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**Latin America
Review**



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10 August 1984

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ALA LAR 84-015
10 August 1984

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Latin America Review (U)

10 August 1984

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Guyana's Military: Key to Stability	[Redacted]	17
[Redacted]		

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President Forbes Burnham depends for political survival on Guyana's relatively well-trained and -equipped armed forces, but the country's severe economic problems are beginning to cause dissent in the ranks, where loyalty to Burnham appears to be waning. [Redacted]

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Articles have been coordinated as appropriate with other offices within CIA. Comments and queries regarding this publication may be directed to the Chief, Production Staff, Office of African and Latin American Analysis, [Redacted]

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Articles

Cuban Activities in South America



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Cuba's dual strategy for advancing its interests abroad is clearly reflected in its activities in South America. In Argentina, Havana has responded over the years to changing conditions and opportunities by alternating between concerted support for leftist guerrillas and political approaches, such as the current effort aimed at strengthening diplomatic relations. In other countries—Bolivia, Colombia, Ecuador—Castro feels he can pursue elements of both tracks more or less simultaneously. Because Cuba harbors special antagonism toward the Pinochet government, Havana consistently over the years has supported Chilean revolutionary groups and not sought diplomatic ties. In countries where Castro has seen no opportunities since insurgencies were crushed in the 1960s and early 1970s—for example, Brazil and Venezuela—he has generally pursued a diplomatic strategy, although not completely abandoning contact with radical left groups.

In June 1983 Cuban Vice President Carlos Rafael Rodriguez acknowledged publicly what other Cuban leaders, including Fidel Castro, had admitted in the past—that one of Havana's basic aims is to foster socialist revolution throughout Latin America. In formulating policies to attain this goal, Cuba divides countries of interest into two broad categories: (1) "operational targets" where either conditions are ripe for revolutionary activity or regimes have earned Castro's particular antagonism (here Cuba encourages revolutionary groups to cooperate and foment violence by offering training, arms, funds, technical support, and advice); and (2) "political targets" where regimes are less vulnerable and revolutionary potential is low (here Havana seeks to improve diplomatic and economic ties to overcome its

isolation, further Castro's Third World leadership aspirations, and compete with the United States for hemispheric backing). These strategies are visible in varying degrees—and in some countries are pursued simultaneously—in Cuba's dealings with South America.¹

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Argentina

Cuban connections with Argentina's insurgent groups—the Montoneros and the People's Revolutionary Army—date from at least the early 1970s. Havana provided training, funds, and advice, particularly after President Juan Peron's death in 1974 led to a resurgence in terrorist activity. Following the military coup in 1976, Argentine terrorist groups were crushed, and two Cuban Embassy employees suspected of aiding guerrillas were apparently killed. This and growing Argentine-Cuban trade ties led Havana to scale back its involvement in 1977, although it has continued to train, fund, and offer haven to Montoneros, who fought in the Nicaraguan revolution and are operating in Central America and elsewhere in the hemisphere. The Falklands war in 1982 produced closer bilateral ties and continued Cuban restraint in fostering guerrilla activity in Argentina. President Alfonsin's inauguration last December permitted Castro to improve relations further, including Argentine trade credits for Havana (\$600 million over three years).

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¹ For a more complete treatment of the Cuban-Venezuelan relationship, see following article.

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Chile

Havana has maintained ties to the main Chilean terrorist group, the Movement of the Revolutionary Left (MIR), since the late 1960s. The relationship was expanded after the 1973 military coup against President Allende, [Redacted]

[Redacted] Siles established formal diplomatic relations with Cuba in early 1983, although in deference to Washington, La Paz has held ties to the charge level and has not opened an embassy in Havana. During the last two years, several of Siles's radical advisers— [Redacted]

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[Redacted]

[Redacted]—have been building an armed cadre to defend the administration from its domestic enemies (including the armed forces) or, if the government is overthrown, to carry out guerrilla warfare. [Redacted]

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[Redacted] Since 1979, and especially following the eruption of serious domestic discontent in Chile last year, Havana has reportedly infiltrated scores of terrorists into the country to strengthen the pro-Cuban presence in the leftist opposition. Castro attaches special importance to undermining the Pinochet regime, both because of its strident anti-Communism and because it toppled the Cuban-backed Allende government. Thus, [Redacted]

Havana has engaged in an active support effort, training a few hundred ruling party militants, placing several advisers in Bolivia. [Redacted]

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[Redacted]

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[Redacted]

Colombia

[Redacted] Cuba probably will not significantly curtail its role in Chile and jeopardize its ties with the MIR or its chances of playing a leading role in the anti-Pinochet movement. In fact, [Redacted]

Cuba supported guerrillas in Colombia on a limited basis beginning in the 1960s, but agreed not to interfere in Colombia's domestic affairs in 1975 when the two countries renewed diplomatic relations. Bogota suspended ties again in 1981 when it became clear that Castro—encouraged by the Sandinista victory in 1979 and embittered by Colombian competition that caused Havana to lose its bid for a UN Security Council seat—had resumed training, arming, and advising M-19 insurgents. Colombian President Betancur took office in August 1982, however, ideologically predisposed to overlook past Cuban support for his country's guerrillas and to renew ties with Havana. Recognizing an opportunity, the Cubans became more circumspect in their dealings with the insurgents, but continued at least through last year to provide training and advice to members of the M-19. [Redacted]

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[Redacted]

Evidence that the MIR has been penetrated and weakened by Chilean security, however, may be leading Havana to step up its longstanding support for the Communists (who advocate armed struggle) and for terrorist factions of the Socialist Party. In addition, the US Embassy has concluded that Havana may also be backing the Manuel Rodriguez Patriotic Front, a shadowy group that has claimed responsibility for numerous recent bombings. [Redacted]

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Bolivia

Following the failure of Che Guevara's Bolivian campaign in 1967, successive governments in La Paz held Cuba at diplomatic arm's length until the inauguration of leftist civilian President Siles in October 1982. Siles, his Vice President, and a number of his advisers had close contact with Havana during their preceding years in exile, [Redacted]

[Redacted]

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[Redacted] Occasional public revelations of continuing Cuban connections

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with the insurgents [redacted] and the Colombian military's strong opposition to renewed diplomatic relations continue to force President Betancur to hold off on his desire to normalize ties. [redacted]

Peru

Cuba supported unsuccessful Peruvian guerrillas in the mid-1960s. In the 1970s Havana eschewed interference in Peru because of the Soviet Union's desire not to endanger its growing arms supply relationship with Lima. In April 1980, diplomatic relations between Peru and Cuba were reduced to the charge level—where they remain—because of a diplomatic dispute and trade problems. The Belaunde administration has maintained distant, but polite, relations since it succeeded the military regime in July 1980. We believe that Castro has been wary of supporting the Sendero Luminoso insurgents because of their exclusivist Maoist ideology and the potential risk to Soviet ties with Lima. [redacted]

[redacted] Havana believes the prospects for achieving its objectives in Peru are brighter through its developing contacts with legitimate parties. Thus, it has provided funds to and courted leaders of the center-left American Popular Revolutionary Alliance (APRA) and the United Left coalition. If APRA wins the presidential election in March 1985—as currently appears likely—full diplomatic relations probably will be restored. [redacted]

Ecuador

For some years Cuba has utilized the Ecuadorean Communist Party and other local radical leftist groups to promote anti-US demonstrations and propaganda activities. [redacted]

[redacted]

[redacted] Last March lameduck President Hurtado overrode military objections and exchanged ambassadors with Cuba, upgrading relations that had been at the charge level since a diplomatic incident in Havana in 1981. Febres Cordero, the conservative president-elect who assumes office in August, told the US Embassy recently that he intends to maintain diplomatic relations with Cuba as long as it does not interfere in Ecuador's internal affairs. He will probably immediately suspect Havana, however, if terrorist activity begins to plague his government. [redacted]

Brazil

Leftist terrorists in Brazil that received Cuban aid in the mid-1960s were virtually destroyed by security services. Because the few remaining members have been unable to organize effectively or stage any significant activities, Havana apparently has written them off as not deserving of serious support. Moreover, as a result of Brasilia's gradual political liberalization since the late 1970s, the pro-Soviet Brazilian Communist Party has been permitted to campaign for legal status, further splintering former terrorist groups and reducing the revolutionary potential in Brazil. Thus, since the present military government took power in 1979, Havana has primarily sought renewed diplomatic and trade ties. These efforts have made little progress, but Castro presumably is counting on the restoration of civilian rule next year to improve his position with Brazil. [redacted]

Uruguay

Uruguay's Tupamaro guerrillas, one of the most effective terrorist forces in the world in the late 1960s, were stamped out domestically in the early 1970s. Since that time, Cuba has provided safehaven and training to Tupamaros in exile and possibly a limited amount of arms and funding. [redacted]

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Uruguay does not have diplomatic relations with Cuba, a situation that would change only in the unlikely event that, in the scheduled transition to civilian rule early next year, a leftist president comes to power and the military allows him to restore ties with Havana. [Redacted]

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Paraguay

In Paraguay, Cuba since the early 1960s has expressed only sporadic interest in assisting anti-Stroessner groups, [Redacted] because none of these groups has realistic insurgent potential and thus Castro has not considered conditions in Paraguay favorable for revolutionary activities. The Paraguayan Government has no diplomatic relations with Cuba, and, according to US Embassy reporting, President Stroessner closely monitors Cuban and Soviet activities in neighboring countries. Stroessner, nevertheless, recognizes the antipathy Soviet Bloc countries feel toward his regime, and he uses what he views as an imminent international Communist threat as the main justification for his authoritarian rule. [Redacted]

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Cuba-Venezuela: Prospects for Diplomatic Relations [redacted]

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Cuban-Venezuelan relations are warming as a result of the Castro government's recent compromise allowing the departure from Cuba of 16 asylees residing in the Venezuelan Embassy in Havana since 1980. We believe this action increases prospects for an upgrading of diplomatic relations in coming months.

[redacted]

adopted to resolve the impasse, the refugees would "voluntarily" renounce their claim to political asylum, depart the Embassy but remain in Cuba for a while under government guarantees for their safety, and then be allowed to leave Cuba at intervals. The latest available information is that all but one of the 16 refugees have left the Embassy and are being treated correctly by Cuban authorities.

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Castro's intentions are unclear to us, however, because a second major bilateral dispute is still apparently unresolved. This concerns the fate of anti-Castro activist Orlando Bosch, who, along with three accomplices, is accused of blowing up a Cubana Airlines flight in 1976, killing all aboard. He remains in prison in Venezuela but has yet to be convicted. Castro has long insisted that Bosch be tried and sentenced before Havana would normalize relations with Caracas. We do not know whether Castro will be satisfied with the much-publicized request of Venezuelan prosecutors on 11 July that Bosch and his confederates be convicted of murder and given maximum terms.

[redacted]

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Several recent instances of cooperation between Havana and Caracas, especially in the commercial arena, suggest that economic ties will strengthen even if diplomatic relations are not upgraded soon. Havana continues to push its two-and-a-half-year-old campaign to improve relations with numerous Latin American countries and to promote its image as a "responsible" international actor. Castro probably regards progress in drawing closer to Caracas as favorably affecting other South American holdouts, notably Bogota and Lima.

The announcement of the compromise on the asylees came despite two violent incidents a few weeks ago outside the Venezuelan Embassy—when young Cubans seeking admittance were shot by Cuban guards—leading to several sharp exchanges between Caracas and Havana. The Venezuelan Foreign Minister publicly expressed his government's anger over Cuba's behavior. The US Interests Section in Havana even reported that Havana's actions demonstrated that Cuban officials, especially Castro, cannot tolerate any evidence of public discontent or foreign involvement with that discontent.

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Nonetheless, the two capitals had been negotiating quietly for sometime on the asylees dispute and Havana had signaled its readiness to compromise.

[redacted]
Havana had pressed Caracas for two years to send a delegation to Cuba to negotiate on the asylees question, intimating a willingness to work out an arrangement similar to one reached with Lima in 1981 concerning refugees in the Peruvian Embassy in Havana.

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Recent Developments

In early June, Caracas and Havana reached an understanding on the status of the 16 Cuban refugees lodged in the Venezuelan Embassy in Havana since the 1980 Mariel exodus, whom Castro had persistently refused to recognize as political asylees entitled to leave the country. Under the formula

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Havana took the initiative by late May to resume the negotiations interrupted by the uproar over the shootings, [redacted] The Venezuelan Foreign Minister subsequently told the leftist press that, in line with President Lusinchi's wish to practice a "pluralistic foreign policy without any kind of discrimination," an upgrading of diplomatic relations with Cuba was possible before the end of 1984. [redacted]

President Lusinchi and other officials stated to the US Embassy, however, that, while they welcomed Havana's action, Venezuela had no intention of changing the present status of diplomatic relations with Cuba. They pointed out that the next move was up to Havana, which in a huff had withdrawn its Ambassador and closed its Embassy in Caracas in September 1980—but without breaking relations.¹ Several Venezuelan officials expressed doubt, moreover, that Havana's willingness to be accommodating on the asylees issue would carry over to the even more contentious dispute on the Bosch case. The Foreign Minister, for instance, told the US Ambassador that this remained a serious irritant for the Cubans, especially since Venezuelan authorities had made clear that final disposition of the Bosch case would be left entirely up to the Venezuelan courts. Nevertheless, some three weeks after the asylees agreement was announced, the Venezuelan media reported that the prosecutors would seek a murder conviction and the maximum 30-year prison term for Bosch and his three codefendants. The US Embassy noted that "political authorities" may have influenced the prosecutors' actions and that Havana probably would view the latest development favorably, even though final court action on the case may be several years away. [redacted]

Cooperation in Other Areas

In mid-June Caracas and Havana formally renewed a lapsed bilateral air piracy agreement. The Venezuelan Charge in Havana—who evidently staked his prestige on improved relations—told the US Interests Section this action reflected his government's desire to

continue the warming trend in bilateral relations. In early July, Castro sent a special congratulatory message to Venezuela on the 163rd anniversary of independence. The Venezuelan Foreign Minister not only expressed appreciation publicly for the message, but later stated that he believes Cuba should participate in peace talks concerning Central America despite contrary US views. [redacted]

[redacted] government-to-government cooperation in nonpolitical matters is relatively extensive, although not publicized widely, and has intensified since the Lusinchi administration took office in February 1984. Two credit arrangements were concluded in February and March 1984, calling for a substantial increase in bilateral trade. [redacted]

[redacted] The US Embassy in Caracas interpreted Venezuela's willingness to extend these new credits to Cuba, which Havana had been pressing for since late 1982, as reflecting the Lusinchi administration's commitment to expanding trade with Cuba, despite expected US opposition. The Embassy also noted that Venezuelan officials had repeatedly misrepresented to Embassy officers the extent of the evolving Cuban-Venezuelan economic relationship. [redacted]

In addition, according to the Embassy, the new administration evidently tried to conceal its approval of a request by the Cuban airline, Aero-Caribbean, to promote regular tourist flights to Cuba. These flights, which [redacted] began in April 1984, are handled by a local tourist agency run by Cuban sympathizers living in Caracas, and by mid-July were being scheduled on a weekly basis. Additional recent bilateral commercial contacts have included discussion of possible Cuban cooperation in the Venezuelan sugar industry and exploratory talks on expanding Cuban purchases of Venezuelan chemical products, [redacted]

Another area of Cuban-Venezuelan cooperation is a weekly airlift by the Venezuelan Aeropostal airline of

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Cuban refugees from Havana to Caracas under a Family Reunification agreement signed by the two governments in 1979. [redacted]

[redacted]

According to the US Interests Section, the Cuban Government, anxious to get rid of dissidents—there may be as many as 150,000 Cubans awaiting exit permits—has attempted to accelerate emigration to Panama and Venezuela in recent months. Despite some recent tightening of immigration procedures, [redacted] Caracas does not plan to terminate the Family Reunification program, and there is no sign that the issue has become a matter of contention between Venezuelan and Cuban officials. [redacted]

From Havana's perspective, we believe there is strong incentive to bring the warming process to some concrete result because of the demonstration effect with other South American countries Cuba currently is cultivating. For instance, Havana probably calculates that Colombia and Peru might be influenced by an upgrading of Venezuelan-Cuban ties to improve their own relations with the Castro government—in Colombia's case, through a resumption of diplomatic relations suspended in 1981, and, in Peru's, with an exchange of ambassadors. Finally, Cuba is motivated in its courtship of Venezuela and other countries, by a strong interest in portraying itself as a responsible member of the international community and thus to counter what it views as US efforts to isolate it as a pariah. [redacted]

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Prospects

We believe that Havana is optimistic about progress to date in drawing closer to the Lusinchi government and anticipates reopening its Embassy in Caracas within the next few months. The US Embassy in Caracas has commented that the gradual improvement in Cuban-Venezuelan relations appears to be following a prearranged pattern, whose key elements may have been worked out by the previous administration and later—under pressure from his party's left wing—endorsed by President Lusinchi. The Embassy concluded that a decision has been reached to allow normalization of relations to occur provided Castro takes the initiative. [redacted]

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The most likely scenario, in our view, is that within a few months Havana will seek Caracas's concurrence that it reopen the Cuban Embassy in Caracas. We believe that Venezuelan authorities will agree to accept a Cuban charge, if by then most of the former asylees have left Cuba. Nevertheless, further action on the diplomatic front will depend on developments in the Bosch case [redacted]

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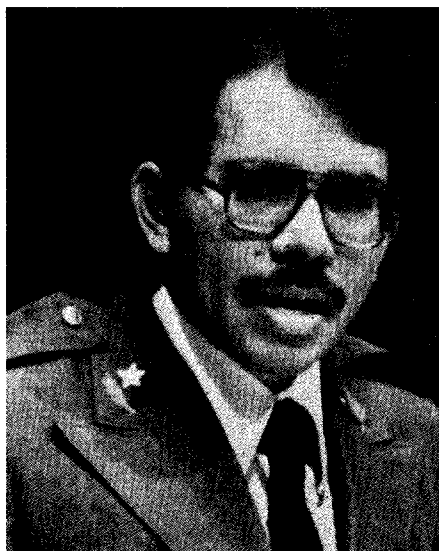
Nicaragua: Living Standards Drop as Financial Troubles Grow

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Government insolvency is increasing as popular living standards continue to decline.

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US Embassy sources report that the Junta has used all the foreign exchange it earned from the harvest season that ended in May. To finance its immediate needs, the government has resorted to selling crops—almost certainly at a discount—that will not be harvested until November at the earliest. Harvesting delays caused by the insurgency have lowered the quality of the current cotton crop, cutting government earnings by about \$8 million.



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Nicaragua has reneged on a commercial debt repayment schedule it signed in February.

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should Nicaragua fail to sign a new agreement or to make any payments by the end of 1984, the banks may try to attach Nicaragua's meager foreign assets.

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Junta Coordinator Daniel Ortega UPI ©
calls for further sacrifices.

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In recent public speeches, Junta members have emphasized the need for further sacrifices by the people, who are already suffering heavily from the economic decline. The US Embassy reports that, even in some agricultural areas, market shelves are bare of such basic items as beans and rice. It adds that much larger grain imports will be needed soon.

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- Stepping up land distribution to campesinos in the central highlands.
- Moreover, Managua has decided to classify all economic information, according to the US Embassy.

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Despite the regime's claims that national problems are the fault of US policy, much of the populace nonetheless appears to lay the blame for its declining living standards primarily at the government's doorstep. With no financial relief in sight, the Sandinistas will have little choice but to squeeze the populace further and to implore the Warsaw Pact countries for additional support. Now that strikes have once again been legalized, however, the regime may be confronted with renewed labor strife.

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Unable to alleviate the problems, the government has responded by:

- Mounting a propoganda campaign to convince the populace that economic times were worse under Somoza.
- Delaying implementation of the sharp food price hikes announced in June.

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Brazil: Shaky Prospects for Government Party [redacted]

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The government's Democratic Social Party (PDS), created under another name 19 years ago as a prop for the military regime, has fallen on hard times. With its constituency badly eroded and its leadership riven by dissent, the party's presidential candidate could lose the indirect election next January. Even if its nominee wins, the PDS will be an anachronism under a liberalized, civilian government next year and is likely to break up, leading to an eventual restructuring of Brazil's political spectrum. [redacted]

Embassy and press reports. Last year, dissident PDS legislators rebelled against the party tradition of rubberstamping the leadership's proposals and demanded both a larger role in policymaking and a greater share of patronage. To underscore their point, they helped to repeal two of the administration's wage-restraint laws. Early this year, another dissident group joined the widespread public clamor for direct presidential elections, against the government's wishes. [redacted]

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A Party in Decline

The PDS—following defeats in key gubernatorial, legislative, and municipal elections two years ago—has continued to lose public support. A recent poll in an important southern state indicated that only 15 percent of the electorate preferred the PDS, compared with 25 percent in another poll in the same region a year ago. One PDS congressman told the US Embassy that, if state elections were held now, the party would lose 10 of the 13 state governments it presently controls. In an atmosphere of political liberalization, notes the Embassy, the PDS suffers from its image as the most conservative of the five legal parties and from its identification with the failed economic and social policies of the lameduck military regime. [redacted]

Beyond this, PDS members—like those of most Brazilian parties—generally lack commitment, and many are willing to switch to another party. Grassroots organization is weak, according to the US Embassy, and members tend to view the party as an artifice created by the government for its own purposes. A survey of congressmen late last year indicated that, because of these problems and internal squabbles, over half of the PDS legislators wanted to change parties. [redacted]

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The PDS Presidential Candidate

The most divisive issue now confronting the PDS is the nomination of its presidential candidate. Federal Deputy Paulo Maluf, despite bitter opposition from President Figueiredo and some other PDS leaders, has led in the race for the party nomination for months because of his adroit use of political favors. According to the US Embassy, at least half of the PDS members of both congressional houses support Maluf, even though none of the party's state governors and only half of its congressional leaders do. [redacted]

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Under the military's political liberalization program, the loyal constituency of the PDS—which previously included many middle-class and urban voters—has narrowed to Brazil's most backward regions and politically unaware social groups. The US Embassy reports, for example, that, although the party still retains some support among conservative-to-moderate groups throughout the country, it now relies mainly on rural areas in the impoverished northeast, where landowning bosses trade peasant votes for pork-barrel economic assistance and other favors. [redacted]

[redacted] The Embassy reports, however, that Maluf's lead has been eroding and an upset victory by the other remaining contender, Interior Minister Andreazza, is still possible. [redacted]

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The PDS has been further weakened by successive factional splits over specific issues, according to US

The battle for the nomination has provoked an open split among PDS leaders, some of whom view Maluf as aggressive, corrupt, and unpopular with the general public. When prospective voters in seven large cities were asked last month to indicate a preference among the three leading presidential contenders—including one from the opposition—fewer than 13 percent picked Maluf. Efforts by some party leaders to hold a primary election to select a more attractive candidate were defeated by Maluf supporters in June, which, according to the US Embassy, prompted two party presidents to resign one after the other. [redacted]

Anti-Maluf sentiment is so strong that some prominent PDS politicians probably will vote for an opposition candidate in the electoral college. Last month, according to the US Embassy, two of the party's presidential aspirants—including Vice President Chaves—announced that they would forgo their candidacies, boycott the convention, and form a dissident Liberal Front. The Embassy reports that Chaves's group appears to include as many as 63 of the 361 PDS electors. They have agreed to support Minas Gerais State Governor Tancredo Neves—the likely opposition nominee—in the electoral college. Some PDS governors who back Andreazza also have indicated publicly that they will vote with the opposition if Maluf receives the PDS nomination. [redacted]

PDS Prospects in the Election and Beyond

As a result of the disarray in the PDS, its control of the electoral college—which once seemed assured—now appears uncertain. The US Embassy recently estimated that, in a two-man race between Maluf and Neves, defections across party lines could drastically reduce the PDS's nominal 36-vote majority in the 686-member electoral college. The new party president, a Maluf supporter, has admitted publicly the possibility of defeat. [redacted]

The PDS nominee's chances in the electoral college, we judge, will hinge on attracting some votes from the opposition to compensate for the likely loss of PDS electors. The US Embassy notes that the secret

balloting in the electoral college will make it difficult for party leaders to maintain unity behind their preferred candidates. Maluf could be expected to use his formidable political skill to woo wavering electors and keep his PDS support intact. Andreazza probably would be less successful in such an effort. Neves—another veteran political horsetrader—will strive to hold together a crazy-quilt coalition of opposition groups. At least 15 to 20 opposition members are susceptible to PDS blandishments, according to the US Embassy. [redacted]

In view of the debilitating factionalism among the present political groups, their lack of programmatic consistency, and past Brazilian practice, we and many local observers expect a general restructuring of parties over the next two years in preparation for congressional elections in 1986. After a civilian administration takes office next year, the PDS is likely to splinter or be replaced by a new, more broadly based political party. We believe that, if Maluf is elected, he will need to improve his public image to function effectively as president, and will thus move to muster popular support for his administration by attempting to form a more unified, representative party. Finally, the PDS dissidents, according to a knowledgeable US Embassy informant, may merge after the election with substantial opposition elements to form a new majority party. [redacted]

[redacted]

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**West Germany-Latin America:
Bonn's New Activism** [redacted]

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Chancellor Helmut Kohl's tour of Mexico and Argentina has sparked his interest in Latin American affairs. His statements during the trip suggest his enthusiasm could generate greater West German activity in the area. Agreements reached during visits to Bonn by Central American leaders earlier this summer suggest that this new surge of interest will focus principally on the area's social and economic development. In political terms, we expect Bonn to become somewhat more supportive of US policy in the region although it will continue to endorse regional solutions, such as the Contadora initiative. Bonn's role, however, will be limited by economic constraints and public opinion. [redacted]



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Kohl in Mexico [redacted]

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Kohl's Visits

West German officials recently told US diplomats that they consider the Chancellor's tour in July a great success, [redacted]

[redacted]

Not all of Kohl's pronouncements were laudatory, however. West Germany's approximately \$4 billion in loans to Argentina—the most extensive after the United States and Great Britain—very likely prompted his comments that Buenos Aires should reach an agreement with the IMF before expecting new investments from abroad. He also pointed out that the first step in overcoming a financial crisis is to fulfill the commitments made to creditors. [redacted]

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Kohl is now looking for ways in which the West Germans can assist those countries on their paths toward democracy and a better economic performance. In Argentina, he claimed that Bonn would act as "Latin America's sponsor" in the European Community and publicly endorsed the Argentines' desire to renegotiate their sizable foreign debt. In Mexico, Kohl lauded the government's efforts to improve its credit standing and called for increased foreign investment there. West Germany is already the second-largest foreign investor in Mexico after the United States. [redacted]

Yet, on balance, Kohl appears to have emphasized the positive, recognizing the need for leaders like Argentina's Alfonsin to score some economic successes in order to maintain the momentum of democratization. US officials report that Kohl accepted the argument that Argentina, as a leader in Latin America, can set an example for others. [redacted]

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Central American Visitors

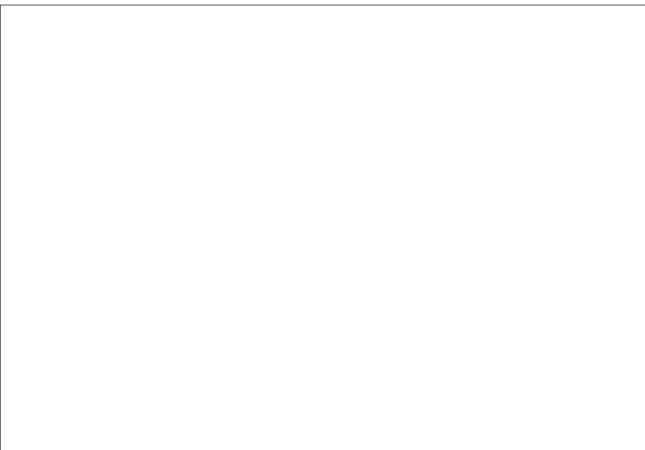
In addition to Kohl's tour, West Germany officially received two important visitors from Central America—Presidents Duarte of El Salvador and Monge of Costa Rica. Kohl's Christian Democrats had assisted Duarte and his party throughout El Salvador's presidential campaign, largely through the party's Konrad Adenauer Foundation, and the invitation that was sent after Duarte's victory came as a surprise to few. During his visit from 16 to 19 July, Duarte succeeded in winning final approval for a resumption of West German development aid, suspended since 1979. US officials in Bonn report that Economic Aid Minister Warnke will travel to San Salvador in September to sign the formal agreement. Bonn has justified the resumption of government-to-government aid of \$18 million by pointing to the successful elections in El Salvador and by endorsing Duarte's goals of negotiated peace, an end to human rights abuses, and social reform. [redacted]

The visit by President Monge in June offered Bonn another opportunity to show its support for Latin American democracy. Over the past five years, Costa Rica has received more West German aid than any other state in the region, approximately \$40 million. US officials note that the program has never encountered serious obstacles, largely because of the country's well-established democratic institutions. Foreign Minister Genscher announced that he would attend a proposed meeting of foreign ministers from the European Community and Central America in San Jose this September, an idea he is generally believed to have originated. [redacted]

The Implications

We believe that Kohl's tour and the Duarte and Monge visits point to a more active West German effort in Latin America. We expect that Bonn, while focusing its efforts on social and economic developments, will also be somewhat more supportive of US regional policies. West German officials appreciate US interests in the hemisphere, especially in Central America, and they recognize that a US role is imperative if solutions for the area's problems are to be found. The West Germans do not want to see Washington become so preoccupied with Latin America, however, that it neglects its European interests. As a result, in our judgment, Bonn would

like to supplement US efforts by offering additional economic aid. West German officials continue to believe that social injustice and slow economic development underlie the region's political instability. They often express concern that Washington appears to neglect this aspect and concentrates on Soviet meddling instead. [redacted]



The Domestic Framework

It would be much easier for Bonn to sell a new activism to the public if it could work more extensively through the European Community. Even if this hurdle can be gotten over, however, we believe that domestic constraints will require the Kohl government to move cautiously, particularly in Central America. Bonn simply cannot afford to expand foreign aid significantly when domestic programs continue to be pared back to reduce the budget deficit. [redacted]

Latin American developments, however, still capture the popular imagination in West Germany. US officials note that Chancellor Kohl's new enthusiasm is matched by that of the public in general. Much of this interest focuses on human rights abuses, which—in turn—has often led to criticism of perceived US support for regimes involved in such abuses. Moreover, the West Germans apply a higher moral standard to Western—and especially US—actions in Latin America. [redacted]



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radical groups in West Germany, such as the Greens, that spoke out against Duarte during his visit. [Redacted] 25X1

We believe that, although the Kohl government would like to offer more substantial support for US policy, it will find it easier to emphasize regional efforts to arrive at a negotiated solution. Nevertheless, recent favorable developments, such as the elections in El Salvador and Argentina, may permit West Germany to take measured steps in support of specific US efforts. [Redacted]

We believe the democratization process under way in El Salvador—and possibly the lack of the same in Nicaragua—are changing attitudes in West Germany. We expect, therefore, that similar developments elsewhere in Latin America will make it easier for Bonn to assist the region's social and economic progress as a part of a more general support for US policy in Latin America. [Redacted] 25X1

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The Nicaraguan and Salvadoran Examples

Nicaragua and El Salvador provide examples of both the continuity and change in West German attitudes. Many West Germans oppose US policy toward Nicaragua—particularly sponsorship of the anti-Sandinista guerrillas—as a throwback to an era when the United States either supported dictators like Somoza or undermined professed reformers like the Guatemalan Arbenz. The Sandinista revolution still holds a romantic attachment for leftist intellectuals in West Germany, while others have not given up hope that Managua can be brought back to the published goals of the 1979 revolution. [Redacted]

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Attitudes toward El Salvador appear to be changing, however, and US officials note that even the Social Democrats have soured on the insurgent opposition. In particular, the guerrillas' attempt to disrupt the electoral process in El Salvador has convinced leading Social Democrats that the insurgent movement is not to be trusted. Press reports also note that it was only

Guyana's Military:
Key to Stability [redacted]

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Guyana's military establishment has become, in the Caribbean context, a relatively well-trained and -equipped force on which the charismatic Forbes Burnham depends for political survival. The military, which still retains some British traditions, is almost exclusively Afro-Guyanese, and over half the general population is of East Indian descent. Although no match for the Venezuelans or Brazilians, the force is capable of protecting Burnham from any domestic threat as long as it chooses to do so. [redacted]

The British have maintained their military training relationship with the GDF, and, since the early 1970s, GDF field officers have also received training in Cuba, East Germany, and North Korea. [redacted]

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Over the years, Burnham has ensured the military's loyalty by providing pay raises, scarce foods, and other benefits. There is increasing evidence, however, that the country's severe economic problems are now beginning to cause considerable dissent within all ranks. Signs of discontent over the growing politicization of the military and the increasing influence of Soviet Bloc countries have also been noted. [redacted]

The army includes one infantry brigade with an estimated 2,250 men and women, the beginnings of a second brigade with 450 to 600 personnel, and a special forces battalion of unknown strength. Most of the GDF first brigade is stationed in the vicinity of Georgetown, and company-size units are rotated on a periodic basis to remote outposts in the interior and along the disputed border with Venezuela. When the second brigade is activated, it probably will be headquartered at Makouria, near the confluence of the Essequibo, Mazaruni, and Cuyuni Rivers, according to the Embassy. The headquarters of the special forces battalion is probably colocated with the first brigade headquarters at Timehri International Airport, south of Georgetown. [redacted]

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The GDF has a relatively large inventory of weapons supplied by Brazil, North Korea, Yugoslavia, Cuba, Britain, and the United States [redacted] Guyana has also approached the USSR and East Germany for arms, but so far has apparently been unsuccessful. The army is equipped with British and Brazilian armored cars, and a wide variety of heavy artillery and anti-aircraft guns. [redacted]

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The Guyana Defense Force

The Guyana Defense Force (GDF) consists of an army, navy, and Air Corps with a fully mobilized strength of about 6,400. According to the Embassy, the army accounts for some 65 percent of this total, with an estimated 2,850 regular troops and at least an equal number of reserves. The small Air Corps and navy are estimated by the Embassy to have a minimum of 300 and 200 personnel, respectively, and a maximum combined strength of 900. [redacted]

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The Guyana Defense Force was created in 1966 when the indigenous colonial forces of British Guiana were turned over intact by the United Kingdom upon Guyana's independence. Almost all GDF officers currently above the rank of lieutenant colonel were trained by the British, and are judged by the Embassy to be highly competent, well-trained professionals.

According to the Embassy, the Air Corps has more pilots than aircraft. Its aircraft inventory includes nine Bell helicopters—six of which are probably

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operational—six Brettan Norman Islander transports, one Beech King Air, and one Skyvan cargo aircraft. It also can requisition light transport aircraft from Guyana Airways. These unarmed aircraft are used to ferry GDF personnel between posts in the interior and for medical evacuation. According to the Embassy, Guyana has contracted to buy two EMB-111 armed reconnaissance aircraft from Brazil to be used for paradrops and marine patrols. [redacted]

The Embassy estimates that there are almost 100 unimproved airstrips under 2,500 feet long in Guyana, but only three or four asphalted strips longer than 3,000 feet. With the exception of the few all-weather strips, none of these facilities is equipped with beacons or night navigation equipment. This would severely restrict GDF resupply operations due to the lack of night navigational equipment in addition to the lack of spare parts and qualified maintenance technicians. [redacted]

Guyana's navy primarily provides limited maritime support to the ground forces. It has one 103-foot British Vosper-Thornycroft patrol boat armed with a single 20-mm cannon and several crew-served 7.62-mm machineguns, and three 40-foot Vosper-Thornycroft fast patrol boats provided by the United Kingdom in 1971. It also has two 30-foot East German river patrol boats equipped with rocket launchers, in addition to two North Korean patrol boats. However, the North Korean vessels have had engine problems since delivery in 1979. The navy also utilizes a number of small motorboats to resupply remote GDF outposts along Guyana's inland waterways. [redacted]

Paramilitary Forces

In a general mobilization, Guyana's paramilitary forces would be incorporated into GDF line units. These organizations include the Guyana People's Militia, the Guyanese National Service, and the Tactical Services Unit of the National Police. The Embassy estimates that the People's Militia has a strength of 1,200 to 1,500, but notes that it is poorly organized and lacks discipline. The strength of the National Service is unknown, but according to the Embassy, some 1,000 to 2,000 young recruits are selected annually for an 18-month basic training

program. Since 1975, an estimated 15,000 to 20,000 personnel have reportedly been trained by the National Service—a significant manpower pool that the GDF could call upon in a general mobilization. The regular armed forces are short on training, equipment, and leadership, however, and could absorb few new men. [redacted]

In a general mobilization, the Tactical Services Unit of the National Police would be subordinated to the GDF first infantry brigade. The unit is battalion-size—500 to 800 men—organized and equipped similarly to a light infantry battalion, whose primary function is population control. [redacted]

[redacted] Burnham earlier this year replaced his personal army bodyguards with police and set up a paramilitary force within the police, which he reportedly intends to use as a "private militia" if the army should fail him. [redacted]

Mechanisms of Control

In the early 1970s, growing dissent within the officer corps over salary and other benefits culminated in the formation of a committee of middle-level and senior officers who presented a list of grievances to Prime Minister Burnham. Burnham responded by increasing salaries and providing other benefits. By 1975, however, he began to remove or reassign to inconsequential positions all of the officers involved in the protest. He also instituted a mandatory course in political indoctrination throughout the GDF and required that all personnel swear a personal oath of loyalty to him—a practice that has continued until today. Burnham also personally approves all promotions to field grade rank and appoints all senior officers. [redacted]

Another factor that has worked in Burnham's favor is that the almost exclusively Afro-Guyanese military, like Burnham, is dedicated to the preservation of its dominance over the predominately East Indian Guyanese population. The senior military leadership, which includes the Chief of Staff, Brig. Norman McLean, and the GDF Commander, Col. David Granger, have thus far supported Burnham's policies. [redacted]

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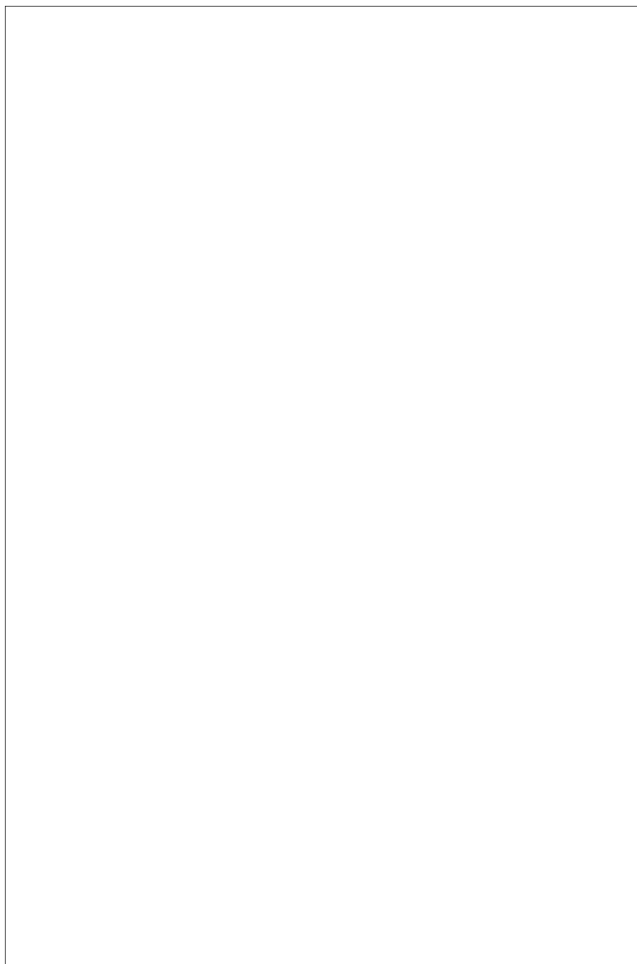
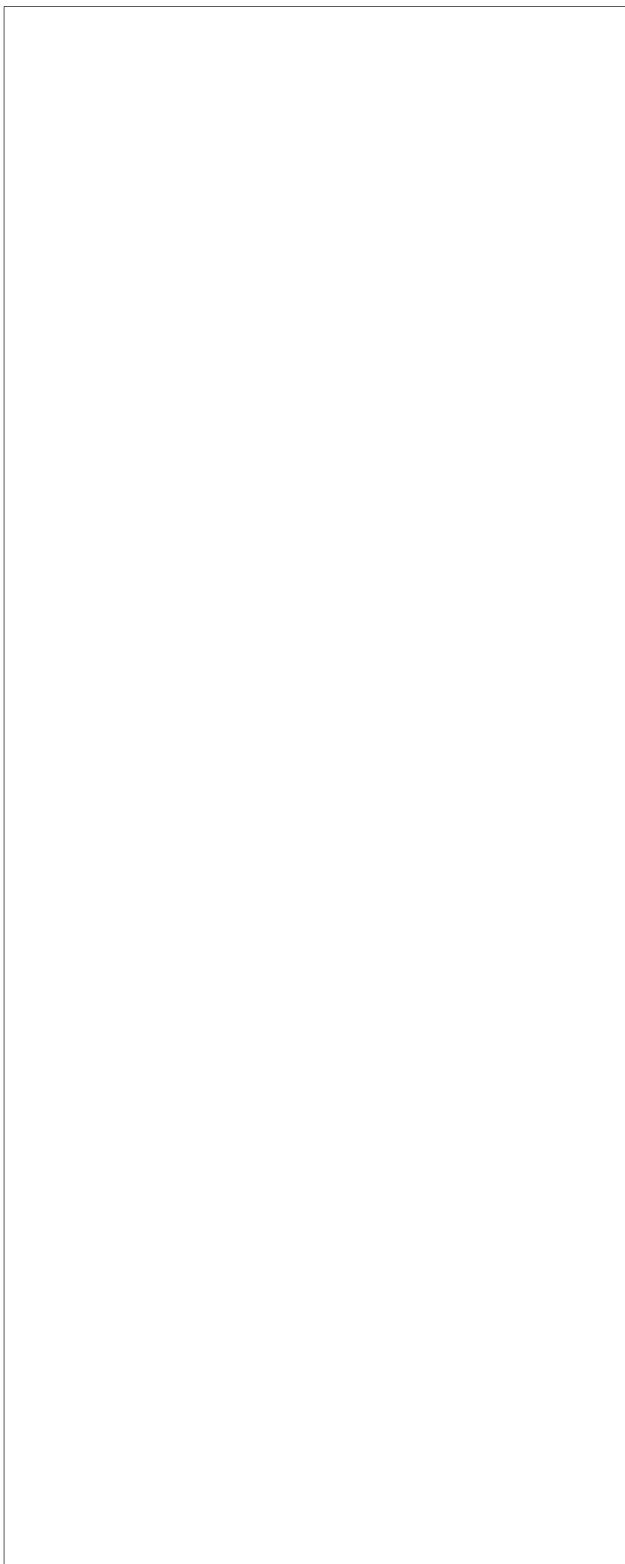
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Near-Term Outlook

The charismatic Burnham still enjoys the respect of the military for his role in achieving Guyana's independence, but this is rapidly eroding. Although there does not yet appear to be any organized opposition—either internal or external—the likelihood of civil disorders in the near term is high. According to the Embassy, the growing shortages of food and other daily necessities, a spiraling crime rate, and rapidly deteriorating social structure have created an inflammatory situation. Burnham risks losing what support he has among the military if he does not act quickly to improve the plight of its officers and men. He almost certainly, however, cannot afford the further drain on an almost bankrupt economy.

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**Latin America
Briefs**

El Salvador

Budget Problems [redacted]

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Rising salary costs triggered by labor unrest are eroding government finances and reducing the chances for an IMF accord any time soon. After striking postal workers won pay raises in early July, the Assembly approved substantial wage hikes for all public employees. Another round of increases could follow if leftists succeed in provoking additional public-sector strikes. [redacted]

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The new salary hikes and lower-than-expected tax revenues have pushed expected internal borrowing needs well beyond the \$130 million ceiling that the Fund stipulated last year during unsuccessful loan negotiations. The rising deficit, coupled with President Duarte's resistance to a devaluation, are dimming prospects for an IMF loan this year. Instead, Duarte has begun to press for an increase in El Salvador's US sugar quota and a relaxation of US insistence on partial devaluation as a condition for economic assistance. [redacted]

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Dominican Republic

Ties With the East [redacted]

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President Jorge Blanco's decision to formalize relations with Romania and Hungary does not appear to signal any fundamental shift in the Dominican Republic's basically pro-Western foreign policy. The US Embassy described Jorge Blanco's move as a cautious followup to the establishment of relations with Yugoslavia—the first Communist country recognized by Santo Domingo. The announcement called for "promotion of multiple ties of mutual interest" and hinted at greater cooperation in international forums. Nonresident ambassadors are likely to be named soon. [redacted]

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Political and economic considerations probably prompted the move. Declining Western purchases of Dominican commodities and the country's falling foreign exchange holdings have forced Jorge Blanco to look for ways to expand trade. Santo Domingo earlier discussed barter arrangements with Romania, including the exchange of Dominican sugar, coffee, and cacao for industrial goods. Jorge Blanco also probably hopes a more activist foreign policy will enhance his image as a statesman and distract public attention from the country's dismal economic situation. He may think this gesture to the Bloc will fend off his leftist critics, but he is keenly aware that the military and the business community would resist any significant leftward tilt in Dominican policy. [redacted]

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Guatemala**Foreign Exchange Difficulties** [redacted]

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Guatemala's rising budget deficit—which in June prompted the IMF to suspend its standby agreement—is putting heavy pressure on the government's meager foreign exchange holdings. Foreign Minister Andrade recently secured from Mexico credits for oil purchases even more generous than those granted under the San Jose Accord. Nevertheless, a local oil industry official reports that the government is considering the imposition of fuel rationing. [redacted]

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Meanwhile, Guatemalan officials took a small step toward devaluation by quietly authorizing coffee and cotton exporters to sell some of their earnings in the black market. This move will do little to ease the immediate foreign exchange shortage, however, and will spur demands from other exporters for similar treatment. Moreover, official acceptance of dual exchange rates technically violates Guatemala's standby agreement with the IMF and could make it harder for the government to reach an accommodation with the Fund. [redacted]

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Trinidad and Tobago**Seeking IMF Help** [redacted]

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Trinidad and Tobago, hard hit by the slack world oil market—petroleum and related products account for 90 percent of Trinidadian exports—will soon seek financial relief from the IMF, [redacted]

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Meanwhile, the government has instituted some limited austerity measures, such as cuts in consumer subsidies and public jobs in an attempt to accustom the public to belt tightening before any IMF-mandated adjustments are put into place. The government hopes this gradual approach will minimize any political backlash engendered by the anticipated IMF accord. Port-of-Spain also hopes that under IMF tutelage the economy will improve in time to create a more favorable political climate for the 1986 general elections. [redacted]

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Until oil prices nosedived in 1982, Trinidad was among the Caribbean's most dynamic economic performers. As the wealthiest member of the Caribbean Economic Community (CARICOM), Trinidad served as one of the largest local markets for regionally produced goods and provided substantial aid to the Community. Since 1982, however, Trinidad's deteriorating economic position has sharply curtailed its economic largess. [redacted]

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