

## Message Text

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ACTION ARA-15

INFO OCT-01 ISO-00 COM-02 CIAE-00 EB-08 INR-10 LAB-04  
NSAE-00 SIL-01 ICA-11 /052 W  
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TO SECSTATE WASHDC 5282  
INFO AMEMBASSY BUENOS AIRES  
AMEMBASSY LIMA  
AMEMBASSY QUITO  
AMEMBASSY SANTIAGO  
DIA WASHDC  
USCINCSO J2 QUARRY HEIGHTS CZ

C O N F I D E N T I A L SECTION 1 OF 2 LA PAZ 2347

E.OM 12065: GDS 3/16/85 (SNYDER, ROBERT E.) OR-P  
TAGS: ELAB, BL  
SUBJECT: (C) PROSPECTS FOR LABOR PEACE THROUGH THE JULY  
ELECTIONS REMAIN GOOD

REF: LA PAZ A-05

1. (C - ENTIRE TEXT).

2. SUMMARY: THE RELATIVELY QUIET LABOR SCENE THAT PREVAILED  
IN BOLIVIA DURING 1978 HAS CONTINUED INTO THE FIRST PART OF 1979.  
THE TRADE UNIONS EAGER, TO AVOID STRIKES THAT COULD JEOPARDIZE  
THE DEMOCRATIZATION PROCESS, HAVE BEEN MODERATE IN THEIR WAGE  
DEMANDS, WHICH THE BUSINESS SECTOR AND THE GOB HAVE BEEN WILLING  
TO ACCOMMODATE. THE RESULT HAS BEEN 14 MONTHS OF RELATIVE LABOR  
PEACE. WHILE MOST OBSERVERS EXPECT  
QUIESCENCE TO CONTINUE THROUGH THE JULY ELECTIONS, THERE ARE THREE  
FACTORS THAT COULD DESTABILIZE THE SITUATION: (A) INCREASING  
PRESSURE FROM THE RANK AND FILE FOR ADDITIONAL WAGE INCREASES  
BECAUSE OF THE RISING RATE OF INFLATION; (B) A PUBLIC POSTURE BY  
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THE GOB NOT TO GRANT  
ANY WAGE INCREASES TO PUBLIC SECTOR EMPLOYEES AND LEAVE THIS  
QUESTION TO THE INCOMING ELECTED GOVERNMENT, AND (C) THE  
UPCOMING (MAY 1) CONGRESS OF THE BOLIVIAN WORKERS CENTER (COB) AND  
THE POSSIBILITY THAT LONGTIME COB LEADER JUAN LECHIN OQUENDO  
MIGHT TRY TO PROVOKE LABOR AGITATION IN ORDER TO ENHANCE HIS  
REELECTION BID. NEVERTHELESS, WITH LABOR'S WANTING TO AVOID ANY

DISRUPTION OF THE DEMOCRATIZATION PROCESS THE CHANCES OF  
AVOIDING SERIOUS STRIKES APPEAR TO BE REASONABLY GOOD.  
END SUMMARY.

3. DURING THE FIRST TEN WEEKS OF 1979 THE RELATIVELY TRANQUIL  
STATE OF LABOR-MANAGEMENT RELATIONS THAT PREVAILED IN BOLIVIA DURING  
1978 HAS CONTINUED. AS DISCUSSED IN THE 1978 ANNUAL LABOR REPORT  
(REFAIR) THE BOLIVIAN LABOR MOVEMENT, HAVING BEEN BADLY  
BURNED BY THE SUSPENSION OF LABOR FREEDOMS FROM 1974 TO 1978 UNDER  
THE BANZER REGIME, HAS BEEN A STRONG SUPPORTER OF THE DEMOCRATIZATION  
PROCESS AND THE RETURN OF ELECTED CIVILIAN GOVERNMENT.  
ACCORDINGLY, IN ORDER TO AVOID POSSIBLY DISRUPTIVE STRIKES  
THAT COULD JEOPARDIZE THIS PROCESS, THE UNIONS HAVE BEEN  
DELIBERATELY MODEST IN THEIR WAGE DEMANDS.

4. IN TURN, THE PRIVATE SECTOR HAS BEEN FORTHCOMING IN ITS WILLING-  
NESS TO ACCOMMODATE THESE DEMANDS. BOLIVIAN ENTREPRENEURS  
HAVE RECOGNIZED THAT THE WORKERS HAVE BEEN CAUGHT IN AN INFLATIONARY  
SQUEEZE (WITH INFLATION RUNNING AT 18 PERCENT IN 1978 AND AROUND  
30 PERCENT ((ANNUAL RATE)) THUS FAR THIS YEAR, ACCORDING TO INFORMED  
SOURCES), AND THEY HAVE RESPONDED WITH WAGE INCREASES THAT HAVE  
COMPENSATED THE  
WORKERS IN FULL OR IN LARGE PART FOR LOSSES IN PURCHASING POWER.

5. IN THE PUBLIC SECTOR, BOTH THE PEREDA AND PADILLA ADMINISTRATIONS  
HAVE PURSUED A SIMILARLY MODERATE WAGE POLICY. THE RESULT  
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HAS BEEN THAT IN THE 14 MONTHS SINCE LABOR FREEDOMS WERE RESTORED  
IN JANUARY 1978 THERE HAS NOT BEEN A SINGLE MAJOR STRIKE IN BOLIVIA,  
AND WHAT STRIKES AND WORK STOPPAGES THAT HAVE OCCURRED HAVE  
BEEN FEW AND OF SHORT DURATION.

6. ALTHOUGH MOST LEADERS AND OBSERVERS IN BOTH THE LABOR AND BUSI-  
NESS SECTORS BELIEVE THAT THIS RELATIVE STABILITY WILL CONTINUE  
THROUGH JULY 1, THERE ARE A FEW PROBLEMS AHEAD.

7. THE GREAT MAJORITY OF LABOR LEADERS REMAIN AS COMMITTED AS  
BEFORE TO THE DEMOCRATIZATION PROCESS BUT THEY ARE FEELING INCREAS-  
ING PRESSURE FROM THE RANK AND FILE TO OBTAIN ADDITIONAL WAGE  
INCREASES THIS YEAR TO COMPENSATE FOR THE SHARPLY INCREASED RATE OF  
INFLATION.

8. NEVERTHELESS, THIS PRESSURE MAY NOT NECESSARILY PRESENT INSUR-  
MOUNTABLE PROBLEMS IN THE PRIVATE SECTOR BECAUSE BUSINESS LEADERS  
IN MOST CASES APPEAR TO BE PREPARED TO NEGOTIATE WAGE INCREASES  
SUFFICIENT TO MEET AT LEAST THE MINIMUM DEMANDS OF THE RANK AND  
FILE.

9. NEGOTIATIONS ARE PRESENTLY CONTINUING WITH THE FACTORY

WORKERS AND CONSTRUCTION WORKERS CONFERATIONS. THE ISSUE IN THE FORMER

CASE IS NOT SALARY (AT LEAST NOT YET, BUT WHETHER THE WAGE INCREASE TO BE GRANTED SHOULD BE NEGOTIATED BETWEEN THE CHAMBER OF INDUSTRY AND THE LABOR CONFEDERATION (LABOR'S POSITION) OR BETWEEN EACH INDIVIDUAL FACTOR AND ITS UNION (BUENISESS'S POSITION). ALTHOUGH BOTH SIDES APPEAR TO WANT TO AVOID A STRIKE, NEGOTIATIONS HAVE BEEN PROLONGED AND PATIENCE MAY BE DRAWING SHORT. A PROLONGED STRIKE, THOUGH, WOULD APPEAR UNLIKELY.

10. THE SITUATION IN THE PUBLIC SECTOR MAY BE SOMEWHAT MORE DIFFICULT BECAUSE IN FEBRUARY PRESIDENT PADILLA ANNOUNCED THAT THE GOB WOULD BE UNABLE TO GRANT ANY WAGE INCREASES TO GOVERNMENT EMPLOYEES DUE TO THE ECONOMIC PROBLEMS FACING THE COUNTRY. REQUESTS FOR WAGE  
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INCREASES WOULD HAVE TO BE DECIDED BY THE CIVILIAN GOVERNMENT TAKING OFFICE ON AUGUST 6. AMAZINGLY A SECRET SALARY INCREASE GRANTED BY PADILLA TO MILITARY OFFICERS HAS NOT BECOME GENERALLY KNOWN.

1. NEVERTHELESS, THERE MAY BE SOME FLEXIBILITY IN THE GOB'S POSITION. BOLIVIA'S TWO TEACHER CONFEDERATIONS HAVE BEEN TRYING TO NEGOTIATE A WAGE INCREASE FOR MONTHS, BUT THE MINISTER OF EDUCATION, COLONEL JOSE OLVIS (WHO MAY BE ON HIS WAY OUT),

HAS REFUSED TO DISCUSS THE ISSUE AND HAS SIMPLY REITERATED THE GOB'S PUBLIC POSITION ON PUBLIC SECTOR WAGE INCREASES. HOWEVER, PRESIDENT PADILLA, ACCORDING TO THE LEADER OF THE LA PAZ URBEN TEACHERS FEDERATION, MET WITH THE TEACHERS BEFORE DEPARTING ON HIS TRIP TO VENEZUELA AND BRAZIL AND TOLD THEM THAT HE WOULD RESOLVE THE PROBLEM IN THEIR FAVOR ON HIS RETURN TO BOLIVIA. THE TEACHERS APPEAR EAGER TO AVOID A STRIKE AND THUS SOME SOLUTION APPEARS PROBABLE.

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12. THE ROAD CONSTRUCTION WORKERS HAVE THUS FAR RUN INTO A STONE WALL IN THEIR EFFORTS TO NEGOTIATE A WAGE INCREASE FROM THE GOB AND MAY DECLARE A STATE OF EMERGENCY IN THE NEXT TEN DAYS. WHETHER PADILLA WILL ALSO BE FORTHCOMING HERE REMAINS TO BE SEEN.

13. A FINAL FACTOR WHICH COULD COMPLICATE THE LABOR SCENE IS THE UPCOMING (MAY 1) CONGRESS OF THE BOLIVIAN WORKERS CENTER (COB), THE FIRST SINCE 1970. LONGTIME COB LEADER JUAN LECHIN OQUENDO HAS DELAYED HOLDING A COB CONGRESS LARGELY BECAUSE HE WAS UNSURE OF SUFFICIENT SUPPORT TO ENSURE HIS REELECTION. WHILE NO CAR OPPONENT TO LECHIN HAS YET EMERGED, THERE IS CONSIDERABLE DISSATISFACTION WITH HIS LEADERSHIP AMONG THE MORE CONSERVATIVE AND INDEPENDENT LABOR ORGANIZATIONS. CONSEQUENTLY, THE POSSIBILITY OF LECHIN'S TRYING TO PROVOKE A SERIOUS LABOR STRIKE TO SOLIDIFY HIS POSITION AMONG THE MILITANTS CANNOT BE EXCLUDED.

14. CONCLUSION: ALTHOUGH SOME DIFFICULT NEGOTIATION LIE AHEAD AND THE MAY 1 COB CONGRESS COULD COMPLICATE THE SITUATION, THE TRADE UNIONS RECOGNIZE THAT SERIOUS AGITATION COULD JEOPARDIZE  
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THE DEMOCRATIZATION PROCESS. SINCE, MOREOVER, BOTH PUBLIC AND PRIVATE SECTOR ENTERPRISES APEAR TO BE WILLING TO GRANT WAGE INCREASES APPROXIMATELY COMMENSURATE WITH THE RATE OF INFLATION, THE CHANCES ARE GOOD THAT REASON AND MODERATION WILL CONTINUE TO CHARACTERIZE THE CURRENT LABOR SCENE.  
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## Message Attributes

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