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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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Mexico: Peasant Killings and a Governor Ousted

Land seizures by organized campesinos led to a bloody clash with police and army troops in southern Sonora late last week. Seven peasants were killed, including a well-known campesino leader, and several were seriously wounded in the gun battle.

The immediate fallout of what is being called "the Chaparral massacre," named after the ranch where the shootings took place, is the forced resignation of Sonora's governor, Carlos Armando Biebrich. Biebrich, 36, became governor two years ago even though the state constitution had to be changed to lower the age requirement. His "imposition" at that time was regarded as an indication of Secretary of Government Moya's great power and influence with President Echeverria. Now that the governor has been forced out, almost certainly at the order of Echeverria, the implication is that Moya's power has faded to the point where he is unable to protect his allies.

As for Biebrich, his political career seems to be ended. When he became governor he was regarded as a young man who would go far in Mexican politics. His apparent fault was to become too closely associated with the big land owners and other economically powerful groups. As the PRI enters the presidential campaign period the last thing it wants is a governor of an important state like Sonora being identified with "reactionary elements" who are not following the "revolutionary path." The peasant deaths provided Echeverria and the party leaders the appropriate reason to dump the young governor.

The governor's removal is not likely to quiet the peasants. They are impatient with bureaucratic delay in reviewing their claims to private lands. At week's

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end the situation in southern Sonora was very tense and authorities were taking precautions to prevent further violence. Other authorities were critical of the show of force approach taken to remove the squatters, saying that this was an open invitation to agitators and demagogues to provoke more gunfire and create martyrs for their cause. (CONFIDENTIAL)

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Brazil: Focus on Weapons Production

The Brazilian government is encouraging multinational participation in domestic weapons production with apparent hopes of making its armed forces self-sufficient and expanding the nation's export market.

Last April President Geisel formally proposed the creation of the War Materiel Industry as a public enterprise that could also provide incentives for industrial growth and advance strategic research and development. In justifying the action, Army Minister Sylvio Frota said that more centralized control was needed because "private enterprise, developing without a clear and fixed orientation, had not been enough."

It would appear that government support is already having major impact. During the past year more than 100 directors of large firms specializing in the production of military equipment have visited Brazil to explore investment possibilities. A recent article in the Jornal Do Brasil expressed special interest in cooperating with the West Germans, stating "We have an ideal community of interest with Germany ... Brazil will take advantage of excellent German expertise in the production of arms, including sophisticated missiles, with a guaranteed market assured."

Economic considerations may be as significant as strategic ones. The government is attempting to bolster its sagging balance of payments position and an upswing in weapons exports would provide needed foreign exchange. Although Brazil will probably still need to import sophisticated weapons for some time, an expansion in exports of small arms, motor vehicles, and trainer aircraft would result in valuable feedback from foreign buyers that might speed the transition to self-sufficiency.
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Uruguay: Tempests in Teapots

A personal squabble between a prominent army general and the deputy foreign minister has quickly embroiled other top military and civilian officials in what appears to be another episode in the ongoing struggles for power and prestige between individuals that have replaced conventional politics in Uruguay.

The fracas occurred when General Gregorio Alvarez sought out Guido Michelin at the Foreign Ministry and struck him with a riding crop for allegedly calling him a homosexual. Although "affairs of honor" are taken seriously in Uruguay and duels are legal, other generals and some cabinet ministers who oppose Alvarez on ideological grounds are urging President Bordaberry to initiate disciplinary action against him. Bordaberry would prefer to stay on the sidelines and has asked Army Commander-in-Chief Vadora to handle the matter.

This plan is unlikely to end the affair, however, since Alvarez is a powerful figure who is widely considered the leader of populist military sentiment, while Vadora is lackluster and has virtually no support within the army. Instead the dispute will probably attain more serious proportions and could result in the dismissal of Michelin or Vadora or both.

To foreign observers such disputes may seem no more than petty scandals, but personalist struggles between ambitious generals or between military and civilian officials have become the major political activity in Uruguay since the army shut down the legislature and forced traditional parties to disband two years ago. The frequency of these conflicts--this is the third this year--and the seriousness with which they are treated highlight the frustration Uruguay's leaders experience when they try to define guidelines of authority and resolve social problems that have persisted since the mid-1950s. (CONFIDENTIAL)

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Guyana: Ties With Cuba

High-level ministerial travel to Havana marks another phase in Guyana's growing ties with the Castro government.

In recent months, three cabinet ministers--Hamilton Green, Cooperatives and National Mobilization, Steve Naraine, Works and Housing; and Shirley Field-Ridley, Information and Culture--have made visits to Cuba to profit from the Cuban experience in their particular fields. In addition, University of Guyana vice chancellor Dennis Irvine led a seven-man delegation from the ministries of education and national development earlier this month to investigate the possibility of adapting Cuban work-study programs to Guyana. The Guyanese delegation was expected to invite Cuban representatives to come to Guyana to advise the government how such programs could be instituted.

Cuba is already the western hemisphere nation with which Guyana's top leaders as well as some of its chief technocrats are most ideologically attuned. In recent months Burnham and party leaders have singled out Cuba as one of several socialist models of Guyana. These incipient links seem likely to strengthen and broaden as Burnham strives to transform Guyana into a socialist one-party state.

A spearhead of the new relationship very likely will be the Cuban embassy now being set up in Georgetown. A resident Cuban fishing mission has been in Georgetown since early 1974. The 32-year-old Cuban ambassador, Ivan Cesar Martinez Montalvo, is expected to present his credentials later this year. The Guyanese are awaiting his arrival before establishing an embassy in Havana. Their ambassador to Cuba will reportedly be Frank Campbell, the 29-year-old editor of the New Nation, the official organ of the ruling People's National Congress. (CONFIDENTIAL)

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Jamaica: The Loss of a Voice of Moderation

The Jamaican government lost one of its most talented administrators and Prime Minister Manley a trusted adviser and a voice of moderation with the resignation of Minister of National Security and Justice Eli Matalon last week for reasons of health.

Matalon is a member of one of Jamaica's leading families--sometimes referred to as Jamaica's Rothschilds. The Matalons have extensive commercial and industrial interests, but several of the brothers have also been active public servants. Eli, who formerly was minister of education, served as a link between Manley and progressive businessmen in Jamaica. Within the Peoples National Party (PNP) he acted as an effective counterbalance to the young firebrands and other leftist members.



Eli Matalon

Matalon is a strong advocate of close relations with the US and a useful conduit for Manley to US policy makers. His departure could have a negative impact on US-Jamaican relations. Matalon's braking influence on radical initiatives, such as Jamaica's growing ties with Cuba, will also be missed. During Manley's trip to Cuba in July, arrangements were reportedly made by a high

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Jamaican police officer for selected officials to receive intelligence training in Cuba, and discussions were reportedly held concerning a security liaison relationship. This security relationship, which presumably is directed against the US, will undoubtedly develop more smoothly with Matalon removed from the scene.

Former Minister of Agriculture Keble Munn, a member of the PNP's old guard, has replaced Matalon. He is a competent professional, but he is not a man of the stature of Matalon. He will have his hands full dealing with Jamaica's massive urban crime problem.

The loss of Matalon comes at a decisive moment for Jamaica. After Manley's trip to Cuba and the resulting backlash, the prime minister has adopted, temporarily at least, a low-keyed approach. He gives some indication of being the pragmatic liberal reformer many thought he was when he first took office. Manley's drift to the left has been intermittent, however, and he may be regrouping before launching new aspects of his program of "democratic socialism." In any event, the removal of Matalon from the cabinet is an important loss for the restraining forces. (SECRET/NOFORN/NOCONTRACT)

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Venezuela: Oil Price and Nationalization Developments

New oil export prices, announced last week but effective as of October 1, suggest that Caracas is only partly implementing the OPEC price hike. Prices for light and medium crudes will rise by the OPEC-approved 10 percent; smaller increases for heavy crude and products will reduce the overall rise, to perhaps 7 percent. Caracas is realigning the latter prices in an effort to boost demand for these products.

According to Minister of Mines and Hydrocarbons Valentin Hernandez, the delay in issuing price revisions was due to preoccupation with negotiations on nationalization of the oil companies' properties in Venezuela. The government has recently made formal compensation offers to the companies totaling about \$1 billion. The offer is substantially below depreciated book value of company assets. Compensation is only one aspect of the settlement, however, and probably of less importance to most companies than the terms of marketing and technical assistance contracts under which they will operate the nationalized enterprises.

These marketing and technical assistance contracts are under negotiation. Caracas has offered to pay at least some of the companies a basic service fee of up to 15 cents per barrel on all production and an additional fee geared to the share of crude they refine in Venezuela. The companies reportedly are asking twice the basic amount; some other OPEC governments already consider the Venezuelan offer alarmingly high. Caracas apparently recognizes its dependence on the companies, especially for marketing. Hernandez reportedly stated that he expects Petroven, the state oil company, to export only about 120,000 barrels per day in 1976, leaving the marketing of almost 1.9 million barrels per day to the companies.
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