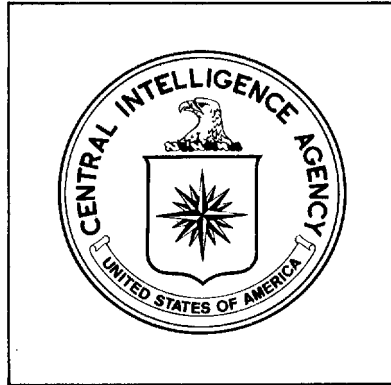


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Latin American Trends

STAFF NOTES

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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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 25X1Paraguay: Moving Toward Brazil

1
Paraguay, in its buffer position between the large countries of Argentina and Brazil, has in the past generally dispensed separate but more or less equal treatment. It has not necessarily been trying to play one big power off against the other but has been trying to garner the advantages from each relationship without allowing either larger country to dominate Paraguayan affairs. Traditionally, the Paraguayans have identified culturally with the Argentines. The government, however, views the government of Isabel Peron as unstable, is concerned about a possible turn toward the left by Argentina, and is now indicating a marked tilt in the direction of Brazil, which Paraguay views as a future world power whose economic interests in Latin America could assist Paraguayan development.

2
This tilt was particularly evident during the visit to Paraguay by Brazilian President Geisel in early December. Pomp and ceremony attended the first visit of a Brazilian Chief of State in 35 years, and the government declared a three-day holiday for public employees. Preparations included a crackdown on Communist Party members and subversives, with the number of arrests rumored as high as 400 although official records acknowledged only about one-tenth as many.

3
President Geisel received the highest decoration Paraguay bestows on a foreign official, and he returned a priceless gold book captured by the Brazilians in the War of the Triple Alliance some 100 years ago. More concrete accomplishments included the settlement of a boundary dispute, the granting to Paraguay of \$3.5 billion in credits for construction of the Itaipu hydroelectric project, and the signing of a new treaty of friendship and cooperation calling for extensive Brazilian involvement in Paraguayan development.

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#2
Paraguay admits privately to a deliberate policy of closer rapprochement with Brazil but at the same time is worried about retaliation from Argentina, perhaps in the form of harassment of river shipping. Argentina has previously tried to torpedo the Itaipu project. Brazil wants to draw Paraguay closer into its sphere of influence but is also concerned about reaction from Argentina and from Bolivia as well. Although both countries hope to avoid needless offense with their new treaty, they are not at all sure this is possible.

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Argentina: Mounting Violence

3

The "rules" of political violence may be undergoing some changes in the current exchange of killings by both left and right.

2, 3

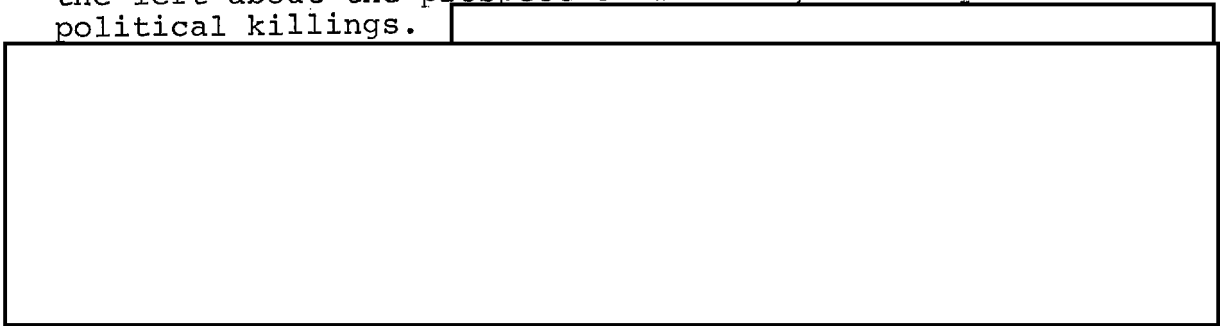
Last week's guerrilla murder of a retired general outraged the military, but was not unprecedented. What was unusual about that incident was the deliberate killing of the officer's wife, who was abducted, then strangled and shot. This particularly vicious, intentional killing of a bystander may have been the spark that ignited subsequent retaliatory killings.

1

Late in the week rightwing groups seeking to avenge the death of the general killed 12 university students in two different cities. The students, some from Peru and Boliva, were not known to be linked to the general's murder, and were apparently chosen at random. The latest violence also included other killings carried out in extremely brutal fashion.

3

For some time political violence has generally been selective, attempting to avoid innocent bystanders. The left, in resorting now to the murder of the general's wife, seems driven by frustration over continuing failure to foment social upheaval and provoke the military. Even so, the act was limited. The right, however, judging from its massive retaliation, feels far more enthusiastic than the left about the prospect of widening the scope of political killings.

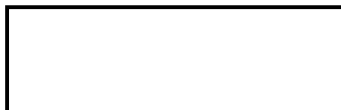


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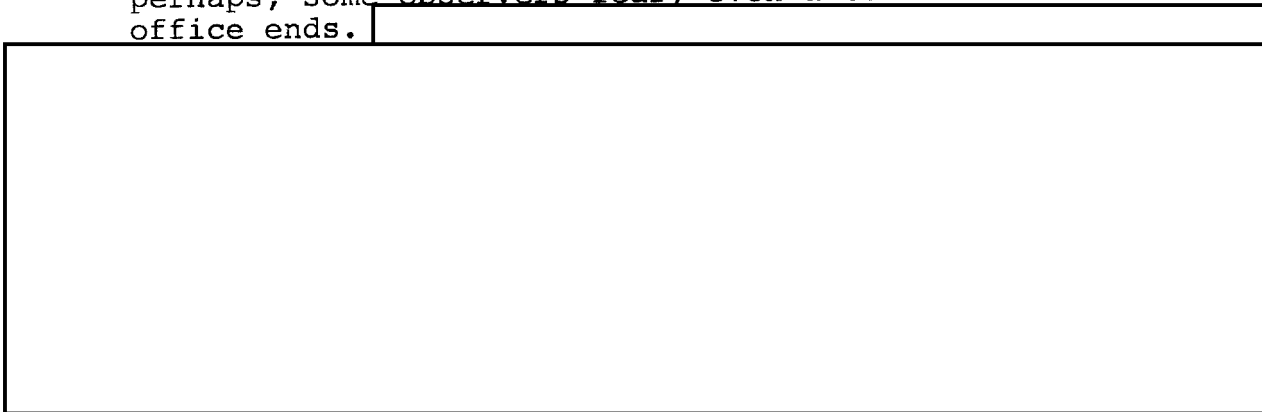
Mexico: Under Echeverria's Shadow

3
The Lopez Portillo campaign, into its third month, has yet to take hold. The PRI's presidential candidate has yet to emerge from the shadow of President Echeverria, who shows every intention of dominating the scene right up to the end of his term.

3
1, 3
There is, of course, no concern that Echeverria's chosen successor will not be elected president next July 4; surely, his supporters believe, the former finance secretary will have established his base of power by then. The vague unease that has settled over the Lopez Portillo camp and among politically aware Mexicans centers more on the intentions of Echeverria after Lopez Portillo is inaugurated next December 1.

3
Echeverria's clearly unilateral decision in choosing his close friend instead of the man who had the most support in the PRI, Secretary of Government Moya Palencia, has aroused fears that Echeverria seeks to retain political power as long as he possibly can, perhaps, some observers fear, even after his term of office ends.

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3 Echeverria, in good physical health and still ambitious, does in fact appear to have a temperamental difficulty with the idea of relinquishing power. His method of governing has become highly personalistic and virtually autocratic. While he doubtless is determined to remain President in fact as well as name until his last day in office, the workings of the Mexican political system since the era of former president Plutarco Elias Calles, the power behind the scene after his term ended in 1928, have been such that the successor's authority gradually and naturally increases as the time for the formal transfer of power approaches, and the incumbent's diminishes. If Echeverria chooses to tamper with this clearly understood rule of the game, political harmony, now experiencing some of the usual pre-election strains, could rapidly disintegrate.

1 Lopez Portillo, realizing that he is dealing with a strong-minded President, is proceeding with caution and delicacy. His public statements have been moderate and nondemagogic. He refuses to answer many questions, referring them to appropriate government officials instead. He has evaded several real issues. His first policy departure from the President, a proposal for an alliance for production with private business, was quickly linked by Echeverria men to the President's own "popular alliance."

2 Senior government officials concede that Lopez Portillo's campaign is not moving along smoothly. They attribute this to his lack of a power base, his rag-tag, inexperienced campaign staff, and his lack of contact with the party's provincial leadership. Lopez Portillo did not "win" the nomination. He was given it by Echeverria, without having solid political backing, and he is hampered by his inexperience in the rough and tumble political arena.

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3
At this stage, Lopez Portillo can do little more than play it cautiously and work gradually to consolidate power. Still in command, his mentor Echeverria nonetheless is a constitutional lame duck and his ability to control events, whether he likes it or not, will progressively weaken over the course of the next year.

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NAMUCAR: A Faltering Start

The constituting articles for NAMUCAR (Naviera Multinacional Del Caribe) were signed by Mexico, Venezuela, Cuba, Nicaragua, Jamaica, and Costa Rica last week. Each country contributed \$500,000 to cover operating expenses for the first six months.

1,2
Colombia and Panama, two of the original states setting up the organization, did not sign the official agreement; Panama is expected to do so early next year. Colombia's interest in NAMUCAR has waned perceptibly and government officials are openly pessimistic about the organization's chances of success. The Lopez government is still committed publicly to membership in NAMUCAR--for political reasons--but its participation at best will be reluctant and minimal.

1,2
Although NAMUCAR's finances are temporarily assured, it will be many years before trained personnel are available and the fleet will be large enough to pose a serious challenge to foreign ship operators in January 1976 are overly optimistic; the first two ships will not be ready until March, at the earliest. Heavy financial losses are expected during the first months of operation and NAMUCAR is not expected to break even until near the end of its second year.

The big question, of course, is who will be shouldering the losses in the meantime. In the past Caracas has been irritated by the attitude of some of the NAMUCAR members who believe that Venezuela's massive oil wealth obliges it to fund a substantial part of the shipping company's operations. Any attempt to pressure Venezuela to do more than its share could cause the Perez administration to reassess its support for the fleet, an action which could have a crippling effect on the organization's long-term prospects.

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Venezuela: COPEI - A Divided Political Force

#1,2
The opposition Social Christian (COPEI) party's national convention has been postponed again, this time until early next year. The delay reflects the intense battle within COPEI to elect a new secretary general and national executive committee.

#1,2
Radical Senator Luis Herrera Campins and former president Rafael Caldera are presently involved in a bitter struggle for control of the party. Another factor is Herrera's maneuvering for the presidential nomination two years hence. Herrera has strong support from the party's radical youth organization and from a number of influential leftist party leaders. Herrera is dissatisfied with Caldera's leadership and has accused him of imposing party candidates for national elections. Many Copeyanos, including Herrera, believe that had it not been for Caldera's personal intervention in 1973, Herrera would have been the party's choice and made a better showing in the campaign than Caldera's hand-picked candidate.

#1,2
In the current battle for the secretary general post, Herrera is supporting the candidacy of a former ambassador to the US, Pedro Pablo Aguilar. Caldera and party moderates, in the meantime, are campaigning for Jose Curiel, former cabinet minister and Caldera's campaign manager in the 1968 elections. The intensity of the struggle for what some perceive as the soul of the party is reflected in clashes that have occurred at several regional party meetings where delegates to the national convention are being selected. Preliminary results of these conventions indicate that Aguilar will control over three-fourths of the delegates and will win election as secretary general.

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No matter who wins, divisions within the party will persist and perhaps become even deeper as time draws near for the nominating convention. Supporters of Herrera are already warning of a split if he is again denied the party's nomination. Moderate elements within COPEI are also saying that Herrera's nomination as standard bearer would be disastrous for the party and would ensure the governing Democratic Action Party another five years in office.



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Bolivia/Chile: The Long, Hard Road to the Sea

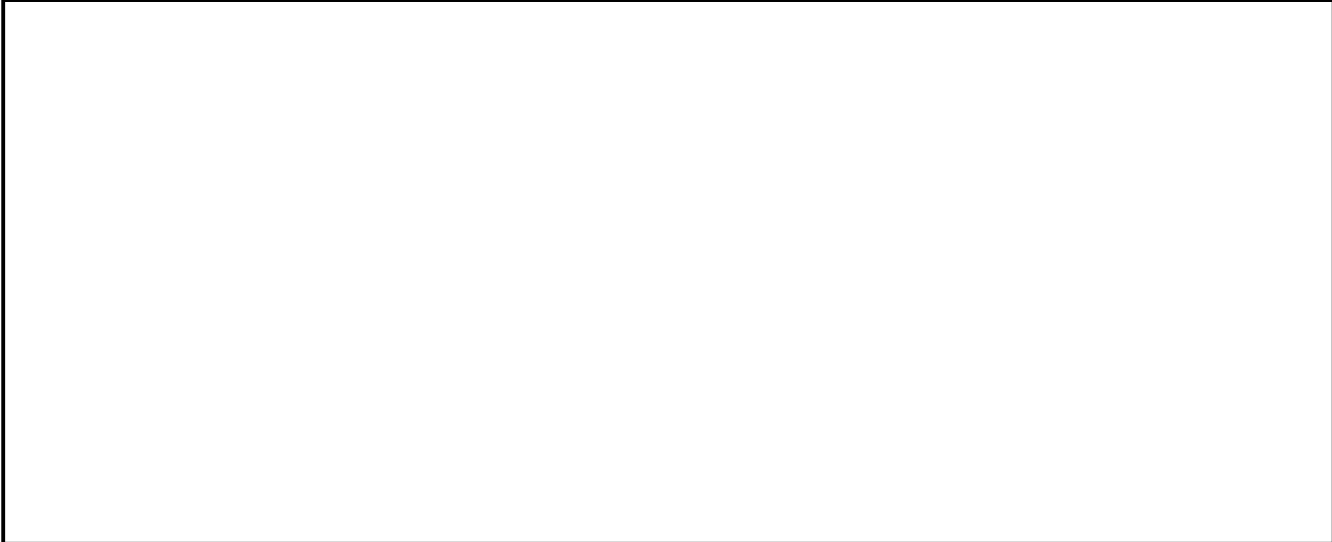
4, 5
The recent announcement by the Chilean Foreign Ministry that there is little likelihood of a quick solution to Bolivia's aspiration for a sovereign outlet to the sea suggests that Santiago has not yet decided on how far to go in satisfying La Paz and is deliberately stalling to protract the negotiations.

3, 4, 5
Chile's statement reflects its intent to squelch continual Bolivian agitation for some concrete indication that progress is being made. Persistent claims by Bolivian ambassadors and officials that Santiago is expected to answer La Paz's demands on such and such a date are indicative of the kind of pressures President Banzer's government is using to keep the issue alive and to urge faster movement in reaching a settlement.

Banzer reportedly is upset with the pace of the talks and with what he considers the delaying tactics on Chile's part.



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5
Meanwhile, Peru is standing fast and making no proposals of its own, apparently content to let Chile and Bolivia haggle over the problem alone. The new leadership in Lima would be unlikely to get actively involved unless an agreement was at hand that affected the erstwhile Peruvian provinces won by Chile in the War of the Pacific. Under the terms of a 1929 protocol, Peru would then have a voice in any arrangement to be concluded. Bolivia may be underestimating the diplomatic difficulties in squaring any settlement with Peru while it focuses primarily on urging Chile to table an offer satisfactory from La Paz's point of view.

5
It is difficult to predict how long Chile can string Banzer along without making at least a token gesture. If Banzer is under pressure from his own armed forces to resolve the issue soon, then he might be forced at some point to break relations with Chile and accuse Santiago of bad faith. The most likely course of events, however, is that Bolivia will continue to spar gently in hopes that Chile will eventually find it more profitable to retain an ally--especially in light of its distrust of Peruvian intentions--then to risk adding yet another black mark to its international image.

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