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ASR Hochman

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NO. _____

TO : Department of State

INFO : Amconsul SANTIAGO DE LOS CABALLEROS

FROM : Amembassy SANTO DOMINGO

SUBJECT : Joint Weeka NO. 29 (July 14 - 20)

REF :

RECEIVED
DEPARTMENT OF STATE

JUL 24 7 29 AM 1967

RS/AN
ANALYSIS BRANCH

DATE:

DEPARTMENT OF STATE
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COMMUNICATIONS CENTER

TABLE OF CONTENTS

POLITICAL

1. President Dominates Week with Radio-TV Speech
2. President Suggests Regrouping of DR's Political Parties
3. President and Armed Forces Secretary Offer Guarantees to Opposition
4. President Reaffirms Support for Venezuelan OAS Initiative; Police Initiate Press Campaign Against Communists
5. Capital's Mayor Maneuvering Under Heavy Fire
6. FEDELAC Plans "Operation Muzzle"
7. Haitian Rumors Again Prominent in Local News
8. Diplomatic Notes
9. CAB Action Against VIASA Sparks Sharp Reaction

ALLIANCE FOR PROGRESS

10. IDB Team Visits DR
11. Teacher Education
12. Agricultural Production

Action Assigned to RAR

Action Taken Noted

Date of Action 7/26/67

Action Office Symbol RAR

Name of Officer W. R. ...

GROUP 3 direction to RM/R file

Downgraded at 12-year intervals, not automatically declassified

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FORM 4-62 DS-323

In Out

Drafted by: See last page:dl/dh

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Clearances: POL:JWWislon

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2

POLITICAL1. President Dominates Week with Radio-TV Speech

A. Once again, it was President Balaguer's week. His radio-TV speech on July 14 and the subsequent reaction dominated the news, while the period of relative political calm passed the two-month mark. The left-of-center political parties were occupied primarily with reorganization (Item 2) and with defensive measures -- the PRD to save face in the capital government (Item 5), the PRSC to fend off PRD attacks (Item 2), and the communists to counter damaging police revelations (Item 4). On the right, low-key but hardly menacing grumbling over the GODR's stringent economic measures continued.

B. The President's speech, itself, was largely devoted to the discussion of a variety of economic subjects (SD-118) with a scattering of political topics (Items 2, 3, 4 and 6). He stressed the importance of protection of forest resources to the development of the country, particularly with regard to watersheds of proposed dam projects, and announced a series of measures to assist those affected by deforestation controls. Discussing a related topic, water resources development, the President recounted the status of studies of the Yaque del Sur and Yuna river basins, and the southwest area in general. While acknowledging the necessity of studies to establish priorities and avoid mistakes, he deplored the "excessive" planning previously suffered by the DR and called for prompt implementation of projects under study.

C. Referring to the measures recently taken to solve the critical balance-of-payments problems (Weeka 28, Item 1), the President stated that their success will depend on the "intelligence and skill" of the Central Bank and Monetary Board authorities. He warned that changes will be made at the "highest level" if the measures fail for lack of adequate enforcement. He also defended the extension of the austerity program (Weeka 28, Item 6), saying that the extension was necessary because of the balance-of-payments crisis, a possible RD\$ 5 million shortfall in revenues due to decreased customs collections, and possible inflationary effects of increased salaries.

D. Balaguer also threatened to transfer the Santo Domingo water system from the jurisdiction of the PRD-controlled municipal government to INAPA, the "non-political" autonomous government water agency (Item 5). And, he called on his government's "best friends," the campesinos, to resist agitators who urge them to occupy privately held lands. He warned that, since under the constitution private property is guaranteed, agitators would be prosecuted. (See Item 6, for the "agitators'" reaction) The President also took the occasion to point to the GODR's distribution of

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CONFIDENTIAL

3

lands, and said uncultivated lands and true latifundios will be confiscated for the program. (LIMITED OFFICIAL USE)

E. Comment: Probably Balaguer's most important pronouncement was that placing the onus of any possible failure of the new balance-of-payments measures squarely on Central Bank Governor Diogenes FERNANDEZ and the Monetary Board. Balaguer, who may have been angered by Fernandez' recent statements criticizing the measures to encourage capital repatriation and reducing import deposit requirements, neatly put Fernandez' head on the chopping block while also making him responsible for the success of the measures he and the Monetary Board opposed. Rumors that Fernandez is to be replaced have been widely circulated.

F. Fernandez moved to defend himself and the Monetary Board in a July 19 speech before the American Chamber of Commerce, stating that past monetary policies had been wise and effective and had reduced the level of consumer goods imports. According to the Governor, overall imports were up due to increased imports of capital goods and raw materials, which implied that domestic production was increasing. Fernandez also praised the accomplishments of the Balaguer Administration in restoring the confidence of the private sector, in ending the deficit of the government sugar industry, and in increasing public investment. If the government continues these policies, Fernandez said, it will do much to help re-establish equilibrium in the balance-of-payments. (LIMITED OFFICIAL USE)

2. President Suggests Regrouping of DR's Political Parties

A. In his radio-TV speech this week, President Balaguer left aside the harsh economic realities (Item 1) for a few moments to suggest that the nation's divided political forces should regroup along three or four major lines (SD-116). The most desirable, according to the President, would be the channelling of public opinion into two great parties, leaving the extremist minorities at the political margins. However, as the DR's democratic institutions have not achieved such political maturity, the nation must dedicate itself to strengthening those political forces whose participation is necessary for the existence of democracy. The long-run aim, the President concluded, should be the achievement of a political equilibrium whereby the parties can alternate in power in an orderly and pacific manner.

B. Although the consensus of local political leaders appeared to favor the Chief Executive's suggestions, there was no noticeable movement to carry them forward. Interviewed by Listin, the PRD and PRSC Secretaries-General used the occasion primarily to add fuel to the continuing polemic between their two parties. The PRD's MAINARDI (Acting Secretary-General in PEÑA Gomez' absence) stated that his party, by virtue of its political force and revolutionary mystique, was "indifferent" to the number of "Caricatures of parties" existing -- implying that the "rightist" PRSC

CONFIDENTIAL

CONFIDENTIAL

4

is such a "caricature." Caonabo JAVIER, in turn, cited his PRSC and the "disintegrating" PR as the major political forces, while relegating the PRD to a lower level with the divided extremist sectors on the right and the left. Also commenting was UCN President SELIG Hernandez, who stated that a regrouping of the nation's conservative forces into a single party is "almost a national necessity" but declined to indicate if the UCN would take the lead to form such a bloc. (UNCLASSIFIED)

3. President and Armed Forces Secretary Offer Guarantees to Opposition

A. Also sandwiched into the President's wide-ranging speech was a statement that the PRD's efforts -- "under their new (and by inference, more rational) orientation" -- to reorganize their leadership cadres, should be a cause of satisfaction for all Dominicans (SD-116). The Chief Executive affirmed that he had ordered the National Police not to interfere with these PRD activities and to extend all legal guarantees for such efforts. There is and can be no democracy where the opposition is unable to carry out its work of revitalization in a constructive manner, the President stated. On July 16, Armed Forces Secretary General PEREZ y Perez informed reporters that his institution also would guarantee the political activities of the opposition and asserted that he had widely disseminated instructions to that effect (SD A-33).

B. Opposition leaders hardly overwhelmed their guarantors with gratitude. Mainardi, speaking for the PRD, credited the President's sincerity and indicated that the party would move ahead with its plans. However, he expressed reservations that police and military authorities might again "make a joke" of Balaguer's promises. The PRSC's Javier affirmed the necessity for the GODR to avoid friction with its democratic opposition, at a time when restrictive economic measures were directly affecting powerful (and presumably golpista) interests. In other comments, ORNES Coiscou (VRD President) derided the guarantees as mere fulfillment of the constitution and laws dressed up as a "gracious concession," while UCN and PNRD leaders expressed their satisfaction with the President's offer. (UNCLASSIFIED)

4. President Reaffirms Support for Venezuelan OAS Initiative; Police Initiate Press Campaign Against Communists

A. In his July 14 speech to the nation, President Balaguer also reaffirmed his full support of the Venezuelan OAS initiative against Cuban-supported subversion in the hemisphere (SD-119). The DR, he stated, has been one of the countries most affected by Cuban-directed subversive activities and, for that reason, has a special stake in ensuring that action is taken to halt the attempted subversion of Latin American

CONFIDENTIAL

CONFIDENTIAL

5

democracies. The President went on to recall such Cuban-supported activities in the DR as the 1963 guerrilla uprisings and to point out that at the Tricontinental Conference of 1966 it was decided to exploit the Dominican case. Finally, the President reminded his audience that the 14th of June has been preparing for a "revolutionary" and primarily rural-based "war," the foundation for which is now being established through communist indoctrination of youth on a nation-wide scale.

B. While the President revealed no new information on communist activities in his speech, since July 8 the National Police have published a series of paid announcements in the local press revealing important and detailed information concerning the organization and operations of the Chinese-oriented MPD. In publishing this information, most of which was derived from recent raids on the homes of MPD leaders and interrogations of arrested MPD activists, the police placed particular emphasis on the relations of the MPD with the Cuban and Chinese Communist parties. Indications are that the capture and subsequent publication of this information has severely shocked the MPD and has caused widespread and damaging repercussions within the party. (CONFIDENTIAL)

5. Capital's Mayor Maneuvering Under Heavy Fire

A. This week Mayor BAEZ Acosta increasingly appeared a beleaguered "Alice" in the "Wonderland" of Santo Domingo municipal politics (SD-141, SD-126). He had just emerged from a damaging strike by ayuntamiento employees which, according to local pundits, threatened to convert his "clean-up month" to "garbage year" (Weeks 27 and 28). Then, President Balaguer increased the pressure by threatening in his speech to transfer the capital's water works -- source of a considerable portion of municipal income and over 600 jobs -- to the autonomous GODR agency INAPA. The PRD National Executive Committee, backed into a corner and unable to ditch the Mayor, reacted with a decision to fight their way out by decisively injecting the party ("intervention" screamed the critics) into the Santo Domingo city government. In a full-page newspaper communique, the Executive Committee detailed its plans (including a subsequently established advisory commission) and charged that the GODR, with the inadvertent help of the Mayor, was "strangling" the ayuntamiento and causing public discontent to focus on the PRD.

B. Although Baez Acosta at first accepted the party measures with good grace -- as a "respectful child obeying his mistaken mother," he said -- he appeared considerably less gracious as the week progressed. On July 19, he called on the PRD to clarify publicly the communique's statements regarding his conduct and honesty in office, which he claimed were being misinterpreted by "interested sectors." Late the same day, the PRD issued the requested statement which, however, clarified little, except that there was a difference between "irregularities" (which had occurred) and "corruption," which the advisory commission would investigate.

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C. Meanwhile, the critics were having a field day. Health Secretary HERRERA Baez and his laboratory teams continued to snipe at the Mayor on the issue of unsafe city water, while INAPA head PIÑEYRO refuted Baez Acosta's defense of the management of the capital aqueduct. The Social Christians, under a barrage of criticism from the PRD on other fronts, gleefully blasted their rivals' "arbitrary" actions to contravene the will of the people. Former PRD leaders BREA Peña and MARTINEZ Francisco also teed off on the hapless Mayor, while his opponents within the city government hierarchy (including ayuntamiento President PICHARDO and aqueduct chief BAUTISTA) issued decidedly unhelpful statements. Through it all, the Mayor slashed back at his critics -- whether of the public media, the GODR or his own party -- and scored a few hits. (LIMITED OFFICIAL USE)

D. Comment: The desperate PRD, stuck with Baez Acosta but determined not to let him further tarnish the party's image, apparently turned to serious participation in municipality affairs as the best way out of a worsening situation. By attempting to control the Mayor and, perhaps, improving the city administration, the PRD at least has a chance to save some face and hold on to the possibility of victory in the 1968 municipal elections. At the same time, the PRD move somewhat circumscribes the President as he attempts to deal with the municipal administration, for henceforth any move to strip powers or revenues from the city will be subject to interpretation as a clear anti-PRD effort. However, it is unlikely that the PRD, regardless of the actions it may take to ameliorate conditions in the city, will manage to climb cleanly to safety from the shaky capital government limb. As for the wily Mayor, we think that he may yet evade the controls the party wishes to place upon him and preserve a measure of independence. (LIMITED OFFICIAL USE)

6. FEDELAC Plans "Operation Muzzle"

A. In his speech, President Balaguer also discussed "certain agitators active in the countryside spreading subversive propaganda" (Item 1). Stung by these remarks was Luis Christian ESTRELLA, Secretary General of the Social Christian Federation of Agrarian Leagues (FEDELAC) and recently elected Vice Secretary General at the Third Congress of the CLASC Latin American Campesino Confederation. Estrella claimed that FEDELAC-- as the only organized force at work among the campesinos -- must be the target of the President's words, which Estrella interpreted as an attempt to gag campesino protests. In reply, the Secretary General announced a campesino march on the National Palace for July 21. To be called "Operation Muzzle," the march is planned to demand: (1) an immediate end to campesino evictions, (2) the promulgation of a law to permit campesino unionization, (3) an end to the wage freeze, and (4) a reply by the President to a series of FEDELAC demands. (UNCLASSIFIED)

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B. Comment: FEDELAC farmland invasions have drawn considerable attention since the installation of the Balaguer government and have spurred government land distributions. The demonstrations have brought FEDELAC a certain notoriety and have strengthened Balaguer's hand in dealing with the question of agrarian reform. They have also made FEDELAC a target for the attacks of those persons interested in the continuation of the status quo in the countryside, some of them illegal users of government-owned lands. At week's end, the organization's proposed march was postponed, pending possible conversations with President Balaguer. (LIMITED OFFICIAL USE)

7. Haitian Rumors Again Prominent in Local News

A. Haitian exiles in the DR continued to provide the press with a flood of rumors on supposed developments in their neighboring nation and the local exile community this week (SD 125). Many of these items received prominent coverage, including claims that: (1) Duvalier had requested the GODR to deport various "important" exiles for furnishing damaging reports to the press; (2) former Ambassador Robert Theard (Weeks 28, Item 2) was removed for failing to refute these exile reports and, (3) the new Haitian Ambassador, Fritz Moise, was being sent here on a special mission related to the exile community and the "vertical" attitude of the local press towards the Duvalier regime. Sensational press reporting reached a height on July 20 when El Caribe headlined a rumor (which had spread throughout Santo Domingo and into international wire service reports the preceding night) that Duvalier had been either killed or overthrown on July 19 (SD 153).

B. Always extremely hostile to the Haitian regime, the local press has commented bitterly on Duvalier's decision to abrogate the Inter-American conventions on asylum. El Nacional, in a July 15 editorial, asserted that the Haitian situation can no longer be ignored by the OAS, US, or the DR and called for "decisive diplomatic action" to put an end to the slavery and poverty of the Haitian people. A second editorial appeared in El Caribe on July 21, praising the denunciation of arbitrary imprisonments of Haitians by the Inter-American Human Rights Commission. The fate of the Haitian people, El Caribe proclaimed, depends on the OAS. (UNCLASSIFIED)

8. Diplomatic Notes

Ambassador John H. CRIMMINS departed Santo Domingo on July 16 for homeleave in the U.S. for approximately six weeks. Other diplomatic notes include the arrival on July 18 of the new Canadian Chargé d'Affaires, Andrew D. ROSS. On July 10, Papal Nuncio Emmanuele CLARIZIO departed for Rome with plans for "consultations" and a short vacation before proceeding to his new post as Apostolic Delegate to Canada in September. The Nuncio's replacement in the DR has not yet been announced. (UNCLASSIFIED)

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The formal complaint filed with the Civil Aeronautics Board (CAB) against VIASA for violation of U.S. aviation regulations in connection with VIASA flights to the United States under the terms of an agreement with CDA has evoked quick reaction from those most directly affected (SD 150, SD 140). VIASA officials here have described the CDA-VIASA agreement as a "simple rental of equipment" which remains at all times under the "absolute control" of CDA. Vice President Lora has taken the same position in a prepared statement released to the press on July 20. He has indicated that the Dominican Government is prepared to do whatever might be required to insure that the CAB understands the true nature of the CDA-VIASA arrangement, which the Dominican Government believes in no way violates existing aviation agreements with the United States. In this connection, CDA Administrator Infante has indicated that CDA representatives will be present for CAB hearings to consider the complaint filed against VIASA. (UNCLASSIFIED)

ALLIANCE FOR PROGRESS10. IDB Team Visits DR

A top-level IDB team visited the Dominican Republic this week and met with President Balaguer, the Ambassador, the USAID Director, and other officials. They voiced belief that their current programs with the Private Investment Fund, the Agricultural Bank, and INAPA (the potable water agency) are going well and agreed to finance a study for more rural aqueducts. However, the team expressed concern over the failure of the GODR to provide the counterpart funds needed to disburse an IDB loan to the Housing Institute while, at the same time, the Government is using its own scarce pesos for multi-family housing impact programs. They were also disturbed by what they considered excessively high estimates for the Imbert-Puerto Plata section of the highway north of Santiago, to the extent that they felt called upon to do their own study of the unit costs involved. This study will not be finished until December. The most important new program the team favored was the Tavera Dam. They felt that technically the Lahmeyer Study was excellent, but believed that some additional work on the agricultural benefits must be done. They were less enthusiastic about the Valdesia Dam project, which will require considerably more study. (CONF)

11. Teacher Education

11. A three-week training workshop was inaugurated on July 10 at the San Cristobal Normal School for 60 key teachers from all parts of the country. The purpose of the workshop is to develop competent assistance for the NEA-Teach Corps summer workshop training program to be held during August for 250 Dominican teachers and supervisors. These 60 teachers, who will receive training and assist in the preparation of instructional materials in Mathematics, Science, and Social Science under the guidance of 8 U.S. and Dominican instructors, will also play

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a key role in the direction of the follow-up in-service training program throughout the country during the coming academic year. (UNCL)

12. Agricultural Production

Seven recently-arrived Puerto Rican crop advisors have just completed a one-week orientation program at the San Cristobal Agricultural Training Center prior to assuming their positions at seven of the regional agricultural centers. These technicians, financed by the Secretariat of Agriculture from jointly-programmed PL 480 local currency proceeds, will spend two years in the Dominican Republic providing crop production advice on plantain, coffee, cacao, root crops, etc., and will work closely with USAID advisors and Secretariat of Agriculture employees. (UNCLASSIFIED)

790
DEVINE *by [signature]*

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