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DEPARTMENT OF STATE

# AIRGRAM

POL 2-1 DOM REP

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TO : Department of State

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Info: AMCONSUL Santiago de los Caballeros

OCT 28 27 AM 1967

RS/AN  
ANALYSIS BRANCH

FROM : Amembassy SANTO DOMINGO

DATE: October 1, 1967

SUBJECT: Weeka No. 39 (September 22 - 28)

REF :

DEPARTMENT OF STATE  
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Negative

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10. 12th MFM Featured by Local Press

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POLITICAL1. PRD Withdraws Political Support from Santo Domingo Municipal Government

A. The PRD this week completed its disengagement, at least on paper, from the beleaguered Santo Domingo municipal government. PRD Secretary General Peña Gómez announced on the party radio program on September 29 that, because of the GODR's "economic aggression" against and the local authorities gross mismanagement of municipal affairs, the PRD had voted to withdraw its political support from the municipality so long as the present situation obtains. Left unclear was just what this meant in real terms for both the party and the municipality.

B. Meanwhile, the municipal situation was at its lowest ebb to date, and the prognosis was far from clear. Waterworks (acueducto) employees remained on strike, notwithstanding their wholesale replacement by Mayor Báez Acosta (SD-672) who, among other things, named the notorious former commando leader Eliseo (Barahona) ANDUJAR as chief of the acueducto's transport section. The police ignored the municipal council's request that they physically remove the strikers from the premises. Making clear that the strikers were not without political support, the MPD at mid-week demanded an end to Baez' dismissals and called upon the PRD and the municipal council to act to frustrate the "Yankee-Balaguerista conspiracy" against the municipal administration. After a false start in the other direction, the council decided to reinstate returning strikers, a decision which angered other municipal employees who called a new wildcat strike which as the week ended, was only partially successful. The new disorders primarily threatened recently renewed garbage collection activities, and the Capital appeared in for another littered week.

C. Meanwhile, Báez was in serious trouble on another front. The President's commission on the \$5-million USAID loan-financed Santo Domingo Urban Improvement Program, distressed by lack of cooperation from Báez, announced that badly needed street repairs would begin by October 2 under its supervision. Báez immediately called a press conference, charged the commission with setting up a "parallel municipality," and promised to make public his version of what and who has been responsible for the present deplorable state of affairs concerning the \$5-million program. (LIMITED OFFICIAL USE)

D. Comment: Both Báez and the PRD have finally acknowledged that they are in serious trouble with each other and with the state of city affairs, which seem now to be coming to a head. In announcing withdrawal of PRD support (the PRD had last week withdrawn "administrative" support--Weeks 38, Item 2), Peña Gómez blamed municipal officials, the GODR, and the U.S. for the crisis. The first, he said, were "crucifying the PRD and

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precipitating it towards disaster." The second is embarked upon measures to "bury forever the PRD's prestige in Santo Domingo." And the U.S. has "stabbed the municipality in the back" and has placed "a terrible weapon in the hands of the GODR with which to destroy the PRD," he said. His relatively sober analysis of the situation was not too far from the truth as the PRD has been able to see it, although his charges against the GODR and the U.S. arose from gross and perhaps deliberate misinterpretation by Báez of the motives and intentions of both governments. (CONFIDENTIAL)

## 2. Other PRD Developments

A. Using as a backdrop the September 25 anniversary of the 1963 coup that toppled Juan BOSCH, PRD Secretary General José Francisco PEÑA GÓMEZ spoke over the party radio program and, a few hours later, to a gathering of PRD-associated labor elements about the coup, about Bosch's thesis of "popular dictatorship" -- which would "not necessarily" be established by force of arms, he said -- and made a major appeal to the working classes and the security forces (SD-669). Parroting Bosch, Peña Gómez said that the theory that a peaceful revolution can take place in Latin America is a lie because there is no democratic tradition and the U.S. would not permit peaceful changes. As an example of the radical methods that the "social revolution" would have to adopt, Peña said that "we must expropriate" the extensive lands held by the U.S.-owned Central Romana Corporation in order to effect agrarian reform, and not pay for such lands as the Venezuelans are doing. In a clear bid for labor support, Peña Gómez noted that "only when we have a government in which the workers are represented can we proceed toward the solution of our ills." Although PRD relations with the security forces are "not as good as we should wish, we are not enemies," Peña stated, adding: "It is absolutely impossible for perredeistas to be enemies of the military and police, most of whom are of the same humble social origins." He specifically stated that the PRD was not an enemy of those military elements which had fought against the "Constitutionalists" in 1965.

B. At midweek the press carried accounts of attempts by PRD moderates and dissidents to regain control of the party line, and particularly to bury the "popular dictatorship" thesis. El Caribe on September 27 reported a meeting of the PRD Executive Committee the night before to discuss the need for a unified party line, and for a decision on whether or not officially to adopt Bosch's thesis. The paper stated that Peña Gómez is heading the forces for adoption but that the PRD Congressional group appears to prefer the older, more moderate line. Caribe also carried remarks by Finance Secretary MARTÍNEZ Francisco (PRD-dissident) to the effect that 125 (presumably dissatisfied, moderate) PRD leaders would soon ask the Executive Committee to hold a national convention. (LIMITED OFFICIAL USE)

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C. Comment: A source close to the PRD Executive Committee informed the Embassy this week that Peña Gómez had allegedly agreed to a reorientation of the party toward a more moderate line, including the "deep freezing" of Bosch's thesis. To facilitate this policy shift, Peña would reportedly step down as Secretary General, possibly during the party plenum which, we have been told, is scheduled for October 5. (CONFIDENTIAL)

D. The PRD this week continued its legislative record-building efforts (Weeka 38, Item 7). Senator DESUEZA Fleurys (PRD-San Pedro de Macoris) introduced a bill in Congress that would require all industrial firms in the DR to re-invest at least 50% of their net annual profits, and prohibiting export from the country, or deposit in foreign bank branches within the country, of more than 25% of their net annual profit. (The Senate Finance Committee asked defeat of the bill, noting that it had been introduced for patriotic motives, but would serve to shackle Dominican development.) A few days later Senator CASIMIRO Castro (PRD-Pedernales) introduced a bill demanding the rapid reconstruction of the Haina River Bridge, destroyed by floods in May 1966. Casimiro charged that the bridge had been dynamited for political reasons ("everyone knows by whom," i.e., U.S. troops) a few days prior to the 1966 elections, in order to deny easy access to Santo Domingo in case of a revolution resulting from the elections. Secretary of Public Works LULO Gitte later denied Casimiro's charge, stating that engineers' reports showed the bridge had collapsed because of structural faults. El Caribe asked Casimiro for proof of his charges. (LIMITED OFFICIAL USE)

### 3. Presidential Activities -- Citizens' Guarantees Pledged

A. In two separate trips this weekend, President Joaquin BALAGUER visited Arenoso, south of Nagua, where he distributed 305 land titles to needy campesinos, and Puerto Plata, where he inaugurated a small clinic and the city's new Technical Institute. As usual, his activities received ample coverage, as did his concurrent remarks to the press.

B. Among other things, the President: (a) denied that guerrillas are active in La Vega province (two alleged guerrillas had been arrested a few days before); (b) said he was allowing the Santo Domingo city government time to straighten out its water situation before making a final decision on transferring the city water organization to INAPA, its national counterpart (Item 1); and (c) pledged "absolute guarantees" for all political parties that participate in next year's municipal election campaign, (SD-688). Questioned about PRD charges of repression (Weeka 38, Item 1), he said no high political leader had been victimized, adding that he had issued special instructions to the police concerning the behavior expected of them towards political figures and the citizenry in general. Also attributed to the President, but not carried by any newspaper except El Nacional, was an alleged statement to the effect that PRD participation was not essential to the holding of the municipal elections. Public reaction to this allegation was restricted to sarcastic comment over the PRD radio program.

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C. Meanwhile, Police Chief Braulio ALVAREZ Sanchez and his new management team were making visible efforts to improve police behavior. Four policemen were cashiered during the week for insubordination and excesses against civilians. Listin Diario lauded the President's remarks, and Nacional applauded the police action. (LIMITED OFFICIAL USE)

4. Police Warn MPD -- Three "Guerrillas" Killed

A. On September 26 the National Police published a communiqué containing two documents selected from what it said were MPD labor files that had been "voluntarily" turned over to the police. These files, the police said, had been in the possession of FOUPSA-CESITRADO Secretary General Julio DE PENA Valdez. The documents published concerned MPD self-criticism and plans, and included a phrase the police singled out for particular emphasis: one document dated June 2, urged clarification of "the concept of the best to the countryside (lo mejor al campo) and of the fundamental tasks of the party in this stage." Apparently, the police noted, the phrase in question means that the MPD is to send its best elements to the countryside in order to establish bases of support for future efforts at armed subversion. The document indicated, however, that as of June the MPD had not yet begun such preparations and was far from posing an armed threat to peace and tranquillity, the police added. On the other hand, the document clearly revealed the MPD's intentions, the police said, warning that MPD members will not be molested so long as they do not act in a manner intended to turn the DR over to foreign powers. But when MPD members, and especially those who have recently returned from training in Cuba, go armed into the countryside, they must expect the authorities to act against them, the police concluded.

B. The relatively sparse reaction to the police communiqué included a sharp criticism of it by the PRD, which over its radio program strongly took the police to task for "exceeding its functions." The PRD did not mention the MPD by name, nor did it indicate the content of the communiqué, but rather chastised the police for involving themselves in politics whereas, the party said, one of the most important of police functions is to implement Presidential pledges of guarantees of freedom of action for all political parties.

C. On September 28 an incident occurred that may or may not have involved the MPD. Three men were killed in a firefight with security forces in a farming area a few miles to the southwest of Bonao. Information about this incident was scanty as the Weeka closed. (LIMITED OFFICIAL USE)

5. Reformista and UCN Notes

A. Intra-party controversy over the manner in which delegates have been selected to the Partido Reformista's October 1 National District convention (Weeka 38, Item 5) threatened at week's end again to turn the convention into a shambles. As for the convention attempted last February

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(which aborted as rival delegates prepared to have at each other with their folding chairs), delegates were stacked in favor of National District acting chairman and PR Deputy Guarionex LLUBERES, who remained non grata to numerous job-seeking splinter groups. According to Palace sources, President Balaguer, to whom all contending groups looked for direction, steadfastly refused to indicate his choices. (CONFIDENTIAL)

B. UCN acting president Abel FERNANDEZ Simó replied early this week to FAJURE's charge that all civicos are perennial plotters (Weeka 38). After harsh words for FAJURE, Fernandez reiterated his earlier definition of the UCN's "legalist" position, but also ratified the "indisputable right" of all involuntarily exiled Dominicans to live in their homeland, specifically including ex-General Wessin y Wessin. The next day former FAJURE president (and present Ambassador to Ecuador) Manuel JIMENEZ Rodriguez charged both the UCN and the Wessinista PQD with working to "undermine constitutionality." (LIMITED OFFICIAL USE)

#### 6. Sugar Council Announces Final Production Figures

A. With the last of its sugar mills ending the season's grinding on September 8, the State Sugar Council (CEA) has announced production figures for the 1966-67 crop-year which indicate considerable improvement over the previous season's performance. According to the announcement, total CEA production for the 1966-67 crop-year was 639,523 short tons as compared to a total of 477,028 short tons in the 1965-66 crop-year. At the same time, average production costs were reduced from 8.10 cents per pound to 5.31 cents and mill costs were reduced from 6.59 cents per pound to 4.46 cents in the 1966-67 season. CEA also made more efficient use of its milling capacity, producing an average of 19.3 tons per day in 1966-67 as opposed to 15.6 tons per day in the previous crop-year and shortening the milling season from 320 days to 295.

B. Meanwhile, in response to speculation that CEA and the other sugar producers would reopen their mills if the DR were assigned an additional allotment in the U.S. preferential market, CEA Executive Director Gaetan BUCHER stated that CEA presently has enough milled sugar on hand to cover any additional Quota assignments which might be granted the DR in 1967. (UNCLASSIFIED)

#### 7. New Law Strengthens GODR Exchange Controls

A. On September 13, President Balaguer signed a law designed to strengthen GODR control over foreign exchange generated from exports by requiring all exporters to register with a Collector of Customs and present a certificate of that registry before making an export shipment. The law also confirms the Central Bank's authority to establish maximum prices for imported items and minimum prices for exports and expands this

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authority by requiring exporters to provide full price information on their commercial invoices. Customs authorities will not permit the exportation of merchandise when prices are less than the official minimum, which will be set by the Central Bank.

B. Comment: This law is one of a series of measures designed to bring about greater efficiency in the administration of exchange controls so that the illicit flow of foreign exchange to the black market will be curtailed. These measures are also aimed at ensuring that the program for the importation of luxury items with privately-held foreign exchange (Weeka 35, Item 11) will have the desired effect of generating a return of capital held abroad by Dominicans. However, the provisions of the new law will be difficult to implement and, given the ability of traders to circumvent whatever regulations are imposed, it remains to be seen how significant its effects will be. (UNCLASSIFIED)

MILITARY

Negative

ALLIANCE FOR PROGRESS8. Ambassador Crimmins Reiterates U.S. Support for GODR Development Programs

On September 28, both major morning dailies front-paged comments by Ambassador Crimmins to the press, in which he reiterated "the intention and the desire of the U.S. government to continue supporting the efforts of the constitutional Dominican government in the economic and social sectors." The comments were made following the regular Wednesday meeting at the National Palace and prompted by press queries as to the results of the recent Washington program review sessions, attended by the Ambassador, Economic Counselor, USAID Director and Program Officer. (UNCLASSIFIED)

PSYCHOLOGICAL9. Bosch Derides Hemisphere Leaders' Silence on "Viet-Nam Killings"

U.S. actions in Viet-Nam, normally the subject of scant commentary here (Weeka 36, Item 14), drew violent criticism from Juan Bosch and praise from El Caribe this week. Bosch, in a letter to the moderate-left weekly Renovación, declared that at this moment in history, men define themselves by their attitude towards "the killings in Viet-Nam." Noting that the Pope has called for an end to the fighting, Bosch rhetorically asked why the Latin American leaders of "revolution with liberty" had put a "zipper" on their mouths. The obvious reason, he declared, is that Viet-Nam is the "work of the bosses" and the "submissive spirits" (i.e., Christian Democrats, etc.) do not disagree with their bosses; they breakfast with them (again a pointed reference to PRSC leader Javier's

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presence at the February 1967 prayer breakfast in Washington, also attended by President Johnson.) However, El Caribe, in commenting on the U.S.'s most recent proposal at the UN for Viet-Nam peace, stated that the proposal "merits careful attention by all those genuinely interested in international peace and in the preservation of the basic principles of the UN." (UNCLASSIFIED)

10. 12th MFM Featured by Local Press

Three of Santo Domingo's four metropolitan dailies feature the twelfth meeting of OAS-member Foreign Ministers in Washington as a top news item, with leftist-nationalist El Nacional affording the event only minor coverage. Two published the text of the resolutions and two commented editorially. El Caribe played up the role of Foreign Secretary Fernando AMIAMA Tió and judged that the reunion's most positive step was the unanimous agreement to place the case of hemispheric intervention by Cuba on a world-wide stage at the United Nations. Rightist El Tiempo, on the other hand, called the conference a failure in that passing the Cuba issue to the UN affords Castro more publicity while permitting communist-aligned nations to partake in any decisions made. Additional local comment was limited to charges by the communist MPD that the meeting was a U.S. "plot" against Castro. (UNCLASSIFIED)

*JAC*  
CRIMMINS *John*

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