

## Message Text

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ACTION ARA-15

INFO OCT-01 ADS-00 CIAE-00 PM-05 H-01 INR-10 L-03  
NSAE-00 PA-01 SP-02 SS-15 HA-05 AID-05 TRSE-00  
EB-08 OMB-01 SPH-01 IO-14 NSCE-00 SSO-00 ICAE-00  
INRE-00 /087 W  
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O R 082045Z AUG 79 ZFF4  
FM AMEMBASSY LA PAZ  
TO SECSTATE WASHDC NIACT IMMEDIATE 7642  
AMEMBASSY QUITO NIACT IMMEDIATE  
INFO AMEMBASSY ASUNCION  
AMEMBASSY BOGOTA  
AMEMBASSY BRASILIA  
AMEMBASSY BUENOS AIRES  
AMEMBASSY CARACAS  
AMEMBASSY LIMA  
AMEMBASSY SANTIAGO  
USCINCSO J2 QUARRY HEIGHTS  
DIA WASHDC

C O N F I D E N T I A L SECTION 1 OF 2 LA PAZ 6747

E.O. 12065: GDS 8/8/85 (BOEKER, PAUL) OR-M  
TAGS: PINT, BL  
SUBJECT: PADILLA PASSES THE BATON TO GUEVARA  
WHO PROMISES GOVERNMENT OF NATIONAL CONCILIATION

1. (U) SUMMARY: IN A SIMPLE, MOVING CEREMONY  
WALTER GUEVARA ARZE TOOK THE OATH OF  
OFFICE AS INTERIM PRESIDENT OF BOLIVIA AT 1PM ON AUGUST 8,  
AND WAS PROMPTLY GIVEN A BEAR HUG BY OUTGOING PRESIDENT  
GENERAL DAVID PADILLA --  
THE EMOTIONAL CENTERPIECE OF THE CREEMONY. PADILLA'S  
RECEDING SPEECH STRESSED THAT HE AND THE ARMED FORCES HAD NOW  
DONE EXACTLY WHAT THEY PROMISED TO DO -- RESTORE BOLIVIA  
TO CONSTITUTIONAL RULE. GUEVARA PROMISED A GOVERNMENT OF  
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NATIONAL CONCILIATION, BUT REGRETTEED THAT APPARENTLY NOT  
ALL GROUPS WOULD PARTICIPATE IN HIS YET-TO-BE FORMED  
CABINET. HIS MAJOR TASKS, GUEVARA SAID, WILL BE  
CONFRONTING BOLIVIA'S ECONOMIC CRISIS AND REFORMING THE  
ELECTORAL LAWS TO PROVIDE FOR A SECOND ROUND POPULAR VOTE IN  
THE MAY 1980 ELECTIONS. THIS MODEST INAUGURATION AND ITS IND-  
ICATIONS OF THE PRAGMATIC EVOLUTION OF BOLIVIA'S

YOUNG DEMOCRACY ARE MOST ENCOURAGING FOR U.S. INTERESTS.  
END SUMMARY.

2. (U) INTERIM PRESIDENT GUEVARA'S INAUGURATION ADDRESS WAS SHORT AND CONCILIATORY. HE NOTED THAT HIS GOVERNMENT EMERGED FROM EXCEPTIONAL CIRCUMSTANCES, A DEADLOCKED INDIRECT ELECTION, AND COMMENDED THE FLEXIBILITY AND MATURITY OF THE MAJOR PARTY LEADERS IN RESOLVING AN IMPASSE THAT IN OTHER ERAS OF BOLIVIAN HISTORY WOULD HAVE ENDED IN VIOLENCE.

3. (U) HIS POLITICAL TASK, GUEVARA SAID, WAS TO AVOID CONFRONTATIONS AND VIOLENT SOLUTIONS. HIS GOVERNMENT SHOULD THEREFORE BE A SYMBOL OF NATIONAL CONSENSUS, AND HIS CENTRAL TASK WOULD BE TO CONSOLIDATE THE CONSTITUTIONAL PROCESS ALREADY IN TRAIN AND TO RESOLVE SOME OF THE POLITICAL AND ADMINISTRATIVE PROBLEMS THAT HAVE BEEN POSTPONED.

IN THAT REGARD HE ENLISTED THE SUPPORT OF ALL SECTORS -- THE PARTIES, THE ARMED FORCES AND THE UNIONS -- AND EMPHASIZED THEIR RIGHT TO SPEAK OUT AND PROPOSE THEIR OWN IDEAS IN PARTICIPATING IN THE RESOLUTION OF BOLIVIA'S PROBLEMS. HE PROPOSED TO REFORM THE ELECTORAL SYSTEM TO CREATE AN INDEPENDENT ELECTORAL AUTHORITY, TO INSTALL A MODERN SYSTEM TO TABULATE PROMPTLY THE RESULTS OF THE POPULAR VOTE AND TO PROVIDE A SECOND ROUND POPULAR VOTE IF NECESSARY TO ASSURE THAT A CANDIDATE GETS A MAJORITY OF THE POPULAR VOTE.

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4. (U) GUEVARA CALLED FOR UNITY AND STRENGTH WITHIN THE ARMED FORCES TO REENFORCE THE CONSTITUTIONALIZATION PROCESS. HE PAID SPECIAL TRIBUTE TO PADILLA, NOTING THAT THE LATTER'S PLACE IN BOLIVIAN HISTORY HAD BEEN FIRMLY ESTABLISHED, A REFERENCE WHICH INVOKED A STRONG ROUND OF APPLAUSE.

5. (U) OF FOREIGN POLICY, GUEVARA STATED THAT AN EFFORT WOULD BE MADE TO RESOLVE THE SEA OUTLET PROBLEM. FORMULAS WOULD BE DEVELOPED AND SUBMITTED TO A NATIONAL CONSENSUS. AT THE SAME TIME, BOLIVIA WOULD MAINTAIN A POLICY OF OPENESS IN ITS EXTERNAL RELATIONS, EMPHASIZING STATES AND NOT IDEOLOGIES. HE REAFFIRMED HIS COUNTRY'S PRIMARY OBJECTIVE OF MAINTAINING GOOD RELATIONS WITH ITS IMMEDIATE NEIGHBORS.

6. (U) GUEVARA SAID HIS GOVERNMENT WOULD EXAMINE AND ATTACK THE CAUSES OF BOLIVIA'S ECONOMIC CRISIS RATHER THAN SYMPTOMS. HE ALLUDED TO THE TREMENDOUS SIZE OF THE COUNTRY'S EXTERNAL DEBT, AND LOWERED PRODUCTION OF PETROLEUM AND MINERALS, AS WELL AS THE CRISIS IN THE MODERN AGRICULTURAL SECTOR. BUT HE NOTED THAT A TRANSITORY GOVERNMENT COULD NOT RESOLVE ALL

THE PROBLEMS. HE WOULD PROPOSE MEDIUM AND LONG TERM PROGRAMS TO RESOLVE THE PROBLEMS, BUT EMPHASIZED THAT IT WAS NOT UP TO THE GOVERNMENT ALONE TO TACKLE THEM, BUT EVERYONE'S TASK. HE EXHORTED THE CONGRESS, POLITICAL ALLIANCES AND FRONTS, AND LEADERS OF ALL SECTORS TO BRING THEIR INFLUENCE TO BEAR ON HELPING MAKE THE RIGHT DECISIONS TO RESOLVE THESE PROBLEMS.

7. (U) GUEVARA DID IMPLY SOME SPECIFIC ACTIONS IN DISCUSSING THE GREAT DEFICIT IN THE COUNTRY'S BALANCE OF PAYMENTS. HE SAID "ALMOST IMMEDIATE ACTION" WAS NEEDED TO REDUCE THIS DEFICIT. HE ALSO IMPLIED THAT HE WOULD SEEK RENEGOTIATION OF BOLIVIA'S EXTERNAL DEBT, WHICH HE TERMED UNSUPPORTABLE. CONFIDENTIAL

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GUEVARA ALSO SAID PETROLEUM PRODUCT PRICES HAVE TO REFLECT COSTS.

8. (U) IN CONCLUDING, GUEVARA SAID HIS PURPOSES MUST BE TO GET BOLIVIA MOVING AGAIN AND BUILD A BRIDGE BETWEEN THE PAST AND THE FUTURE.

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9. (LOU) TRUE TO HIS USUAL UNDERSTATED STYLE, PADILLA'S PRIOR ADDRESS WAS A LONG, COLORLESS REPORT TO THE CONGRESS ON HIS GOVERNING PERIOD. THE CENTRAL THEME WAS THAT HE AND THE ARMED FORCES IN THE NOVEMBER 24, 1978 COUP HAD PROMISED THE PEOPLE CIVILIAN, CONSTITUTIONAL GOVERNMENT AND THAT PROMISE HAD BEEN KEPT. THE IMAGE OF BOLIVIA ABROAD HAS NOW BEEN CHANGED COMPLETELY. THE ARMED FORCES, PADILLA SAID, WILL NOW RETURN TO THEIR BARRACKS AND THEIR SPECIFIC CONSTITUTIONAL RESPONSIBILITIES, BUT THEIR WILL REMAIN VIGILANT.

10. (U) PADILLA EXPRESSED, IN HIS SPEECH, HIS DEEP APPRECIATION TO MRS. CARTER FOR HER INTENTION TO ATTEND THE INAUGURATION, AND FOR CONTINUAL U.S. SUPPORT OF BOLIVIA. HE SAID THAT U.S. - BOLIVIAN RELATIONS  
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HAVE BEEN CHARACTERIZED BY CORDIALITY AND FRANKNESS AND REFERRED TO HIS EXCHANGE OF LETTERS WITH PRESIDENT CARTER. PADILLA NOTED THAT HE HAD TOLD PRESIDENT CARTER THAT U.S. TIN SALES FROM THE GAS STOCKPILE WOULD PREJUDICE THE SOCIAL AND POLITICAL STABILITY OF BOLIVIA.

11. (U) PADILLA REVIEWED AT LENGTH THE STATISTICAL DIMENSIONS OF THE ECONOMIC PROBLEM WHICH HE SAID THE NEW GOVERNMENT WOULD HAVE TO FACE AND NOTED THAT COMING MONTHS WILL BE A DIFFICULT PERIOD FOR THE COUNTRY.

12. (U) PADILLA REVIEWED WITH SATISFACTION HIS JUNTA GOVERNMENT'S FULFILLMENT OF BOLIVIA'S RETURN TO CONSTITUTIONAL RULE. HE RECALLED THE CRITICAL POLITICAL SITUATION OF LAST NOVEMBER WHEN A LACK OF SECURITY AND TRANQUILITY PREVAILED. HE ASSUMED POWER FOR PURPOSE OF RETURNING BOLIVIA TO STATE OF LAW AND PUTTING AN END TO CONFLICT AND CONTROVERSY. HE NOTED THE SINCERITY OF THE ARMED FORCES IN THEIR DESIRE TO RETURN TO THE BARRACKS AND THEIR PROMISE TO THE BOLIVIAN PEOPLE TO RETURN BOLIVIA TO CONSTITUTIONAL RULE. HE REVIEWED THE GRADUAL PROGRESSION ALONG THIS PATH, INCLUDING THE GOVERNMENT'S RECENT DECISION TO CONCEDE AUTONOMY TO THE UNIVERSITIES.

13. (U) NOW THAT THE ARMED FORCES HAVE MET THEIR COMMITMENT, PADILLA SAID, NO ONE HAS A RIGHT TO CAST A SHADOW OVER THEM. HE URGED CIVILIAN POLITICIANS TO PUT

ASIDE PASSIONS ACCUSATIONS AND SPECIAL INTERESTS. HE CALLED ON THEM TO SHOW PATRIOTISM AND MATURITY IN HELPING TO UNITE BOLIVIANS.

14. (C) COMMENT: THE MODEST INAUGURATION  
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CEREMONY, ITS MOVING TRIBUTE BY ALL POLITICAL ELEMENTS TO PADILLA AND THE CONGRESS'S CONTINUED ORDERLY AND BUSINESS LIKE PROCEEDINGS (WITH A WOMEN IN THE CHAIR FOR THE FIRST TIME) WERE ALTOGETHER AN IMPRESSIVE DEMONSTRATION OF THE TONE OF BOLIVIA'S NEW REPRESENTATIVE GOVERNMENT. CONGRESSMEN OF ALL CURRENTS WERE SLAPPING EACH OTHER ON THE BACK AS THEY ENTERED THE HALL AND THE TRIBUTE TO PADILLA -- THE FIRST GOVERNING GENERAL HERE IN A LONG TIME TO DELIVER WHAT HE PROMISED, ALBEIT TWO DAYS LATE -- WAS SO SPONTANEOUS THAT EVEN THE BANZERISTAS FOUND THEMSELVES ON THEIR FEET. IN THE GUEVARA INTERIM GOVERNMENT THE POLITICAL PARTIES HAVE CLEARLY FOUND A UNIQUE COMPROMISE WHICH UNITES THEM IN DEFENSE OF THE SURVIVAL OF BOLIVIA'S CIVILIAN, CONSTITUTIONAL GOVERNMENT.

15. (C) IT IS SURPRISING HOW BOLIVIA'S INCIPIENT DEMOCRACY IS ALREADY DEVELOPING ITS OWN INSTITUTIONAL EVOLUTION AND SELF-IMPROVEMENT. FOR EXAMPLE, THE '78 ELECTIONS BALLOT BOX STUFFING PRODUCED THIS YEAR A UNIFORM BALLOT AND ABSENCE OF AN OFFICIAL CANDIDATE. THE HUNG INDIRECT ELECTION OF 1979 PRODUCED A UNIQUE AND PRAGMATIC COMPROMISE OF THE GUEVARA INTERIM PRE-SIDENCY AND NOW GUEVARA'S PROPOSAL TO INSTITUTE A SECOND-ROUND POPULAR VOTE IN THE MAY 1980 ELECTIONS. THESE INSTITUTIONAL ADAPTATIONS ARE PART OF A STRICTLY BOLIVIAN EVOLUTION, THE CLEAR UNDERLYING TREND OF WHICH IS MOST ENCOURAGING FOR THE U.S. INTEREST IN REPRESENTATIVE GOVERNMENT IN LATIN AMERICA.  
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## Message Attributes

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