

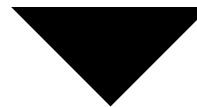


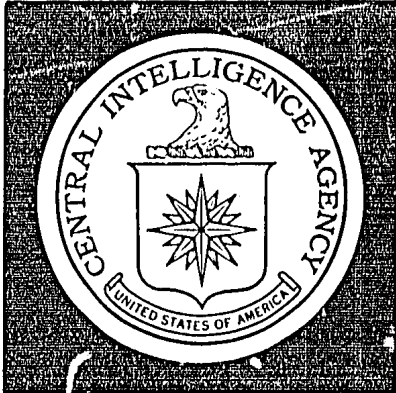
Sanitized Copy Approved for  
Release 2011/09/19 :   
CIA-RDP85T00875R00150003

Sanitized Copy Approved for  
Release 2011/09/19 :  
CIA-RDP85T00875R00150003



~~Secret~~

25X1



DIRECTORATE OF  
INTELLIGENCE

# WEEKLY SUMMARY

*Special Report*

*Turnabout in Bolivia*

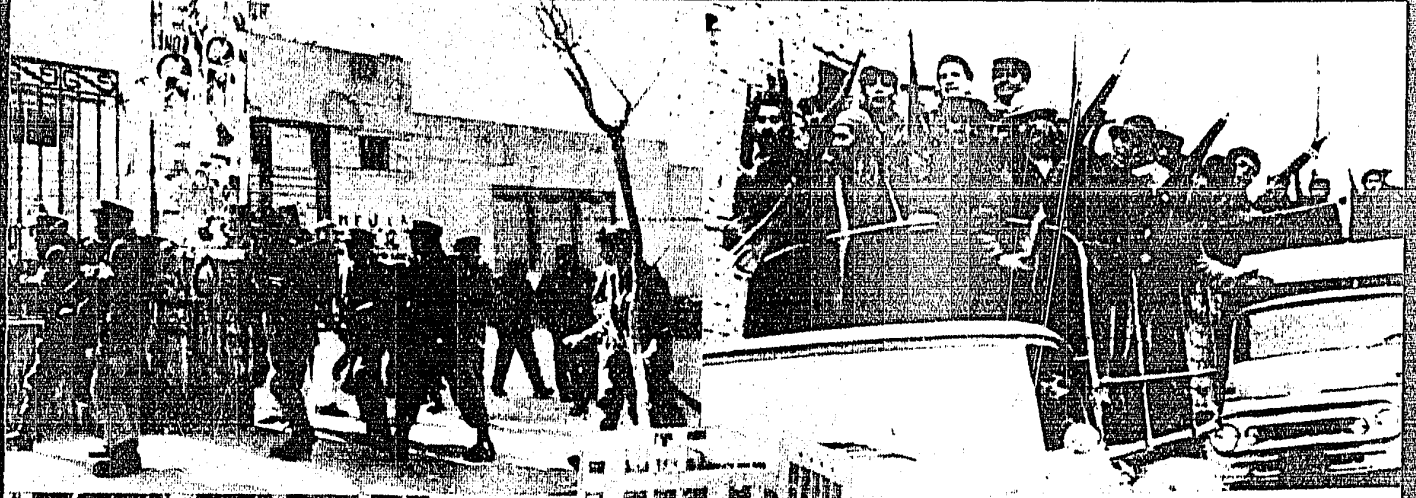
DSB FILE COPY  
RETURN TO 1E-61

~~Secret~~

№ 626

29 October 1971  
No. 0394/71A

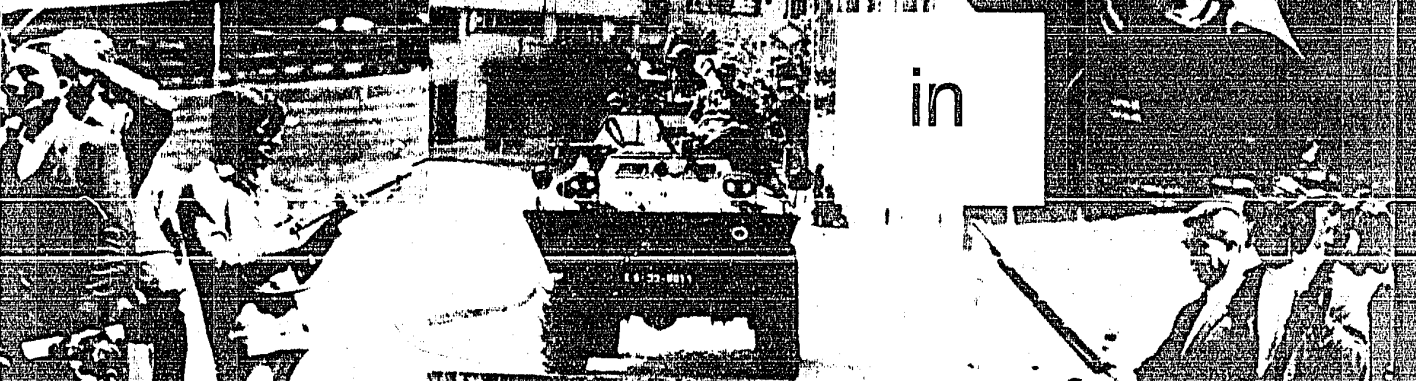
**Page Denied**



Turnabout



in



Bolivia



SECRET

25X1

The military-civilian rebellion that toppled the ten-month-old regime of Juan Jose Torres in August halted almost two years of leftward drift in Bolivia. The Popular Nationalist Front government of President Hugo Banzer Suarez faces a formidable task in reversing the political, economic, and social deterioration that has stifled national development since the death of President Barrientos in 1969. The governing coalition is an uneasy alliance forged by traditionally bitter antagonists from unity of purpose in the face of a common enemy. With victory, centrifugal forces within and among the components of the front are growing as conflicting partisan interests reassert themselves.

While wrestling with its internal inconsistencies, the new government must deal with its defeated and dispersed, but not destroyed, opponents. The Popular Nationalist Front has proven its determination to act vigorously against the disarrayed forces of the extreme left. In fact, the government's pre-emptive measures have the dangerous potential for degeneration into an indiscriminate campaign physically to eliminate extremists once and for all. At present, repression appears to be having a unifying as much as a disruptive effect on the previously fragmented extreme left.

President Banzer has demonstrated an understanding of the problems confronting his country and of the domestic and international realities with which he must come to terms. He has taken positive steps to move the economy forward after two years of stagnation. But Banzer, whose mandate depends ultimately upon an armed forces only recently and incompletely united behind him, may soon find himself increasingly preoccupied with the day-to-day task of maintaining himself in power. Thus, while the prospects for Bolivia have improved, it is doubtful that the sustained stability that has historically eluded the nation is now at hand.

#### *The Last Days Of Torres*

Juan Jose Torres emerged as president of Bolivia from the confusion of a poorly executed military coup against Alfredo Ovando in October 1970. Ovando, who had seized power the previous year from Rene Barrientos' constitutional successor, Luis Adolfo Siles Salinas, nationalized the Bolivian Gulf Oil Company and allowed his government to take on a stridently "nationalist-revolutionary" tone. Dissident officers succeeded in ousting Ovando, but failed to consolidate the coup and allowed Torres to fill the vacuum.

Plotting against Torres began almost immediately and intensified with the new President's avowal of an intention to "deepen the revolution" and his courtship of the extreme left. With the exile of Rogelio Miranda and other higher ranking officers who bungled the October coup, Colonel Hugo Banzer Suarez became the leader of middle and junior grade officers opposed to Torres. An abortive coup attempt in January 1971 resulted in Banzer's forced retirement from the army and exile.

Torres was never able to establish his own constituency and had to perform an intricate

SECRET

SECRET

25X1

political balancing act. For ten months, he was tolerated by the labor- and student-dominated extreme leftist "popular forces" that had helped bring him to power. He kept civilian opposition groups off balance with alternate doses of negotiation and repression, and managed to thwart antiregime activity by dissident elements in the armed forces. But Torres' survival in the presidency was due primarily to the weakness of others rather than to his own strength. It was clear that his days were numbered unless he could acquire a powerful base of support.

The armed forces, divided and demoralized, were dealt another blow in March when high-ranking military figures, including ex-presidents Barrientos and Ovando, were implicated in a bizarre series of earlier events involving arms smuggling, political murders, and other crimes.

Preliminary contact had already been made between the MNR and active and forcibly retired military officers opposed to Torres. Communications now expanded, and the discussions were joined by the Bolivian Socialist Falange (FSB), a party that had bitterly opposed the MNR during both Paz' and Siles' years in power. Long-standing animosity toward the MNR by older military officers was reduced somewhat by Paz' assurances that his party favored the preservation and strengthening of the armed forces.

25X1

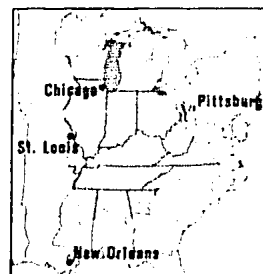
Growing military hostility was complemented by opposition to Torres on the civilian political side.

Out of power since Barrientos' overthrow of Victor Paz Estenssoro in 1964, the moderate-leftist Nationalist Revolutionary Movement (MNR) was beset by ideological and personal differences when Torres assumed the presidency. Nevertheless, the party that had authored the National Revolution of 1952 was still by far the largest and best organized political party in the nation. In February, a declaration of unity supposedly brought together the Paz wing and the followers of former president Hernan Siles Zuazo. But the factions continued to engage in separate intrigues with the Torres government and with political and military groups. On several occasions, it appeared that some portion of the party was about to be included in the government, but Torres finally cracked down hard on the party in April, and the leadership was forced to go underground.

SECRET

SECRET

25X1



AREA: 424,000 sq. miles  
 POPULATION: 4,773,000

# BOLIVIA



25X1

552011 10-71 CIA

SECRET

SECRET

25X1

25X1

[redacted]  
The President's Independence Day speech on 6 August contained no dramatic policy announcements and gave no indication of especial concern about the opposition.

In the late hours of 18 August, the government began to move against subversive elements, and Banzer was among those arrested in Santa Cruz. Banzer has since told the US ambassador that he deliberately exposed himself to capture in a maneuver designed to spark the uprising, already three days beyond its appointed time. On the morning of 19 August, it appeared that the government had successfully pre-empted the coup. But in Santa Cruz, a protest demonstration by relatives of those arrested turned into a riot, and "shock troops" of the two parties involved seized a radio station and began broadcasting proclamations. The government mobilized to defend itself, and ordered troops in the Santa Cruz area to restore order. President Torres soon discovered, however, that he no longer commanded the bulk of the armed forces. Sparked by the action of Colonel Andres Selich's ranger regiment in Santa Cruz, military units throughout the countryside began to declare themselves in rebellion.

The following day, General Mendieta's Seventh Division in Cochabamba and practically all other important units outside the La Paz area proclaimed their support for the now-overt Popular Nationalist Front. Torres, who remained in firm control of La Paz, called on the "popular forces" to defend the government. As the armed forces away from the capital continued to go over to the rebel cause, no unit based in La Paz had come out in opposition to the President as of late on the 20th. At this point, both sides seemed hopeful of emerging victorious by demonstrating strength and a willingness to fight. Torres decreed the "total mobilization of the people" in order to wipe out the "vicious fascists."

Early on the morning of Saturday, 21 August, the Military Air Transport Service based at

El Alto Airport, just outside La Paz, went over to the rebels. The air force wavered, but the tide was turning against Torres. In midafternoon, elements of the Colorados presidential escort regiment led by Major Ruben Sanchez passed out arms to anyone in La Paz willing to fight the rebels. Anti-Torres troops from the military college (once commanded by Banzer) began to move into the city and fighting broke out in the streets. The Colorados, augmented by armed civilians, attacked the Castrillo regiment at Armed Forces General Staff Headquarters. Torres exhorted the Colorados and the "popular forces" to continue the fight as they battled rebel troops and armed groups of MNR and FSB members throughout the city. Forces loyal to Torres held an initial numerical advantage, but they were heavily outgunned, especially when an armored unit stationed at El Alto and the air force entered the fight on the side of the rebels.

That evening, although the rebel-controlled radio in Santa Cruz had announced that Colonel Banzer would be the country's new president, a three-man junta, including General Mendieta and Colonel Selich in addition to Banzer, was proclaimed from Cochabamba. Rebel forces mopped up the remnants of the defeated Colorados and armed civilians in the early hours of 22 August. Torres abandoned the presidential palace shortly before the arrival of rebel troops and took refuge in the Peruvian Embassy. Late in the afternoon, apparently after a conference of rebel leaders, Colonel Banzer (who had been released by his guards when it became evident that Torres was defeated) was presented to a cheering crowd as the president of Bolivia.

#### *After the Rebellion*

The failure of the anti-Torres forces to nail down advance military support in the La Paz area and Torres' decision to fight turned what had been planned only as a coup into a bloody military-civilian revolt. More than 100 civilians were killed and over 500 wounded. Military casualties probably totaled at least 100.

Special Report

- 5 -

29 October 1971

SECRET



SECRET

25X1

The willingness of both sides to shed blood for their cause dramatically demonstrated the polarization of Bolivian political life. Many of those who conspired and fought against Torres believe they fought to save the country from Communism and chaos. President Banzer claims that his side was prepared to wage a full-scale civil war. Thousands of workers, students, and other civilians, whose dedication to Torres was at best dubious, still took up arms against the "fascist" rebels to defend leftist gains made during his

tenure. The trial by fire had a unifying effect on the victors' disparate coalition, but it has also brought the fragmented extreme left together in defeat. The bloody fighting will not soon be forgotten. The extreme left, which to some extent felt that it had a role in the decision-making process in the Torres regime through the "popular assembly," was deprived of that role by force. Alienated from the political system, the "popular forces" may turn to violence to regain their lost influence. Shortages of guns and ammunition

## THE CABINET

Interior	Col. Andres SELICH Chop	}	Military
National Defense	Brig. Gen. Jamie Florentino MENDIETA Vargas		
Agriculture and Campesino Affairs	Lt. Col.* Jose GIL Reyes		
Finance	Raul LEMA Pelaez	}	MNR
Mines and Metallurgy	Carlos SERRATE Reich		
Labor and Trade	Ciro HUMBOLDT Barrero		
Union Affairs	Edwin RODRIGUEZ Aguirre		
Planning and Coordination	Hugo GONZALEZ Rinja		
Information			
Foreign Affairs and Worship	Mario GUTIERREZ Gutierrez	}	FSB
Education	Agusto MENDIZABEL Moya		
Transport and Communications	Ambrosio GARCIA Rivera		
Social Welfare and Public Health	Carlos VALVERDE Barbery	}	Unaffiliated
Urban Affairs and Housing	Sergio LEIGUE Suarez		
Energy and Hydrocarbons	Roberto CAPRILES Gutierrez	}	Unaffiliated
Industry and Commerce	Hector ORMACHEA Penaranda		
Secretary General of the Presidency	Alfredo ARCE Carpio		

\*Not on active duty

MNR—Nationalist Revolutionary Movement  
FSB—Bolivian Socialist Falange

SECRET

SECRET

25X1

hampered those who fought in the streets of La Paz, but the quantity of arms reportedly distributed to civilians before and during the revolt suggests that much materiel was sequestered rather than used in defense of Torres.

Although the decisive fight was in La Paz, Bolivia's outlying regions, especially Santa Cruz, played a crucial role in the planning and execution of the revolt. There is considerable regionalist sentiment in Santa Cruz, where many people regard their relatively wealthy department as a neglected step-child of the central government and resent the normally dominant *altiplano* around La Paz. Hugo Banzer is one of the handful of Crucenos to have attained the presidency, and in contrast to the usual *altiplano* domination of high government positions, the Banzer cabinet has a distinctively Cruceno flavor. This influence in the new government may prove to be significant, for in Bolivia regionalism sometimes rivals politics in importance. There is also an unusual nationwide feeling of having participated in the making of this government, opening the possibility of further national integration and unity, but this may not last.

25X6

[redacted] Brazil and Argentina are providing the new government with military and economic assistance. Both of these relatively powerful bordering states would be deeply concerned if the situation in Bolivia showed signs of a leftist resurgence.

#### *The Popular Nationalist Front Government*

Strictly speaking, the Popular Nationalist Front is the political alliance of the Nationalist Revolutionary Movement and the Bolivian Socialist Falange. Banzer has stated that the armed forces support the front, but are not part of it. The President sees himself and the armed forces

President  
Hugo Banzer Suarez

*"We are going to generate the spirit needed to attain the country's fundamental objectives."*



as separate from the front and as final arbiters. Nevertheless, the Popular Nationalist Front title also refers to all the elements of the coalition government collectively. In this broader sense, it includes the president, the armed forces, and the private business sector as well as the two parties. Banzer's cabinet is composed of five MNR and five FSB leaders, three military men (one on "leave of absence" since early 1971), and three nonparty civilians. Historical animosities render the government basically incongruous, a situation further complicated by the pluralistic nature of some of the front's components.

Pledges of mutual cooperation have been repeated all around, but with the achievement of the goal that brought erstwhile enemies together, the front's cohesion is being tested by resurgent partisan interests. Banzer had to push the parties into forming a coordinating apparatus to allow the issuance of joint policy statements, and he has warned them that their alliance cannot remain exclusive.

25X1

Despite optimistic public statements that the parties can and will put real coordination of

SECRET

SECRET

25X1

**THE MILITARY HIGH COMMAND**

Commander in Chief Brig. Gen. Joaquin ZENTANO Anaya

Chief of Staff (currently vacant)

Inspector General Brig. Gen. Jose CARRASCO Riveros

**Army**

Commander - Brig. Gen. Federico ARANA Serrudo

Chief of Staff - Col. Eladio SANCHEZ Gironda

**Air Force**

Commander - Col. Oscar ADRIAZOLA Valda

Chief of Staff - Lt. Col. Luis GARCIA Pereyra

**Navy**

Commander - Rear Adm. Javier PINO Telleria

Chief of Staff - Capt. Eduardo RIVERA Fiorilo

effort above individual objectives, Banzer apparently has no illusions over their ability to maintain either internal unity or a spirit of cooperation. The President has implied that, if necessary, the armed forces will carry on alone.

*The Armed Forces*

The revolution lifted the armed forces out of disunity and reaffirmed its traditional stature as the premier national institution. The command structure was reorganized to restore the post of armed forces commander in chief, and Banzer has tried to consolidate his position by filling key commands with officers who helped plan or supported the revolt. The President is well aware that his ability to maintain himself in power ultimately depends on the continued loyalty of the military.

The solidarity of the armed forces behind the President is not certain, however. Notwithstanding recent military orders declaring the institution's "absolute removal from sectarian political interests" and prohibiting membership in political parties to active-duty personnel, the armed forces are inextricably involved in Bolivian political life. Commander in Chief Iriarte was

known to covet the presidency and met with dissident MNR leaders in an attempt to line up support for an eventual bid for power. Banzer, aware of his activities and his lack of a large following in the officer corps, forced Iriarte to resign in mid-October.

Many officers are not entirely satisfied with the latest distribution of commands. The reinstatement of certain unpopular officers and their return to high positions is another point of friction. There are, of course, those who are simply dissatisfied with their own reward for their part in the revolt. But there are also more basic divergencies in military thinking. Many younger officers are "institutionalists," i.e., concerned primarily with military professionalism and anxious for the armed forces to withdraw from government. They would like to see an organizational restructuring and the removal of those who they feel have brought disrepute upon the armed forces. 25X1

SECRET

SECRET

25X1

25X1

[REDACTED]

Conflicts will continue within the armed forces, and President Banzer can ill afford to take military support for granted. The delay between Iriarte's ouster and the appointment of Joaquin Zenteno Anaya in his place could reflect submerged strife.

#### *The Nationalist Revolutionary Movement*

Despite its historic achievements (which include maintaining itself in power for twelve years), the MNR proved incapable of perpetuating the alliance of interest groups that carried out the National Revolution of 1952. During its later years in power, the party suffered from defections and factionalism. In the face of this splintering off of constituencies to form new parties on its left and right, it still managed to retain a mass following, even after being overthrown. Thus, the Nationalist Revolutionary Movement has distinguished itself from many small, highly personalistic, and more ephemeral rival groups.

Intraparty disputes persisted throughout the MNR's seven years in opposition (1964-71). Ostensibly settled by a "declaration of unity" early in 1971, the disputes persist and current internal battle lines reflect the same old personal rivalries and ideological differences. Party head and former president Victor Paz Estenssoro has returned from exile in Peru and his followers have the upper hand. His main opponent in the party, ex-president Hernan Siles Zuazo, is in Chile. Paz supporters are reportedly determined to prevent his return, although there is no sign that Siles wants to come home now.

In late August 1971, a group of left-wing party leaders, calling the government's violent eviction of students from university buildings in La Paz "contradictory with any revolution: nationalist, and popular stance," unsuccessfully demanded that the party leave the government.

[REDACTED]

Thus far, the MNR's left wing has been content to press its view within the party. There are signs, though, that the establishment of a new "MNR of the left" may be under consideration.

[REDACTED]

An outright defection by Siles could cause a formal party split. On the other hand, left wingers could be expelled from the party in a move to dissociate the MNR as a whole from those who plotted with former armed forces commander Iriarte, and to pre-empt a breakaway move.

The 64-year-old Paz appears to be preparing for an attempt to return to power by unifying and strengthening the MNR behind him. Mindful of the importance of reviving the party's revolutionary image, the former president has reiterated its dedication to "revolutionary nationalism," which Paz defines as a process of "accomplishing tasks in order to arrive at the transition to socialism." Paz' socialism is both non-Marxist and "in the future." Calls for cooperation among the members of the governing front and denial of presidential ambitions notwithstanding, Paz has indicated that he still considers himself the only real *caudillo* in Bolivia, and he reportedly had told party leaders to regard participation in the Banzer government as a springboard for the party's peaceful return to power. While he has joined President Banzer in publicly discounting the possibility of elections in the near future, Paz' strategy seems to envisage a victory at the polls.

Paz probably hopes to bring various party factions into line at a convention tentatively scheduled for December, and then concentrate on

Special Report

- 9 -

29 October 1971

SECRET

SECRET

25X1



**Victor Paz Estenssoro**

*"I leave false modesty aside. I am the caudillo of Bolivia."*

expanding the party's base of support. The former president faces serious obstacles, however. Even his loyal supporters have expressed dissatisfaction with the MNR's share of government patronage; especially with the fact that the Falange controls the Ministry of Agriculture and Campesino Affairs. There is also dissension over the filling of available positions, and some who claim to have fought loyally for the party feel that they have been passed over for jobs in favor of the less deserving. Some younger party activists especially resent the monopolization of party power and prestige by old-line leaders, a feeling that may extend to Paz himself.

Rank-and-file support for the alliance with the FSB is less than enthusiastic. Paz has instructed middle-level party leaders to explain the necessity for it to the masses, but the large residue of animosity will not be easily overcome. Progress toward Paz' goals will also be hampered by the fact that even within his inner circle there is dissension over party affairs. There is constant maneuvering for position within this group, and personal or ideological loyalties consistently take a back seat to opportunism.

In the unlikely event that internal solidarity is achieved, the MNR's prospects for strengthening itself numerically would improve. But a major success in this endeavor will depend upon the benefits the party can offer to potential members. If government repressive measures become more severe, Paz himself could conclude that continued

participation in the ruling coalition is a net liability. In the meantime, although he is aware that the MNR could become indelibly identified with repressive policies it cannot fully control, Paz apparently considers maintaining the party's role in the government and cultivating support in the armed forces to be essential. He seems content to rationalize the party's alliance with its old political nemesis by insisting that the FSB's attitudes have changed and that it is not a significant political force anyway. He is convinced that the enmity between his party and the armed forces can be overcome, and he will probably attempt to convince military men that the two institutions need each other. Paz' persuasive efforts will be contending with die-hard elements within the armed forces, political groups that supported Barrientos, the Falange, and the MNR itself to see to it that the party leaves the alliance one way or another.

#### *The FSB*

For the first time since its founding in the mid-1930s, the Bolivian Socialist Falange is an important participant in government. In fact, its influence within the Popular Nationalist Front is out of proportion to the party's actual popular following.

The Falange initially attracted extreme rightist support because of its identification with fascism, although the party actually stood for conservative social reform. During the MNR's years in power, the Falange was a formidable and sometimes violent opposition. The Falange was united in the period prior to Paz' overthrow, but expectations of participation in the Barrientos government were unfulfilled, and the party remained in its traditional role as an opposition force of diverse make-up. By the late 1960s, various factions, including a vitriolic left wing, brought the party to a state of such internal anarchy that it ceased to be a significant political force.

During the Ovando and Torres regimes, however, the party reorganized, expelled its way-out

SECRET

SECRET

25X1

leftists, and began to project an image of moderation, right of center in Bolivian terms. The opportunistic, somewhat eccentric Mario Gutierrez returned from semiretirement to resume leadership of the party. The party secured its present position by taking part in the planning and execution of the revolt against Torres. It now claims to stand for a "Christian Socialism" based on the papal encyclicals and other church documents. It draws support mainly from larger landowners, small businessmen, and professionals. The center of its strength is in Santa Cruz, but the actual popular support commanded by the party throughout the country is still limited. The Falange seems to be the group with the most to gain from participation in the coalition government, and it almost certainly would oppose a move to hold elections soon.

Party leaders have pledged to make the alliance work, but many members have fought the MNR for years. They remember their persecution under MNR governments and blame the MNR for the death in 1959 of Oscar Unzaga de la Vega, the Falange's founder. There is also some rank-and-file dissatisfaction with the party leadership's concentration on governmental rather than party affairs, and complaining over patronage matters. On the whole, however, the FSB appears to be unified in support of the government and enjoys much better relations with the armed forces than does the MNR. Many officers holding high government or military posts are thought to be favorably disposed toward the party. Significantly, Colonel Selich's Interior Ministry is largely staffed with FSB members. President Banzer seems to be pleased with the party's attitude and conduct.

#### *The Private Sector*

As Bolivian businessmen watched the economy stagnate, public order break down, and respect for private property deteriorate under Torres, they concluded that the private business community might be eliminated completely if the nation's leftward drift continued. When an anti-

Torres movement demonstrated its seriousness and potential, the private sector responded with financing, and it is closely identified with the success of the rebellion.

The private business sector is represented in the new government by the minister of industry and commerce and by the secretary general of the presidency. It has every reason to be pleased with the Popular Nationalist Front, the government's economic policies, and the curbing of labor's political power. Businessmen are now primarily concerned with preserving stability, maintaining a favorable climate for private enterprise, and attracting foreign aid and investment.

#### *Bolivia Under Banzer*

The front now running Bolivia is basically moderate, nationalist, and anti-Communist. President Hugo Banzer, a respected military professional, minister of education under Barrientos, and one-time military attaché in Washington, appears on the surface at least to be firmly in command of the coalition government. There are, however, disturbing signs that elements demanding the continued application of highly repressive measures have considerable influence, if not outright control, over vital aspects of government policy.

**Foreign Minister  
Mario Gutierrez Gutierrez**  
*"We, the Falangists, seek a  
Christian Socialism."*



SECRET

SECRET

25X1

The President has promised to end national disorder, "pull Bolivia from chaos," and "reconstruct the fatherland" through peace, order, work, discipline, and sacrifice. He has pledged to eliminate the divisive concepts of left and right from political life and to substitute the unifying ideal of nationalism. Banzer has indicated that elections will be held eventually, but he has stated that social peace and the solution of Bolivia's basic problems must come first. He views as his most important immediate tasks the restoration and preservation of order and the achievement of economic progress.

The day after assuming the presidency, Banzer made it plain that he was prepared to deal summarily with recalcitrant leftists. After a pacification committee unsuccessfully attempted to contact armed students occupying San Andres University in La Paz, shooting broke out and troops backed by armored cars and air support stormed the building. Eight students were killed, 25 wounded, and hundreds made prisoner. The government has since taken other measures to neutralize student opposition. In early September, all universities were ordered closed until next March. Administrative positions and professorships were declared vacant. Rehiring and reorganization will be used to eliminate extreme leftist influence and to prevent the universities from serving as bases for antiregime activity. Primary and secondary schools have also been closed for the school year, and changes in staffs and curricula are planned. Many students have been arrested in the government's all-out effort to eradicate the National Liberation Army; some remain in custody.

The government has also undertaken to depoliticize and restructure the labor movement, and has begun by dismantling union leadership. Most of the higher level union leaders are either under arrest, in exile, or in hiding. Labor Minister Humboldt has stated that trade union rights and wage agreements already in effect will be respected, but has emphasized that labor leaders' involvement in conspiracy and political activities

is another matter, to be dealt with by the Ministry of Interior. Preliminary moves have already been made to install a more pliable brand of union leadership, and President Banzer has promised that new guidelines for trade union activity will be issued.

Repressive measures have not been confined to selective actions against potential centers of opposition activity. Banzer coupled a qualified guarantee for freedom of action for all political parties with the initiation of a campaign against "anarchists," and proclaimed that anyone who attempts to confront the government with force or "create chaos" will be imprisoned. The Ministry of Interior under Colonel Selich has interpreted this mandate in broad terms. It is becoming increasingly clear that the labels guerrilla, anarchist, Communist, and conspirator are being liberally applied to workers, students, journalists, and politicians who are actual or potential opponents of the government. It may even be that Colonel Selich is not completely responsive to President Banzer's direction. Selich has vowed to rid the country of leftists, and his ministry has been aggressive in the performance of its duties. The President has given qualified pledges of freedom from government interference to the media, but many journalists have been arrested or harassed, and some of the more outspokenly leftist members of this group are in custody. The journalists' trade union has been "intervened" (temporarily taken under control) and its reorganization is under study by a government commission.

Most of the individuals arrested thus far have been released after interrogation, but the government contends that many extremists are too dangerous to be allowed back on the streets, and that in some cases even exile is too risky. Remote work camps are in the Bolivian tradition and a number have been set up to confine those who are believed to be especially likely to cause trouble.

The government's vigorous actions demonstrate its determination to survive, and most of

SECRET

SECRET

25X1

those incarcerated are probably regarded as real threats who must be dealt with firmly. In the long run, however, the bitterness and hatred spawned by the bloody revolution and its repressive aftermath may prove far more dangerous. There is reason to believe that repression could intensify rather than taper off. Some military and Falange figures apparently feel that the opportunity to eliminate the extreme left once and for all should not be passed up. In any event, the government is not convinced that its pre-emptive measures will be entirely effective, and preparations are being made to counter anticipated civil disturbances and terrorist or guerrilla activities. Priority is being placed on augmenting the mobility of the armed forces and on the organization of new mechanized units to be deployed to major cities. Brazilian and Argentine, as well as US, military aid is being applied to this effort.

Banzer has not neglected the nation's economic problems. An influx of foreign aid is helping to reverse the economic decline of the past two years. The US, Brazil, Argentina, and a number of West European countries are contributing. The private business sector seems to have confidence in the future. A number of suspended investment projects have been resumed, and new plans have been announced. The National Chamber of Industries has decreed a price freeze on manufactured goods in order to aid the economic recovery, and other gestures of cooperation have come from the private financial sector and from public institutions. The government is emphasizing the importance of job-creating construction projects and is channeling funds into public works to reduce unemployment, which had reached over 20 percent of the labor force under Torres. The main source of these funds is a new \$12 million program loan from the US. Despite encouraging progress, serious problems remain. Even with foreign assistance, an uncovered deficit of \$20 million is anticipated for the 1971 central government budget. This year's balance of payments deficit may reach \$8 million. The foreign debt already exceeds \$400 million.

The President has stated that although he considers the Gulf nationalization to have been a mistake, it is irreversible. The completion of financing arrangements for the long-planned Santa Cruz to Yacuiba pipeline is a major step toward the generation of revenue from the sale of natural gas to Argentina and the fulfillment of the compensation agreement with Gulf. The government has adopted a positive attitude toward negotiations with two US mining firms over compensation for facilities nationalized by Torres. The arrangements being worked out concerning these mining operations will be especially important to the Bolivian economy in their effect on the maintenance of support from the US and international financial agencies. They will also have an important bearing on the success of the government's attempts to attract new foreign private investment.

Banzer professes to believe that if his government can demonstrate an ability to reduce unemployment and get the economy back on its feet, the great mass of peasants and workers will be immunized to the exhortations of the extreme left. The President also feels that bread-and-butter issues can be used to build support for the Popular Nationalist Front. Creating jobs and stimulating the economy are bound to be popular, and a good start has been made in these areas. On the other hand, reduction of miners' and government employees' wages or devaluation of the peso—issues with political and emotional overtones as

Minister of Interior  
Andres Selich Chop

*"There will be no rest until the last foco of Castro-Communism is eliminated."*



SECRET



SECRET

25X1

well as significance for financial stabilization—must be dealt with soon. The pressures to place political expediency over economic considerations will be great.

On the international scene, the effects of the change of government have been predictable. Bolivian-US relations have improved markedly. Despite the anti-Communist rallying cry of the revolt, there has been no immediate hostility between the new government and the Communist world. Bolivia has indicated that it will uphold its agreements and contracts with the Soviet Union and Eastern Europe. Official Communist representatives have been careful to maintain a correct, business-as-usual approach. Discussions centering on the utilization of previously granted credits and the installation of mining and smelting facilities are continuing. Concern over Communist China's "dumping" of antimony on the world market could provide motivation for the establishment of at least commercial relations with Peking.

Renewal of relations with Cuba and re-establishment of diplomatic ties with Chile, both in train under Torres, are most unlikely now. Che Guevara and Cuban aid to Bolivian guerrillas are bitterly remembered. Castro's calls for armed struggle against the Banzer regime and moral and materiel support for Bolivian revolutionaries have renewed old animosities. The ideological affinities that had shown promise under Torres of mitigating historic Bolivian-Chilean differences are gone. Foreign Minister Gutierrez, an expert on Bolivia's claim to a seacoast, has expressed a desire for a positive dialogue with Chile, but he has also reiterated Bolivia's unalterable demand for sovereignty over an outlet to the Pacific. There is, finally, a Bolivian belief that Cuban and Chilean men and materiel have been involved in guerrilla incidents that have occurred since late August.

#### *Opposition On The Left*

While disarrayed and clearly on the defensive, the extreme left is not destroyed. Many

student, labor, and political leaders are under arrest or in exile, but some important figures remain in hiding. Various groups are trying to reactivate clandestinely, and maneuvering for the leadership of an incipient leftist united front is under way.

A major government pre-emptive offensive is in progress against active and potential guerrillas. The National Liberation Army (ELN) is the primary target. It is a direct descendant of the ill-fated revolutionary movement founded and led by Che Guevara and has received support from Cuba and from the Uruguayan Tupamaros. Government claims that foreigners are involved in the latest guerrilla incidents and that Cubans and other foreigners have been killed in clashes initiated by army rangers remain unsubstantiated. Since Guevara's death in 1967 the ELN has operated only sporadically and has remained a small, generally ineffective organization. Now, however, it could benefit from a reservoir of violence-prone potential recruits, alienated and radicalized by their treatment at the hands of the Banzer government. Despite recent reversals, the command structure apparently remains intact

The group has never formally abandoned its original rural guerrilla orientation, but it was moving toward concentration on urban activities during the Torres administration.

The group's current ability to implement its plans is doubtful, but it will be anxious to demonstrate its viability. Isolated but dramatic acts of terrorism, which require only limited resources, would serve this purpose.

Whether or not angry dissidents choose to serve under the banner of the National Liberation Army, they are potential perpetrators of violent acts of opposition, and they will be sought after by emerging centers of opposition activity. A Revolutionary Resistance Front claiming to represent most other extreme leftist political groups

SECRET

SECRET

25X1

proclaimed its existence in late August, called for a unified armed struggle, and denounced deposed president Torres for betraying the people by sending them to a useless slaughter. Nothing further has been heard from this group. The relationship, if any, between Bolivia's small Communist parties and the so-called front is unclear.

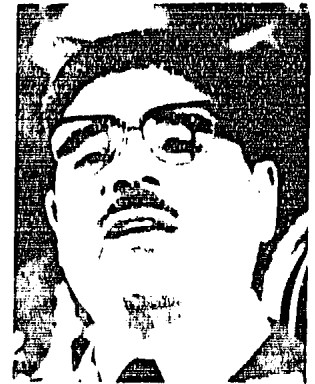
25X1

Former president Torres believes that in defeat the "popular forces" finally realized their identity of interests with his government. Torres considers himself the natural focus of a resistance movement, and has vowed that his revolution will eventually rise again to crush its enemies. The former president, who entered Chile in mid-October after his expulsion from Peru for engaging in political activities, has stated his adherence to a "patriotic anti-imperialist front of national liberation," but whether he referred to a specific organized group is unclear. One of his loyal supporters, Major Ruben Sanchez, has lately had kind words for Che Guevara and has called for a guerrilla war against the Banzer government. Sanchez plans a "long journey" that he says will take him back to Bolivia. Still to be heard from on the opposition scene are student leader Oscar Eid, whose whereabouts are unknown, and labor leader Juan Lechin, head of the now-defunct popular assembly, who is currently in Venezuela.

The extreme left is under severe pressure. Political groups are operating feebly if at all. The opposition has a long way to go in overcoming its ideological differences and establishing an effective unified command. But the conviction that coordinated action is necessary appears to be taking hold, and government repression will stimulate further cooperation. If violent acts of

**Former President  
Juan Jose Torres**

*"I claim the role of last fighter, and consider myself a staunch revolutionary with steadfast convictions and the will to conquer."*



opposition are forthcoming, they will be used by the government to justify intensified repressive measures. Given the present climate of hatred, the mutual desire for revenge, and the access of both sides to weapons, there is real danger of another vicious spiral of reciprocal violence.

*A Look Ahead*

Instability in Bolivia is the norm, continuity the rare exception. In 146 years of independence, the nation has changed its government on the average of once every nine months. There is little reason to believe that the recent revolt ushered in a political millennium. The blood of the August rebellion had hardly dried when political machinations resumed.

25X6

On the other hand, the early departure of the Popular Nationalist Front or the Banzer government is not a foregone conclusion. In Bolivia,

the inherent incongruity of the present front does not automatically disqualify it from survival. The front can avoid disintegration if the leaders of its components continue to find the alliance in their own best interests, and the components themselves remain intact.

President Banzer's fate is not necessarily tied to that of the front. His political future hinges on continued support from the armed forces. Banzer has thus far concentrated on order and economic

SECRET

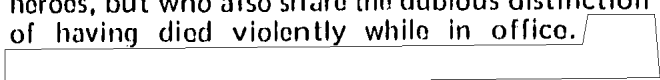
SECRET



25X1

progress, and it is doubtful that he has charted his course beyond these objectives. The President has announced his intention to follow in the footsteps of Busch, Villarreal, and Barrientos, Boliv-

ian presidents who are now considered national heroes, but who also share the dubious distinction of having died violently while in office.



25X1

\* \* \*

SECRET