

Message Text

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ACTION ARA-15

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R 301230Z AUG 79

FM AMEMBASSY LA PAZ
TO SECSTATE WASHDC 7959
INFO AMEMBASSY BRASILIA
AMEMBASSY BUENOS AIRES
AMEMBASSY LIMA
AMEMBASSY QUITO
AMEMBASSY SANTIAGO
USCINCSO J2 QUARRY HTIEHGTZ CZ
DIA WASHDC

C O N F I D E N T I A L SECTION 1 OF 2 LA PAZ 7386

EO 12065: GDS 8/27/85 (GREENLEE, DAVID N.) OR-P

TAGS: PINT, BL

SUBJECT: FORTNIGHT TRENDS REPORT

1. CONFIDENTIAL ENTIRE TEXT

2. SUMMARY: A PROCEDURAL DISPUTE OVER SELECTING THE LEADERSHIP OF STATE-OWNED CORPORATIONS HAS SOMEWHAT MARRED PRESIDENT WALTER GUEVARA'S HONEYMOON WITH THE CONGRESS THAT ELECTED HIM. AS THE EXECUTIVE AND LEGISLATIVE BRANCHES THUS SHAKE DOWN TO ONE ANOTHER, THE MAJOR POLITICAL GROUPS ARE BEGINNING TO TRY TO ORGANIZE THEMSELVES FOR NEXT YEAR'S ELECTIONS. ALTHOUGH THE UDP, THE MNR ALLIANCE AND THE ADN HAVE ALL PUBLICLY EXPRESSED OPTIMISM ABOUT THE POLITICAL FUTURE, THEIR REAL PERSPECTIVES ARE CONSIDERABLY MORE COMPLEX. THE UDP IS STILL PLAGUED BY THE INTERNAL TENSIONS THAT ALMOST PULLED IT APART EARLIER IN THE YEAR; THE MNR ALLIANCE HAS NOT YET FOUND A WAY OF ACCOMMODATING THE

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AMBITIONS OF SOME OF ITS YOUNGER (ALBEIT MIDDLE-AGED) LEADERS; AND THE AND, CHIEFLY CONCERNED WITH THE ANTI-BANZER ACCUSATIONS IN CONGRESS, MAY MANUEVER FOR ELECTIONS IN 1981, INSTEAD OF NEXT YEAR. THE ARMED FORCES, IN THE MEANTIME, HAVE ACCOMPLISHED THEIR RETREAT TO THE BARRACKS SMOOTHLY. AGAINST THIS BACKGROUND, ATTENTION IS NOW BEGINNING TO FOCUS INCREASINGLY UPON THE LABOR SECTOR, WHICH IS STILL CONSIDERING HOW--OR WHETHER--

TO PRESS ITS DEMANDS FOR SIGNIFICANT WAGE HIKES. END SUMMARY.

3. IN THE PAST TWO WEEKS, THE INTERIM GOVERNMENT OF PRESIDENT WALTER GUEVARA AND THE CONGRESS THAT ELECTED HIM HAVE BEGUN TO SHAKE DOWN TO ONE ANOTHER. RELATIONS BETWEEN THE TWO ENTITIES, GENERALLY SPEAKING, HAVE BEEN TENTATIVE AND CORDIAL. ON AUGUST 23, HOWEVER, A CONFRONTATION ERUPTED WHEN GUEVARA DECIDED TO FILL SEVERAL UPPER-LEVEL POSITIONS AT COMIBOL, THE STATE MINING CORPORATION, WITHOUT BOTHERING TO CONSULT THE CHAMBER OF DEPUTIES FIRST, IN ACCORDANCE WITH ACT 62 OF THE CONSTITUTION. CRYING FOUL, THE DEPUTIES PROMPTLY ISSUED A RESOLUTION POINTING OUT THAT IT WAS THE LOWER HOUSE'S CONSTITUTIONAL PREROGATIVE TO SUBMIT A LIST OF THREE CANDIDATES FOR "SOCIAL AND ECONOMIC" POSITIONS IN ALL STATE CORPORATIONS. LATER THAT SAME EVENING, GUEVARA RESPONDED, IN EFFECT, WITH A DEMURRER. HE ACKNOWLEDGED THAT THE LEGISLATURE'S RIGHTS WERE AS STATED AND SAID THAT HE HAD NO INTENTION OF USURPING THEM. BUT, HE ADDED, ALLOWANCES MUST BE MADE FOR THE SPECIAL CIRCUMSTANCES THAT OBTAIN DURING A "TRANSITIONAL" GOVERNMENT. THE APPOINTMENTS, THEREFORE WOULD STICK. IN RESPONTE, THE DEPUTIES THREATENED INTERPELLATION OF MINISTERS, WHICH PROMPTED THE PRESIDENT TO SEEK A MEETING WITH THE LEADERSHIP OF BOTH HOUSES AND REACH AN ACCOMMODATION. THERE WILL BE NO INTERPELLATION AS SUCH, BUT MINISTERS WILL AGREE TO PRESENT REPORTS ON THEIR ACTIVITIES TO THE CONGRESS. IN RETURN, THE GOVERNMENT WILL HENCEFORTH RESPECT THE LEGISLATURE'S PRE-
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ROGATIVES UNDER ARTICLE 62 TO SUBMIT THREE NOMINEES FOR TOP MANAGERIAL JOBS IN THE STATE ENTERPRISES. (COMMENT: GUEVARA APPEARS TO HAVE MADE A TACTICAL ERROR BY OVERLOOKING THE LEGISLATIVE PREROGATIVE, PROBABLY BY OVERSIGHT RATHER THAN DESIGN. THE ISSUE NOW APPEARS TO HAVE BEEN SATISFACTORILY ACCOMMODATED, BUT THE NEW CONGRESS MADE ITS POINT AND HAS EFFECTIVELY SERVED NOTICE ON THE GOVERNMENT. DESPITE THE FLAIR UP BETWEEN EXECUTIVE AND LEGISLATURE, HOWEVER, THE HONEYMOON APPEARS TO CONTINUE ON COURSE. END COMMENT).

5. AS THE GOVERNMENT AND THE CONGRESS FEEL THEIR WAY FORWARD, THE MAJOR POLITICAL GROUPS HAVE BEGUN TO REORGANIZE AND TO LOOK TOWARD THE FUTURE. SPOKESMEN FOR THE MNR, THE UDP AND THE ADN HAVE PUBLICLY PROCLAIMED THAT VICTOR PAZ ESTENSSORO, HERNAN SILES AND HUGO BANZER WILL AGAIN HEAD THEIR RESPECTIVE SLATES IN THE ELECTIONS SCHEDULED FOR MAY 4 NEXT YEAR. UNDERLYING THESE PROCLAMATIONS, HOWEVER, ARE CONSIDERABLY MORE COMPLEX REALITIES.

--THE UDP, AS EARLIER IN THE YEAR, IS EXPERIENCING INTERNAL STRAINS. THE MAINSTAY MNRI PARTY IS DIVIDED ON WHETHER TO PERMIT SILES TO RUN AGAIN WITH AN MIR VICE PRESIDENTIAL

CANDIDATE. THE MOSCOW-LINE COMMUNISTS (PCB) SHARE THESE RE-EMERGING RESERVATIONS ABOUT THE MIR, WHILE THE MIR MEMBERS THEMSELVES HAVE NOT RESOLVED WHETHER THEIR STANDARD BEARER NEXT ROUND SHOULD BE JAIME PAZ (AS IN 1979) OR ANTONIO ARANIBAR, CURRENTLY A LOWER HOUSE DEPUTY. ANOTHER POINT OF CONTENTION IS THE SCOPE OF THE NEXT ELECTIONS: THE MNRI WANTS THEM TO BE GENERAL, RATHER THAN SIMPLY FOR PRESIDENT AND VICE PRESIDENT; THE COMMUNISTS, ON THE OTHER HAND, DO NOT WANT TO RISK THEIR NEWLY-WON CONGRESSIONAL SEATS.

--THE MNR ALLIANCE IS HARDLY MORE UNIFIED. VICTOR PAZ REMAINS THE "INDISPENSABLE" LEADER, BUT, ACCORDING TO A GOOD SOURCE, HE REFUSES TO ALLOW AN OBJECTIVE REVIEW OF 1979 ELECTION ERRORS. MOREOVER, HE REMAINS RESISTANT TO "GENERATIONAL"

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PRESSURES FROM AMBITIOUS YOUNG LEADERS SUCH AS ROBERT JORDAN

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AND GUILLERMO BEDREGAL, BOTH OF WHOM WOULD LIKE TO SEE SOME SORT OF AN ACCOMMODATION WITH SILES' MNRI. MEANTIME, THE

CHRISTIAN DEMOCRATS (PDC) ARE OF TWO MINDS ABOUT STAYING IN THE ALLIANCE, WHILE THE LEFTIST FRI IS ALREADY IN THE PROCESS OF PULLING OUT OF IT.

--THE ADN, ALTHOUGH REASONABLY COHESIVE, IS MORE CONCERNED ABOUT THE ANTI-BANZER GOVERNMENT ACCUSATIONS PENDING IN THE CONGRESS THAN ABOUT THE NEXT ELECTIONS. BANZER'S DEFENSE STRATEGY IS TO BROADEN THE ACCUSATIONS TO INCLUDE THE ARMED FORCES. THUS FAR, HE HAS INDUCED THE MILITARY TO ISSUE A COMMUNIQUE WARING THAT IT WILL NOT TOLERATE ANY "PERSONAL" ATTACKS AGAINST ITS FORMER MEMBERS. BANZER'S NEXT STEP, ACCORDING TO AN ADN SOURCE, WILL BE TO TRY TO PRESSURE THE ARMED FORCES INTO PUBLICLY SHARING RESPONSIBILITY FOR HIS REGIME. (ARMED FORCES COMMANDER PADILLA HAS ALREADY GONE ON RECORD AS STATING THAT BANZER MUST GO IT ALONE; ARMY COMMANDER RAMON AZERO, ON THE OTHER HAND, WHILE AGREEING THAT THE MILITARY SHOULD

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REMAIN BEYOND REPROACH, HAS SUBSCRIBED TO THE PRO-BANZER VIEW THAT THE INVESTIGATION SHOULD BE BROADENED TO INCLUDE OTHER PREVIOUS GOVERN- MENTS.) LIKE THE MNRI, THE ADN, BELIEVING IT CAN INCREASE ITS CONGRESSIONAL REPRESENTATION, WANTS GENERAL ELECTIONS NEXT. BUT IN THE ADN'S VIEW, THOSE ELECTIONS SOHOULD TAKE PLACE IN 1981, NOT 1980.

6. MEANWHILE, THE ARMED FORCES, WHICH, ACCORDING TO THE COMMON WISDOM, CONSTITUTE BOLIVIA'S MOST SIGNIFICANT " POLITICAL" ENTITY, HAVE KEPT THEMSELVES CONSTRUCTIVELY OCCUPIED WITH THE TASK OF WITHDRAWING FROM GOVERNMENT AND RETURNING TO A STRICTLY INSTITUTIONAL ROLE. GENERAL PADILLA HAS SUBSTANTIALLY EASED WITHDRAWAL PANGS BY AUTHORIZING PAYMENT OF AN EXTRA MONTH'S SALARY TO ALL ACTIVE DUTY PERSONNEL. HE HAS ALSO GRANTED AT LEAST SOME OFFICERS AND NCO'S A ONE-TIME STIPEND OF BETWEEN \$1,000 AND \$1,600, OSTENSIBLY TO HELP DEFRAY IMPORT DUTIES ON PRIVATE VEHICLES. RECENTLY, ARMY CHIEF OF STAFF GENERAL JULIO HERRERA TOURED SEVERAL GARRISONS IN THE HINTER- LANDS. ACCORDING TO VERY RELIABLE SOURCE, HERRERA INFORMED ASSEMBLED OFFICERS AND NCO'S THAT THE SENIOR STAFF WAS SATIS- FIED WITH THE SELECTION OF GUEVARA AS INTERIM PRESIDENT. THE ARMED FORCES, HE EXPLAINED, HAD BEEN COMPELLED TO RETURN TO THE BARRACKS (1) IN ORDER TO AVOID A CONFRONTATION WITH THE BOLIVIAN PEOPLE AND (2) BECAUSE OF THE SERIOUS ECONOMIC SITUATION, WHICH ONLY A CONSTITUTIONAL GOVERNMENT--ASSISTED BY THE WESTERN DEMOCRACIES--COULD ADEQUATELY ADDRESS. HERRERA'S AUDIENCE APPEARED TO ACCEPT THESE CONCLUSIONS. THEIR MOST IMMEDIATE CONCERNS, ACCORDING TO SOURCE, WERE BREAD AND BUTTER MATTERS, I.E., MEDICAL CARE, PROMOTION OPPORTUNITIES, ASSIGNMENTS AND LOGISTICAL DEFICIENCIES.

7. THE REMAINING SIGNIFICANT ACTOR IN BOLIVIA'S CURRENT

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POLITICAL MIX IS THE LABOR SECTOR. ON AUGUST 24, THE NATIONAL LABOR CONFEDERATION (COB) INITIATED A SERIES OF GENERAL ASSEMBLY MEETINGS TO DISCUSS, INTER ALIA, THE POSSIBILITY OF OBTAINING SIGNIFICANT WAGE INCREASES. THE COB'S POSITION HAS BEEN THAT THE MINIMUM WAGE SHOULD BE SET AT 5,000 PESOS (\$250) PER MONTH ON A BASIS OF 14 "MONTHLY SALARIES PER YEAR. WHETHER OR NOT THE COB ASSEMBLY PRODUCES A CLEAR PLAN OF ACTION, IT IS CERTAIN THAT THE GUEVARA GOVERNMENT, THE CONGRESS, THE POLITICAL GROUPS AND THE ARMED FORCES WILL CONTINUE TO WATCH THE LABOR SECTOR CLOSELY.

8. IN CONCLUSION, WE NOTE THAT DESPITE THE BRIEF JURISDICTIONAL SPAT, HARMONY BETWEEN THE EXECUTIVE AND LEGISLATURE IS REASONABLY GOOD, IN PART BECAUSE OF THE POLITICAL FACT OF LIFE THAT IF THIS REGIME FALLS, THE CONGRESS GOES DOWN WITH IT. HENCE IT IS ENTIRELY IN THE INTEREST OF THE POLITICAL PARTIES REPRESENTED THERE TO MAINTAIN A PROPER CIVILITY AND NOT PUSH THE GOVERNMENT TO THE BRINK. NEVERTHELESS, THE HARD ECONOMIC POLICY CHOICES THAT THIS GOVERNMENT FACES IN THE NEAR FUTURE WILL PROVIDE THE ULTIMATE TEST.

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