



Directorate of Intelligence

MASTER FILE COPY
**DO NOT GIVE OUT
OR MARK ON**

~~Secret~~

[Redacted]

25X1

155

**Latin America
Review**

[Redacted]

25X1

6 June 1986

~~Secret~~

ALA LAR 86-013
6 June 1986

Copy 428

Page Denied

Secret

25X1

**Latin America
Review**

25X1

6 June 1986

Page

Articles		Page	
	Chile: The Communist Threat	1	25X1 25X1
	Chilean Communist Party efforts to become the country's main opposition force and destabilize the Pinochet regime are not likely to succeed any time soon, but the Communists probably will stick to a timetable aiming at an all-out insurrection within three to four years.		25X1
	Cuba: Castro Cracking Down	5	25X1 25X1
	Havana is embarking on a "get tough" campaign against crime, official mismanagement and corruption, and apathy in the labor force, but the repression is likely to increase strains in the social fabric.		25X1
	Peru-Nicaragua: Closer Ties	9	25X1 25X1
	President Garcia is cultivating closer ties to Managua to mollify his domestic leftist opponents and boost Peru's prospects for gaining the chairmanship of the Nonaligned Movement, but he has made little headway in efforts to persuade other regional leaders to support his policy toward Nicaragua.		25X1
	Panama: Ruling Party Leftists	13	25X1 25X1
	Tendencia, a small, pro-Cuban faction in the ruling party, serves as the military's conduit for criticism of the United States and its ties to leftists both inside Panama and abroad, but the faction has only limited influence over government policy.		25X1
	Brazil: The Politics of Crime	17	25X1 25X1
	Increasing urban street crime, especially in Sao Paulo, could lead to defeats for the ruling coalition's largest party in gubernatorial and congressional elections scheduled for November.		25X1

Secret

ALA LAR 86-013
6 June 1986

Secret

[Redacted]

25X1

Briefs

Honduras: Clampdown on Salvadoran Guerrillas	[Redacted]	19
Regional Military Plan	[Redacted]	19
Cuba: More Changes in Government	[Redacted]	20
Politburo Member Becomes Ambassador to USSR	[Redacted]	21
Mexico: Parastatal Liquidation	[Redacted]	21
Nicaragua: Foreign Ministry Financial Problems	[Redacted]	22

25X1

25X1

25X1

25X1

25X1

25X1

[Redacted]

25X1

*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]

[Redacted]

25X1
25X1

Secret

Secret

[Redacted]

25X1

**Latin America
Review** [Redacted]

25X1

Articles

**Chile:
The Communist Threat** [Redacted]

25X1

The Communist Party of Chile (PCCh)—one of the oldest, best organized, and, after Cuba's, the largest such party in Latin America—is making considerable headway, in our view, in its campaign to stage frequent antiregime protests, harass the security forces, and gain acceptance as the country's leading opposition force. Communist leaders have decided, [Redacted] to promote a national uprising against President Pinochet in 1986. They reportedly believe that, if Pinochet is not ousted this year, he can outmaneuver his opponents and retain power until his term ends in 1989. The Communists reportedly think that other parties, including the centrist Christian Democrats—the country's largest—also realize that this is a critical year and are therefore becoming more willing to collaborate with the PCCh in demonstrations. We believe that the Communists will not succeed in becoming Chile's main opposition force or in destabilizing the Pinochet regime any time soon. Nevertheless, in our judgment, the PCCh will not deviate from its basic strategy of seeking to oust Pinochet by force, and we believe that it is following a timetable that calls for launching an all-out insurrection within the next three to four years. [Redacted]

Violence on the Rise

The US Embassy reports that following a monthlong series of university student protests during April—in which the Communists played a prominent role—leftist terrorist activity has intensified. Over the May Day weekend there were numerous bombings, including one against the US Ambassador's residence claimed by the PCCh-affiliated Manuel Rodriguez Patriotic Front (FPMR), and shootouts between terrorists and police and Army units resulting in several casualties. There were repeated violent confrontations between protesters and the security

Chilean Communist Party Strength, Leadership, and Organization

The PCCh has regained much of the strength it enjoyed during the Allende era. By early 1985 its membership had grown to 30,000 and its youth wing numbered 20,000. [Redacted]

25X1

[Redacted]. It probably also has about 100,000 inactive members and hardcore sympathizers. Most of these elements are located in Santiago and a few other large urban areas. The PCCh's major recruitment gains in recent years have been among jobless and underemployed youths, as well as among university and secondary school students. It has only limited strength in organized labor—largely due to the government's efforts to depoliticize the unions—but controls about 20 percent of union leadership positions and has strong influence in the country's main umbrella opposition labor grouping. [Redacted]

25X1
25X1

The party is led by Secretary General Luis Corvalan, who has resided in Moscow since 1976, and other exiled leaders, who make up about half of the Central Committee. The party's internal leaders frequently travel overseas to meet with Corvalan and other "old guard" figures—and even the President of the Christian Democratic Party recently met in Stockholm with a top PCCh figure. [Redacted]

25X1

25X1

A generation gap has developed between the exiled leaders, who are in their 60s, and key internal Central Committee members, who are in their mid-30s, but there is no evidence of significant internal schisms or divisiveness. The party has substantial financial resources and is one of the few Chilean political groups with a sizable salaried staff. [Redacted]

25X1
25X1

25X1

Secret

ALA LAR 86-013
6 June 1986

Secret

Leftist Terrorist Bombings

1983—139

1984—735

1985—865

1986—continuing unabated (in April alone there were at least 85 bombings, according to the US Embassy)

We believe that the bulk of these bombings have been carried out by the FPMR, which, [redacted]

[redacted] was created in late 1983 and initially comprised about 100 young militants from the PCCh and several other radical leftist groups. The Front's favorite targets have been electric power grids—it frequently blacks out Santiago and much of central Chile—railway lines, commuter buses, and public establishments in major cities, but most bombings have been staged in a way seemingly calculated not to cause widespread civilian injuries.

[redacted] by late 1985 the Front had grown substantially, and we estimate that it currently comprises at least 1,000 militants—about half in Santiago and the rest in other urban areas. Moreover, in recent months the Front has staged more sophisticated and lethal terrorist actions and it reportedly intends to escalate its bombing campaign throughout 1986. [redacted]

Formerly, the pro-Castro Movement of the Revolutionary Left (MIR) committed the great majority of antiregime terrorist incidents, but in late 1983 it suffered sharp reverses at the hands of the security services and was forced temporarily to halt its terrorist acts. By 1985, [redacted]

[redacted] the MIR had revitalized its apparatus within Chile—increasing its strength to a total of 400 to 500 members—and was preparing to compete with the FPMR as the leading terrorist group. It claimed credit for the bombing of a police bus in February that resulted in numerous casualties, but the MIR has yet to resume a sustained level of terrorist operations. Nevertheless, [redacted]

[redacted] the MIR poses a more serious security threat than the FPMR, [redacted]

[redacted] the MIR's readiness in the past to assassinate military officers and its aggressive revolutionary posture. [redacted]

forces, resulting in considerable property damage in the capital and several provincial cities. Scattered protest activity has persisted since May Day, while student leaders are threatening to call a prolonged strike unless the government ends its intervention in the universities. The US Embassy predicts that strong-arm methods employed by the security forces against students and faculty will backfire, leading many Chileans to question the government's ability to quell student agitation. [redacted]

For their part, the Communists, [redacted] believe that popular support is growing for a wide range of anti-Pinochet activities, including a national work stoppage. They also reportedly think that the security forces cannot control the unrest on university campuses and that elsewhere the Carabineros—the militia-like national police—are becoming increasingly reluctant to act vigorously against demonstrators. We believe that the Carabineros—who are overextended as they attempt to contain repeated protests—are becoming frustrated over what they perceive as Pinochet's favoritism toward the Army and his recent decision to replace Carabineros with Army troops in many crowd control missions. [redacted]

The Communists and other far left parties recently organized a unified slumdweller's association, [redacted]. They reportedly expect to use it to publicize demands for improved living conditions among the poor and to mobilize slumdweller's for antiregime demonstrations. The Communists also reportedly want to recruit slumdweller's for a "popular army." [redacted] they hope to create "liberated zones" in some slums, where FPMR units would be ordered to challenge the security forces. [redacted]

[redacted] the quality of life is deteriorating in the numerous slums ringing Santiago, where youth unemployment ranges up to 50 percent. [redacted] the situation in the slums—which probably account for over 1.5 million out of the city's roughly 4 million inhabitants—is becoming explosive and that the poor

25X1
25X1
25X1
25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

Secret

Secret

are becoming politically radicalized and increasingly receptive to the violent line urged by the PCCh and other far left groups. Moreover, leaders of several moderate opposition parties have told US officials that the government's heavyhanded actions during recent repeated sweeps by Army units of slum neighborhoods have produced a sense of "rage" among the poor that contrasts with the fear produced by previous dragnets. We believe that this adds to the explosive situation in the slums and ultimately will benefit the Communists and their allies. [redacted]

Moderate Opposition Activities

Moderate opposition forces are also preparing for more forceful antiregime activities. The key player is the Christian Democratic Party which [redacted] [redacted] recently decided to push vigorously for a national strike. The Christian Democrats are currently consulting with other parties regarding a strike, and [redacted] [redacted] the party's president has created a secret coordinating committee to work with the PCCh to prepare for the strike and other protests. Christian Democratic leaders, moreover, have acknowledged that there is substantial grassroots cooperation between their party and the Communists, which they justify by citing Pinochet's intractability on political liberalization and the need to convince the armed forces through protest activities that Chile is becoming ungovernable under Pinochet's harsh policies. [redacted]

[redacted] According to the press, even Cardinal-Primate Fresno met several weeks ago with representatives of the PCCh-led political coalition to discuss the worsening situation. This, in our view, was a significant development because Fresno had previously avoided open contact with the Communists and had strongly urged the moderate opposition to forgo all collaboration with the PCCh. In addition, the US Embassy notes that the country's conference of bishops last month issued a strong statement urging constitutional reforms—widely interpreted as a call for direct presidential elections in 1989—and that even progovernment groups endorsed the bishops' stand. [redacted]

Finally, last month 18 leading professional, academic, social, and labor organizations of varying political hues created a so-called National Civic Assembly and promulgated a set of demands for urgent political and economic reforms. They also elected a multiparty directorate that includes two Communists and a few other far leftists. The US Embassy says that the Christian Democrats—the main force behind the Civic Assembly—believe they can mobilize considerable popular support for such protest activities as business shutdowns, strikes by professional guilds, and a campaign to withhold debt and mortgage payments. Leaders of the Civic Assembly reportedly hope that these acts of civil disobedience will create growing uncertainty and help build further support for the planned national strike. [redacted]

25X1

25X1
25X1

Government Reaction

[redacted] the President and senior Army commanders are convinced that the radical left will make a concerted effort to overthrow the government this year and are planning physical attacks on Pinochet, junta members, and military officers. The Army has moved 10,000 troops from bases in the north to the Santiago area, created new antisubversive commando units, and ordered large numbers of soldiers into the streets to supplant Carabineros during recent demonstrations. The US Embassy reports that Army troops were deployed in unprecedented numbers over the May Day weekend and that the security forces often used excessive force against demonstrators. [redacted]

25X1
25X1

25X1

25X1

Meanwhile, Pinochet refuses to budge as pressure builds within the regime for some show of flexibility and the opposition continues its protests. In several recent speeches the President has rejected modifications in the constitution—which allows for his reelection in a single candidate plebiscite in 1989—and refused to speed up political liberalization. Nevertheless, there is accumulating evidence that many of Pinochet's civilian advisers and some military officers—including most of the junta members—want the President to step down in 1989, liberalize the political process, and negotiate with moderate

25X1
25X1

25X1

Secret

Secret

opposition groups to prepare for a transition to civilian rule before the end of the decade. Many of his advisers have urged him to take these steps to head off a rising tide of protest activity and avert a chaotic situation that eventually would enhance Communist prospects to promote an all-out insurgency. [redacted]

leadership will probably leave the President more and more isolated. Many officers are beginning to question the soundness of his decisions and they may begin to pressure him to shift course or else face a more open challenge from the military. [redacted]

25X1
25X1
ZS^I

Pinochet has turned a deaf ear to these recommendations, and instead has ordered an intensified crackdown on the opposition. [redacted]

25X1
25X1

[redacted]

[redacted] a group of Army officers is promoting a plan to revise the constitution to provide for a direct presidential election in 1989.

25X1

[redacted]

25X1

Outlook

We believe the Communists have little chance of sparking a successful uprising against Pinochet over the next year, but that they will continue to make headway in their efforts to sow violence and uncertainty. Moreover, moderate opposition groups will probably cooperate more frequently and openly with the PCCh even though they realize that this will add to a climate of violence and could play into Pinochet's hands. The moderates seem prepared to take this risk because they see no alternative to an all-out effort to show the armed forces that the country is becoming ungovernable under Pinochet's rule and that the military must force him to become more flexible. [redacted]

25X1

The litmus test of the Communists' plans—and those of the moderate opposition—will, in our view, be their ability to sustain the current level of protest activity and to build momentum toward a national strike during the next three to four months. Even though protest activity is likely to continue at a high level during this period, accompanied by frequent and increasingly lethal terrorist bombings, prospects for a successful prolonged strike do not appear bright at present. Nevertheless, opposition protest activity, increased terrorism, and growing unease within the government and the armed forces over Pinochet's

Secret

Cuba: Castro Cracking Down [redacted]

25X1

There are numerous signs that Havana is about to adopt a "get tough" policy to resolve some of its serious economic and domestic ills. Crime, juvenile delinquency, corruption, bureaucratic mismanagement, and deep-seated apathy in the labor force appear to be the targets of what promises to be a disruptive political campaign to restore vitality to President Castro's revolution. We doubt, however, that greater repression will produce the desired effects, and, in fact, it will be more likely to increase significantly strains in the Cuban social fabric. [redacted]

The following day, Armed Forces Minister Raul Castro presided over a joint ceremony in Havana in which a large unit of police cadets graduated from an Interior Ministry training facility and an Armed Forces Ministry "Red Beret" reserve contingent was incorporated into the national police force. This ceremony was also accorded press coverage and attended by many top party, government, police, and military officials. The strengthening of police ranks with "Red Beret" military personnel and Raul's chairing of what is essentially an annual Interior Ministry function are further evidence of the high-level concern over the crime problem and the regime's determination to resolve it. [redacted]

25X1

25X1

Combating Crime

The seriousness of the crime problem was officially acknowledged on 22 May when, according to the Cuban media, a regular session of the party's ruling Politburo was held at which "an extensive analysis was made of the problem of crime and antisocial behavior, especially the number of incidents in the city of Havana." With Castro presiding, the Politburo approved measures designed to intensify research on the causes of antisocial behavior, develop an integrated approach to combat it, and promote more effective measures by the mass organizations to prevent it. Also approved were bureaucratic adjustments to improve the efficiency of the police, the Attorney General's office, and the courts, as well as unspecified measures "to neutralize and strongly sanction aggressive conduct, violence against others, and the brutality that has been seen in the capital." [redacted]

The rise in crime is well documented.¹ As recently as mid-May, the US Interests Section reported that the foreign community in Havana is convinced there has been an increase in crime, attributable in large part to the inability of the Cuban system to satisfy the material expectations of the populace. The Interests Section noted, for example, the armed robbery of a Scandanavian businessman in his Havana home earlier this year, seven burglaries at the residences of Interests Section personnel—including that of the principal officer—in the past 12 months, the more than 20 actual or attempted break-ins at residences of Canadian Embassy personnel over the past year, and the burglary at the chancery of the Nigerian Embassy late last year. The Interests Section also learned from sources of undetermined reliability that a bank in the Havana suburb of Guanabacoa was robbed of the equivalent of \$70,950 in Cuban currency in early May by thieves tunneling into the bank and using dynamite to open the safe. [redacted]

25X1

25X1

25X1

The highly unusual public treatment of the sensitive Politburo discussion suggests that the crime problem has become so acute that the Cuban leadership decided publicity was needed to intimidate criminals and bolster public confidence in the government. Presumably to underscore the significance of the anticrime measures, the Politburo invited to its session several top party and government officials who will be responsible for implementing its decisions. [redacted]

[redacted] the hijacking of an entire shipping container of video cassette recorders outside Havana recently. [redacted]

25X1

25X1

25X1

Secret

Juvenile Delinquency

[redacted] two months prior to the Politburo deliberations, the party's Secretariat held a special session to discuss the problem of juvenile delinquency throughout Cuba and the establishment of new programs to reduce it. The Secretariat determined that, although delinquency involved youths from 16 through 26, the major problems were caused by those in the 16-to-21 age bracket. The Secretariat's analysis showed that delinquency developed in youths who were neither working nor attending school, and was attributable to high unemployment, a lack of activities for young people to occupy their free time, poor ideological work by the mass organizations, and weak family ties. Prior to its special session, the Secretariat sent several Central Committee members to solicit proposals from representatives of the mass organizations on how to develop programs on an urgent basis to reduce delinquency. [redacted]

Condemning Inefficiency

Crime and juvenile delinquency are not the only targets of the government's mounting campaign. Since Fidel Castro's blistering denunciation of corruption, bureaucratic inefficiency, and worker apathy at the party congress in February, Cuban officials, mass organizations, and the media have been reiterating his criticisms. In his May Day speech, for example, labor union head, Roberto Veiga lashed out against worker inefficiency, irresponsibility, parasitism, and tolerance of deficiencies. His remarks address many of the practices that have been undermining labor productivity in Cuba for years, such as:

- Rampant absenteeism.
- Embezzlement and misappropriation of material resources.
- An absence of personal initiative and a tendency to shift decisionmaking to the next higher level of authority.
- The reluctance of managers to establish and enforce criteria for worker performance. [redacted]

Similarly, on 28 May, the party first secretary in Havana City Province spoke out against the lack of supervision and initiative, and condemned "excessive

centralism and bureaucracy, absenteeism, labor indiscipline, and deficient cadre policies." On the same day, the head of the neighborhood vigilance committees publicly pledged his institution's support in the fight against criminal activity and backed the Politburo's efforts to curb antisocial behavior. The chiefs of the mass organizations for women and for peasants have also spoken out in recent weeks in what appears to be a calculated campaign by the leadership to warn the Cuban people that repressive actions will follow if verbal exhortations fail to shatter popular complacency. [redacted]

The official rhetoric is accompanied by what appear to be the first steps of a broad crackdown. Police, for example, are stopping trucks to check on the destination of their cargoes in an effort to stem the diversion of materials, according to the US Interests Section. In addition, a visitor to Cuba told the Interests Section in April that a videotape was circulating in party channels showing Castro administering a dressingdown to officials for their poor performance and craving for creature comforts. [redacted]

In a similar vein, a new law on "material responsibility" that went into effect last month established procedures for pinpointing blame on managers or workers who cause financial or material losses through mismanagement, inefficiency, laziness, or other noncriminal dereliction of duty. While such laws may seem workable in theory, we believe they are likely to be far more divisive than remedial in light of the unusual lack of discipline that pervades the work force. [redacted]

Castro is sufficiently concerned about the loss of revolutionary vitality to carry his reinvigoration campaign personally to the workplace. Television cameras accompanied him in early May on an inspection tour of the construction site for the new Institute of Tropical Medicine in Havana, where he pointedly asked if all the workers had shown up for work. Accusing one worker of reading a newspaper on the job, Castro was told by the construction boss that it was a blueprint, not a newspaper. He then lectured

25X1
25X1

25X1

25X1

25X1

25X1

25X1

Secret

Secret

the boss on the need for productivity and hard work, telling him to appeal to the workers' "sense of shame."

25X1

Outlook

The recent increase in Castro's personal involvement in the campaign against crime and inefficiency suggests that his speeches and appeals for greater efforts over the past 18 months have not been successful in motivating the population. Neither has his talk of the alleged US military threat produced the desired results, and widespread apathy persists. Castro now appears to have decided that a combination of public criticism and repressive measures is needed to prod the public into a greater appreciation of its critical role in the struggle to overcome mounting economic problems. Following his urging to the Cuban Journalists' Union in late April "to participate in the fight against everything that slows the progress of the revolution," the press can be expected to increase its involvement in the politically sensitive area of investigative journalism in coming months. Although Castro promised in April not to unleash a radical wave of repression along the lines of the Chinese "cultural revolution," his words and actions indicate he definitely is beginning a crackdown.

25X1

25X1

Secret

**Peru-Nicaragua:
Closer Ties**

25X1
25X1

President Garcia has recently taken steps, publicly and privately, to demonstrate solidarity with the Sandinista government and to strengthen bilateral relations. Other South American leaders, as well as members of Garcia's own government and party, have reservations about Garcia's outspoken defense of Nicaragua. Nonetheless, Garcia evidently believes that cultivating closer ties to Managua serves useful domestic and foreign policy purposes, such as mollifying various opposition groups to the left of his government and boosting Peru's prospects for gaining the chairmanship of the Nonaligned Movement (NAM). Garcia is unlikely to soften his anti-US stance on Central America in the coming months, but may eventually temper this policy if the general climate of Peru-US relations—particularly on the debt issue—becomes less confrontational. Other regional leaders do not support Garcia's pro-Nicaragua position, but they are not likely to denounce him publicly.

Reinforcing Bilateral Ties

President Garcia's moves to strengthen bilateral relations with Managua this year is a change from his earlier multilateral approach of using the Contadora "support group," which he initiated in July 1985. Until recently he confined his rhetoric on Central America to abstractions, affirming Peru's fidelity to such principles as noninterference and regional solidarity, but avoiding specific policy commitments. In mid-March during a state visit to Argentina, however, he declared that Peru would break diplomatic relations with any country that invaded Nicaragua and pledged to "defend the brother country." Garcia's gambit in Argentina followed a visit to Peru (and Brazil) by Nicaraguan Interior Minister Borge. Although Garcia was not directly responsible for the invitation, he publicly embraced Borge—a gesture which was widely reported in the Peruvian press.

Last month, Garcia—in Costa Rica for President Arias's inauguration—called on the Latin nations to provide economic assistance to Nicaragua. Two days

later Lima announced a \$26.5 million trade and aid package for Nicaragua that included:

- A \$10 million trade credit.
- Refinancing of Managua's \$6.5 million debt.
- Delivery of \$10 million in Peruvian goods, free of charge, to Nicaragua in partial repayment of Lima's debt to Moscow.

25X1

Earlier this year, Nicaraguan President Ortega invited Garcia to be the guest of honor at the July anniversary celebration of the Sandinista revolution. Garcia, who typically keeps his options open as long as possible, has not yet indicated if he will attend.

25X1

Garcia Standing Alone

Ignoring the reservations of close advisers, Garcia is apparently determined to press on with his strong support for Nicaragua, even if his counterparts in the region do not follow suit. His pledge to stand by the Sandinista regime in the event of US military intervention so far has not been seconded by any of Latin America's other democratically elected leaders, despite Garcia's recent campaign to win such endorsements.

25X1

25X1

Since January, Garcia has visited several Latin capitals, including Argentina, Uruguay, and Costa Rica. These trips have provided him with high-visibility platforms to promote his views on regional issues, grab international headlines, and boost his image as a Third World leader worthy of chairing the NAM. He has played to the gallery at every opportunity, hoping to attract a popular following throughout Latin America. He is evidently betting that the same populist appeal that has kept the Marxist opposition at bay in Peru will also give him leverage in dealing with other Latin leaders. Garcia's latest efforts, however, have met with considerable resistance.

25X1

25X1

Secret

ALA LAR 86-013
6 June 1986

Secret

[redacted] Garcia offended Argentine President Alfonsin by having his pro-Nicaragua speech before the Argentine Congress videotaped and later broadcast in Havana and Managua. [redacted]

[redacted] Alfonsin was also angered by Garcia's favorable mention of Che Guevara. [redacted]

Garcia's controversial remarks in Argentina caused Uruguayan President Sanguinetti to take unusual precautions when the Peruvian President visited Montevideo. [redacted]

Sanguinetti tried to limit Garcia's press and speech-making opportunities in Montevideo because he believes Garcia's penchant for unilateral pronouncements works against the more moderate, constructive policies of other South American democracies. [redacted]

Sanguinetti had also consulted directly with the Presidents of Argentina, Brazil, Ecuador, and Colombia, all of whom reportedly share his reservations about Garcia's unilateral policies and inflammatory rhetoric. [redacted]

The Sanguinetti government generally viewed its handling of the Garcia visit as a success because it engaged the Peruvian president in a constructive dialogue that resulted in the signing of a moderate final communique, according to the US Embassy. The two Presidents also sent a joint letter to the Core Four and Nicaragua urging them to sign a Contadora treaty by the 6 June deadline. Nonetheless, in his last public appearance in Uruguay, Garcia told reporters that Peru condemns US policy in Nicaragua "openly, publicly, and without fear." He added that if US pressure pushed Managua into the Soviet "orbit" it would be "understandable." [redacted]

Garcia's call for Latin America to give economic aid to the Ortega government when he visited Costa Rica last month was a significant step beyond his previous rhetorical support for the Sandinistas. Other Latin leaders present, however, ignored Garcia's gambit. [redacted]

Garcia's Political Strategy

Garcia's own anti-imperialist outlook colors his attitude toward the Nicaraguan Government, which he sees as a besieged Latin country faced with the

threat of US military intervention. Equally important, however, cultivating Managua serves several political purposes for Garcia:

- It demonstrates to the Peruvian rank and file that he is willing to confront the rich and powerful in defense of the poor and downtrodden.
- It rewards Moscow for restraining the opposition activities of the Peruvian Communist Party and the Communist-dominated General Confederation of Peruvian Workers.
- It preempts criticism from the United Left coalition, currently Peru's major opposition party.
- It takes on renewed importance in light of Peru's recent decision to improve relations with the IMF by making a payment.
- It mollifies the left wing of his own American Popular Revolutionary Alliance party.
- It helps position Peru to bid for chairmanship of the NAM, which will be decided in September. [redacted]

Garcia has not publicly announced Peru's candidacy for the NAM post but he probably hopes that his vigorous defense of Managua—which has actively campaigned for the NAM chairmanship—will attract support to Peru as the logical compromise choice in the region. Key NAM members such as Yugoslavia, Egypt, and India—who reject Nicaragua's candidacy—reportedly favor Peru. More radical Third World governments—impressed with Garcia's anti-US rhetoric and confrontational style—probably will not resist the growing consensus favoring Peru. [redacted]

Garcia may try to reap some trade and aid benefits as well. The modest \$10 million "triangular trade" arrangement involving Nicaragua and the USSR is a case in point. [redacted]

Prospects

Garcia is likely to maintain his defiant public posture toward the United States, but may moderate his pro-Nicaragua stand if Peru's differences with Washington in other areas—above all, debt repayment—are eased. In any event, a softening of Peru's position on the Central American conflict is

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

Secret

Secret

unlikely before the end of 1986. Nationwide municipal elections are scheduled for November and Garcia, as an adroit politician, will not give his major opposition—the Marxist United Left coalition—an issue to attack him and his party's candidates. Moreover, Garcia has used his strong defense of Latin rights against "imperialist" encroachment, symbolized by the Nicaraguan conflict, to draw support away from the leftist opposition's natural constituents—particularly Lima's slumdweller, who helped incumbent Communist Mayor Barrantes win the last election. [redacted]

25X1

Other leaders in the region will continue to keep Garcia at arm's length and resist his effort to enlist their cooperation on behalf of Nicaragua. Nonetheless, he would have to go much farther than he has so far in his relations with the Soviet Bloc—for example, allowing Moscow to build a naval base in Peru—before his regional counterparts would attempt to isolate him politically or economically. [redacted]

25X1
25X1

[redacted]

Secret

**Panama:
Ruling Party Leftists**

25X1

Tendencia, the small Marxist faction of the ideologically diverse ruling Democratic Revolutionary Party (PRD), is a pro-Cuban group opposed to the US presence in Panama. Its association with the government party, which is controlled by the Panamanian Defense Forces, mutes both its militancy and influence over government policy. Nonetheless, its influence within the Panamanian left and among organized students and its solid financial base make it a valuable ally of the military. Tendencia has served as the military's link to leftist groups in Latin America and has provided occasional assistance to them. We believe the faction will remain an integral part of the PRD and will continue to be the military's conduit for criticism of the United States and its contact with the left in Panama and leftist governments and groups abroad.

25X1

25X1

25X1

25X1

The origins of Tendencia lie in the aftermath of the 1968 coup that brought National Guard Commander Torrijos to power. Anxious to mobilize mass support for the return of the Panama Canal, Torrijos sought the allegiance of organized students. Because the Youth Commission of the Panamanian Communist Party—headed by Ramiro Vasquez—controlled the most powerful student organization, the 70,000 strong Panamanian Student Federation, Torrijos focused considerable effort on wooing it. By the early 1970s he had succeeded in winning over Vasquez and the student group, although relations with the Communist party remained strained.

25X1

25X1

. In 1974 Torrijos urged Vasquez to break with the Communist party and align his federation directly with the National Guard in exchange for financial support. Vasquez agreed and subsequently formed the Tendencia, whose name underscores the group's Marxist "tendencies" and its stated goal of eventually becoming a full-fledged Communist party. The National Guard continued to subsidize Tendencia's activities, and ties between Vasquez and Torrijos deepened over the next four years. In 1978 Vasquez led his group into Torrijos's newly formed PRD.

25X1

25X1

25X1

25X1

25X1

25X1

25X1

Secret

ALA LAR 86-013
6 JUNE 1986

Page Denied

25X1
25X1
25X1

25X1
25X1

25X1

25X1
25X1
25X1
25X1
25X1

25X1
25X1

Next 1 Page(s) In Document Denied

25X1
25X1
25X1
25X1

25X1

25X1

25X1
25X1

25X1

1

Secret

Brazil: The Politics of Crime

25X1

With violent street crime rising in most large metropolitan areas, particularly in Sao Paulo—Brazil's largest city and its industrial and commercial hub—"law and order" could become a pivotal political issue in some of the state gubernatorial and congressional election to be held in November. The issue may cause the defeat of the ruling Brazilian Democratic Movement Party (PMDB) in the Sao Paulo election, and we believe it will also subtly influence the makeup of the Constitutional Assembly that will reform Brazil's political system next year.

Crime in Sao Paulo

Although crime statistics are unreliable, polling data reported by the US Consulate indicate nearly one in three Sao Paulo residents has been the recent victim of assault, mugging, or robbery. The mainspring of street crime in Sao Paulo—as well as other large Brazilian cities such as Rio de Janeiro and Salvador da Bahia—probably is the large number of unemployed who live in slums and shantytowns in the metropolitan area. These individuals, known as "marginais," have migrated from the rural areas in search of jobs, but have found only poverty and hunger. Moreover, a large number of juveniles—estimated at 10 million nationwide—roam the streets because of overcrowded housing and poverty, according to the US Embassy. These street people, who turn to crime as a source of subsistence income, account for most small robberies.

Press reports sensationalizing violence and white-collar crime are creating a cynical public attitude toward the criminal justice system, according to opinion polls. For example, the US Consulate reports that Gallup polls last year showed that Sao Paulo residents rated the police and the criminal courts at the bottom of public services. Contributing to the cynicism are the illegal gambling operations that are conducted openly in some cities with little or no police effort to control them. Moreover, more crimes are being committed to finance an increase in drug use

and trafficking in the cities. For example, a large car theft ring broken up by Sao Paulo police in April traded stolen autos for Bolivian cocaine, which was then reexported, according to the Consulate.

The Political and Social Repercussions

Sao Paulo state Governor Franco Montoro of the PMDB—the senior partner in President Sarney's coalition government—is blamed by most voters in the city for the state's ineffectual handling of crime, according to the US Consulate. Although the governor has hired additional state police and increased the capacity of state prisons during his tenure, rivalries between various branches of the state police and general inefficiency are hampering enforcement operations. As a result of his perceived inaction and the rising crime rate, the governor has earned a "soft on crime" image with the public.

Conservative ex-President Janio Quadros defeated his PMDB opponent in last November's mayoral election in Sao Paulo by campaigning on a tough law-and-order platform, and public attitudes in Sao Paulo toward criminals have hardened since then. Polls now show a majority of voters support the death penalty for violent crimes, as well as a lowering of the age of criminal responsibility from 18 to 16 years. Residents view the police as unable to enforce the law, according to polling data, and have increasingly taken matters into their own hands. Mobs recently have beaten criminals and spontaneously lynched alleged street thieves, according to the Consulate. Citizens are arming themselves with inexpensive, easily acquired handguns, and bounty hunters, hired by local merchants to hunt down and kill suspected robbers, are fast becoming folk heroes. There are also unsubstantiated reports that police "death squads" have carried out several recent executions of suspected criminals in Sao Paulo.

Secret

ALA LAR 86-013
6 JUNE 1986

Secret**Key Issue for November**

Political leaders who are jockeying for position in November's gubernatorial election are promising the public a stronger response to the crime problem. The PMDB gubernatorial candidate for Sao Paulo, Vice Governor Orestes Quercia, is apparently drawing on the lesson of Quadros's successful exploitation of the issue. While acting governor earlier this year, he increased visible street patrols in Sao Paulo and promised police reform, if elected. Quercia, however, is fighting an uphill battle.

Opposition candidates in Sao Paulo are attacking the law enforcement record of the Montoro administration by using the daily media reports about violent crime in the city. Conservative Congressman Maluf, the likely gubernatorial candidate of the Social Democratic Party, has strongly attacked the state administration's record on corruption, police brutality, and rising crime, according to the Consulate. Even the Marxist Workers Party—whose candidate for governor, Eduardo Suplicy, is a strong contender—picked up the rising crime theme in its March television broadcast, linking the problem to unemployment. Quadros's established reputation as a crimefighter may enable him to throw decisive support behind a law-and-order candidate in the gubernatorial election, in our view. Attacks such as Maluf's, combined with the unpopularity of Governor Montoro could further weaken the already divided PMDB and deal a crushing blow to Quercia's candidacy. His defeat would be a major setback for the Sao Paulo faction of the PMDB and probably would greatly diminish its influence in the Sarney administration.

The Broader Ramifications

We believe crime probably will be a major and emotional issue in several gubernatorial campaigns this year. Press reporting indicates support for strong action against crime is found across the political spectrum. The middle and upper classes—whose usually heavy voter turnout is considered by many Brazilian political observers to be crucial in deciding an election—are the most vocal in their demand that state governments take concrete action. For example, Vice Governor Ribeiro of Rio de Janeiro, a possible senatorial candidate, is closely identified with the

lackluster record of leftist Governor Brizola in fighting crime and administrative inefficiency, which will probably hurt him in November. A recent poll shows Ribeiro trailing potential opponents badly, according to the US Embassy.

We judge that congressional candidates also will find the law-and-order issue an appealing one for campaigning among the middle and upper classes. Growing local discontent with police efforts could manifest itself in more protest votes against incumbents in November. Such a trend, in our opinion, probably will work to the advantage of populist and demagogic candidates, especially conservatives, and could bring a sizable number of such candidates from the urban areas into the Congress, providing the institution with a more conservative cast. Moreover, these delegates—who will comprise the Constitutional Assembly that will reform Brazil's political system next year—will be well placed to influence policymaking on a broad range of social issues in the future.



25X1

Secret

Secret

Briefs**Honduras****Clampdown on Salvadoran Guerrillas** [redacted]

25X1

The Honduran Armed Forces are bolstering operations intended to disrupt Salvadoran guerrilla use of Honduran territory for refuge and infiltrating arms and supplies into El Salvador. The rebels have used camps in Honduras as a valuable source of medical supplies, food, and clothing. [redacted]

25X1

[redacted] Special Forces units patrolling near refugee camps and along the border with El Salvador have been increasingly aggressive, ambushing insurgent infiltration routes and attacking suspected guerrillas in Honduran territory. Since capturing sizable caches of arms in April, the patrols have increasingly focused on interdicting guerrilla shipments and turned up several smaller caches of arms and medical supplies in May, [redacted]

25X1

[redacted] the Hondurans [redacted] [redacted] have assigned military escorts to refugees traveling outside the United Nations-administered camps. [redacted]

25X1

25X1

25X1

25X1

The US Embassy in Tegucigalpa reports that a US proposal to erect a guarded barrier system around the main refugee camps, which have a combined population of 21,000, is gaining support among influential Hondurans, including some previously thought to sympathize with the Salvadoran guerrillas. The Armed Forces reportedly are prepared to implement the plan, pending disbursement of promised US funding for it. The project, coupled with increased patrolling in the field, probably will help limit guerrilla use of Honduran territory. [redacted]

25X1

Regional Military Plan [redacted]

25X1

Senior Honduran military officers are trying to reactivate the Central American Defense Council (CONDECA) because they believe current military and diplomatic efforts to alter the Sandinista regime in Nicaragua will fail. [redacted] [redacted] has received favorable responses from El Salvador, Guatemala, and Costa Rica to revitalize CONDECA, which was founded in the early 1960s but has been paralyzed by regional rivalries and domestic crises through most of its history. Nicaragua, a charter member, has not been invited to recent meetings. [redacted]

25X1

25X1

Tegucigalpa wants CONDECA to assess prospects for the anti-Sandinista guerrillas and to meet in early fall to draw up a regional defense plan. The Hondurans also hope the group will develop contingency plans for a joint invasion of Nicaragua, which they recognize would require logistic and air support from the United States. [redacted]

25X1

25X1

Secret

ALA LAR 86-013
6 JUNE 1986

Secret

In our view, concerted military action against Nicaragua remains highly unlikely. There is no sign that the region's military commanders, who have been more supportive of military action, have yet persuaded their civilian counterparts to support such a policy. Moreover, El Salvador and Guatemala are preoccupied with insurgencies, and Costa Rica lacks an offensive military force. Honduras itself has stated in the past that it will not fight what it views as essentially a US conflict with Nicaragua and, in any case, its Armed Forces remain seriously handicapped by inadequate armaments, weak leadership, and poor communications. The CONDECA plan—which was resurrected and failed in 1983-84—may also run into legal problems because Nicaragua is a full member while Costa Rica is only an observer. Tegucigalpa's principal goal, in our estimation, is to unite the Central American democracies behind an anti-Sandinista stance, thereby spreading out the burden of supporting the Nicaraguan rebels. The Hondurans also probably would like to have a regional organization—similar to the Caribbean group that urged US intervention in Grenada in 1983—that could press Washington to take direct military action if the Sandinistas consolidate their regime and assume a bellicose posture in the region. [redacted]

25X1

Cuba

More Changes in Government [redacted]

25X1



High-level personnel shifts and organizational changes in the Cuban Government are continuing as expected.^a The latest Cabinet official to be removed is Communications Minister Pedro Guelmes, who years ago paved the way to his ministerial assignment by performing well as chief of communications in Raul Castro's Armed Forces Ministry. His replacement, Manuel Castillo Rebas, also served as armed forces communications chief until being named Minister of Communications on 24 May. While Castillo Rebas's military post may have provided him with a solid technical background for the job, his lack of experience in the Communications Ministry is likely to put him at a disadvantage in managing the national communications system. His appointment, however, reflects the influence that Raul Castro continues to wield in the selection of candidates for top government posts. [redacted]

25X1

Cuba fired its Communications Minister, Pedro Guelmes, on 24 May. [redacted]

In addition, a new element of the bureaucracy—the National Commission of the Economic Management and Planning System—was created in late May. It is subordinate to the Council of Ministers and its chairman will have ministerial rank. Based on reports in the Cuban media, the new commission appears to have responsibility for assuring that all economic planning and management systems and techniques employed throughout the government are integrated, standardized, and complementary. The broad scope and intrusive nature of the commission's mandate are likely to prove disruptive in an already chaotic bureaucracy, as officials at various levels try to protect their domains and resist any efforts that might expose their managerial weaknesses. [redacted]

25X1

25X1

25X1

[redacted]

Secret

Secret

Politburo Member Becomes Ambassador to USSR

25X1

*Julio Camacho Aguilera*

Julio Camacho Aguilera, a Politburo member and longtime guerrilla comrade of President Castro, was named Cuba's Ambassador to the Soviet Union on 20 May. An original member of the Cuban Communist Party's Central Committee—established in 1965—he had briefly headed the Transportation Ministry and then the Political Training Department of the Central Army before serving consecutively as First Secretary of three provinces during the last 18 years.

25X1

Camacho, an ideological hardliner, replaces prerevolutionary Communist Lionel Soto—a Secretariat member in charge of domestic and foreign economic relations who may be returning to Havana to concentrate on economic matters. Camacho's appointment to Moscow—the first of a Politburo member—may be a tactical move on Castro's part to gain a more generous response to Cuban requests for additional Soviet aid by sending such a high-ranking party official. Camacho could be hampered in his efforts, however, because of his lack of economic and diplomatic experience.

25X1

25X1

Mexico**Parastatal Liquidation**

25X1

The Mexican Government's recent decision to shut down operations at the state-owned Fundidora steel complex—one of the three largest state-owned steel companies—is proving highly controversial. According to press reports, Fundidora's outstanding debts were \$380 million and losses last year totaled \$48 million. Despite the firm's inefficiency, the move has had a devastating impact in Monterrey, costing some 60,000 jobs, according to the US Embassy. As a result, there have been large demonstrations opposing the government's action.

25X1

The shutdown marks the first time the government has closed a major parastatal. Although the de la Madrid administration has been under pressure from international creditors to sell parastatals and to cut public spending, the closing of the steel complex probably does not portend a step toward major structural changes in the Mexican economy. Instead, in our judgment, the decision resulted from the drastic economic losses incurred by the firm. Given the popular backlash against the decision, as well as Mexico City's strong desire to avoid exacerbating its unemployment problems, the action is unlikely to establish a precedent for widespread closure of other parastatals.

25X1

Secret

Secret

Nicaragua

Foreign Ministry Financial Problems

25X1

The financial problems of Nicaragua's chronically hard-pressed diplomatic missions apparently have worsened this year.

25X1

25X1



25X1

25X1

Secret

Page Denied

Secret

Secret