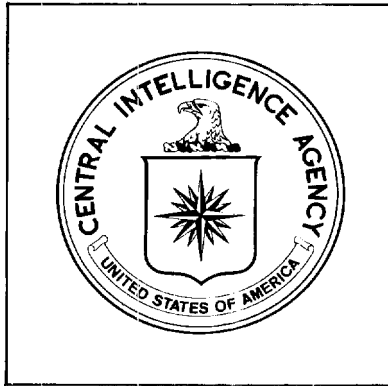


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STAFF NOTES:

Latin American Trends

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LATIN AMERICAN TRENDS

This publication is prepared for regional specialists in the Washington community by the Western Hemisphere Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Argentina: Restrictions on Press Freedom

On May 21 the Trends reported the details of an Argentine executive decree issued on May 14 forbidding domestic and foreign news media to carry news about Argentina supplied by foreign wire services. The decree has touched off a furor in Buenos Aires press circles. Editorial reaction zeroed in on the unconstitutional nature of the edict and generally echoed La Nacion's assertion that it is "ambiguous, arbitrary, and absurd."

The government responded quickly. A public service message, broadcast over government-controlled TV on May 18 and 19, warned that "subversive organizations are using some media in their efforts to influence the masses." Lest viewers have any doubts about which newspapers were guilty, the ad clearly showed someone buying copies of Cronista Comercial and La Opinion.

Moreover, presidential press secretary Villone, one of Lopez Rega's cronies, visited La Nacion, La Opinion, and Cronista Comercial to complain about their criticism of the government. He reportedly warned one writer of "dire consequences" if the criticism did not stop.

The government has already withdrawn official advertising from La Prensa, a long-time critic of Peronism, and La Opinion, which appeals to the left wing of the Peronist movement. The recent assassination of a writer for La Opinion by unidentified assailants also has shocked, angered, and frightened the journalistic community. The victim allegedly was a former member of the left-wing Peronist Youth and had once written an article making fun of Lopez Rega.

Mrs. Peron and Lopez Rega clearly have embarked on a campaign to bring the news media under stricter control, and offenders are likely to be increasingly intimidated

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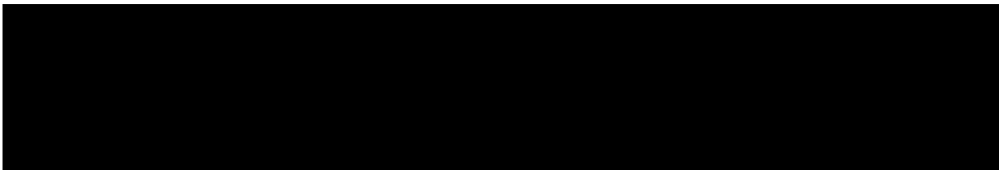
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and punished by withdrawal of official advertising. During his first administration (1946-1955), Juan Peron brutally silenced or neutralized the country's two great metropolitan dailies, La Nacion and La Prensa. It is difficult to picture the present government following the same path, but as Mrs. Peron's economic and political problems worsen it will be tempting for a man of Lopez Rega's mentality to make at least a try at it. (CONFIDENTIAL)

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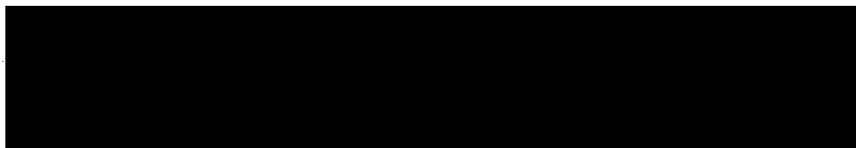
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The government's sensitivity to this attack was demonstrated by the way in which friendly students', teachers', and labor organizations were marshalled for a counterattack. They charged that the leftist students were abetting a campaign by "reactionary" Panamanian groups to introduce anarchy in the economy and create confusion among the people.

The government also reportedly is ready to take stronger action against its increasingly outspoken critics. A brief takeover by pro-government students of a radio station that has been notably hostile to Torrijos may be a foretaste of the sort of measures the authorities will adopt. Torrijos believes that the present period is particularly important for the treaty negotiations, and he fears that any sign of disunity at home will be seized on by those who claim that his regime does not really represent the Panamanian people and therefore cannot speak for them in the negotiations.
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Panama Deals With Opposition

The Torrijos government has been distracted from the canal treaty negotiations by the need to mend some domestic fences. The recent surge of criticism may have convinced the administration of the need for firmer measures to deal with opposition.

During the past several years, the enforced absence of political activity has enabled the government to act largely free of criticism from organized groups. The administration exercises strong control over most labor unions, students, and the press, and other institutions, such as the Catholic Church, have reached accommodations with the government.

For the last month, however, some elements of the business community who have never trusted Torrijos have renewed their attacks on the government. The country's leading business organization--the National Council of Private Enterprise (CONEP)--has charged that despite repeated promises, the administration has failed to consult businessmen on economic policy decisions.

The government is used to hearing criticism from this sector, but it apparently was caught by surprise by a verbal barrage from students in Panama City. On May 19, a protest march by students from the National Institute, the country's most prestigious secondary school, blocked traffic for several hours, and ended only when the Education Minister agreed to meet some of the students' demands for improvements at the school. The demonstration reportedly was organized by the Student Revolutionary Front, an ultra-revolutionary group that represents only a small minority of students but has obtained considerable publicity because of its anti-government stance.

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Ecuador's Rodriguez: Slighting the Navy, Securing the Presidency

Two changes in President Rodriguez' cabinet have increased by one the number of portfolios held by the army--at the expense of the navy. These changes, plus the appointment of a new navy commander, also strengthen Gen. Rodriguez' personal position.

Rear Admiral Alfredo Poveda Burbano, former minister of government, has been named commander of the navy. His cabinet post will be filled by General Guillermo Duran Arcentales, former minister of education. The education portfolio has been given to General Gustavo Vasconez Vasconez, former army chief of staff.

The navy's loss of a cabinet post to the army is somewhat offset by the elevation of former navy commander Admiral Sergio Vasquez Pacheco to a six-month tour as chief of the joint command. He replaces an air force general. The navy retains only the natural resources portfolio, the most important one economically as it includes both petroleum and fishing within its sphere.

The new navy commander, Admiral Poveda, is one of the few naval officers to have supported Rodriguez with fair constancy since the military took power in 1972. As government minister, with responsibility for internal security, he was of considerable value to Rodriguez. He now can be expected to play down the country's traditional army-navy rivalry. The pro-Rodriguez management of the government ministry will continue under General Duran, another Rodriguez supporter. (CONFIDENTIAL)

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One Idea To Avoid Nationalization

A respected Nicaraguan banker, Ernesto Fernandez Holmann, has quietly approached US Embassy officials in Managua with a novel proposal that the five Central American republics and Panama establish a mixed private and public consortium to purchase the United Brands' tropical marketing operations, as well as the company's banana producing and related properties in the area. With the US-based corporation facing an increased public clamor for nationalization of its assets throughout the area as a result of its alleged bribery of Honduran officials, Fernandez' audacious and imaginative scheme might assuage nationalist pride and prevent an imbroglio that could leave bananas rotting in the fields, while offering United Brands a graceful exit with compensation.

Fernandez believes that as little as \$150 million would be necessary to conclude the deal. Raising this amount in Central America and Panama would be difficult. Fernandez suggested obtaining substantial backing from the Venezuelan Investment Fund, but US officials in Caracas doubt that the Fund would be willing or able to participate in the scheme. Although his proposal has not been presented to United Brands and financing will probably prove a serious obstacle, Fernandez has received enough encouragement from tentative discussions with his official and private sector contacts in the six isthmian countries to proceed with a presentation to the area's chiefs of state. (OFFICIAL USE ONLY)

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Venezuela: Courting Guyana

President Perez' invitation to Prime Minister Forbes Burnham to visit Caracas next month is the latest move to improve economic and political contacts with his neighbor.

The Guyanese, for their part, are approaching the proffered invitation with caution. Foreign Minister Ramphal told the US ambassador recently that Burnham is insisting that an agenda be carefully prepared beforehand, so each side will have a clear idea of the issues to be discussed.

The Guyanese reserve stems not only from memories of Venezuelan involvement in an uprising by foreign settlers in the disputed Essequibo region during the 1960s but also Venezuela's aggressive assertion of its claims to more than two thirds of Guyana's national territory. Now the Guyanese are receiving different signals from Caracas. Most recently Venezuelan Foreign Minister Escovar has intimated to visiting Guyanese officials that the Perez administration wants to find some formula to put the border issue to rest permanently and that all Perez needs is some "face-saving gesture" on the part of Guyana. Ramphal and Burnham welcome prospects for settlement of the thorny problem. However, they are clearly skeptical how Perez could compromise the Venezuelan claims put forward in the past without seriously alienating nationalist and military groups in his country. Further, the suggestion that the first move must come from Guyana is certain to be dismissed by Guyanese officials as not only unrealistic but politically impossible.

Thus while the border issue cannot be ignored in any meeting between Perez and Burnham, other more pressing topics are likely to dominate the meeting. Venezuelan officials are concerned with Guyana's rapid

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evolution into a one-party socialist state and there is fear that as the pace quickens, Burnham will become even more radical and less susceptible to Venezuelan suggestions for moderation. The Venezuelan ambassador in Georgetown has recently taken to planting articles in the local press giving glowing accounts of the future benefits to flow from closer Guyanese ties with Venezuela. There are a number of economic inducements which Caracas could offer the Guyanese, ranging from an extension of the \$15-million concessionary loan granted last year to expansion of bilateral links with respect to trade, technical cooperation, and joint ventures.

In return for such assistance, the Venezuelans are expected to press for Guyana's support for a Caribbean basin conference later this year and the already announced Venezuelan-Mexican proposal for the establishment of a Latin American Economic System. In addition, the Venezuelans are probably eyeing Guyana's large bauxite resources in their plans for expanding their aluminum industry. Some progress may already have been made along these lines. A Guyanese delegation recently visited Caracas to discuss possible Venezuelan economic and technical assistance. The chief of the delegation, Minister for Economic Development Desmond Hoyte, reported to the cabinet that the talks were fruitful although no specific agreements were struck. Nevertheless the groundwork appears to have been laid for a meeting of the two leaders, the first ever with a Venezuelan president. (CONFIDENTIAL)

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Honduras: Campesino and Labor Groups are Restless

Campesino and labor groups, restless over the slow pace of social progress, are skeptical of the new Melgar administration. Workers feel that labor's pro-government attitudes in the past were unrewarded, and fear that, despite the change in leadership, government apathy toward their growing unemployment and poverty will continue. Unlike the politically adroit Lopez, who had cultivated the labor sector over the years, the new leaders--relatively unknown to labor--will not win its support on promises alone.

Leaders of the influential north coast labor federation, which includes the two large banana company unions and the 30,000-strong campesino association ANACH, are concerned that the private sector interests will be favored over their own, and that labor will be excluded from the regime's rural reform planning. The banana company unions are particularly disturbed by the unemployment that resulted from Standard Fruit's refusal to rehabilitate facilities destroyed by Hurricane Fifi last September. The new administration has reconfirmed the Lopez regime's commitment to assume responsibility for one installation. The unions are hoping that a second large facility will be purchased by the state, divided, and resold to workers. Union leaders have warned the new leadership that labor's attitude will be more vigilant and aggressive until the government responds to its needs.

Leaders of ANACH, who have long pressed for broad-based changes in the pattern of land ownership, are worried about their organization's survival under the Agrarian Reform Law promulgated last January. While the regulations regarding the law's implementation have yet to be formulated, the program anticipates that campesinos will be formed into cooperative groups.

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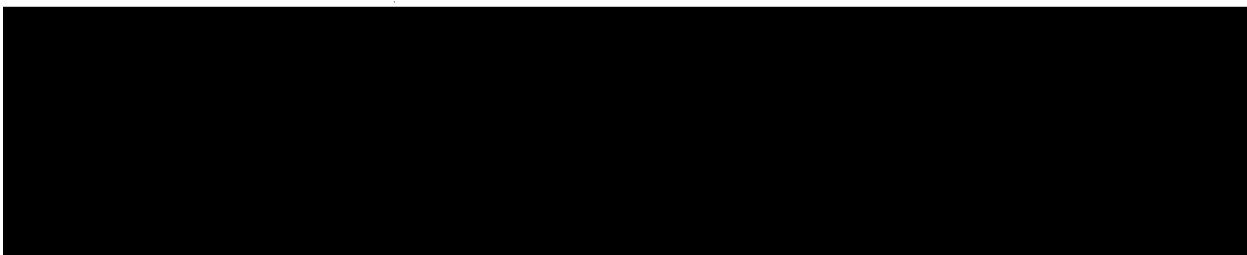
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ANACH leaders generally support the plan, but want the law broadened to include a viable role for their organization--the largest campesino group in Honduras.

Last week, campesinos affiliated with the much smaller but more militant Social Christian confederation stepped up their tactic of land invasions in order to force the government to make good its promise to distribute unused land among the workers. It is unclear how many groups were involved, but the illegal invasions greatly disturbed the government. After the military was placed on alert and instructed to remove the invaders by force, the campesinos agreed to back off. The leaders of ANACH refused to support the action of their competitors, but agreed that the invasion was justified. If ANACH's policy of cooperation proves to be ineffective, the leaders may well adopt more militant tactics.

For the moment, it appears that all labor and campesino groups want to avoid violence and will give the government some time. However, workers are becoming increasingly impatient, and unless the new leadership acts to improve their lot soon, the potential for a serious confrontation remains high. (CONFIDENTIAL)

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