



Directorate of  
Intelligence

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**Latin America  
Review** [Redacted]

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28 February 1986

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ALA LAR 86-006  
28 February 1986

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**Latin America  
Review**

25X1

28 February 1986

Page

Articles		Page	
	<b>South America: Views on Nicaragua and the Contadora Process</b>	1	25X1 25X1
	Most of the South American countries that are involved in the Contadora talks blame Nicaragua for the deadlock in the talks, but they continue to support the negotiations as the best hope for a solution to the Central American conflict.		25X1
	<b>Venezuela: Changing Relations With Central America</b>	5	25X1 25X1
	President Lusinchi is forging closer ties to several Central American countries in an effort to constrain and isolate Nicaragua.		25X1
	<b>Cuba: Personnel Changes at Third Party Congress</b>	7	25X1 25X1
	Shifts in the Politburo and the Central Committee at the party congress in February reflect the regime's concern about its economic difficulties and public image. Members with tarnished reputations were replaced by technocrats more capable of dealing with economic problems.		25X1
	<b>Cuba: Characteristics of Central Committee Members</b>	15	25X1 25X1
	The makeup of the new Central Committee indicates that President Castro has partially succeeded in reversing the trend of dominance by aging white males who participated in the guerrilla struggle in the 1950s.		25X1
	<b>Cuba: Foreign Policy Themes at Third Party Congress</b>	19	25X1 25X1
	President Castro did not set any dramatic new directions in foreign policy at the congress. He emphasized his "moderation" and solidarity with new civilian governments in Latin America, while reiterating support for Cuba's key Nicaraguan and Angolan clients.		25X1

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ALA LAR 86-006  
28 February 1986

Secret

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**Cuba: Economic Performance and Prospects** [Redacted] 25

25X1  
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The country's economic performance has been mediocre at best in recent years, and low growth, austerity, and balance-of-payments difficulties are likely to continue for the rest of the decade. [Redacted]

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**Argentina: Peronism at the Crossroads** [Redacted] 27

25X1  
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Leaders of various Peronist factions are vying for control of the party in a struggle that could affect the structure of the country's party system and prospects for long-term political stability. [Redacted]

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**Brazil: New Military Equipment** [Redacted] 33

25X1  
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The Sarney government plans to double the defense budget this year, a move that will bolster the government's support in the military but will impede efforts to reduce inflation and could cause new regional tension. [Redacted]

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**Briefs**

Cuba-Argentina: Planned Talks on Bilateral Nuclear Agreement	[Redacted]	35
Cuba: Ecclesiastical Meeting	[Redacted]	35
Brazil: Communist Party Activities	[Redacted]	36
Mexico-Israel: New Trade Initiative	[Redacted]	37

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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**

**South America: Views on Nicaragua and the Contadora Process** [Redacted]

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The South American members of the Contadora Group—Colombia and Venezuela—and the Contadora Support Group—Argentina, Brazil, Peru, and Uruguay—have dwindling hopes for the success of the Central American peace process, but will continue to support it as the best chance for securing a “Latin American” solution to the conflict and avoiding a US-Nicaragua confrontation. South American disillusionment with Nicaragua is growing but has yet to be translated into a harder stance toward the Sandinistas, either on a bilateral basis or in the multilateral Contadora talks. Although most regional powers believe Nicaragua is largely responsible for the deadlock in the talks—and in some cases regard the Sandinistas as a strategic threat in the region—the South Americans continue to believe that the United States should make concessions to keep the Contadora process going. [Redacted]

We believe that for Colombia, which because of its proximity to Central America has always been concerned about conflict there, recent developments at home have had a particularly dramatic impact. An M-19 terrorist assault in November on the Palace of Justice in Bogota killed 12 members of the Supreme Court and many other civilians and destroyed extensive case records. Arms left at the site have been traced to Nicaragua. [Redacted]

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[Redacted] The US Embassy in Bogota has learned that Foreign Minister Ramirez told another foreign representative that the Colombian Government believed the Sandinistas would promote more M-19 terrorism if the incident became a stumblingblock in bilateral relations. Nevertheless, press accounts of the Sandinista role and the participation of a key Nicaraguan leader in a memorial service for the guerrillas who were killed have aroused public opinion in Colombia—and to a lesser extent in neighboring countries—against the Sandinistas. [Redacted]

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**Disillusionment With Nicaragua**

The South American participants in the Contadora talks have hardened their private attitudes toward Nicaragua over the past six months, even though their public positions have not, in most cases, changed. Reports from [Redacted] US Embassies in the region indicate that the prime causes of this growing disillusionment are the Sandinistas’ failure to open a political dialogue with their domestic political opposition, Nicaraguan aid to South American guerrilla movements, and negative regional reactions to incessant Sandinista requests for political and economic support. Area governments are also anxious not to have their Central American policies affect generally satisfactory relations with the United States, particularly concerning debt negotiations. [Redacted]

[Redacted] Managua’s increasingly obvious Marxist-Leninist orientation is intensifying Caracas’s suspicions of the Sandinistas and fueling Venezuelan President Lusinchi’s distrust and dislike of the Ortega regime. [Redacted]

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[Redacted] Venezuela signaled support for Quito’s decision to break relations with Managua by giving a particularly warm welcome in November to visiting Ecuadorean President Febres-Cordero, in contrast to the cool receptions being given to Nicaraguan officials. Venezuela is also continuing

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to withhold petroleum shipments, cut off since 1982, until Nicaragua pays for past deliveries. [redacted]

[redacted]

Argentina has become increasingly critical since mid-1985 of the Sandinistas' failure to adopt any of the democratic reforms suggested by the Support Group and has become more alarmed over the extension of Soviet-Cuban influence in Nicaragua. Last March Foreign Minister Caputo told US representatives that Buenos Aires wanted a peaceful political settlement in Central America that was acceptable to Washington, respected the principle of nonintervention, and favored diminished Soviet and Cuban presence in the area. [redacted]

[redacted]

We believe that Brazil and Uruguay also find the Sandinistas politically distasteful, but, being farther from the area of conflict than Colombia and Venezuela, do not regard Managua as a direct strategic threat. Former Brazilian Foreign Minister Setubal told Senator Kennedy in January that Nicaragua was a Marxist regime moving increasingly into the Soviet orbit. The US Embassy says that neither the Brazilian Government nor the local business community is anxious to strengthen relations with Managua. Uruguay, according to Embassy reporting from Montevideo, is primarily interested in resuming its traditional role as a mediator in Latin America and sees no gain in closer bilateral ties to Managua. [redacted]

Peruvian President Garcia's attitudes toward Nicaragua are more ambiguous. We believe that Garcia is strongly committed to the nonaligned and anti-imperialist ideology of his American Popular Revolutionary Alliance party and that he feels an instinctive sympathy for governments that claim to embody these principles. Nevertheless, he is attempting to balance rhetorical support for the

[redacted]

Sandinistas and pursuit of any available trade opportunities with Managua against his strong desire to avoid complicating relations with the United States over the debt and narcotics issues. Garcia has begun negotiations for trade among Peru, Nicaragua, and the USSR to offset some of Lima's debts to Moscow for military equipment, but [redacted] remains reluctant to cultivate closer ties because of Managua's growing Marxism and pro-Soviet orientation. [redacted]

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**One More Try**

We believe that the South American governments' private disillusionment with Nicaragua is largely responsible for their determination to revive the failing Contadora peace process. They are skeptical that Managua will introduce voluntarily democratic political reforms, cease aid to Central American guerrillas, or reduce the local Soviet and Cuban presence. The South Americans believe such policies are necessary to reduce the threat of US intervention, which has been one of their greatest concerns, but they rule out unilateral US pressure to achieve these goals as a violation of Latin American self-determination and nonalignment. Most South American leaders believe multilateral diplomacy is their only option, even though persistent reports indicate that they judge the chances for a peaceful settlement are remote. The six governments attribute much of the deadlock to Nicaraguan intransigence,

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Area political leaders are also pushing hard for a negotiated solution because, in our view, they fear the domestic political repercussions of a US-Nicaraguan confrontation or greater US involvement in Central America. The Sandinistas enjoy relatively good press treatment in most of South America, and area governments want to avoid being forced to choose between Washington and the popular cause of Latin American "solidarity" with Managua. Argentine Foreign Minister Caputo's public statement in January, for example, that Nicaragua was a

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“beachhead of the East” produced such a strong reaction from the Argentine media and the left that he quickly softened his remarks. The US Embassy in Brasilia reported last May that Brazilian officials, who wanted to avoid any political problems with the pro-Nicaraguan deputies who control the Congressional Foreign Affairs Committee, have taken a low profile on Central American issues. [redacted]

[redacted]

This renewed commitment to the peace process was underscored by the Caraballeda Declaration, issued in January by all eight countries involved in the Contadora process in response to Nicaragua’s call for a six-month suspension of the talks. The Declaration advocated nine simultaneous actions by the United States, Nicaragua, and the other Central American nations including a freeze in arms acquisitions, national reconciliation, a freeze on all international military maneuvers, an end to aid to insurgents, and continued negotiations among the Central American states. [redacted] the Contadora foreign ministers supplemented the Declaration accepting the basic ideas of an Argentine plan for reviving the talks, in which all the Contadora countries would assume equal roles in promoting new talks, pressuring Managua to liberalize its rule and open a dialogue with the Contras, and urging the United States to refrain from new unilateral measures. [redacted]

**Outlook**

Over the next few months, we expect the Contadora participants to do all they can to preserve the peace process without simultaneously improving their bilateral relations with Nicaragua. Colombia and Venezuela, in our view, will continue to regard Managua as a security threat, while Argentina and Brazil will still find the regime ideologically distasteful. Aside from Peru, no area government is likely to seek significant new trade or aid arrangements, and even Lima will probably find its economic opportunities limited. [redacted]

The talks will continue to serve South American goals even if they do not contribute to resolving the Central American crisis. As long as the Contadora process remains alive, South American leaders can partially disarm their domestic leftist opposition by claiming that they are doing all they can to promote peace and avert stronger unilateral US action. Participation in the talks also enables these leaders to demonstrate some independence of Washington even while they cultivate good relations with the United States to facilitate debt negotiations and solutions for various bilateral problems. Furthermore, a multilateral forum provides a good substitute for closer bilateral relations with Nicaragua and gives area governments a convenient way to rebuff the Sandinistas’ calls for stronger diplomatic support. [redacted]

We believe that Contadora members will continue to press the United States to take unilaterally many of the steps proposed in the Caraballeda Declaration, such as suspending military aid to the Contras and resuming talks with Managua without preconditions. If the Contadora process were to break down or the United States were to take strong, unilateral action, we believe that the South Americans would criticize Washington, but do little more, thereby seeking to avoid any lasting impact on their bilateral relations with the United States. [redacted]

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## Venezuela: Changing Relations With Central America

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President Lusinchi is shifting his diplomatic stance toward Nicaragua from one of public neutrality to a policy that is increasingly willing to confront and oppose Managua's revolutionary activities in Central America. During his first 18 months in office, Lusinchi focused on economic matters and, until recently, seemed content to maintain a low profile in regional affairs, working through the multilateral Contadora framework. Impatience with the so-called peace process, however, and the perception that Managua is a threat to the region's democracies—including Venezuela—have impelled him to forge closer ties to several Central American governments aimed at constraining and isolating Nicaragua.

### Long-Term Strategy

Traditionally, Caracas has pursued a foreign policy in Central America designed to strengthen its own leadership and to promote democratization. These goals have been interrelated, as Caracas expects new Central American democracies to seek guidance from Venezuela, which has enjoyed stable democratic government since 1958. Conversely, Caracas has been concerned by—and sought to limit the influence of—both leftwing and rightwing authoritarianism within the region.

The overthrow of President Somoza and the proclamation of the Nicaraguan revolution in 1979 were at first enthusiastically endorsed by Venezuela, but the repressive tactics and Marxist orientation of the Sandinistas soon caused strains in relations between the two countries. Caracas began to walk a diplomatic tightrope. Initially, it tried to persuade Managua to abandon Marxism by offering support on certain issues—for example, opposing the US embargo—in exchange for democratic reforms, but in recent years Caracas has taken some diplomatic and economic moves aimed at signaling its disapproval of the Sandinistas' repressive policies. In 1982 Caracas cut off oil shipments to Managua, which it has not resumed, and during 1982-83 it began to channel funds to various democratic opposition groups in

Nicaragua, including private-sector and church organizations. Even then, Venezuela kept its distance from US policy initiatives by defending Nicaragua's close relations with Cuba and the USSR as understandable overreactions to US pressures. For the most part, Caracas has tried to address the Nicaraguan situation through the regional multilateral framework of the Contadora talks.

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### Shifting in Approach

Lusinchi, who took office in 1984, until recently was unwilling to adopt openly hostile policies toward the Sandinistas, but the growth of Managua's military might and its border incursions against Costa Rica, in particular, apparently convinced him that more bilateral initiatives would be necessary to protect Venezuela's regional interests. As a result, he has forged closer ties to the leaders of several Central American countries.

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Increasingly, Lusinchi has become an open supporter of El Salvador's President Duarte. Last September, he openly condemned the terrorist kidnaping of Duarte's daughter and voiced his solidarity with the Salvadoran leader. In the United Nations, during the past year Venezuelan representatives worked hard to obtain a favorable resolution on El Salvador's human rights—one that supported the government and criticized the insurgency. According to US military sources, El Salvador has received unspecified military assistance from Venezuela, although Caracas publicly denied a claim last July that it was providing counterinsurgency training to Salvadoran troops.

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Current democratization efforts in Guatemala have fostered a new cordiality in bilateral relations. Last October, the Guatemalan Foreign Minister told US Embassy officials that Venezuela had granted Guatemala favorable credit terms for oil purchases,

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28 February 1986

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allowing it to postpone payment or to obtain a development loan outside existing obligations. At the same time, a senior Venezuelan official informed US diplomats that Lusinchi was considering additional economic assistance, such as commercial credits and investments. Caracas also has repeatedly offered security assistance since the election in Guatemala.



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Venezuela's strongest ties in Central America are to Costa Rica, with whom it shares a common bond as a comparatively stable democracy. Persistent reports of Nicaraguan aggression along Costa Rica's border apparently have reinforced Venezuela's determination to help defend its Central American ally should this become necessary. Last August—following an incident in which Costa Rican civil guards were killed by Sandinista mortar fire—Caracas promised a high-level Costa Rican delegation military aid in the event of a major Nicaraguan attack, according to the US Embassy.

**Outlook**

The shift in Venezuela's regional policies results from a growing frustration with the paralysis of the Contadora peace process and a belief that Nicaragua is primarily to blame. Lusinchi may also believe that Managua poses a threat to the region through its suppression of internal dissent and its military adventurism. Caracas is likely, therefore, to increase its bilateral contacts with Central America's democracies and to be more receptive to international efforts aimed at isolating Managua.

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Recent reports of Nicaraguan support for Andean terrorists—particularly in Colombia, where subversive activities can easily spill over into Venezuela—are likely to strengthen Caracas's resolve to counter the Ortega regime. Lusinchi is unlikely to take dramatic steps, but he can be expected to pursue increasingly active policies of diplomatic support and, in some cases, to provide security assistance to Central America's democracies.

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Caracas has not significantly upgraded its diplomatic relations with Honduras probably because it sees Tegucigalpa as too closely identified with US interests in Central America. Venezuela, however, indirectly assists Honduras by promoting Core Four positions in the Contadora talks. It also provided low-key encouragement to democratization efforts by sending observers to the Honduran national elections last November.

Nonetheless, Lusinchi is unlikely to identify himself too closely with US policies toward Nicaragua, as he does not want to be viewed as an instrument of Washington. Caracas will probably remain in the Contadora talks, despite its disillusionment with the peace process, because it sees the talks as a Latin American bulwark against US military intervention. Venezuela is also unlikely to support the political or military activities of Nicaraguan opposition groups because it does not want to undercut its public stance as an impartial participant in the peace process.

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**Recent Diplomatic Maneuvers**

Caracas has recently stepped up efforts to demonstrate its displeasure with the Sandinistas. Lusinchi warmly received Ecuadorean President Febres-Cordero last November after Quito severed diplomatic relations with Managua.



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Moreover, he reportedly has rebuffed recent Nicaraguan requests for support in the Contadora talks.

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### Cuba: Personnel Changes at Third Party Congress [redacted]

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The dramatic changes made in the Cuban Communist Party leadership at the Third Party Congress in February underscore the regime's concern about its economic plight as well as its public image. The personnel shifts in the Politburo and Central Committee were aimed at removing those whose political or administrative credentials had become tarnished, replacing them with technocrats who can do a better job of addressing the country's economic ills, and creating the illusion that the "new" party leadership is more responsive to Cuban society as a whole. Despite the influx of new faces—many of them a generation younger than Fidel Castro and his guerrilla colleagues who have dominated the leadership since 1959—into the Central Committee, we believe that body will continue to function essentially as a rubberstamp for Castro's policy decisions. We see no indication that the Central Committee will serve as a restraining influence on Castro or cause him to try to reduce tensions with the United States. [redacted]

The wholesale reshuffling of personnel carried out at the Congress is almost certain to be followed in the coming months by additional changes in the government and mass organizations. Loss of membership on the Politburo or Central Committee carries with it a connotation of failure and disgrace, official disclaimers notwithstanding, and some of those who lost their seats may find their government positions in jeopardy as well. Moreover, the revamping of the upper ranks of the party appears to be only the beginning of a complex process of change designed to convince the population, Cuba's allies, and the leadership itself that the mistakes of the past are being righted and that a wiser, more competent management team is in charge. [redacted]

#### Politburo Castoffs

The most surprising shifts occurred in the party's most important policy deliberation chamber, the Politburo. Three honored veterans of the Sierra Maestra guerrilla campaign of the 1950s—Ramiro

Valdes, Sergio del Valle, and Guillermo Garcia—lost the seats they had held since the Politburo was founded in 1965. Their formal departures will help to dampen criticism that guerrilla veterans—many of them administrative incompetents—hold too many positions of influence in the party and government. We believe the three, all of whom retained their seats on the Central Committee, will continue to play an important advisory role informally in the ranks of the elite, however, by virtue of their longstanding ties to Fidel Castro. [redacted]

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Valdes, who was dismissed as Interior Minister in December, had been in charge of Cuba's police and internal security apparatus and had developed a well-earned reputation for ruthlessness. He was unable, however, to halt the steady increase in street crime in recent years, and his own ministry had become infected by the wave of corruption it was tasked to eliminate. As the US Interests Section in Havana noted, his heavyhanded methods of guaranteeing internal security are no longer appropriate in the era of "socialist legality" that Castro is promoting and Valdes failed to change with the times. For example, he apparently resisted Castro's campaign to improve relations with the Cuban Catholic Church; immediately after his removal from the Interior Ministry, church officials were informed that one of Havana's historic cathedrals, closed on government orders since 1966, was being reopened and repaired at government expense. [redacted]

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Valdes is by no means in disgrace. He has been tasked with supervising a major new bureaucracy that is being set up to develop an electronics industry. This is apparently another of Fidel Castro's grandiose schemes designed to earn hard currency and make Cuba a world leader in the field of computers and other areas of science. The selection of Valdes to oversee this pet project attests to his continued high standing with Castro. [redacted]

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**The Cuban Communist Party  
1980 Political Bureau**
**Full Members**

Fidel Castro—First Secretary  
Raul Castro—Second Secretary  
*Juan Almeida*  
*Julio E. T. Camacho*  
*Osmani Cienfuegos*  
*Oswaldo Dorticos*  
*Guillermo Garcia*  
*Armando Hart*  
*Jose Machado Ventura*  
*Sergio del Valle*

*Arnaldo Milian*  
*Pedro Miret*  
*Jorge Risquet*  
*Blas Roca*  
*Carlos Rafael*  
*Rodriguez*  
*Ramiro Valdes*

**1980 Alternates**

*Armando Acosta*  
*Sixto Batista*  
*Miguel Cano Blanco*  
*Senen Casas*  
*Abelardo Colome Ibarra*  
*Vilma Espin*  
*Jesus Montane*  
*Antonio Perez*  
*Humberto Perez*  
*Jose Ramirez*  
*Roberto Veiga*

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**The Cuban Communist Party  
1986 Political Bureau**
**Full Members**

Fidel Castro—First Secretary  
Raul Castro—Second Secretary  
*Juan Almeida*<sup>a</sup>  
*Julio E. T. Camacho*  
*Osmani Cienfuegos*  
*Abelardo Colome*  
*Ibarra*<sup>b</sup>  
*Vilma Espin*<sup>b c</sup>  
*Armando Hart*  
*Roberto Veiga*<sup>b</sup>

*Esteban Lazo*<sup>a b</sup>  
*Jose Machado*  
*Ventura*  
*Pedro Miret*  
*Jorge Risquet*  
*Carlos Rafael*  
*Rodriguez*

**Alternates**

*Luis E. Alvarez*<sup>b</sup>  
*Senen Casas*  
*Jose R. Fernandez*<sup>b</sup>  
*Yolanda Ferrer*<sup>b c</sup>  
*Raul Michel Vargas*<sup>a b</sup>  
*Lazaro Vazquez*<sup>b</sup>  
*Jose Ramirez*  
*Julian Rizo*<sup>a b</sup>  
*Ulises Rosales*<sup>b</sup>  
*Rosa Simeon*  
*Negrin*<sup>b c</sup>

<sup>a</sup> Black/mulatto.<sup>b</sup> New.<sup>c</sup> Female.

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Like Valdes, Public Health Minister Sergio del Valle lost his ministerial rank in December. According to an official announcement, he asked to be replaced in the position that he had held since 1979 so "another comrade with more technical knowledge and organizational experience in the area of public health" could carry out "the important progress Castro is encouraging in the field." As with the electronics industry, Castro wants to develop Cuba into a "world power" in public health to bolster his regime's image and to earn hard currency from the people who theoretically would flock to Cuba for treatment. [redacted]

[redacted]

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Transportation after problems in that ministry had become a national embarrassment. Moreover, [redacted] Garcia had used his position for personal enrichment—importing horses by air from Mexico at government expense—and had become a liability for the regime. [redacted]

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The removal of 78-year-old Blas Roca, another charter member of the Politburo, was expected. Roca, who had served since 1934 as the Secretary General of the pre-Castro Communist party, has been in poor health for years and asked to be released from his duties. He apparently will now devote all his energies to overseeing the legal team that is drafting Cuba's new civil code. [redacted]

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Guillermo Garcia is fondly remembered in Cuba as the first peasant to join Castro's beleaguered guerrilla team in the Sierra Maestra shortly after it infiltrated eastern Cuba from Mexico in 1956. His total loyalty to Fidel over the years allowed him to be promoted far beyond his level of competence, and last year he was finally removed from his post as Minister of

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*Ramiro Valdes's removal from the Politburo surprised many Cubans and probably pleased them as well.* [redacted]



*Guillermo Garcia probably owes his ouster from the Politburo to his gross incompetence and his predilection for Mexican cattle.* [redacted]

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The ouster of Politburo alternate member Humberto Perez was also expected. He had lost his job as Minister-President of the Central Planning Board in mid-1985 and had exhausted his political credibility. His habit of dealing with other Cabinet-level officials in a dictatorial fashion had created enemies, and his planning mistakes made him vulnerable to their counterattacks. His abject self-criticism in an interview in Cuba's national news magazine last March is probably what saved him from dismissal from the Central Committee as well. [redacted]

[redacted]

Division General Sixto Batista lost his alternate seat apparently as a result of the poor performance of the few dozen Cuban military officers in Grenada during the US-led intervention in October 1983. As head of the Armed Forces Ministry's Central Political Directorate at the time, he was to have instilled in all military personnel the determination to fight to the death against US forces. He was removed from his position as the chief political officer of the armed forces in mid-1984 following a formal probe of the Grenada affair, but his subsequent assignment as head of the Central Committee's Military Department suggests that his banishment was largely symbolic. Although dropped from the Politburo in February, he was appointed at the same time to the Party Secretariat with specific duties yet to be announced. [redacted]

Armando Acosta, who heads the regime's largest mass organization—the Committees for the Defense of the Revolution (CDRs)—also lost his alternate seat on the Politburo. He apparently fell out of favor in 1980 as a result of the Peruvian Embassy incident (when many local CDR officials joined the 10,000 Cubans seeking asylum in the Embassy) and the Mariel boatlift (Acosta reportedly demanded that Fidel halt the wave of officially organized beatings of people who registered to emigrate via the boatlift). He was not sanctioned at that time, however, because the regime wanted to maintain an aura of unity in the leadership. In fact, Acosta was promoted, along with the leaders of the other mass organizations, to the Politburo as alternates at the Second Party Congress in December 1980 as part of the regime's effort to demonstrate that—in contrast with the situation in Poland—no gaps had developed in Cuba between the masses and the leadership. [redacted]

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Miguel Cano Blanco, party chief in Holguin Province, was also brought into the Politburo as an alternate in 1980. Apparently the regime at that time felt compelled to increase the representation of blacks in the leadership. His service at the national level in the intervening five years seems to have been singularly unexceptional. His removal from the Politburo in February was unexplained. [redacted]

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The removal of Jesus Montane from his alternate seat also was unexpected. Although he retained his Central Committee seat, he apparently was removed as head of the Central Committee's General Department of Foreign Relations, which handles relations with foreign political parties in countries outside the Western Hemisphere. He is now described in the Cuban media as simply an assistant to Fidel. There had been no hint that Montane's performance was in question, nor had he been linked to corruption. According to the US Interests Section, diplomats in Havana attributed his removal to health problems. One diplomat claimed Montane had asked to be given less demanding responsibilities, and another said he was accompanied by a physician when traveling in East Asia late last year. As a participant in both the historic attack on Moncada Barracks in 1953 and the Granma landing in 1956, the 63-year-old Montane has impeccable revolutionary credentials. [redacted]

#### Politburo Newcomers

The most significant promotion to full membership in the Politburo was that of alternate member Division General Abelardo Colome Ibarra, one of three First Vice Ministers of the armed forces. He thus bypassed alternate member Division General Senen Casas, whose appointment as First Vice Minister predates Colome Ibarra's. This promotion may presage a reshuffling in the Armed Forces Ministry in which Colome Ibarra will become minister when the current minister, Army General Raul Castro, resigns to assume a much broader role in government. Colome Ibarra, one of only three Cubans to be awarded the nation's highest distinction of Hero of the Republic, has served in Angola and Ethiopia and is in charge of all Cuban military forces abroad. [redacted]

The last of the three First Vice Ministers of the armed forces, Division General Ulises Rosales del Toro, was elevated to the Politburo as an alternate member. This means that the regime's top-ranking military officers, including Fidel and Raul Castro, presently hold five of the 24 full or alternate seats on the Politburo. Like Colome Ibarra, Rosales del Toro saw duty in Africa and, as chief of the General Staff, he plays an important role in military operations overseas. For example, he was the military

representative on a delegation that went to Moscow recently to take part in a high-level Soviet-Cuban-Angolan meeting on southern Africa. [redacted]

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Like Colome Ibarra, Vilma Espin and Roberto Veiga also were promoted from alternate to full membership in the Politburo. Espin, a guerrilla veteran of the Sierra Maestra campaign, is more widely known for her advocacy of women's rights in Cuba. As president of the regime's mass organization for women, the Cuban Women's Federation, she represents a major segment of the population. She is an outspoken proponent of women's equality and is certain to add life to the Politburo's deliberations. Although she continues to make public appearances with Raul Castro and to accompany him on trips abroad ostensibly as his wife, she is widely reported to have been divorced from him years ago. Espin studied in the United States prior to the revolution and is known to be vehemently anti-US. [redacted]

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Veiga also heads a mass organization—the Central Organization of Cuban Workers—which includes all of Cuba's legally recognized unions. His promotion, in our opinion, was meant to give the impression to Cubans and foreign observers alike that organized labor in Cuba has a representative at the highest level of the regime. He played little or no role in the revolution and apparently has not served overseas in either a military or civilian capacity, which is likely to put him at a serious disadvantage in Politburo debate. [redacted]

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Jose Ramon Fernandez Alvarez, who is Minister of Education, was also elevated to the Politburo as an alternate, as were Secretariat official Julian Rizo Alvarez. Rosa Elena Simeon Negrin, head of the Academy of Sciences; Yolanda Ferrer, a women's organization official; and three provincial first secretaries of the party, Luis Alvarez de la Nuez (Havana Province), Raul Michel Vargas (Guantanamo Province), and Lazaro Vazquez Garcia (Camaguey Province). A fourth provincial first secretary, Esteban Lazo Hernandez of Matanzas

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Province, was given full membership in the Politburo. Of these eight only Fernandez Alvarez is likely to carry much weight in Politburo debate, in our judgment. [ ]

Fernandez Alvarez is a professional military officer who received training in the United States during the early 1950s. Jailed for over two years for plotting against the Batista regime, he was released in January 1959 and became one of Raul Castro's top aides. Fernandez Alvarez played a major role in the defeat of the exile contingent at the Bay of Pigs in 1961 and is generally credited with turning Castro's ill-educated rebel army into a professional military establishment, rising to the position of armed forces Vice Minister before being reassigned to the Education Ministry as a troubleshooter in 1970. His wife, Asela de los Santos, is also a Central Committee member and, as First Vice Minister of Education, is in line to succeed her husband if, as we believe likely, he is reassigned to broader duties. Asela served in Raul Castro's guerrilla column in 1958 and was in charge of the Department of Education in the civil administration that Raul set up in guerrilla-controlled territory. [ ]

None of the other new Politburo alternates can match Fernandez Alvarez's executive experience or his longstanding links to Raul Castro. Alvarez de la Nuez, for example, has spent his entire career in low and midlevel party organization and indoctrination work. The same is true of new full Politburo member Lazo Hernandez, who is only 42 years old. A black who was too young to participate in the revolution, Lazo may owe his lofty appointment primarily to his race. The retirement of Blas Roca had reduced the number of blacks with full membership on the Politburo to one, an embarrassment for a regime that openly boasts of its African origins and its alleged lack of racial prejudice. [ ]

#### **The Central Committee**

The same trends—removing questionable performers, reducing the profile of the guerrilla elite, promoting technocrats, and bolstering the representation of the lower ranks of the party and the mass organizations—were evident in the remaking of the Central Committee. Reinaldo Castro, for example, whose only

claim to fame was his prowess as a canecutter a decade ago, was dropped as was Irma Sanchez, Minister-President of the State Committee for Material and Technical Supply. Sanchez's career had been developing well until last December when one of her deputies defected in Spain with what the Castro regime alleges to be \$500,000 in Cuban funds. A diplomat in Havana has told the Interests Section that Sanchez was actually married to the defector; if so, she may well lose her Cabinet post and disappear from the hierarchy entirely. [ ]

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Also dropped were Orlando Fundora and Col. Jose Luis Padron. Fundora had been head of the Central Committee's sensitive Department of Revolutionary Orientation under Politburo and Secretariat member Antonio Perez Herrero until January 1985, when Perez Herrero's policy differences, poor performance, and objectionable personal behavior caused him to be relieved of all his party functions except his Central Committee seat. Fundora, who was Herrero's chief aide, now heads the Cuban affiliate of the World Peace Council and ironically has as his deputy an official who was dropped from the Central Committee in 1975 at the First Party Congress. [ ]

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Colonel Padron, an Interior Ministry officer who until recently headed the Cuban front company CIMEX, almost certainly owes the loss of his alternate seat on the Central Committee to corruption. During his official duties, he managed to acquire several automobiles and even a recreational vehicle, maintaining a standard of living that contrasted sharply with the austerity that most Cubans face. At times, he had served as a conduit between the US Interests Section and Castro, but those days presumably are over. [ ]

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More than 10 guerrilla veterans, including seven generals and an admiral who had been full Central Committee members for two decades, lost their seats. Although one of them apparently has had health problems and another took the blame for the Cuban "intelligence failure" after the Grenada intervention

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in 1983, most appear to have been dropped simply to lower the profile in the leadership of the group of veterans of the revolution who have played such a dominant role in Cuba since 1959. [redacted]

Despite these removals, the military establishment as a whole is still well represented on the Central Committee with 13 division generals and 14 brigadier generals in addition to seven other officers of lesser rank as full or alternate members. The Navy, however, appears to have been badly embarrassed. Its chief, Rear Adm. Jose Cuza Tellez-Giron, who is a Vice Minister of the armed forces, lost his seat, and the only Navy officer now on the Central Committee is newly appointed alternate member Rear Adm. Pedro Perez Betancourt, chief of the Western Naval District. Two other naval officers, both ship captains, lost the alternate seats they had gained in the previous party congress in 1980. [redacted]



Raul Castro's public appearances increased dramatically last year, suggesting that the Cuban people are being prepared for his assumption of a broader role in government. [redacted]

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**Conclusions**

The Third Party Congress seems to have given Cubans the relief from the old guerrilla elite they were avidly seeking. In discussing the removal of so many heroes of that era, [redacted] a public opinion poll had indicated the changes had been viewed as very positive, [redacted]

[redacted] The ouster of such hallowed figures as Valdes, Garcia, and del Valle from the Politburo appears to have convinced many Cubans that Havana is making a clean break with the past, and this has bought the leadership some time to regroup and try to come to grips with the country's economic problems. [redacted]

We believe the process of change is gathering momentum. Prior to the Congress, reports from numerous sources indicated that Raul Castro would be assuming a much broader role in government; perhaps moving into Fidel's job as chairman of the Council of Ministers and becoming, in effect, a prime minister. His frequent public appearances throughout the country over the past year had all the earmarks of a public relations campaign to bolster his popular appeal preparatory to expanding his governmental responsibilities. The increased status granted to

Colome Ibarra at the Congress suggests he is being positioned to succeed Raul, and this, too, lends credence to reports of an impending change in Raul's duties. Such a development could result from the next scheduled meeting of the Central Committee or National Assembly in late June, or could come at any time in the form of an edict from the Politburo or the Council of State. [redacted]

Many other governmental changes are also likely in the coming months as the impact of the changes made at the Congress begin to take effect. Those dropped from the Central Committee—and their subordinates, as well—will be trying to cope with their reduced status while newly appointed members will be testing the limits of their enhanced influence. Moreover, officials of mass organizations and government bureaucrats at all levels will probably see in the Congress a mandate to carry out their own reshuffling, with an eye to improving the position of blacks and women, possibly at the expense of holdovers from the revolutionary generation. [redacted]

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Notwithstanding the unusual personnel shifts made at the Congress, we believe Castro will continue to lean heavily on his colleagues of the guerrilla struggle when faced with critical decisions. He almost certainly is wary of placing his faith in the younger element of the new Central Committee and probably believes they have not yet paid their dues in the revolutionary society that he and his generation of rebels have sacrificed so much to create. Many of the new faces clearly were picked as window dressing—for example, the black, female hydraulics engineer from Jaguey Grande, the director of the Biological Research Center, or the female professor of medical sciences from Pinar del Rio—and these people have no incentive to challenge Castro or the ranking members of the leadership on any vital policy issues. Given the nature of the Cuban political system, we believe these new members of the party elite know what their role is and will respond by giving Castro their full support. They are unlikely, therefore, to press for innovations in Cuban policy and cannot be expected to militate for any diminution in Cuban hostility toward the United States.

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## Cuba: Characteristics of Central Committee Members

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President Fidel Castro claimed to have increased black, female, and youth representation on the Central Committee that was named at the Third Party Congress in February, according to a variety of press reporting. Although all the data are not yet available, the preliminary statistical analysis that follows indicates that the basic demographic composition of Cuba's party elite—as reflected by the Central Committee—may be changing. Early Central Committees were clearly dominated by white males from Oriente Province who had participated in the guerrilla struggle against Batista.<sup>1</sup> Our analysis of the changes in Central Committees formed between 1965 and 1986 reveals that with regard to race and age Castro has been at least partially successful in reversing this trend, but that little progress apparently has been made in the proportional representation of females as full members.

### Background

The Cuban Communist Party, in its present form, was established in 1965 after a merger of Fidel Castro's 26 July Movement, the 18 March Student Revolutionary Directorate, and the pre-Castro Communist Party (then called the Popular Socialist Party). The Central Committee named in 1965 consisted of 100 members, two-thirds of whom had military rank in either the armed forces or the security services. The First Party Congress—at which a new Central Committee was named—was not held until 1975. The party statutes adopted at that time called for party congresses to be held every five years, with a new Central Committee being "elected" at each as a means of renewal of the leadership.

The Second Party Congress was held in December 1980, but the Third Party Congress, originally scheduled for last December, was postponed until

<sup>1</sup> Oriente Province was broken up into five new provinces during the political-administrative reorganization of the country in December 1976. For purposes of comparison in this article, however, the original geographical boundaries of Oriente Province have been retained.

February—apparently because the government had insufficient time to prepare for the historic event. Thus, there have been three Central Committees prior to the one named in February, all of which have been headed by Fidel Castro as First Secretary and Raul Castro as Second Secretary.

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The Central Committee theoretically is the highest decisionmaking body of the party, but in reality it has functioned only as a rubberstamp for policy decisions made by Fidel Castro, usually after discussion in the Politburo. The Central Committee convenes regularly only twice a year. Unscheduled meetings are held infrequently, primarily to provide the appearance of unified leadership in support of major policy decisions made by the Politburo.

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While it lacks power, the Central Committee does possess significant political symbolism. Virtually every individual holding a key post in the government, party, armed forces, or mass organizations is a member of the Central Committee. Membership is rarely a source of an individual's elite status; instead, it almost always is evidence of that status. More than any other body in Cuba, its members form the "power elite" of the Cuban political system.

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### Trends in Leadership Composition

In 1965, when the Castro regime established the party and appointed its first Central Committee, the importance of ideological correctness and participation in the guerrilla struggle was reflected in the membership of the committee. The leadership of the Castro regime represented an extremely narrow band of the political spectrum. Many elements of the loose coalition that had participated in the anti-Batista struggle gained only token representation. The committee as a whole confirmed the political dominance of those who had participated most closely with Castro in the guerrilla struggle.

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ALA LAR 86-006  
28 February 1986

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When the party held its First Party Congress in December 1975 and appointed its second Central Committee, the revolution had long since been consolidated. The Castro regime had a clear opportunity to broaden the base of its leadership and incorporate the representatives of new sectors or groupings that had been excluded in 1965 or had appeared during the ensuing decade. This opportunity, however, was ignored. Even though the turnover in personnel was large, the composition of the new committee virtually duplicated that of its predecessor and reconfirmed the dominance of the guerrilla elite. [redacted]

By the 1980 party congress, the trends in leadership composition that we see today had begun. At that time, Cuba had experienced the massive emigration pressure of the Mariel refugee boatlift, and, fearful of internal problems similar to those in Poland, Cuba's leaders acted to close the gap that had developed between the party and the masses. The number of members on the Central Committee increased dramatically, and the position of alternate Politburo member was created. In a bid to increase the popular base of the party, many of those added were leaders of the mass organizations. The chiefs of the mass organizations were all added as Politburo alternates. [redacted]

**Age.** The individuals who joined the guerrilla struggle were, for the most part, relatively young when Castro achieved power in 1959. Castro himself was 32, and many of his guerrilla comrades were even younger. More than half of the 1965 Central Committee members belonged to the "guerrilla generation" born between 1926 and 1937. A comparison of age profiles of the 1965 and 1975 Central Committees shows that little effort was made to incorporate younger age groups into the leadership. The proportion of younger individuals increased only slightly, the number of older politicians was reduced even further, and the already heavy dominance of Castro's generation was strengthened. [redacted]

Comparing the 1975 and 1980 Central Committees, however, we see the beginnings of a greater representation of the postrevolutionary generation,

with the percentage of members born after 1938 growing by 8.4 percentage points. In the 1986 Central Committee, the guerrilla veteran age group had fallen by 11.3 percentage points, and the membership born after 1938 had grown only slightly. This last figure may be deceiving, however, since it is possible that a large proportion of members in the unknown age category belong to post-1938 generations. Despite the probable growth in younger generation membership, 40 percent of the Central Committee still belongs to the guerrilla veteran age group. [redacted]

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Comparing average age of the party leadership over time gives us another indication of Castro's willingness to hand over the reins of power to the postrevolutionary generation. In December 1965, the average age of members was 37.6. Ten years later, the average had increased to 46.4. In 1980, the average age of the members had risen to 49.9. By 1985, the average age of those full members whose age is known was 53.5. Between 1965 and 1975, the Central Committee membership seemed to age by almost 10 years, but age analyses of later committees show the membership aging by less than five years, indicating an infusion of younger members. [redacted]

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**Race.** A large proportion of the Cuban population can be classified as black or mulatto. Nevertheless, Central Committees have done a poor job of mirroring the racial composition of Cuban society. The membership of the 1965 Central Committee was predominantly white, with only 11 percent black or mulatto. There was no effort made in 1975 or 1980 to alter this situation; the percentage of blacks and mulattoes showed virtually no change. Perhaps the most dramatic change in leadership composition was evident in the 1986 Central Committee, in which 21.2 percent of full members could be described as black or mulatto—an increase of more than 8 percentage points from 1980. However, this figure still falls far short of representing the true racial makeup of the Cuban people, and maintains the predominately white character of Cuban leadership. [redacted]

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**Table 1**  
**Generation Groups of**  
**Central Committee Full Members**

Percent

	1965 (100) <sup>a</sup>	1975 (112) <sup>a</sup>	1980 (147) <sup>a</sup>	1986 (146) <sup>a</sup>
Born in 1913 or earlier	12	10.7	6.8	3.4
1914-25	24	18.8	11.6	6.1
1926-37	53	51.8	51.7	40.4
1938+	11	14.7	23.1	24.6
Unknown	0	4.5	6.8	25.3

<sup>a</sup> Number of members.

**Table 2**  
**Average Age of**  
**Central Committee Full Members**

	1965 (99) <sup>a</sup>	1975 (101) <sup>a</sup>	1980 (137) <sup>a</sup>	1986 (107) <sup>a</sup>
	37.6	46.4	49.9	53.5

<sup>a</sup> Number of members for whom data are available.

**Table 3**  
**Racial Composition of**  
**Central Committee Full Members**

Percent

	1965 (100) <sup>a</sup>	1975 (112) <sup>a</sup>	1980 (147) <sup>a</sup>	1986 (146) <sup>a</sup>
White	89	87.5	86.4	78.8
Black/mulatto	11	11.6	12.9	21.2
Other	0	0.9	0	0
Unknown	0	0	0.7	0

<sup>a</sup> Number of members.

**Table 4**  
**Provincial Origins of**  
**Central Committee Full Members**

Percent

	1965 (100) <sup>a</sup>	1975 (112) <sup>a</sup>	1980 (147) <sup>a</sup>	1986 (146) <sup>a</sup>
Oriente	45	45.5	36.0	22.6
Other	45	43.7	45.5	40.4
Unknown	10	10.7	18.4	37.0

<sup>a</sup> Number of members.

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**Table 5**  
**Composition by Sex of**  
**Central Committee Full Members**

Percent

	1965 (100) <sup>a</sup>	1975 (112) <sup>a</sup>	1980 (147) <sup>a</sup>	1986 (146) <sup>a</sup>
Male	95	94.6	87.7	86.9
Female	5	5.4	12.2	13.0

<sup>a</sup> Number of members.25X1  
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**Provincial Origins.** Most of the guerrilla struggle that brought Castro to power was waged in Oriente Province, thus the heavy dominance of members from eastern Cuba in the early Central Committees is not surprising. Of the members of the 1965 Central Committee whose birth place was known, half were "Orientales." There was virtually no change in this pattern when the 1975 committee was selected; however, the 1980 membership reflects about a 10-percentage-point decline in members born in Oriente Province. In 1986, the percentage of members born in Oriente declined again, this time by 13.4 percentage

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points. If this trend holds for the large unknown category, a dramatic shift may have occurred with non-Oriente representation exceeding Oriente representation by almost 2 to 1. [redacted]

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**Composition by Sex.** The original 1965 Central Committee of 100 members had only five female members. By 1975, only one woman full member had been added, and analysis of the 1980 and 1986 Central Committees shows only slight improvements in the female-to-male ratio. Moreover, several of the women "elected" to the various Central Committees have been related to male members. For example, Vilma Espin, the only female on the powerful Politburo, ostensibly is still married to Raul Castro. The small number of women in the Cuban party elite apparently is a reflection of the guerrilla origins of the party leadership as well as a traditional Cuban bias against women. [redacted]

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**Outlook**

As additional information on the new 1986 Central Committee becomes available, we believe that the pattern of a younger, more racially balanced membership will be borne out. It is possible that future Central Committees will show greater female representation; approximately one-third of the new committee alternate members are women. Although alternates clearly have a secondary status, they have sometimes been promoted to full membership at subsequent party congresses. As Cuba prepares for the post-Castro era, we are likely to see this trend toward a leadership with a broader popular base continue. [redacted]

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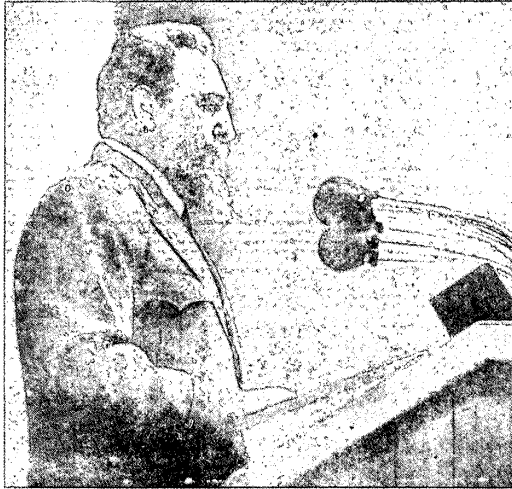
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### Cuba: Foreign Policy Themes at Third Party Congress

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President Castro used Cuba's Third Communist Party Congress to emphasize several foreign policy themes:

- He contrasted Cuba's "solidarity" with the Third World with the alleged heightening of tensions by the United States and, although he left the door slightly ajar for an eventual improvement in US-Cuban relations, gave no indication that he will make any effort toward a rapprochement.
- Although he emphasized his "moderation" and Havana's solidarity with new civilian governments in Latin America, Castro strongly reiterated Cuba's support of key clients Nicaragua and Angola, and threatened to increase aid to them if the United States increased assistance to rebels.
- Lastly, although Castro praised the fraternal Soviet-Cuban relationship, he may have irked Moscow by concentrating far more on Latin America and regional issues than on East-West strategic concerns.



President Castro presenting his six-hour Main Report to the Third Party Congress.

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Although Castro did not set any dramatic new directions, he tried to demonstrate that, despite increased US pressure on Cuban foreign policy, Havana will strengthen, rather than back off, its commitment to Third World socialist governments and revolutionary movements. His hard line on Nicaragua and Angola, however, as well as his warning that even Soviet-US "detente," would not affect Washington's policy in regional trouble spots or betray Castro's grave concern about continuing US foreign policy resolve in the Third World.

countries. He clearly placed the Soviets first among socialist brethren, but in doing so, as the US Interests Section points out, he seemed to emphasize that Soviet leadership of the Communist Bloc results more from its economic and military strength than from anything else. Moreover, Castro took pains to assert that all members of the socialist movement, regardless of their size, deserve "absolute reciprocal respect."

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#### Relations With Moscow

During his reading of the Main Report, Castro thanked Moscow for its longstanding and continuing military and economic assistance, and called the Soviet Union "our closest friend and our best political ally." Castro noted, as he has in the past, that Soviet-Cuban economic relations should serve as a model for relations between underdeveloped and developed

From Moscow's perspective, Castro probably added insult to injury by glossing over Soviet-US strategic issues—such as space-based defensive systems—in his main foreign policy address. The Cuban leader barely acknowledged recent Soviet initiatives on arms control—initiatives for which Moscow is actively seeking international support—before launching into a much fuller discussion of developments in Latin America.

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ALA LAR 86-006  
28 February 1986

Secret

The Soviet delegation's annoyance at Castro's light treatment of strategic issues may have been responsible for the hasty preparation and approval of a resolution on foreign policy two days later. The resolution, read by Cuban Vice President Rodriguez, contained much more explicit statements of Cuban support for detente between Moscow and Washington and emphasized the need for all socialists to struggle for peace. It called for peaceful coexistence, dialogue and constructive negotiations, general and complete disarmament, and a broad and active international campaign to oppose the US policy of confrontation. [redacted]

Another significant departure in the resolution from Castro's Main Report was its clear hierarchical differentiation among Cuba's allies. He expressed Cuba's *close collaboration* with the Soviet Union and the socialist community, Havana's *strong links* to Communist and revolutionary movements, and *solidarity* with national liberation movements (emphasis added). This may have been intended to put into context Castro's lengthy discussion of Cuba's ties to and support for non-Communist—including capitalist and pro-Western—governments and parties, particularly those in Latin America. Castro, perhaps displaying his own pique over the apparent Soviet imposition, did not publicly associate himself with the resolution. Moreover, in his closing remarks to the congress, which again heavily dealt with Third World issues, he scarcely mentioned Soviet-Cuban ties. [redacted]

Despite this apparent slight by the Cubans, the Soviets undoubtedly were pleased with the overall domestic thrust of the congress, with its emphasis on improving economic efficiency and worker discipline, and Castro's stress on meeting Cuba's trade commitments to its Soviet Bloc partners. Over the past year or more, these issues have been the source of persistent Soviet-Cuban frictions, and, in the Main Report, Castro clearly appears to be telling Moscow that he is addressing their concerns. [redacted]

#### Promoting Latin American Unity

Castro devoted the major portion of his foreign policy comments in the Main Report to developments in Latin America. Portraying the United States as the constant aggressor in the hemisphere, Castro stated

that the Reagan administration—despite “recent signs of the possibility of a return to detente” with the Soviet Union—is increasing its role as “imperialist gendarme” in Central America and other regional flashpoints. He saluted the Salvadoran guerrillas for “showing the empire the limits of its might and power” and hailed the Sandinista revolution, while claiming that the “war, financed, directed, and implemented by the Pentagon and the CIA,” has caused over “12,000 deaths and more than \$1 billion in property damage.” In a highly charged, emotional closing speech, Castro asserted that, if more US aid is extended to the Nicaraguan insurgents, Cuba would do everything possible to increase its assistance to the Sandinistas. [redacted]

Aside from restating Cuba's strong commitment to its radical allies in Central America, Castro focused on promoting Latin American unity and portraying Cuba—unlike the United States—as a natural member of that community. Consistent with his public relations campaign of the past year or so, the Cuban leader tried to project an image of himself as a moderate and flexible regional partner. Toward that end, Castro applauded the rise of civilian, democratic governments in Argentina, Brazil, and Uruguay and noted that the election last year of Cuba's National Assembly into the Latin American Parliament was “a great expression of solidarity and respect.” [redacted]

Castro expressed his support for the Contadora negotiations process, noting that, while it is still weak because some participants have a tendency to make concessions to the United States, the framework is an “expression of Latin America's growing will to resolve its problems by peaceful means without intervention or demands from the United States.” Castro singled out Guatemala in several places, noting with satisfaction the ascension to power of a civilian government. The Cuban leader's positive words on developments in Guatemala may be a subtle attempt to encourage President Cerezo to maintain a neutral, nonaligned policy in Central America and to distance Guatemala from Core Three positions in the Contadora Group. [redacted]

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**Foreign Participation at the Congress**

According to press reports, representatives of some 186 national parties, movements, and other organizations from 110 countries attended the congress, making foreign participation at this congress the largest ever. Only two heads of state, President Ortega of Nicaragua and President Vieira of Guinea-Bissau, were present, although the Soviet Union was represented at a high level by Secretary of the Soviet Communist Party Central Committee, Yegor Ligachev, who is described by US Embassy officials in Moscow as Gorbachev's top deputy. Most of the foreign attendees addressed the congress, led by Ligachev's statements on the second day. [redacted]

**Yegor Ligachev, Soviet Union**

Ligachev spoke approvingly of Castro's Main Report, commenting that it "convincingly shows that you have a realistic economic strategy." The Soviet leader also noted "with satisfaction that Cuban Communists are not resting on their laurels," a reference to Castro's emphasis on overcoming economic bottlenecks and inefficiency that have been heavily criticized by Moscow during the past several years. Ligachev promised Cuba that it can rely on the Soviet Union, which has fulfilled and will fulfill "meticulously and undeviatingly our commitments to Cuba." Although he did not say it, of course, Ligachev may have been subtly reminding Havana that its failure to meet delivery schedules and export obligations to the Soviet Union is a source of considerable irritation to Moscow. Ligachev's words on Third World problems were perfunctory, although he signaled Soviet approval of Castro's foreign debt initiative, calling the debt burden a "new channel of international plunder" and "financial colonialism." He focused more heavily, however, on strategic issues. Contrasting Gorbachev's "plan of peace and disarmament," with the United States' continuation of "its efforts to literally cram the sky full of offensive weapons," he challenged Washington to respond to Soviet initiatives. [redacted]

**President Daniel Ortega, Nicaragua**

In his brief presentation to the congress, Ortega stressed that relations between Cuba and Nicaragua are "unalterable and nonnegotiable" and are "sealed with the blood of Cuban internationalists who have

fallen on Nicaraguan soil." He castigated the United States for supporting Nicaraguan insurgents and asserted that Washington "may approve \$130 million or \$1.3 billion for the mercenary forces but they will be defeated." During a press conference in Havana, he reiterated his charge that the United States is using bacteriological weapons along the Nicaraguan-Honduran border. He endorsed the Contadora negotiation efforts but reiterated Managua's line that a peace agreement is not possible until "the United States' direct, indirect, or covert aggressive policy ends." Ortega made an indirect appeal to members of Congress to reject the Reagan administration's request for renewed funding for Nicaraguan insurgents. He asserted that the humanitarian aid approved last year by the Congress "strengthened a warmongering trend in the US administration." Asked whether his trip to Havana will affect Congressional approval of new aid, Ortega replied that "his trip could be manipulated by the US Government, but Nicaragua will not sacrifice its friendly and brotherly relations with Cuba." [redacted]

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**Antonio dos Santos Franca, Angola**

Dos Santos, a Politburo member and Angola's Chief of the Armed Forces Staff, spoke longer than either Ligachev or Ortega and, after statements of solidity with Cuba, spoke in harsh terms about developments in southern Africa. Like Ortega, dos Santos talked of the indestructible brotherhood between Angola and Cuba that is "founded in the bloodshed in defense of socialism and against imperialist aggression." He paid tribute to the Cubans who "have stood side by side with the Angolan combatants to defend Angola" and asserted that "for the United States (Yankees), Angola represents an African Bay of Pigs." He claimed that, because South Africa has the capability to produce nuclear weapons, even Namibian independence does not guarantee Angolan security. He said a total withdrawal of Cuban forces is not possible because of this threat. Echoing Castro's words, dos Santos argued abolition of apartheid will be the only guarantor of peace in the region. He accused the United States of worsening tensions in the area and said Washington's reception of Savimbi represents "an authentic declaration of war" against Angola. [redacted]

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Castro also returned to the debt issue to emphasize Cuba's unity with Latin America and to project the reasonable—rather than revolutionary—nature of his ideas. Although he defended his argument that the Latin American debt is unpayable, he tried to appear both pragmatic and in step with the large debtor nations—who have rejected his prescriptions—by asserting that he was not proposing a breakup of the international financial system. Rather, he reiterated his proposal that the developed, creditor nations assume the Third World debt by saving 12 percent of their annual defense expenditures to pay off the loans.

In keeping with the moderate image he was trying to project, Castro restated Cuba's commitment to "proletarian internationalism" but did not dwell on Cuba's "principled" right and duty to support armed revolution. In his closing speech, Castro told the Chilean leftists attending the congress not to grow impatient and, comparing their situation now with that of the Cuban rebels in 1956, assured them that, while Chilean President Pinochet will fall, it will take time. Castro said he "trusts the Chilean left will give Pinochet a hard time this year but, if you cannot make it in 1986, then it will be in 1987, or 1988."

#### **Painting Washington and Pretoria With the Same Brush**

Castro used the congress forum—which, by Castro's count, was widely covered by more than 200 journalists—to score the Reagan administration for its southern Africa policy. He used UNITA leader Savimbi's recent visit to Washington as his point of attack. Backing up his charge of alleged US-South African collaboration, he asserted that any US aid to Savimbi's insurgents would have to pass through South Africa. This, he claimed, would provide proof of the US alliance with the "fascist, racist South Africans."

Castro's rhetoric also included strong backing for the Angolan Government. In his emotional closing speech, he declared that the Reagan administration is wrong if it believes that providing support to the Angolan insurgents is a way to achieve a Cuban troop withdrawal and that Cuba is willing to maintain its

troops in Angola for 10, 20, or 30 years. In his Main Report, Castro stated that a negotiated settlement in southern Africa is possible based on the application of UN Resolution 435 for the independence of Namibia and an end to South Africa's aid to Angolan insurgents. He gave tougher conditions, however, for a Cuban departure from Angola in his closing speech, implying that a total withdrawal of Cuban forces could only occur after apartheid is abolished.

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#### **Other Foreign Policy Highlights**

One of the most interesting points made by Castro in his addresses, which represented a departure from past Cuban policy, was his positive view of developments in China. Although he noted that Chinese hostility toward Vietnam still impeded stronger ties between Beijing and Havana, Castro hailed the improvement in Soviet-Chinese relations, Beijing's rejection of "star wars," and China's policy regarding Central America. He noted with approval that China supports the idea that the next Olympic games—scheduled for 1988 in Seoul—should be shared with North Korea. Castro declared that Cuba would not send a team to the Olympics unless the games were divided between the two Koreas.

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Castro paid special homage to several of his guests and to certain world leaders, particularly leading members of the Nonaligned Movement. He eulogized Indira Gandhi, saying that her death deprived all mankind of a great stateswoman, but added that Rajiv Gandhi already has shown the maturity and determination to carry on the family tradition. Castro congratulated Zimbabwean Prime Minister Robert Mugabe on his election as the next chairman of the Nonaligned Movement, noting that the holding of the Nonaligned summit next summer in Harare not only confirmed Mugabe's prestige but also demonstrated the importance that Nonaligned countries attach to the South African situation. Of those present in the conference hall, Castro perhaps saved his warmest words for South-West Africa People's Organization leader Toivo Ja Toivo, who Castro compared with Jose Marti, and held up as a heroic fighter for Namibian independence from South Africa.

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**Implications for the United States**

Although Castro's Main Report was less emotional in tone than usual—perhaps reflecting his efforts to project an image of moderation and flexibility—the Cuban leader denounced the United States at every turn and portrayed Washington as responsible for the escalation of international tensions. The Cuban leader warned that, even if the Reagan administration reached agreements with the Soviet Union on strategic weapons, its aggressive attitude will not necessarily change regarding regional conflicts. Castro's closing speech to the congress was far more vitriolic, with Castro indirectly comparing President Reagan to Hitler and castigating capitalist society for living off war and the arms race and, like vultures and vampires, the blood of others. [redacted]

There was no hint of an olive branch. Indeed, Castro made the point more than once that Washington's alleged hostility and aggression had only made Cuba stronger and that "like it or not, the United States will have to put up with a revolutionary Cuba." He reiterated, nonetheless, his familiar line that Cuba is willing to discuss its problems with the United States and seek better relations on the condition that the United States "makes up its mind to negotiate in earnest and is willing to deal with us in a spirit of equality, reciprocity, and the fullest mutual respect." He cited the immigration accord reached in late 1984 as evidence of Cuba's willingness to negotiate, but intimated that the agreement was breached because the initiation of Radio Marti broadcasts indicated that the United States was not yet ready to deal with Cuba on the basis of "sovereign equality." [redacted]

Despite the apparent Soviet and Cuban differences over foreign policy priorities—Moscow's focus on strategic issues and Havana's concern with regional conflicts—Castro's addresses reinforced their close bilateral ties and coherence of foreign policy views in a number of areas. His positive remarks on China parallel the warming trend in Sino-Soviet relations over the past two years. Moreover, the overall domestic thrust of Castro's Main Report, that of economic reform and improved efficiency, is sure to please the Soviet leadership that has been pressing Cuba to improve its economic performance and stop wasting Soviet assistance. Castro is out ahead of the

Soviets on his boycott of a Seoul-only Olympic games, but this probably will not cause Moscow any consternation. [redacted]

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Castro's views on support for revolutionary movements and on Cuba's involvement in regional conflicts were, despite his protestations to the contrary, as uncompromising as ever. He was careful, however, not to undermine his efforts to woo the new civilian governments in South America with undue revolutionary rhetoric. Moreover, he reiterated Cuba's willingness to find negotiated, political settlements to regional disputes, although he clearly made no offers of concessions to enhance the prospects of such settlements. [redacted]

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Despite Castro's typically uncompromising rhetoric, he gave several indications that he is concerned that Washington will increase further its pressure on Cuban interests in the Third World. His tough language, threatening to strengthen Cuba's commitment to Angola and Nicaragua, probably was adopted, in part, to influence US public and Congressional opinion regarding US assistance to insurgents in those countries. Moreover, in contrast to his 1980 address to the Second Congress, when he headlined Angola, Nicaragua, and Grenada as evidence of the inevitable swing in the balance of forces toward socialism, this year he cited no similar "victories" for celebration. Indeed, aside from congratulating Luanda, Managua, and the Salvadoran insurgents for holding on against their opposition, Castro was forced to hold up the return of several Latin American governments to democratic rule as the greatest "victory" over imperialism in the past several years. Finally, Castro's sparse mention of the prospect of Soviet-US "detente" and any potential agreement on strategic weapons may betray a real concern that Moscow's desire to improve bilateral relations with Washington could negatively affect its commitment to Third World allies. [redacted]

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**Cuba: Economic  
Performance and Prospects** [redacted]

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Cuba's economic performance in the last five years has been mediocre at best. In addition to the problems caused by the inefficiencies inherent to a centrally planned economy, the hard currency current account has deteriorated, forcing the country to reschedule some of its debt principal repayments to the West since 1982. Moscow has also been pressuring Havana to get its economic house in order and is unwilling to increase economic assistance. The economy is unlikely to improve much over the remainder of this decade, and we foresee continued low growth, austerity, and balance-of-payments difficulties. We also doubt that President Castro will significantly reduce the state's grip on the economy. [redacted]

At the Third Party Congress, Castro devoted much of his lengthy Main Report to economic issues, reflecting Havana's concern with the country's serious economic problems. Although Castro pointed to positive indicators—such as an average annual growth rate for gross social product of more than 7 percent and a 25-percent decline in energy consumption over the 1981-85 period—the growth figure was inflated and, in any event, overshadowed by broad criticisms. The Cuban leader castigated inefficiency in agriculture and industry, inadequate central planning, and failure to adopt new technologies. Looking ahead to the next five-year plan, he continued the austerity or “economic war” theme introduced in late 1984 and promised the beleaguered Cuban consumer only a moderate rise in the standard of living. [redacted]

The draft five-year plan and the party program—also discussed at the party congress—indicate that economic policy will be oriented toward greater reliance on market mechanisms, further austerity, and increased integration with other CEMA countries. The new emphasis on market mechanisms is reflected in the attention given to profitable enterprises, worker incentives such as bonuses and pay linked to the quantity and quality of output, and an enhanced role for wholesale prices. The need for continued austerity is highlighted by the importance

placed on energy conservation, import substitution, and a reallocation of budget priorities from social welfare to the productive sector. In addition, the plan calls for a move away from rationing by reducing subsidies on a number of basic consumer products. The documents also stress that Cuba must fulfill its obligations with CEMA partners, implicitly recognizing that it has not done so very often in recent years. [redacted]

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Moscow's refusal to increase economic aid and its criticism of Cuban waste and mismanagement undoubtedly underlie the central themes of the new five-year plan. [redacted]

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Moscow informed Havana in late 1984 that it would not increase its economic aid or petroleum deliveries during the 1986-90 period. At the same time, the Soviets were reportedly calling the Cuban rationing system a political embarrassment and were censuring Havana for wasting oil and investing in the depressed sugar industry. Moreover, the two countries failed to reach agreement on a new aid package as late as last October following strained talks. [redacted]

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[redacted] These developments probably convinced Havana that it would have to assume more responsibility for its own economic welfare, continuing its austerity program and liberalizing the economy to some degree to improve efficiency. [redacted]

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Moscow's displeasure with Cuba's inability to meet export quotas over the past year as well as its threats to cut certain critical supplies if quotas were not satisfied. As a result, Havana was forced to make fulfillment of its CEMA quotas a major goal on its economic agenda. [redacted]

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The short-term outlook for the economy is poor, and Cuba probably will fall well short of the 3.5-percent growth target set by Castro for 1986. The markets for Cuba's primary hard currency exports—reexport of Soviet oil, nickel, and sugar—are weak. Last year's

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ALA LAR 86-006  
28 February 1986

Secret

drought and hurricane have devastated the island's sugar harvest and other agricultural production. In addition, Havana's commitment to meeting CEMA quotas will detract from its ability to expand exports to the West. Cuba has already requested Western banks to reschedule some of its debt obligations that are due this year. The leveling off of Soviet oil deliveries and economic aid will be especially harmful because of Cuba's dependence on both to maintain even basic investment and consumption needs. The lower priority afforded to social welfare and consumer goods will add to growing labor discontent and is likely to decrease productivity. The unemployment rate will probably rise as enterprises reduce their labor costs to improve profits, and as hard currency shortages make it increasingly difficult to purchase Western imports needed for production. [redacted]

hard currency export. Moreover, if the Soviets substantially cut aid or oil shipments, the Cuban economy could be reduced almost to a subsistence level. Under certain unlikely circumstances the economy could noticeably improve. Such a development could occur, however, if the Soviets increase aid or petroleum deliveries, if prices for Cuban exports increase significantly, if Western investment and lending rises steeply, or if Havana quickly and seriously implements economic liberalization measures. [redacted]

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[redacted]

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Over the rest of the decade, the economy will most likely continue on its present course of low growth, necessitating further austerity. Any beneficial effects of economic liberalization measures probably will be slow in coming because of efforts by the more hardline ideologues in the leadership to block or delay such reforms. The high profile given to economic reform most likely represents an attempt to reduce the concerns of Havana's Soviet and Western creditors rather than a serious commitment to a fundamental shift in economic policy. Castro probably will not permit anything but a limited liberalization because of his ideological opposition, and because it could weaken the government's political strength. It is also unlikely that Havana will be able to diversify its export base quickly enough to increase its hard currency earnings significantly. The best that Havana can probably hope for is to continue struggling to cope with rising popular discontent and Soviet pressure for better economic performance. In the meantime, Havana probably will have to continue rescheduling its debt repayments, thereby further increasing its future burdens. [redacted]

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It is possible that the economy could change either for the better or the worse in the next five years, although the latter scenario is more likely. If, for example, oil prices continue their downward trend, Havana may be forced to limit interest payments on its Western debt because the reexport of Soviet oil is Cuba's leading

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## Argentina: Peronism at the Crossroads

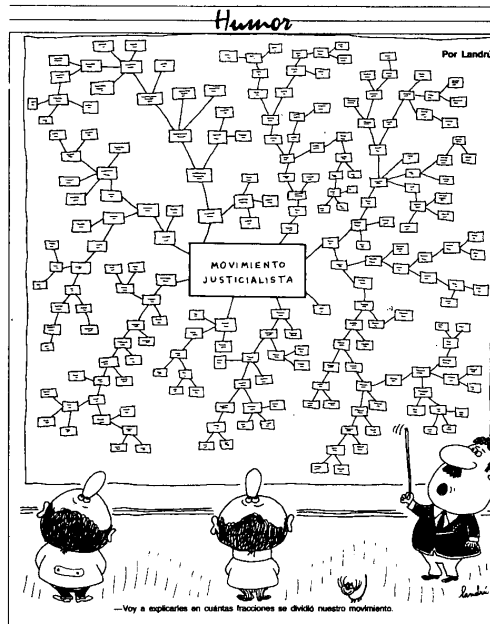
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The Peronist party, Argentina's driving political force for over 30 years, is undergoing a serious crisis. Pervasive factionalism, ideological conflicts, and a leadership vacuum have virtually paralyzed the party. Moreover, the erosion of Peronism's popular support—especially among the middle class—was reflected by the two resounding defeats the movement received at the polls in 1983 and 1985. Leaders of various Peronist factions, ranging from moderate reformists to leftwing and rightwing extremists, are now vying for control. The winners of this contest will help determine the future direction of Peronism and, more important, the structure of Argentina's party system and the country's long-term prospects for political stability.

### The Downhill Path

Created by Col. Juan Peron in the late 1940s and early 1950s, the Peronist party built massive support by mobilizing the previously passive Argentine working class. This group, attracted to Peronism's nationalist, pro-labor stance, and other populist policies, propelled the movement to a position of virtually unassailable dominance. The party—also aided by a substantial following among the middle class and from the country's interior provinces—triumphed in every election it contested between 1945 and 1973.

This wave of popularity broke with the death of Peron in 1974. Peronism degenerated into a host of squabbling factions that could produce no individual with Peron's ability to rally popular support and unite the movement's disparate elements. Moreover, the party made serious mistakes that began to tarnish its image, even among its most ardent supporters. According to the US Embassy, the poor performance of the last Peronist government, from 1973 to 1976—which presided over economic chaos and rampant terrorism—and the ties of certain party factions to subsequent military juntas, seriously discredited the Peronist movement. The most enduring damage, in our view, was done by rightwing party boss Herminio



"I'll explain how our movement is organized."  
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Iglesias and his allies in organized labor, whose Mafia-style tactics gave Peronism a corrupt, antidemocratic image.

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Peronism's lack of a dynamic leader and its unsavory image played into the hands of the movement's traditional rival, President Alfonsín's Radical Party. In the 1983 election the Radicals successfully portrayed Peronism as a spent force, hopelessly divided and temporarily incapable of inaugurating a new democratic era for Argentina. The government also used this strategy to a lesser degree in the congressional election last November. In the 1983 presidential contest, Peronist candidate Italo Luder

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ALA LAR 86-006  
28 February 1986

Secret

**Key Leaders of Peronist Factions**



**Herminio Iglesias** . . . about 48 . . . National Deputy and key leader of the Officialist faction in Buenos Aires Province . . . [redacted] powerful politician [redacted] embodies the roughneck traditions of Peronist street politics . . . ultra-right-wing trade unionist with close ties to military and police . . . [redacted]



**Carlos Saul Menem** . . . 53 . . . Governor of La Rioja Province, moderate mainstream Peronist, one of the best known members of the reform movement . . . has presidential ambitions . . . lawyer and wealthy landowner, projects image of independent, old-fashioned provincial leader . . . respected for his role in reviving and modernizing his province's economy . . . criticized by rivals for maintaining good relations with Alfonsin. [redacted]

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**Antonio Cafiero** . . . 63 . . . National Deputy from Buenos Aires Province, moderate leader of the Reformist faction and advocate of modernizing and unifying the party . . . one of the party's most respected economists, he is not tied to labor . . . former Minister of Commerce under both Juan and Isabel Peron . . . leading Peronist candidate for the governorship of Buenos Aires Province in 1987. [redacted]



**Italo Luder** . . . 69 . . . lawyer, teacher, moderate politician, former presidential candidate in 1983 election . . . important leader of the Reformist faction . . . poise and objectivity lend him a pragmatic and rational image . . . remains above party infighting, urbane, low key, and thoughtful . . . age and lack of [redacted] party support hinder his prospects as long-term party leader. [redacted]

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won only 40 percent of the vote compared with Alfonsin's 48 percent; two years later, the Peronists' share declined to 35 percent and the party lost 10 seats in Congress. [redacted]

**Peronism Under Democratic Rule**

**Factionalism.** The political reverses suffered by Peronism since the return to civilian rule have exacerbated the party's already fierce factional infighting, as various groups blame each other for electoral losses and assert their roles in the party's reorganization. On the congressional level alone, the US Embassy has identified at least four competing Peronist groups in the Chamber of Deputies and two in the Senate. These factions, along with several minor ones, are now actively trying to rebuild the party so it can successfully challenge the Radicals' political hegemony in the gubernatorial elections slated for 1987 and the presidential contest of 1989. [redacted]

In our view, the main division is between the old guard Officialist sector—represented by former Secretary General Iglesias on the right and current First Vice President Saadi on the left—and the self-proclaimed Reformist Peronists.<sup>1</sup> The old guard largely seeks to maintain the party much as it has been—a militant, ultranationalist and populist force run by a handful of bosses relying on support from organized labor. This group, however, is highly discredited because many party members and the general public perceive its leadership style as largely responsible for Peronism's negative image and recent setbacks, according to US Embassy reports. The old guard, moreover, while aping some of Peron's political tactics, has no leader who even approaches the stature and charisma of the party's founder. [redacted]

The Reformists, led by attractive figures such as Deputies Antonio Cafiero and Carlos Grosso and the popular Governor of La Rioja Province, Carlos Menem, are attempting to modernize and democratize the party. Although still adhering to many of Peronism's populist policies, they hope to

<sup>1</sup> The party's titular president is Juan Peron's widow, Isabel, who lives in Madrid and has totally divorced herself from party affairs. She remains Peronism's nominal standard bearer only because the movement has so far been unable to overcome its internal contradictions and elect strong leaders. [redacted]

turn the movement into a respectable alternative to the Radicals that would be palatable to Argentina's increasingly moderate electorate. The emphasis on democratic procedures and the avoidance of rhetorical excess paid handsome dividends in the November congressional elections, according to US Embassy [redacted] reporting. In Buenos Aires Province—a longtime Peronist bastion—a slate of Reformist candidates led by Cafiero beat Iglesias's Officialist slate by a 3-to-1 margin, and Governor Menem's La Rioja was one of the few interior provinces that did not come under Radical Party control. [redacted]

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The Reformists' electoral successes have encouraged them to intensify their efforts to take over the party. The group has already appointed its own executive board—which includes Cafiero, Grosso, and Menem—to organize strategy at the party congress to be held this spring. [redacted] some differences in the Reformist camp, mainly in the area of organization tactics, but we believe that these are relatively minor and will not hinder the strength of the faction as a whole. [redacted]

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**Leadership Crisis.** Aggressive infighting has so far stymied efforts at selecting a party leader—a crucial step, in our view, toward progress in party reunification. The US Embassy reports that nearly all party militants agree that Iglesias is no longer an asset to Peronism; last December the National Party Council removed him from his post as Secretary General and also ousted the party's Buenos Aires Province Supervisory Board, which supported him. [redacted]

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The Officialist sector's other boss, Saadi, has been mentioned in the press as a possible alternative to Iglesias. Saadi, however, has had a checkered career—involving several expulsions from the party and association with the now-dormant Montonero guerrillas—and is opposed by the Reformists, who could probably block his elevation to the presidency. [redacted]

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Although the Reformists' star is rising, they currently appear to lack sufficient support to impose one of their own as party president, according to Embassy reports. Internal party elections are not democratic, and the old-guard bosses still control large blocks of convention delegates, which they could use against a Cafiero or Menem candidacy. Moreover, while the Reformist sector has worked well in opposition to the party hierarchy, some of its cohesion may dissipate if one of its leaders makes a clear-cut bid to head the party. [redacted]

For these reasons, we believe that the most likely leader is Italo Luder, the Peronist candidate in the 1983 presidential election. Luder has been above the political fray for the past two years, but [redacted]

[redacted] he is preparing to step in. He is probably the candidate most palatable to all Peronist factions and would serve the immediate purpose of papering over party differences because he is not strongly committed to either side in the Reformist-Officialist struggle. Luder's age (69) and drab style, however, make him an unlikely choice to lead the party for any length of time. Over the long run, we believe that the Reformists will probably consolidate their base of support and will have a good chance to place one of their three top leaders in control, especially as the 1989 presidential election approaches. [redacted]

#### The Role of Organized Labor

Organized labor, in our view, will play a decisive role in fashioning Peronism's future. Peronist labor leaders control both the powerful General Confederation of Workers and one of the party's congressional factions. Although they have traditionally been linked to the Officialist sector, the US Embassy reports that key labor chiefs—especially Metallurgical Union kingpin Lorenzo Miguel—are now looking to disassociate themselves from Iglesias. We believe that Miguel probably prefers to continue to work with an Officialist sector purged of Iglesias and his followers, but Embassy and press sources indicate he could eventually opt for realignment with the Reformists. [redacted]

Other Peronist labor groups, however, are all but working for the Reformists already. One of these, the "Commission of 25," has ties to Reformist Deputy

Grosso and will probably join him. We believe that active support by some labor sectors for the Reformist faction will force Miguel to take sides in the intraparty dispute, if only because further vacillation could tarnish his reputation as the most powerful and politically savvy of Peronist labor leaders. [redacted]

#### Outlook

We doubt that the Peronist party will significantly reorganize before 1987. Although a congress scheduled for this spring will probably select a nominal leader, factionalism will continue to plague the party because the Officialist and the Reformist sectors are not close to finding any common platform. We believe Luder has a good chance of leading the Peronists' reorganization efforts, with Reformists such as Cafiero and Menem playing an important secondary role. The relative influence of the Reformist and Officialist groups over the next year will, in our view, largely hinge on which sector Miguel and his fellow labor Peronists ultimately support. Strongman Iglesias will continue to agitate from the sidelines, but he is not likely to regain a prominent role in Peronist politics, even if the Officialist sector reemerges as the party's dominant faction. [redacted]

Regardless of the near-term fortunes of the party's various factions and leading personalities, it is our judgment that the Reformists have the best long-run prospects to unite and revive Peronism. Their leaders represent a younger generation of Peronists who can capitalize on the Argentine electorate's preference for more democratic politics to broaden their base of support. If the Reformists deal generously with the Officialist and labor sectors, they can retain Peronism's working-class constituency while reaching out to the middle class and provincial groups that gave the party its margin of victory in the past. [redacted]

We believe Reformist domination of the party would bring Argentina closer to a strong, two-party democratic system. The Reformists' more flexible and pragmatic approach could enable Peronism to challenge the Radical Party successfully on a national level, making Argentina's political system more competitive and reducing the opportunities for the

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military to intervene in politics. Reformist control of Peronism, however, will not immediately change the movement's basic ideology or induce the kind of moderation Alfonsin has imposed on the Radicals. The Reformists will continue to follow a populist and nationalist line, advocating radical action on the foreign debt and aggressively criticizing US policy in Central America and elsewhere in the hemisphere.

[redacted]

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Although the eventual revitalization of Peronism seems most likely, the party might not reconcile its differences and could split permanently. The Reformists and some provincial leaders would probably form one party, with the labor-oriented, old guard politicians and other regional chiefs constituting another. This development would irreparably weaken Peronist electoral strength and might confirm the Radicals as the single dominant force in Argentine politics, thereby preventing the emergence of a democratic alternative to the current government. This could eventually allow the military to reinsert itself into Argentina's political life. It is also possible that Peronism's demise might cause some party militants to look for a home elsewhere, such as in the far-left Intransigent Party, which has been steadily winning support since the return to democracy. A strong Intransigent Party would create a viable civilian alternative to the Radicals—but one that is even more populist, nationalist, and anti-American than the current Peronist movement.

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**Brazil:**  
**New Military Equipment** [ ]

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Defense spending was a low priority under the old military regime, but the Sarney government is planning to double the defense budget this year. Much of the increased spending is being earmarked for force modernization with equipment purchased from domestic and foreign sources. Although we believe the new budget will bolster support for President Sarney among the military, large increases in defense spending will impede efforts to reduce inflation and may touch off new regional tension.

[ ]



*Osorio prototype undergoing field training in Brazil.* [ ]

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**Force Modernization Plans**

Brazil's defense budget for 1986 has been increased to nearly \$4 billion, [ ]. This would be the first real increase in several years. Each Brazilian armed service will share in the spending bonanza. [ ]

The Army plans to form five helicopter battalions with 30 helicopters each [ ]. It will also upgrade existing armored and mechanized brigades with the new Osorio tank and additional Cascavel armored fighting vehicles. More than 200 Osorios and hundreds of Cascavels—each manufactured in Brazil—will probably be acquired by the mid-1990s. Most of this equipment, which could begin entering the inventory next year, will be sent to forces near the border with Argentina and Uruguay,

[ ]

The Air Force's top priorities for the near term, [ ] are to purchase 30 to 40 used F-5s, or an equivalent small fighter-interceptor. It plans to upgrade its attack capability by acquiring the new AMX—a subsonic fighter-bomber and ground attack aircraft with roughly a 4,000-kilogram external payload—being built jointly with Italy. Plans call for the eventual procurement of 79 AMXs, with the first arriving in 1989. Research and design efforts for a "Brazilian" supersonic fighter are also under way, according to press reports. [ ]

The Navy will also receive a large spending increase, in part to assuage their concerns about defending Brazil's large coastline that were raised by the Falklands war. The Navy plans to acquire four 1,900-ton Corvettes—equipped with Exocets, torpedoes, guns, and helicopters—two of which are currently under construction in Brazil. Naval spokesmen recently made public their plan to build 12 to 16 fast patrol boats ranging in size from 400 to 1,600 tons. [ ] is also going forward with the acquisition of four West German-type 209 diesel submarines, three of which will be built under license in Brazil. Funds are also being expended for research and development work on a nuclear submarine. The Navy is funding part of the procurement effort through a 1-percent royalty on offshore petroleum production. [ ]

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**Domestic and Foreign Impact**

The services are beginning a modernization drive now that civilian rule has returned to Brazil to bolster their professional capabilities and to carve out a new societal role. The government will support this effort to keep the military satisfied and out of politics. Nonetheless, the Sarney administration will pay a price as the expense of these programs adversely affects Brasilia's objective of controlling inflation, currently running at 300 percent annually. Despite

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ALA LAR 86-006  
 28 February 1986

Secret



Italian version of AMX during flight-testing. [redacted]

agreement is a departure from their previous attitude. If an agreement can be reached, Brazil will be interested in acquiring a wide variety of systems, particularly electronic warfare. [redacted]

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the use of royalties, we believe that the increase in defense spending will only be partly financed through higher taxes, portending a larger federal budget deficit this year. [redacted]

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Additionally, foreign policy objectives could suffer as Brazil's neighbors nervously watch this rearming and worry about security motivations that underlie it. For example, Argentine military and opposition political officials have already noted the planned increases and in response will probably lobby for significant increases in the Argentine military budget. As the new equipment begins to enter the Brazilian inventory, we believe the current improvement in bilateral relations with Argentina could begin to suffer. [redacted]

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**Implications for the United States**

Although not all of the equipment will be purchased this year, the projected budget increases will enable the services to go on an immediate buying spree for both domestic and foreign weapons. Most of the purchases will support domestic arms producers, but some will also be made from foreign manufacturers. We believe competition between European and US manufacturers will be intense for the helicopter contract. [redacted] the Brazilian services are showing renewed interest in working out a security of military information agreement with Washington. Both the Chief of the Navy General Staff and the Army Minister have recently suggested a willingness to negotiate on the issues. Although no concrete proposals have yet come from the Brazilians, a willingness to discuss such an

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**Latin America  
Briefs**

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<b>Cuba-Argentina</b>	<b>Planned Talks on Bilateral Nuclear Agreement</b> [redacted]	25X1
	<p>A high-level official of Cuba's nuclear energy agency is scheduled to visit Argentina in March to discuss a draft agreement for bilateral nuclear cooperation. Havana delivered the draft to Buenos Aires in September, and it is now under study by the Argentine nuclear commission. [redacted]</p>	25X1
	<p>Cuba and Argentina have been discussing possible nuclear cooperation for at least a year. Cuba, for its part, may be seeking reprocessing technology, although the Soviet Union, which is building two large reactors in Cuba, will require that all spent nuclear fuel be returned to Moscow. Buenos Aires could provide laboratory-scale reprocessing technology, but its main objective is to generate income through nuclear exports, and Havana is short of hard currency. The political and nonproliferation sensitivities involved in such a technology transfer also present a major obstacle. The two countries will probably negotiate a watered-down agreement that simply continues present bilateral technical and training exchanges. [redacted]</p>	25X1
<b>Cuba</b>	<b>Ecclesiastical Meeting</b> [redacted]	25X1
	<p>Catholics held their first National Ecclesiastical Meeting in mid-February to discuss the church's relations with the state. Attending were 181 church officials and laymen from throughout the country, as well as guest prelates from Jamaica, the Dominican Republic, Panama, Ecuador, Brazil, Spain, the United States, the Vatican, and the Latin American Bishops Conference. The meeting was five years in the making and was preceded by preparatory conclaves in all seven of Cuba's dioceses. According to a church spokesman, its final document—not yet public—asks the Castro regime to: end social discrimination against believers, terminate the ban against Catholics in the Cuban Communist Party, cease the promotion of atheism in the education system, and give the church access to the media. [redacted]</p>	25X1
	<p>In recent comments to the press, Cuban church leaders have been cautiously optimistic about improving relations with the Castro regime, although they acknowledge that some of their parishioners are not yet ready for an accommodation. The leaders view the February meeting as only a "first step" in what will be "a long process" of dialogue with the regime and clearly are concerned that the meeting may raise expectations among their followers that cannot be fulfilled. They also recognize that the dialogue risks conflict within the Catholic community that could result in the creation of a "popular church" that would badly split the Catholic laity. Nevertheless, they apparently see an opportunity to ease pressures on Cuba's Catholics by exploiting Castro's desire to improve his image in Latin America and Europe through better ties to the church. [redacted]</p>	25X1

Castro is also cautious about the domestic impact of the meeting. It received scant attention in the Cuban media except for Prensa Latina and Radio Havana, which provided foreign audiences with ample coverage spiced with carefully selected quotes from church officials. Castro is expected to meet shortly with the church hierarchy, and we believe he is likely to offer marginal benefits to the church as a means of continuing the dialogue and perhaps gaining a papal visit. We see no chance, however, that he will make any major concessions such as those requested in the meeting's final document. [redacted] 25X1

**Brazil**

**Communist Party Activities** [redacted] 25X1

The Brazilian Communist Party (PCB), lacking a strong party organization and large campaign war chest, emerged chastened from the November mayoral elections without a single victory and plagued by internal bickering. The PCB displayed its greatest voter support in conservative Belo Horizonte, where it built its campaign around the middle-class image of its candidate, including his close ties to the Catholic Church, rather than emphasizing his Communist credentials as the orthodox "old guard" of the party would have wished. [redacted] 25X1

Despite their poor showing in the municipal races, the Communists have undergone a sizable jump in membership in recent months. [redacted] 25X1  
[redacted] 25X1

[redacted] the party leadership, buoyed by its membership gains, is now talking about winning control of 5 percent of the Chamber of Deputies in the congressional elections this year. [redacted] 25X1

Party members, however, are divided over the tactics they should pursue to increase their political strength. The "old guard," [redacted] 25X1  
[redacted] believes the party should continue to work through the center-left Brazilian Democratic Movement Party (PMDB), the senior partner in President Sarney's coalition government, to elect members to the Chamber of Deputies under the PMDB label. They are at odds with the new generation of party leaders who seek an active, independent PCB. [redacted] 25X1

[redacted] a growing conviction that the PCB must make maximum use of television and radio campaign spots, and target the middle class, women, and students for support rather than the lower class and labor as the party did in the past. Moreover, a third faction believes the party should dramatically change its electoral strategy. [redacted] 25X1

[redacted] many PCB rank and file are in favor of an electoral alliance with the militant Workers Party, which made a good showing in Sao Paulo and the northeast during the recent elections. We believe the internal party struggle will probably be resolved in favor of those calling for a more active and less ideologically strident PCB, enabling the Communists to compete more effectively in the coming elections. [redacted] 25X1



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**Mexico-Israel****New Trade Initiative** 

25X1

The Mexican and Israeli Governments have agreed to establish a joint company to promote bilateral trade. Impetus probably came from Israel, which would like Mexico to buy more Israeli goods. Mexico currently supplies about 25 percent of Israel's petroleum imports—about 50,000 barrels per day—but plays down the relationship publicly so as not to offend Arab states, according to the US Embassy in Mexico City. Israeli sales to Mexico are miniscule.

25X1

Mexico City probably believes that formation of the trading company will at least temporarily quiet Israeli complaints about the unfavorable trade balance. Mexico is unlikely to buy significantly more Israeli goods, however, because of its efforts to reduce imports and its limited need for Israeli exports. Tel Aviv, for its part, probably will not abandon its long-term relationship with Mexico City because the Israelis view Mexico as a reliable supplier. Perhaps with this in mind, Israel's Ambassador to Mexico last month announced his government will not reduce purchases of Mexican petroleum in the near term. Officials of the countries are renegotiating payment terms, however, and Israel is likely to receive significant price concessions as a result of recent declines in international oil prices.

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