

Message Text

CONFIDENTIAL

PAGE 01 LA PAZ 02347 01 OF 02 182158Z
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

-----087946 182223Z /42

R 162041Z MAR 79

FM AMEMBASSY LA PAZ

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.O.M 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

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LA PAZ 02347 01 OF 02 182158Z

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
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LA PAZ 02347 01 OF 02 182158Z

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
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 LA PAZ 02347 01 OF 02 182158Z

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.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 LA PAZ 02347 02 OF 02 182159Z
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
-----087954 182223Z /42

R 162041Z MAR 79
FM AMEMBASSY LA PAZ
TO SECSTATE WASHDC 5283
INFO AMEMBASSY BUENOS AIRES
AMEMBASSY LIMA
AMEMBASSY QUITO
AMEMBASSY SANTIAGO
DIA WASHDC
USCINCSO J2 QUARRY HEIGHTS CZ

CONFIDENTIAL SECTION 2 OF 2 LA PAZ 2347

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 CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LA PAZ 02347 02 OF 02 182159Z

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.

BOEKER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LABOR, PEACE, ELECTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 mar 1979
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1979LAPAZ02347
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS 19850316 SNYDER, ROBERT E
Errors: N/A
Expiration:
Film Number: D790126-0232
Format: TEL
From: LA PAZ OR-P
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1979/newtext/t19790367/aaaacdsv.tel
Line Count: 214
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 21f45cdd-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 79 LA PAZ A-5
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 12 jan 2006
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3662373
Secure: OPEN
Status: NATIVE
Subject: (C) PROSPECTS FOR LABOR PEACE THROUGH THE JULY ELECTIONS REMAIN GOOD
TAGS: ELAB, BL
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/21f45cdd-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014