sentiment in Grenada, leftists probably realize that their ability to regain much local support depends largely on how the newly elected government of Prime Minister Blaize manages the country's pressing economic problems. Meanwhile, Havana and Moscow are helping the left to rebuild. Cuba has taken the lead in providing funds, training, and political guidance to the more moderate pro-Bishop faction and is urging unification with the radicals. Despite the left's willingness to work within Grenada's legal system, frustration in trying to make a political comeback over time could lead it to become more confrontational toward the government. [redacted]



Kendrick Radix, leader of Maurice Bishop Patriotic Movement. [redacted]



George Louison, leader of Maurice Bishop Patriotic Movement. [redacted]

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Wide World ©

The Nation ©

The Splintered Left

The personal and ideological conflicts that divided the New Jewel Movement (NJM) have formalized since Bishop's death. The leaders of the party's radical faction, Bernard Coard and his 17 collaborators, are in jail awaiting trial for the murder of Bishop and seven other government leaders. US Embassy officials report that Coard supporters are touting the faction—reorganizing under the banner of the NJM—as Grenada's only true Marxist-Leninist party. Meanwhile, moderate leftists who supported Bishop have distanced themselves from the pro-Coard militants. In May 1984, they formed the Maurice Bishop Patriotic Movement, led by former government ministers Kendrick Radix and George Louison. [redacted]

from the US Embassy and our review of documents captured by US forces in Grenada indicate that many Grenadians sympathized with the NJM and the revolution primarily out of personal support for Bishop. Since Bishop's death, neither his friends nor rivals in the party's hierarchy have been able to duplicate his popular appeal. [redacted]

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[redacted] many Grenadians have spurned the Patriotic Movement because of Radix's and Louison's perceived opportunism in trying to capitalize on Bishop's memory and their lack of political credentials. Although the Patriotic Movement received some 2,000 votes, or 5 percent of those cast in the election in December, the number of its active supporters is considerably less. [redacted]

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The Maurice Bishop Patriotic Movement. The leaders of the Patriotic Movement have tried unsuccessfully so far to muster popular support through social, cultural, and political activities designed to perpetuate Bishop's memory. Reporting

[redacted]

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[Redacted]

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[Redacted] Party leaders are focusing efforts on cultivating support among Grenadian youths and labor unions, in particular the 3,000-member Bank and General Workers Union. During Bishop's time in power, the union was run by the NJM, and Embassy reporting indicates that some unionists remain sympathetic to leftist politics. [Redacted]

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Supporters of the slain Prime Minister will have trouble building popular support, however, until they consolidate the party's organization. According to a US official in Grenada, Radix and Louison are jockeying for power. [Redacted]

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[Redacted] the leaders have encountered dissension from a few members who favor an insurrectionary strategy. We believe—based on US Embassy [Redacted] that Radix and Louison will be able to persuade other members that a confrontational approach would be counterproductive in view of Grenada's current political climate. [Redacted]

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The New Jewel Movement. This clique is supported actively by about 100 party loyalists, mainly former members of the People's Revolutionary Army,

[Redacted]

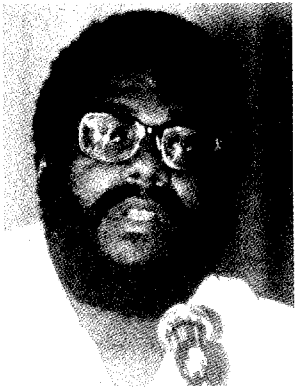
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Bernard Coard, imprisoned leader of the New Jewel Movement. [Redacted]

Sygm ©

interim government and the courts, the defense has succeeded in delaying the proceedings for several months. We believe—based on Embassy reporting—that their stalling tactics were designed to postpone the trial until after the December election in hopes that an elected moderate government might be more sympathetic to Coard and the other defendants. [Redacted]

[Redacted]

NJM leaders have intensified efforts in recent months to rebuild their political support. The US Embassy says that the party began to reorganize last summer after some leaders were released from jail for lack of evidence directly linking them with Bishop's murder. Although the party boycotted the election, claiming that Grenada was under foreign military domination, we believe that NJM leaders judged that the party was not ready to reenter politics. [Redacted]

[Redacted] party workers have begun organizing support groups in villages, possibly in preparation for local elections expected later this year. [Redacted]

Embassy officials report that for much of 1984 supporters of this radical group concentrated on raising money and creating favorable publicity for Coard and the other defendants. Grenadian officials believe the trial, which is scheduled to resume soon, will last at least two months. By raising a host of technicalities and challenging the legality of the

Despite these moves, the NJM probably will encounter strong obstacles in quickly implementing its ambitious political plans. We believe the trial and associated publicity will further damage the party's

image and hamper its ability to mount a well-organized campaign. Unless some key NJM leaders are acquitted, the movement probably will not become a viable party any time soon. [redacted]

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Cuban and Soviet Assistance

[redacted]
[redacted] Cuba— continuing the pattern it established during the Bishop years—has maintained close ties with supporters of the former Prime Minister. [redacted] Havana is the primary source of funds for the Patriotic Movement. Havana reportedly has provided material support for the party's advertising campaign and social activities designed to commemorate the slain Bishop and spread anti-US themes throughout the Eastern Caribbean.

[redacted] Radix claims that the NJM has formed an "elite band of terrorists." Radix reportedly says that this group of Coard loyalists numbers about 30 former Army soldiers and is well armed and prone to violence. We believe—based on reporting from the US Embassy [redacted]—that Radix is exaggerating. Such Coard supporters may exist, but Radix's perception of their intentions is more likely based on his own fears. [redacted] 25X1
[redacted] 25X1

[redacted]

[redacted] 25X1
[redacted] 25X1

We suspect that Moscow, for its part, may have provided money for the legal defense of the group's leaders. [redacted] 25X1

[redacted] Moscow also has offered scholarships for Grenadian students to be administered by a representative of the Coard faction. According to the US Embassy, about 10 Grenadian students remain in the USSR and about 15 are in East Germany on scholarships arranged by the Bishop government. [redacted] 25X1

The Longer Term Threat

At this juncture, the left's only hope of regaining popular support appears to be linked to a failure by Prime Minister Blaize's government to meet popular expectations. [redacted] 25X1

[redacted] 25X1

[redacted] In addition to these pressures, Blaize 25X1 faces the difficult tasks of rebuilding the government bureaucracy and overseeing the establishment and maintenance of a new police force. If Blaize's New National Party fails to make much progress in these areas, we believe popular discontent would provide an opportunity for Grenadian leftists to foment unrest. [redacted] 25X1

[redacted] 25X1

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The left's best chance eventually to make a political comeback appears to rest with its ability to organize scattered pockets of support and cultivate those Grenadians under the age of 30, who make up two-thirds of the population. Many of these are unemployed and received political or military training during the Bishop years. As members of the People's Revolutionary Army, the militia, or the NJM, some traveled to Soviet Bloc countries. As the standard bearers of Bishop's revolution, these Grenadians enjoyed a privileged status. The US Embassy reports that after the US-led intervention, however, many former Army and party members were ostracized by the general population. Should their economic future remain dim, we believe that these disaffected Grenadians would be especially susceptible to leftist politicking. [redacted]

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Both leftist factions seem resigned to bide their time. We believe—based on US Embassy [redacted] reporting—that fears of US military retaliation will preclude any major internal subversion or use of violence by either group for some time. Moreover, if the Blaize government remains popular and meets its economic and political challenges, any terrorist activity by the left would be counterproductive. [redacted]

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**Costa Rica:
The Refugee Problem**



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The military conflict in Central America has sparked a refugee flow that is compounding the political and economic problems of President Monge's administration. The presence of more than 200,000 foreigners—mostly impoverished—in a country of only 2.7 million has strained the troubled economy, generated social tensions, and complicated already tense relations with Nicaragua. With few prospects for an early end to the fighting in Nicaragua, we expect the refugee exodus to continue, further taxing Costa Rican resources and fanning tensions with Managua.

for assistance and must depend on the economy for their livelihood.

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Economic and Social Issues

Resentment of the refugees has led to growing social tension.

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Only a small percentage of the foreigners have legal status and reside in three refugee camps, which receive direct aid from the United Nations. According to statistics released last August by the government's National Commission on Refugees, the most crowded camp, located at Tilaran in the north, originally was designed to accommodate 1,500, but instead houses approximately 3,500 Nicaraguan peasants. A second camp, in Limon on the Caribbean coast and designed for 750, is near capacity with some 550 Nicaraguan Miskito Indians, according to a US Embassy official. Approximately 400 Salvadorans reside in a third camp in Los Angeles, near San Jose.

Some of the resentment stems from the inadequacy of the local economy to provide sufficient jobs, particularly among semiskilled and unskilled labor. According to the US Embassy, unemployment—currently 9.5 percent, according to official figures—is calculated unofficially at 15 percent, with another 20 percent of the labor force underemployed. Competition for jobs was reflected recently in complaints by local merchants that prompted police to seize the booths of unlicensed and nontaxpaying street vendors, many of whom are refugees.

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In addition, some 11,000 urban refugees—most of them in the San Jose area—have been receiving UN aid from Costa Rican welfare agencies, according to US Embassy reporting. Embassy officials estimate that total expenditures for refugee care and maintenance in 1984 were substantially higher than the \$5 million required in 1983.

Landless peasants also have complained that the government gives preferential treatment to the refugees. According to US Embassy officials, resentment of the Salvadoran settlement at Los Angeles—a \$2 million model facility that includes a school, a church, cattle, and farmland—is particularly strong.

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Costa Rican Government officials and US Embassy personnel agree that, in addition to the almost 16,000 legal refugees, several hundred thousand illegal immigrants are living in the country. Of these, approximately 80,000 to 90,000 are Nicaraguans. Because they have no legal status, they do not qualify

The Costa Ricans also fear a deterioration in their health and social welfare. US Embassy officials report that most refugees arrive in poor physical condition with a variety of infectious diseases. Although US programs largely have brought medical problems under control, Costa Ricans continue to complain of health hazards posed by the refugees.

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ALA LAR 85-006
1 March 1985

Political Implications

With national elections scheduled for next year, the administration probably fears the refugee problem may dominate the campaign. The issue of Costa Rican neutrality vis-a-vis Nicaragua has been a sensitive topic within the administration and frequently has spilled over into the public arena. Monge recently has been pressured by public opinion to take a harder line with Nicaragua over a complicated asylum case and Sandinista incursions into Costa Rican territory. [redacted]

The influx of large numbers of Nicaraguan refugees has exacerbated tensions between Managua and San Jose. [redacted] Nicaragua views Costa Rica's acceptance of these refugees as complicity with anti-Sandinista insurgents and a violation of Costa Rica's declared neutrality. The Monge administration, for its part, is concerned that subversives may infiltrate the camps and foment unrest. According to US Embassy officials, rumors have circulated that the Salvadoran camp at Los Angeles has been used by Salvadoran guerrillas—aided by the Sandinistas—as a rest and recreation center, and that refugees are subjected to leftist indoctrination. Costa Rican officials reportedly fear that the country's largest hydroelectric plant, at Lake Arenal near Tilaran, could become a target for sabotage by Sandinista infiltrators posing as refugees. [redacted]

The Government's Response

Despite its concern, Costa Rica has limited options. In late 1983, San Jose declared a state of emergency to allow rapid movement of funds to meet urgent needs generated by the refugee problem. The government lacks sufficient funds even for nonemergencies, however, and has little money to spare for the refugees. [redacted]

Although San Jose has moved ahead with plans to locate a new transit center near the northeastern border, public outcry has delayed the establishment of additional permanent campsites, according to the US Embassy. The government's ideal long-range solution—to establish a mixed camp of refugees and landless Costa Ricans—probably will have to await additional funds and a more receptive political environment. [redacted]

Outlook

The refugee problem almost certainly will worsen. The growing insurgency in northern Nicaragua and the Sandinista regime's program of forced military recruitment probably will drive additional refugees into Costa Rica, thereby increasing the government's economic burden and fueling local resentment. Moreover, the refugees are likely to cause further deterioration in relations with Nicaragua. The presence of anti-Sandinista rebels in Costa Rican camps has become a major irritant to Managua, and Nicaraguan cross-border raids against them are almost certain to continue. [redacted]

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**Brazil: Labor and the
New Government** [redacted]

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Organized labor in Brazil—which probably embraces fewer than half of the country’s approximately 55 million workers—hopes to exploit the return of civilian rule to bolster its flagging fortunes. Moderate and leftist trade union leaders both plan to demand wage hikes and labor law reforms that would give the unions greater autonomy from government controls over their activities. Although the moderates have voiced some dissatisfaction with the economic policies President-elect Neves has enunciated, we believe they will seek an accommodation with the new administration. On the other hand, we expect union militants, especially in the industrial centers of Sao Paulo and Rio de Janeiro, to challenge Neves with strikes and harsh rhetoric early in his administration. Both groups are likely to resist Neves’s idea of a “social pact” with business and government that would include limits on wage demands. The political left will also be looking for ways to exploit worker restiveness. [redacted]

consult with labor leaders on economic and social welfare issues and to make concessions aimed at assuring continued cooperation, but he will probably stop short of eliminating government controls over union activities. [redacted]

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Labor’s Rise and Decline: 1978-84

A Brief Resurgence. The union movement was a chief beneficiary of the military government’s policy of gradual political liberalization, initiated in the late 1970s. Although the regime retained its legal ban on strikes and political activity by organized labor,¹ in practice it became more tolerant of such activity. During 1979 and 1980 labor tested the new limits, increasing the pace and scope of strikes and winning significant wage concessions. A prolonged strike in 1980 by the 200,000 metalworkers in Sao Paulo was viewed by US and Brazilian observers as signaling a resurgence of union power in Brazil. [redacted]

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While we expect disruptive strikes to increase, we believe—as do US Embassy and most other observers—that the labor movement as a whole will exercise little leverage over Neves. Sharp ideological, regional, and personal rivalries within the union movement, the recent three-year economic recession, and poor showings by prolabor candidates in the 1982 congressional and local elections have left the unions on the fringes of the political process. Moreover, the size and diversity of the labor force in Brazil impede mobilization on a national scale. [redacted]

The 1980 strike proved to be the zenith of labor’s influence, however. In the early 1980s, feuding within the labor movement, reversion by the government to a more repressive stance, and the impact of a severe economic recession sharply diminished the unions’ ability to influence policy. The recession, which began in 1981, sent unemployment soaring and devastated union ranks, according to US Embassy reporting. Declining union membership and poor leadership severely hurt prolabor candidates in the 1982 elections, even in areas heavily populated by workers. [redacted]

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We judge that Neves has both the will and the ability to contain labor maneuvering. [redacted] he intends to take a tough posture toward strikers. At the same time, [redacted] he intends to balance this stance by intensifying efforts to win union support for his economic policies and to prevent leftist inroads into organized labor. We expect him, therefore, to

¹ Other government controls on union activity include limitations on the information of labor organizations and tight control over union finances. [redacted]

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Problems in 1984. Labor's role in the 1984 presidential election campaign underscored its lack of political strength. Union leaders lobbied hard but with little success to win the candidates' support for wage increases and union reform, according to US Embassy and press reporting. The unions, moreover, strongly supported the unsuccessful drive by opposition political groups for a constitutional amendment to replace the electoral college system with direct presidential elections, calculating that direct balloting would provide the best chance for a sympathetic government. The US Embassy reports that the union bosses proved much less effective than local political bosses in turning out participants for rallies. []

The 1984 presidential campaign also exacerbated internal rivalries between the two major—and still illegal—national labor organizations, the militant Unified Workers Central (CUT) and the more moderate Conference of Workers (CONCLAT). Lula da Silva, who has close ties with the CUT and heads its political ally, the Workers' Party (PT), opposed the indirect vote process and ordered the PT's few delegates in the electoral college not to participate in the January balloting. He also assailed Neves, characterizing the future president's policies as a continuation of those followed by the military government. CONCLAT leaders, while disappointed with the failure of the direct-election movement and increasingly critical of Neves toward the end of the campaign, sustained their centrist posture and remained willing to cooperate with the new administration, according to US Embassy and press reporting. []

Neves and the Unions

Wooing Labor. Neves, like most members of the Brazilian political elite, has a low estimation of labor's political clout, [] As part of his consensus-building efforts, however, he tried to court the unions during his campaign. At a meeting with labor leaders in early January, for example, Neves promised to seek their views on social and economic issues and to name labor representatives to subcommittees tasked with formulating policies for his administration. He also said labor would be represented on government boards that determine wage and welfare policies. In addition, he publicly



Lula—head of the Workers Party and Neves opponent. [] Veja ©

emphasized the need to promote economic growth and some degree of income redistribution—ideas favored by labor. Some union chiefs, primarily from the CONCLAT and officially recognized smaller organizations, concluded that a victory by Neves would benefit their political fortunes and backed him. They also offered tentative support to his proposal for a negotiated “social pact” among labor, business, and the government to curb Brazil's rising inflation, calculated in January at 215 percent annually. []

A Tough Audience. Militants in the CUT and the Workers' Party, however, came out early and strongly against Neves and rejected the notion of a social pact. The CUT, under the guidance of the Workers' Party, called a series of highly effective strikes against auto manufacturers in Sao Paulo. The US Consulate there reported that the strikes were aimed more at

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demonstrating Workers' Party and CUT strength to Neves than at winning concessions from management.

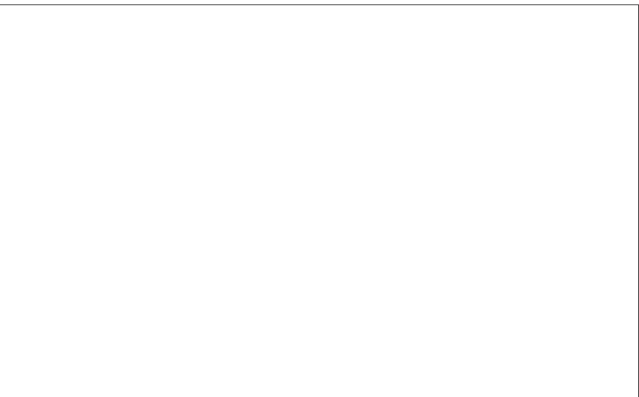
Even labor bosses loyal to Neves began to recognize that he viewed them only as marginal political actors. CONCLAT leader Joaquim Andrade told US Consular officials in Sao Paulo in late December that he considered the dialogue with Neves "illegitimate." Neves, Andrade complained, was only interested in containing unions, refused to discuss easing government controls over labor, and seldom met with union bosses during the campaign. Andrade also accused Neves of seeking labor's rubberstamp approval on most union-related issues, including selection of the new Minister of Labor.

The CONCLAT became more openly critical of Neves as the election approached. Andrade began to back away from his earlier promises that he would unequivocally support Neves. He declared that any CONCLAT support for a social pact would have to be informal and based on Neves's response to labor concerns. In early January, the US Embassy reported that CONCLAT leaders had joined with their CUT rivals in boycotting a major speech by Neves on labor-related issues.

Neves Changes His Tune. By late January Neves—by then the President-elect—had become concerned about his ability to count on labor peace even during the anticipated political honeymoon of his first months in office. He concluded that he needed the support of labor moderates through the social pact, in part to avoid unsettling domestic and foreign investors and lenders who were watching for signs of unrest that might inhibit him from undertaking economic austerity measures.

Neves was becoming worried that disenchantment with his policies would make the unions fertile recruiting grounds for leftists. Neves, according to the US Embassy, was especially concerned that Andrade might be persuaded to abandon the President-elect's electoral coalition in favor of the PT or the Brazilian Workers' Party (PTB) headed by the

leftist governor of Rio de Janeiro, Leonel Brizola. Neves reportedly calculated that such a shift would bolster the political left and radical trade unionists, weaken the new government's congressional support, and threaten its economic program. the US Embassy have reported that both the PTB and the PT plan to try to woo labor moderates who still support Neves.



Near-Term Outlook

We expect strike activity to increase in the months ahead as labor militants continue to press for wage concessions. CUT-controlled unions in the heavily industrialized areas around Sao Paulo and Rio de Janeiro are likely to be the most active. The CUT is the dominant labor group in key multinational corporations and Brazilian companies producing for export markets. managers in many of these firms have decided that quick settlements are less expensive than long shutdowns.

In our view, weakened union discipline will further encourage labor unrest. Many of the strikes over the past several months were not sanctioned by the union leadership, and the US Embassy reports that some labor leaders have admitted to difficulties in controlling rank-and-file members. We expect union leaders to become more strident and increasingly willing to call strikes as they seek to regain control over their members.

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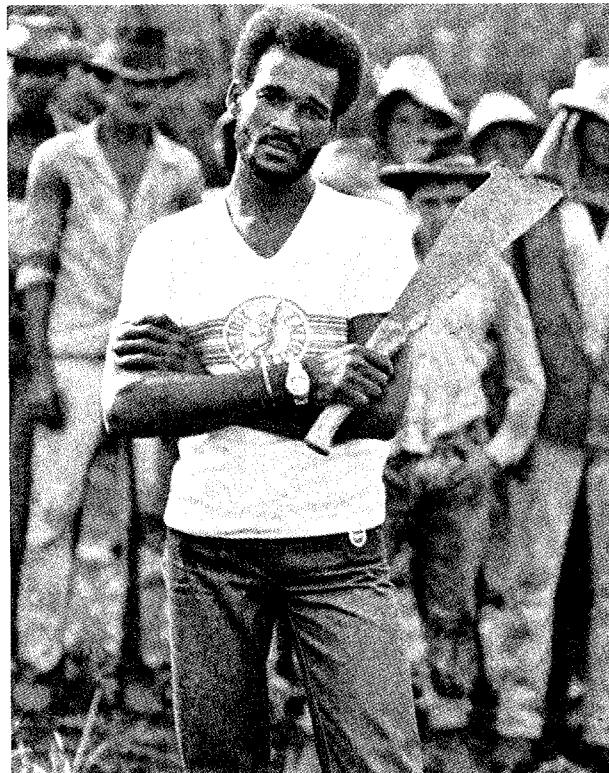
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The political left—including the small Brazilian Communist Party—is also likely to continue working to increase its influence in the unions, and these efforts will probably contribute to labor militancy. Lula's small Workers' Party, for example, is trying to expand into a national political power, and militant defense of working class interests is the cornerstone of his program. Brizola, for his part, is hoping that by luring away Neves's moderate labor backers he can spur the growth of his party into a major force for the 1986 elections. [redacted]

Rural workers, only now organizing, are also likely to become increasingly militant, especially in the citrus-growing areas of the interior of Sao Paulo state. The recent destructive frost in the southern United States has boosted demand for the export of Brazilian oranges and other crops. For example, laborers in Sao Paulo, led by Joao de Fatima Soares, appear determined to use this new leverage to improve wage levels and working conditions. The PT and left-leaning Catholic clergymen, according to the US Embassy, have been fueling much of this unrest. [redacted]

Although union activity is likely to increase, we do not believe it will pose a major problem for Neves in the near term. As noted, the debilitating effects of the three-year recession on unions and the ideological, personal, and regional divisions among labor make mobilization on a national scale unlikely for the foreseeable future. Instead, the more moderate labor leaders and Neves will probably try to work together. The labor bosses want to avoid accusations that they are destabilizing the new government, and Neves



Joao de Fatima Soares—key spokesman for agricultural workers in Sao Paulo state and Lula ally. [redacted] Vela ©

needs to protect his anti-inflation program and undercut his leftist rivals. Nevertheless, we believe he is unlikely to back reform of the labor code, an important tool for controlling union militants, any time soon. [redacted]

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Venezuela: Growing Divisions Within the Ruling Party [redacted]

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Factional pressures within the ruling Democratic Action (AD) party are mounting as a result of early maneuvering in the party for the presidential nomination in 1988, continued economic recession, and doubts over US policy in Central America. In the months ahead, leaders of the dominant "orthodox" faction will face increasing challenges to party unity as persistent economic and social problems tempt other faction heads and party mavericks to distance themselves from the government. [redacted]

Democratic Action Without Betancourt

The legacy of Romulo Betancourt, Venezuela's first democratic president, continues to shape the party's political orientation. Founded by Betancourt in 1941, AD remains the dominant center-left party in Venezuela and has preempted the emergence of a successful party on the extreme left. Traditionally, AD has favored rapid economic development, gradual nationalization of the oil industry, generous welfare policies, and close relations with Western democracies. The party also has been committed to a mixed economy, balanced industrial-agricultural growth, and social reform within a framework of constitutional democracy. [redacted]

Since the overthrow of the Perez Jimenez dictatorship in 1958, the party has survived three splits (all in the 1960s) and major electoral defeats in 1968 and 1978. Betancourt was a major unifying and mediating force within AD, and his death in 1981 left a potentially serious void in the party leadership. Democratic Action's impressive victories in 1983-84 and President Lusinchi's subsequent emergence as a popular national leader, however, attest to the party's regenerative abilities and Lusinchi's appeal. [redacted]

Lusinchi gained Democratic Action's nomination as a compromise candidate who had no strong enemies. When he took office in 1984, it was as first among equals relative to the older party barons, not as AD's



Democratic Action Party President Gonzalo Barrios. [redacted]

Bohemia ©

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preeminent leader. The President's stock rose sharply during his first year in office—polls show that he enjoys wide personal popularity despite plunging approval ratings for his government. Nevertheless, Lusinchi's stature as a party leader will be increasingly measured by his ability to control party factionalism. [redacted]

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The Orthodox Faction

The orthodox wing of Democratic Action is commonly identified with Betancourt and includes Lusinchi, party president Gonzalo Barrios, Senate president Leandro Mora, and Interior Minister Octavio Lepage. As the repository of party tradition, it exhibits a strong distaste for rightwing authoritarianism that is traceable to the struggle against Perez Jimenez in the 1950s. At the same time, the Cuban-supported guerrilla threat in the 1960s has left the old guard equally mistrustful of Marxist movements in Latin America. This reflexive fear of the revolutionary left, a shared belief in democracy, and compelling

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Democratic Action Secretary
General Manuel Penalver. [redacted]

Zeta ©

economic considerations have led the "ortodoxos" to pursue good relations with the United States. [redacted]

On contemporary issues, orthodox leaders back Lusinchi's economic austerity program, criticize the Sandinista regime for repressing the legal opposition, and continue to view Cuba with suspicion. They have tried, however, to avoid words and actions that would damage Caracas's credibility as a member of the Contadora group and have publicly opposed direct US military action against Nicaragua. [redacted]

Labor Faction

The labor faction, led by party Secretary General Manuel Penalver, is the second most important element in the party. Penalver, a lifelong labor leader, reportedly made a deal with the "ortodoxos" to support Lusinchi's nomination in exchange for the number-two post in the party. Democratic Action loyalists hold dominant positions in the country's largest labor organization, the Venezuelan Labor Confederation (CTV). Moreover, labor has long had a powerful voice in party councils through the National Labor Bureau, which consists of leaders of both AD and the CTV. In addition to these organizational links, labor benefits from the natural affinity of party leaders for blue-collar causes. [redacted]

Labor lost a vigorous defender of its positions in the Cabinet when Planning Minister Matos Azocar resigned in January. Matos was the government's

most outspoken advocate of expansionary economic policies designed to benefit labor. Nevertheless, Venezuelan Labor Confederation leaders Juan Jose Delpino and Antonio Rios are powerful figures within Democratic Action and have direct access to the President on important issues. [redacted]

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The Populist Wing

Largely a reflection of the views and personality of former President Carlos Andres Perez, the left-leaning "Populist Wing" of the party is a more amorphous group than the other two factions. Perez's outspoken criticism of US policies in Central America, preference for normalizing relations with Cuba, and strident position on foreign debt and other Third World issues find favor with a substantial number of party members, particularly youth. To increase support for his faction, Perez reportedly is trying to persuade moderate members of the Movement Toward Socialism, a Marxist organization, and other small leftist groups to ally with him. Leaders of the orthodox faction worry that Perez will make headway in his efforts to proselytize among labor rank and file, according to the US Embassy. [redacted]

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To date the populist faction has had little impact on the President's policies. Lusinchi has resisted pressure from Perez to resume oil shipments to Nicaragua, upgrade diplomatic relations with Cuba, reduce support for the Duarte government in El Salvador, or take a hard line on Latin American debt questions. [redacted]

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Perez recently moved closer toward Lusinchi's policy on Central America by taking the Sandinistas publicly to task for their failure to carry out their initial democratization promises and by declining to attend Daniel Ortega's inauguration in January. Perez reportedly decided to temper his position and allow fellow populist Carlos Canache Mata, who is AD floor leader in the Chamber of Deputies, to be the target of criticism by those favoring a more pro-US foreign policy [redacted]

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[redacted] says that Perez's moderation reflects a tactical

decision not to jeopardize his chances to get the party's presidential nomination in 1988 by antagonizing senior AD members. [redacted]

The Search for Unity

Early last fall the facade of unity between the government and some elements in the party began to crack. Opposition criticism of Lusinchi's policies, posturing by aspirants for the 1988 presidential nomination, and growing evidence of public disenchantment with the government combined to create an impression of disarray within the party. At a special meeting in late October, Democratic Action's national political committee—controlled by the orthodox faction—decided to ban "premature" campaigning for 1988 as well as public criticism of the government by party leaders. The committee also endorsed Lusinchi's economic policies, adopted a tough anticorruption line, set a timetable for internal elections, and created a new mechanism to facilitate better two-way communication between national and local party levels. To remove any doubt about whether the new rules would be enforced, the party punished two AD congressmen by removing both from prestigious legislative committees and suspending one of them from party activity for a year for persistently criticizing the administration. [redacted]

The 1988 Nomination

The party has succeeded in papering over differences, but tensions will resurface in coming months, particularly over the struggle for a party nominee to replace Lusinchi in 1988. Carlos Andres Perez is a strong early contender, but Lusinchi and other orthodox faction leaders adamantly oppose his candidacy for reasons that go beyond policy differences. Lusinchi privately has labeled Perez an opportunist. In addition, Perez's efforts to foster his own popularity at the expense of the party and the widespread perception that the former president is the beneficiary of a growing generation gap within Democratic Action have caused the old guard to distrust his motives. [redacted]

Minister of Interior Lepage appears to have Lusinchi's provisional backing for the nomination at this point. Lepage, however, does not have the national reputation nor the public magnetism of

AD's Informal Power Structure

With 29 members, including the executive political secretaries, the National Executive Committee (CEN) is too large and diverse to function as an effective political bureau. Instead, the cogollito, or inner circle of senior party leaders, sets party policy on all important issues. At present the cogollito consists of eight regular members, including Lusinchi and Lepage who are not on the CEN, plus several prominent party leaders who are sometimes invited to attend (see CEN chart). Even a key position on the CEN does not ensure cogollito membership. For example, the two top labor leaders in the CEN, Manuel Penalver and Antonio Rios, are not part of the inner circle.

[redacted]

Perez. Moreover, Matos Azocar reportedly claims that Lepage would be unacceptable to the labor wing of the party because it considers him too sympathetic to private enterprise. Should Lepage stumble, there will be no absence of eager aspirants, including Penalver, Leandro Mora, and Federal District Governor Carmelo Lauria. [redacted]

Traditionally, the presidential campaign formally begins after internal party elections are held. The decision in October to put off the party congress at which these elections will take place until late 1985 at the earliest—combined with the ban on premature campaigning—represented a significant victory for Lusinchi. But it remains to be seen whether Perez and others will play by these rules. [redacted]

[redacted] an overwhelming majority of the voters want a new face in 1988, and these results may rekindle the former president's desire to get an early start in his bid for a second term. In any event, because control of the party machinery will be crucial in determining which candidate gets the 1988 nomination, factional strife will intensify as the party congress approaches.

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AD National Executive Committee (CEN)

Key Positions

<i>Gonzalo Barrios</i> ^a	<i>President</i>
<i>Reinaldo Leandro Mora</i> ^a	<i>First Vice President</i>
<i>Juan Herrera</i>	<i>Second Vice President</i>
<i>Manuel Penalver</i>	<i>Secretary General</i>
<i>Luis Alfaro Ucero</i>	<i>Organization Secretary</i>
<i>Antonio Rios</i>	<i>Labor Secretary</i>

Other Members

Jose Ramon Rengifo
Luis Manuel Penalver
Domingo Alberto Rangel
Homera Parra
Luis Pinerua Ordaz ^b
Carlos Andres Perez ^a

Executive Political Secretaries

Jose Angel Ciliberto ^b
Alejandro Izaguirre ^a

David Morales Bello ^b
Carlos Canache Mata ^b
Humberto Celli ^b
Armando Gonzalez
Armando Sanchez Bueno ^b
Pedro Paris Montesinos
Cristobal Hernandez ^c
Hector Alonzo Lopez
Marco Tulio Bruni Celli
Lewis Perez Daboin
Paulina Gamus
Celestino Armas ^d
Teofana Camargo
Lilian Henriquez De Gomez
Carlos Sthory

^a Cogollito member.
^b Sometimes attends cogollito meetings.
^c Suspended from party activities for one year.
^d Wields more influence on party matters than CEN members who are not in key positions.

Dealing With Labor

Lusinchi's wide margin of victory in 1983 probably raised workers' expectations and led labor to demand immediate and tangible benefits. [redacted]

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Venezuelans believe they are worse off now than they were a year ago. Workers probably will become increasingly impatient for significant concessions in coming months. Lusinchi is likely to try to mollify labor by some combination of economic stimuli, delays in price hikes, and relaxation of import restrictions. His desire to keep the Perez faction in check will give labor additional leverage. [redacted]

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Labor's willingness to continue cooperating with the government was demonstrated recently when Lusinchi announced a new minimum wage but declined to grant the across-the-board wage increase labor had demanded. Rather than minimize the government's concession and renew demands for bigger benefits, Penalver publicly interpreted the announcement as proof that labor's influence in the government remains strong. If in the months ahead Lusinchi delivers on his promise to pursue a moderately expansionary policy and to alleviate the impact of price increases on middle- and lower-income groups, he probably will have labor's continuing support, thereby complicating the task of the populists in intraparty maneuvering. [redacted]

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[redacted]

[redacted]

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Latin America Brief

Venezuela-Guyana

Border Talks

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Venezuelan Foreign Minister Morales Paul's visit to Guyana in early February helped strengthen bilateral relations but did not improve prospects for an early settlement of the Essequibo border dispute. Apparently at Georgetown's urging, the two sides settled for a communique reiterating that the problem is under consideration by the UN Secretary General and reaffirming their mutual interest in implementing his decision. To bolster economic ties, however, Venezuela agreed to purchase 250,000 tons of Guyanese bauxite that will be delivered later this year.

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In recent months, the Venezuelans—increasingly concerned about preventing Cuba and Soviet Bloc countries from establishing a presence in the Essequibo—have demonstrated new flexibility regarding a border settlement. Shortly before his departure for Guyana, Morales Paul hinted that Venezuela might give up its claims to most, if not all, of the disputed territory—about two thirds of Guyana—in exchange for an “autonomous outlet” to the Atlantic. Caracas also expressed interest in an economic codevelopment scheme as part of an overall agreement.

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Despite signs of willingness to moderate its position on the Essequibo, Guyana reverted to its longstanding insistence on mediation by the United Nations, according to the US Embassy in Georgetown. The Lusinchi government has reason to proceed cautiously as well. The Venezuelan military and other domestic nationalists strongly oppose territorial concessions in the Essequibo.

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