

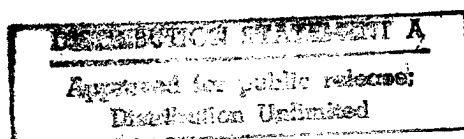
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Latin America Report



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10 May 1984

LATIN AMERICA REPORT

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INE REPORTS OIL PRODUCTION DECREASED 12 PERCENT IN 1983

Lima LA PRENSA in Spanish 15 Mar 84 p 7

[Text] Petroleum production dropped 12 percent in 1983 in comparison with 1982. Some 62,616,000 barrels of petroleum were extracted last year. Production reached 71,196,000 barrels in 1982, according to the statistical report of the INE [National Institute of Statistics].

Petroleum production on the Peruvian seaboard amounted to 10,531,000 barrels in 1983, while it reached 15,759,000 barrels the year before, thus showing a decrease of 33 percent.

The production of petroleum was also lower on the continental shelf, where it dropped 11.6 percent in 1983. Production in this important geographical zone went from 10,089,000 barrels in 1982 to 8,910,000 barrels last year.

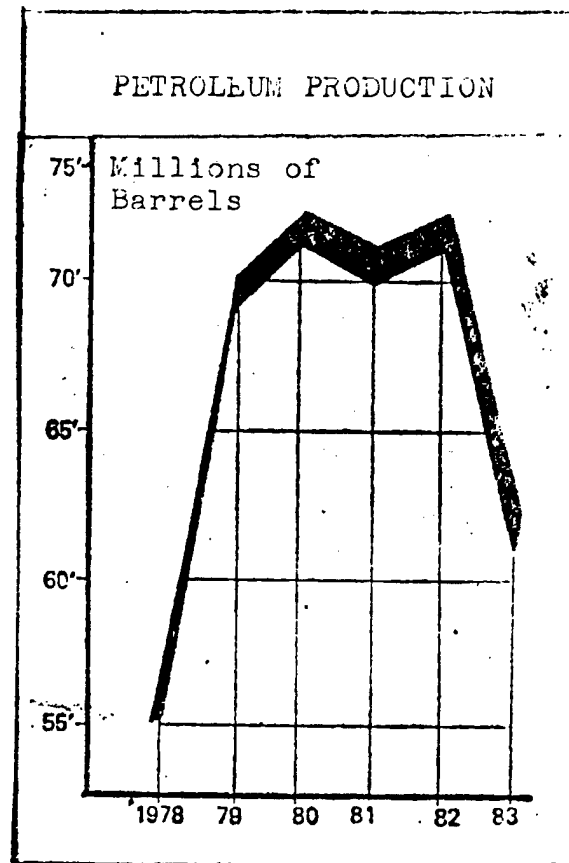
In the eastern section, petroleum production reached 43,174,000 barrels last year, in comparison with 45,347,000 barrels in 1982. Production in this area dropped 4.7 percent.

The average daily production of petroleum dropped 12 percent last year compared with 1982. The average daily production of petroleum went from 195,000 to 171,000 barrels.

According to statistics from another source, it was determined that OXY [Occidental Petroleum Company] attained a daily production of 80,000 barrels last year. Belco, which operates on the continental shelf, recorded a daily production of 30,000 barrels. PETROPERU (Talara) produced a daily average of 35,000 barrels. PETROPERU Jungle attained a daily production of 28,000 barrels. The secondary production of Talara amounted to 8,000 barrels daily.

The domestic market consumed an average [sic] of 42 million barrels of petroleum last year.

The statistics furnished by the INE also show that the best petroleum production year was 1980: production reached 71.369 million barrels, and the daily average was 195,000 barrels.



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CSO: 3348/341

EXPLOSION REPORTEDLY BURNS, DAMAGES SEVERAL SILOS

Buenos Aires LA PRENSA in Spanish 31 Mar 84 Sec 2 p 3

[Text] Rosario (Santa Fe) (NA)--An explosion followed by a fire resulted in two dead and 16 wounded, many gravely wounded, at the Genaro Garcia silos which the company operates in the port zone in the northern area of the city.

At approximately noon yesterday, the explosion occurred in one of the silos located on Junin and Vera Mujica, where some 50 workers are employed.

The fire broke out rapidly and spread through a grain conveyer belt. The fire caused panic and one of the workers, wrapped in flame, jumped off the silo and was killed instantly.

The Argentine flagship "Zonda" was at the pier loading grain and a number of its crewmen ran to help the workers in trouble, while the rest of the crew tried to get the vessel away from the wharf.

Firemen from Rosario and nearby areas and emergency personnel from the neighboring center were on the scene immediately, transferring the wounded to the Centenario and Municipal Emergency hospitals.

An hour later, firemen took the firm's personnel manager, Juan Ehlera, 58, from the chain pump well, located underneath the silo, where welding had been in process, setting off the accident. Ehlera had suffocated.

One of the victims was not identified. The wounded are: Jose Carriero, who suffered slight burns; Jose Sosa, Alberto Bolger, Juan Luis Rios, Andres Trovieri, Salvador Sanchez, Carlos Chaparro, Juan Claro, Hugo Gomez, Enrique Calabrisi, Mario Catani, Damian Ojeda and Raul Antonio Ojeda, who had burns over 20 to 90 percent of their bodies. Juan Esperanza was taken to his home in a state of shock.

11,464

CSO: 3348/346

COARSE GRAIN TRADE EXPECTED TO BRING HIGHER PRICES

Buenos Aires LA NACION in Spanish 31 Mar 84 Sec 3a p 1

[Text] Now that the coarse grain harvest is moving into full swing throughout the country, following the delay caused by abundant rainfall over a very wide area, many production sectors are now wondering how they are to face the marketing of the grain, both on the domestic and international markets.

In order to shed light on the problem and in view of local uncertainty in recent weeks over the results of the harvest, LA NACION interviewed engineers Marcelo Regunaga, head of economic studies of the National Grain Board, Jose Maria Frogone, private consultant, and Roque Rivero, manager of the Agricultural Products Department of the Association of Agrarian Cooperatives, all of whom gave their respective views on the commercial possibilities of our grain.

Marcelo Regunaga

In Regunaga's opinion, the corn production situation is not very different from that of last year. Exportable surpluses will total some 6 to 6.5 million tons. However, marketing may be easier due to the great drop in American production and the existence of likely new markets (South Africa), along with the already traditional markets such as Russia and Iran.

For their part, prices will also be better, Regunaga said, since the average price for last year was \$126, compared with an anticipated \$135 for this year.

One significant aspect for income from Argentine production has to do with price differences for American and Argentine grain. While they reflect cost differences in theory, in practice they are modified by the supply and demand in each country.

The differences in current prices make Argentine grain very competitive on the main markets, whose evolution is closely followed by the National Grain Board. Minimum export prices are based on them in order to ensure the highest possible foreign exchange income for the country.

Regunaga also said that the number of factors affecting prices finally placed on Argentine exports is very large, which makes it extremely difficult to pick the best time to market corn. This circumstance, combined with the supply from the United States, leads one to think that early marketing would be best.

However, there is another factor whose evolution is also difficult to predict: the cost of American currency compared with the rest of the world's currency. The upward trend registered in recent days and the possibility that that trend might continue would have a depressive effect on prices. This factor has had a negative effect on our exports in recent years and to a greater extent on forage grains than others such as wheat.

In short, if one wants to compare the past two seasons, one might point out that the prospects of this season based on export prices are more favorable than those for the previous year due to the fact that international prices are higher and it is to be hoped that there will be an improvement in operational efficiency of our ports.

Compared with domestic prices to be received by the producer, it should be pointed out that at the present time, as a result of the delay in the supply because of rain, price levels are above export parities (on the order of \$145). This disparity will certainly disappear as the harvest gets underway and the grain reaches ports without difficulty.

It should be pointed out that the participation of the National Grain Board in exports and consequently, in purchases on the domestic market, will help prices to the producer reach the maximum level permitted by international prices, Regunaga concludes.

Jose Maria Frogone

For Frogone, of the sorghum, soybean and corn group, the latter has the best commercial prospects locally. Naturally, he said, "I am excluding sunflower seeds from this analysis, for it is a product that already has a good market due to climatic conditions that reduced production and delayed the harvest, as well as the strong demand for oil and seed for all nearby positions."

From the standpoint of the international situation, sorghum, soybeans and corn can expect a sustained market, at least until the new season of the United States begins, "since relatively low volumes of these products are available compared with a demand remaining at a level similar to that of last year. Consequently, the amounts available must be rationed on the market by means of prices until the next American harvest in September and October of this year."

With respect to Argentine corn, Frogone said that one question concerns the volume of the harvest that has just begun, since for the second consecutive year, there has been a problem with drought affecting early corn. The main corn area therefore has a veritable mosaic of yields, making precise estimates of production even more difficult.

Independently of the final results, the most optimistic estimates at this time do not exceed 9.5 million tons. If this figure should be confirmed, the exportable balance would be slightly greater than last year. This whole picture would indicate that Argentine corn would have a very active market.

Regarding prices, he added, there is now a discount in relation to the Gulf of Mexico -- approximately \$15 -- due to delays that might occur in Buenos Aires and Bahia Blanca. Insofar as that situation is remedied, the discount will tend to disappear.

The current firmness of sorghum now that the crop has begun to flow to the ports would tend to drop since this product will be harvested in abundance, in quantities greater than those of last year. In addition, foreign marketing is total, but the market does not offer the same easy terms as corn.

With respect to soybeans, while there is favorable international demand, Fro-gone said that one must realize that Argentine production will reach record levels -- as high as 5.5 million tons -- and there may be sales pressure in May and June exerted by producers, diminishing the likelihood of a price increase.

One should also realize that the American harvest reaches the market in September. If it is favorable and if the climate helps the main area planted, there will definitely be a drop in international prices.

Consequently, he said, the Chicago market is already making a discount of \$30 a ton between the old and new crops from the United States.

Roque Rivero

This year, we have a promising situation for our grain, Roque Rivero, manager of the Department of Agricultural Products of the Association of Agrarian Cooperatives, said. In other words, it will be somewhat better than at the beginning of the past season. Export values were then much lower than they are now, he said, to the point that the FOB value of Argentine corn reached \$100 and sorghum \$90, while the current FOB price for corn is about \$135-\$137.

This picture is due to the fact that the marketing of coarse grain enjoys sustained demand, a result of the drop in world stock, basically in the United States. One should also consider that the increase in the prices mentioned is to some extent affected by lower production of corn in South Africa, a traditional corn exporter. Finally, one should add that the relative drop in the dollar strengthening other currencies has helped the marketing of the crop.

All of the foregoing indicates that our country has good export possibilities, for even if the United States tries to accommodate its production -- as in the case of corn, with a 33-percent increase in the area planted -- this would have no immediate effect due to the fact that that country's commercial cycle does not begin until 1 September. It will even be necessary to consider how the planting of American crops evolves because the area planted is one thing and the harvest another.

Rivero also said that the same situation exists for soybeans because of the vertical drop in stocks. This situation is backed by prices on the international market, which at the present time are about \$285 a ton, compared with \$220 for the previous season.

Returning to the subject of corn, he said that it will be marketed without major difficulty since over 3 million tons have already been pledged. Added to the 3.2 million or 3.5 million tons for domestic consumption, this makes a total of 6.2 to 6.5 million tons assured. This volume, compared with a total Argentine production of some 9 million tons, indicates that the marketing problem will not be of major significance.

Finally, he emphasized that while international prices are relatively good, the situation for the Argentine producer is not so good because of the exchange difference and the increase in production costs, not only because of the increase in consumable expenditures but also the tax burden borne by producers.

11,464

CSO: 3348/346

BRIEFS

FLOODED FARMLAND--Formosa--While the maximum flooding is shifting to the most important economic area of the province and the most densely populated zone, the Bermejo and Pilcomayo rivers have already inundated some 1 million hectares and directly affected 26,000 settlers. It is thought that the abundant rainfall in the high basin will worsen the situation in the days ahead. The Bermejo River continues to rise and is approaching the rich agricultural area of the south, as a result of which a 2,000-meter-long channel is being built in an attempt to attenuate the force of the flow, diverting it to inactive interior channels at a rate of 500,000 cubic meters a day. Santa Fe--Flooding in a broad northwestern area of the province has so far caused an estimated \$12 million in losses, without counting damage to pastures and infrastructures, according to semi-official reports from agricultural sources. These figures include 45,000 hectares in sorghum, the transfer of 55,000 head of cattle to about 100 kilometers from the area affected and the loss of weight and consequently earnings on another 80,000 head, which must still withstand partial flooding. [Excerpts] [Buenos Aires LA NACION in Spanish 3 Apr 84 p 14] 11,464

CSO: 3348/346

POLL SHOWS INTENSE PUBLIC INTEREST IN DIRECT ELECTIONS VOTE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Apr 84 p 5

[Text] On Wednesday, 25 April, the day for the voting on the Dante de Oliveira amendment, six out of every 10 Brazilians want to be in front of television, following everything that happens in the National Congress. And 84 percent of the voters at home, in offices or in factories will be paying particular attention to the deputy whom they chose in the 1982 elections; they want "their" congressman to vote in favor of direct elections now.

These results consist of an opinion poll released yesterday by the Gallup Institute, regarding the suspense created all over the country about the amendment proposing the immediate return to the polls. According to Gallup, never in recent years has a political issue evoked so much interest among the adult Brazilian population as the bill on direct elections. The Institute points out that, in previous polls, only 13 percent of the population usually claimed to have "great interest" in political events; while the majority noted their lack of concern for such matters. This time, the proportion is the opposite: 59 percent show "great interest" in the vote, and only 18 percent remain aloof from what is happening in Brasilia.

According to Gallup, this interest helps to explain the fact that a clearcut national majority has expressed the desire to follow directly the behavior of the Congress members, on whom the immediate change of the process for selecting the future president depends, based on the democratic groundrules. The poll also indicates that, if they could, 55 percent of Brazilians would attend the voting in the galleries of Congress.

Since this desire is difficult to achieve, the voters will not be traveling on 25 April; but they state that this will not prevent them from following closely what the Congress members intend to do. Gallup found that 59 percent of those interviewed have "great interest" in watching the coverage of the events on TV; 23 percent would have "a little interest"; 14 percent consider it unnecessary to remain close to TV at that time; and 4 percent did not know how to answer. Another item of information discovered by Gallup: That majority willing to follow the fate of the amendment on direct elections step by step is distributed equally among all parts of the country, and in cities and towns of all sizes, from the capitals to the small localities with up to 5,000 inhabitants.

The poll was taken by the Institute's pollsters throughout the entire national territory, with a sample of 3,046 individuals residing in 192 cities of 21 states. Based on the results, that trend should certainly be increasing: The poll was taken during the period from 10 to 29 March, and hence before the Rio rally and the Sao Paulo demonstration, which brought nearly 2 million people into the streets calling for direct elections now.

	(3) TOTAL NACIONAL	(1) REGIÕES DO PAIS				(2) TAMANHO DE CIDADES				
		(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		SUL	SUDESTE	NORDESTE	NORTE CENTRO OESTE	CAPITAIS	MAIS DE 50000 HAB.	DE 10001 A 50000 HAB.	DE 5001 A 10000 HAB.	ATÉ 50000 HAB.
	%									
Teriam muito interesse em assistir pela televisão (13)	59	59	60	57	58	57	61	60	55	61
Teriam um pouco de inte-resse em assistir (14)	23	25	23	24	22	23	21	26	25	25
Não teriam interesse em assistir (15)	14	11	14	13	19	18	13	10	11	9
Não sabem dizer (16)	4	5	3	6	1	2	5	4	9	5
Totais (17)	100	100	100	100	100	100	100	100	100	100
	3046	449	1620	687	290	1041	995	608	204	198

Key to Chart:

- | | |
|----------------------------|---|
| 1. Regions of the Country | 10. From 10,001 to 50,000 Inhabitants |
| 2. Size of Cities | 11. From 5,001 to 10,000 Inhabitants |
| 3. National Total | 12. Up to 5,000 Inhabitants |
| 4. South | 13. Would have great interest in watching on television |
| 5. Southeast | 14. Would have a little interest in watching. |
| 6. Northeast | 15. Would have no interest in watching |
| 7. North Center West | 16. Don't know |
| 8. Capitals | 17. Totals |
| 9. Over 50,000 Inhabitants | |

2909

CSO: 3342/94

ITAU BANK HEAD FORESEES NO INFLATION DROP FOR 10 YEARS

Rio de Janeiro JORNAL DO BRASIL in Portuguese 15 Apr 84 p 29

[Text] Sao Paulo--The president of the Itau Bank, Olavo Setubal, participating in a debate yesterday in Sao Paulo, on the subject of Brazil's challenges, sponsored by the magazine EXAME, claimed that inflation in Brazil will not decline within the next 10 years. He went on to say that it would not be under 170 percent in 1984, and that it would take time to reach an insignificant level of under 10 percent. He maintained that this is a symptom of a country which is still unstructured, developing and lacking in a cultural value for money. "To the American, the dollar means almost as much as the national flag; the Englishman sees in the pound a symbol of the empire; the German considers the mark to be the fundamental factor in the country's stability; but the Brazilian does not have the slightest notion of the currency's value, nor the least respect for financial discipline." Another businessman, Dilson Funaro, proposed a "judicious freeze" of prices.

In view of this, he thinks that the foreign debt problem will last for many more years. "No one expects it to be paid before the end of the century," he noted; something that he also regards as disturbing. He pointed out that the so-called government-to-government negotiations are inappropriate, because Brazil imagines that the other countries have a centralizing economic structure as great as its own, which would allow for agreements of that type. But this kind of negotiation is non-existent, "because, to cite only the U.S., I would say that the American government and the American financial system are completely independent." He added that the latter is all-powerful, though he admitted that, in that country, the government is not a mere bystander.

According to Setubal, the president of the Bank of America recently made a statement to the effect that the foreign debt could be negotiated government-to-government. "When I asked him what he meant by that, he replied that the government needed to increase its participation in the debates on the subject, so that the renegotiation would be carried out on the basis of the American financial reality." He stressed: "That reality consists of a heavy deficit and high interest."

He described the proposal by the economist Stephan Kanitz, that Brazil pay only the real interest on the debt, with inflation deducted, as an interesting

mathematical exercise, but merely abstract, and lacking in common sense; because the financial system would not change its rules on the basis of that proposition. He claimed that Brazil's major problem is that, between 1966 and 1983, not a nickel of interest or of the debt was ever paid. It was all rolled over, which made possible the entry of foreign capital in the form of goods and services, to finance Brazil's growth positively. In 1983, however, the situation changed and Brazil was forced to transfer \$3 billion in net revenue abroad, something which caused the present recession. He declared: "Negotiating the debt so as to transfer capital abroad permanently is unfeasible." What we need is to keep up those transfers for a short period of time so as to acquire credibility again and then reverse the flow again.

Commenting on the problem of monetary correction, the businessman expressed opposition to its abolishment. He explained: "If it is withdrawn all at once, the Brazilian economy would explode because the country does not have a solid structure for coping with such a break-off." He also condemned financial speculation, a result of disorder, instability, and rules and decisions made behind closed doors, without any planning; but he declared that it was inherent in the capitalist system. It will never disappear, but it needs to be controlled. Setubal also defended the market reserve for the information science sector, "because hardware imports will prevent the establishment of a genuinely native industry. Whatever the results of the debates on the subject are, the important thing is that, for the first time, the nation has joined together to discuss a model of industrial development."

Finally, he criticized the deepseated structural, operational and fiscal distortions in the collection of interest on the domestic market.

Doubts

The businessman Dilson Funaro, also present at the meeting, claimed to have reservations regarding the presence of a reactivation of the economy; because Brazil, with the exception of wages, has an extremely indexed economy. He commented: "When commerce has in its indicators sales points that are negative with respect to the first quarter of last year, I find it difficult to believe in a reheating." In his view, the forecasts of growth in the GDP amounting to 0.8 percent, made by the World Bank for 1984, are also hasty, and merely a fallacy. "We shall, indeed, have a reheating, but only when there is order in the financial system."

He went on to say that the remedy for curbing inflation is not to have it kept in the coffers of the Planning Secretariat, because that involves distortions. He thinks that, owing to the wide margin that the country has available in the production process, "with a judicious price freeze we could combat inflation, so as then to start attacking the monetary and exchange corrections." He also said that we must put an end to the myth that the end of the public deficit will mean the end of inflation. "To accomplish that, there must be a minimal economic policy, which is impossible when the financial brokers carry a weight of 12 percent of the GDP, which is slightly higher than that of agriculture."

Commenting on the interview which Minister Delfim Netto granted to the newspaper FINANCIAL TIMES, he described it as "very interesting, because it has established at the outset that Argentina, despite the fact that it has not had a performance equal to that of Brazil during the past few years, has been benefited with lower interest rates."

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CSO: 3342/94

FOREIGN INVESTMENT DECLINES 41.66 PERCENT IN 2 YEARS

Rio de Janeiro JORNAL DO BRASIL in Portuguese 15 Apr 84 p 29

[Text] Brasilia--The entry of risk capital (foreign investment in new enterprises or for business expansion) into the country has declined drastically during the past 2 years, in the same proportion as the heightening of the economic crisis, which raised inflation to 230 percent per year, and prompted the country to resort, for assistance, to the miserly image of the International Monetary Fund (IMF).

Official data from the Central Bank [BC] indicate that, whereas in 1981 the net entry of risk capital into the country was \$1.8 billion, the most optimistic forecasts for this year show that this entry of foreign capital (the best kind, because it does not represent a loan, but rather risk for the foreign business owner) will not exceed \$750 million, a 41.66 percent decline in 2 years.

Two Versions

There are two versions in the government explaining the decline in risk funds coming from abroad into the country. Strangely enough, neither of them points to the economic crisis that the country is facing as the cause of this distrust on the part of foreign investors. According to the BC, this drop is a reflection of the economic recession or economic stagnation that is evident in nearly all the nations of the world. In addition to this, according to the Central Bank, during the past 3 months inflation in the United States rose from 3.8 to 4.1 percent. In other words, as a result, the U.S. Federal Reserve Bank raised its rediscount rate, to which the commercial banks resort to attract more funds.

According to Central Bank sources, this situation was responsible for the pull-back of American investments beyond the U.S. borders. The BC's analysis indicates that the internal collection of funds has such a high cost in the U.S. that investors prefer to use the available capital just for essential investments within the United States, relegating foreign investments, regardless of which countries they are made in, to a secondary status.

The executive secretary of the Industrial Development Council (CDI), Getulio Lamartine, however, has a slightly different story to explain the decline

in risk capital that has been taking place in the country. He claims that, starting in 1980, the United States changed from being an investor to being a recipient of foreign funds. Lamartine declared: "We must agree that competing with the United States to attract risk funds is not easy."

New Encouragement

The CDE executive secretary disclosed, however, that despite this entire negative picture, it is not all grief for the country. He maintains that, during the past 2 months, he has been approached by large foreign business owners interested in investing in the country. He claims that, among the most determined business firms with projects all ready for investment, there is a volume of risk capital to be taken in, perhaps even this year (but to be completed in 10 years), amounting to nearly \$200 million.

In any event, Getulio Lamartine admits that, "The national industry needs to change its emphasis, in order to attract a larger volume of foreign capital." He gives a reminder that the old method of "substituting for imports is by now exhausted. Everything that was to be substituted has already been substituted." In his view, the stress now will have to be placed on the gaining of increasingly larger portions of the domestic market and, at the same time, the foreign market.

Lamartine remarked: "To export more, industry will have to import more. Our exports have been constantly retaliated against on other markets, because we want to export at any price without, as a counterpart, opening our market to foreign products."

He did not preclude the possibility of the law on remittance of profits, which was in effect 20 years ago, limiting to 12 percent of the profits the remittance that is tax-exempt for foreign business firms. This possibility was also mentioned in the Central Bank. According to the technicians, taxation is now essential to increase the tax revenue that will help to wipe out the public deficit. Meanwhile, when this promise made to the IMF is fulfilled (which is due to occur at the end of the year), there is nothing to prevent the law on remittance of profits from being liberalized, so as to attract a larger volume of foreign risk capital.

Net Entry of Risk Capital

1979:	\$1.7 billion
1980:	\$1.5 billion
1981:	\$1.8 billion
1982:	\$1.4 billion
1983:	\$900 million
1984:	\$750 million

Source: Central Bank Economic Department

2909

CSO: 3342/94

ITAMARATY SPOKESMAN LAMENTS MINING OF NICARAGUAN PORTS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Apr 84 p 11

[Text] Brazil has been criticizing countries and guerrilla and counter-guerrilla movements in Central America, generally speaking. Yesterday, the Itamaraty spokesman, Minister Bernardo Pericas, made an official statement reflecting the Brazilian Government's position. Although the matter is only implied, Brazil regrets the setting of mines in the ports of Nicaragua.

The spokesman claimed: "The Brazilian Government has repeatedly voiced the need for all the countries involved in Central American issues to refrain from any act that would lead to the worsening of the tensions in that area. Brazil is convinced that peace can be achieved in the region through a politico-diplomatic effort, such as the one being undertaken by the Contadora Group. Stringent, permanent respect for the principles and standards of international law is an essential requisite for arriving at a real solution to Central America's problems, and hence it should be a prime concern for everyone."

The spokesman explained that his statement was contained in the context of the communique that the foreign ministers in the Contadora Group (comprised of Mexico, Venezuela, Colombia and Panama) released on 8 April. That communique emphasizes the exacerbation of tensions in the area, and cites problems of a political and military nature.

The Contadora Group's joint communique notes that, during recent weeks, the regional situation has shown signs of a serious deterioration, with the intensification of irregular forces and support from communication centers in neighboring countries. The document stresses that "sophisticated weapons, new military methods and dangerous types of attack" have been introduced. According to the statement, the mines in the Nicaraguan ports "damage the economy, upset the trade and are an attack upon freedom of navigation."

2909

CSO: 3342/94

IBGE NOTES 12.58 PERCENT RISE IN INDUSTRIAL GROWTH IN FEBRUARY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Apr 84 p 28

[Text] During February, industry continued to show signs of recovery that had been noted in January, with a 12.58 percent increase in its production over February 1983; which raised the increase in industrial production for the first 2 months of this year to 8.10 percent, in comparison with the identical period last year. With a 40.48 percent increment, the ore extracting industry contributed greatly to the 12.58 percent growth in the industrial sector.

Industry's cyclical indicators released yesterday by the Brazilian Institute of Geography and Statistics (IBGE) show that the performance of the ore extraction, machine and agricultural tool industries, as well as of the sectors associated with exporting, made a decisive contribution to the country's industrial recovery during the first 2 months.

The ore extraction industry grew 34.51 percent, influenced primarily by the extraction of oil and natural gas, the increase in which amounted to 35.49 percent. The sector also received a considerable contribution from the coal mining industry, the expansion of which reached 56.06 percent during January and February. Production of tractors and rolling stock showed a sizable increase of 181.09 percent, while the agricultural machinery industry produced 72.62 percent more. The iron and steel sector, which has held a large share of exports, also affected the industrial growth during the first 2 months of this year; because the production of steel and iron alloys rose 31.36 percent, while a 32 percent increase occurred in the manufacture of steel plate. There was also a considerable expansion in the production of manures and fertilizers, with a 72 percent increment.

Impressive

According to IBGE, the results for February have become even more impressive, because the month had 25 working days, since the industries did not operate on Sundays or on Monday and Tuesday of Carnival week.

Hence, the results for February, when compared with those for January, a month in which the number of working days was greater, become even more significant. In comparison with January, the overall growth in industry was 4.79 percent;

and the growth indexes posted in the following sectors contributed to those results: mechanical, +27.31 percent; electrical material and communications, +13.48 percent; and transportation material, +10.48 percent. In February, there was also a 31.07 percent rise in leaf tobacco production, a 21.80 percent increase in that of rubber, and a 10.57 percent increment in that of plastic products.

As for the industrial sectors, during February all of them showed positive growth rates in comparison with February 1983, particularly for the sectors producing capital equipment and intermediate equipment, with an expansion of about 15.67 and 18.24 percent, respectively. During the 12-month period ending in February, despite the negative rates in nearly all sectors, with the exception of the ore extraction industry, a rising trend was noted, indicating a tendency toward recovery in industrial production.

2909

CSO: 3342/94

EDB RESTRICTIONS SAID TO UNMASK 'FREE TRADE' POLICY

Havana GRANMA in Spanish 12 Mar 84 p 8

[Text] The United States took the decision to prohibit the entry into that country of agricultural products treated with the pesticide "ethylene dibromide," known as "EDB," since it is suspected of causing cancer.

Such a decision will fundamentally affect the export of citrus from Mexico and Spain to the North American market.

And furthermore, in the past 24 months, the task to increase the production areas of citrus, mangos, payaya and other tropical fruit was given to various Caribbean countries which were dazzled by the so-called Reagan Initiative on establishing a free trade zone based on access to the U.S. market, without paying duty for 12 years.

These Caribbean countries have been using this insecticide in order to combat a fruit fly. The surprising North American decision has the same destructive effects on the economies of various Caribbean countries as a violent cyclone.

We remember that when Reagan announced his Caribbean initiative on 25 February 1982 in the OAS, he spoke these honied and hope-inspiring words: "Here is our market, the greatest in the world, at your disposal."

At that time, a GRANMA editorial, published under the title of "An 'Initiative' to Make the Rich Richer and the Poor Poorer," warned about such a Reagan promise in these terms:

"...it is a well-known fact that the principal trade barriers for developed capitalist countries in modern-day trade are not tariff barriers. The tariff as an instrument of trade policy (...) has yielded first place, as far as discriminatory effectiveness and an exclusionary mechanism are concerned, to the so-called nontariff barriers, which include a range of hundreds of measures, from deliberately complicated administrative regulations to exaggerated health regulations. These nontariff barriers are those which the underdeveloped countries most emphatically demand be eliminated."

Are we by any chance in one of these "exaggerated health regulations" with this business of prohibiting "EDB?"

To judge by the deep uneasiness which the measure has caused in the Caribbean countries, it is necessary to answer in the affirmative.

But furthermore, the alternative offered by the U.S. Government to the affected countries is more brutal and cruel. It asks them to submit those tropical fruits to radiation and a process of freezing before their arrival at United States ports.

It is sufficient to say that only applying the radiation would cost the backwards and poor Caribbean countries between \$5 and \$7 million.

In short, facts like these very quickly reveal that the magic "trade freedom" offered by Reagan is a trick. Reagan has many reserve weapons in his hands, one of them being health regulations, in order to protect North American producers in a certain elegant manner.

12372

CSO: 3248/533

GUATEMALAN ROLE IN CENTRAL AMERICA ANALYZED

Havana GRANMA in Spanish 15 Mar 84 p 4

[Article by Luis M. Arce]

[Text] General Oscar Mejia Victores, head of the Guatemalan regime, has just formulated a number of statements to the Spanish agency EFE in which he dissents from many of the points of view and from the practical policies of the United States government toward Central America.

Mejia Victores, for example, considers that a military invasion of Nicaragua would not be a solution to the problems of that region. He considers that a policy of violence such as that which the United States desires solves nothing. He refuses to participate in military maneuvers of a regional character. He questions the reactivation of the Central American Defense Council (CONDECA). And he shows himself to be skeptical about the concrete short- and medium-term results of the so-called Reagan initiative for the Caribbean basin which visualizes North American military aid to Guatemala of \$10.3 million for 1983.

In the analysis of the Central American situation, in the case of Guatemala it is necessary to keep in mind its peculiarities, even though we know that the source of its social conflicts -- as in the rest of the countries of the region -- is in the inequalities, the exploitation, the plundering and misery of the great dispossessed masses.

It is true, however, that Guatemala is affected by the war in El Salvador and by the bellicose atmosphere in Honduras. With a much higher agricultural and animal husbandry production than its two neighbors, Guatemala was the traditional supplier of those products in El Salvador and Honduras. The war has virtually destroyed that market and the Guatemalan products rot in the trucks given the impossibility of crossing the borders. This causes permanent losses whose costs become impossible for the producers.

With the arrival to power of Gen Mejia Victores, the native oligarchy feels more fortified and, in particular, stimulated to open itself broadly to the regional market where it always played a role of the first rank. A policy of violence like that which the government of the United States is applying clashes with the economic projections which have been mapped.

The Caribbean Basin initiative -- which in its economic aspect will function as a subsidy flow to the very North American businesses with activity in the benefited countries -- can even become an obstacle to the expansionist plans of the Guatemalan oligarchy, and this is the pragmatic judgment from which Mejia Victores departs in questioning it.

From the military point of view, Guatemala also has reservations about the U.S. Government's objectives, reservations that are related to its economic projections.

In relation to El Salvador and Honduras, it is true that the Guatemalan army is the one that has received the least assistance from the U.S. -- despite the great expenditures which its ferocious political repression has caused-- and this has brought about that at present, the armies of those two countries offer much more advanced bellicose technical capacity and means than that of Guatemala.

This real situation to a certain extent inhibits the Guatemalan command confronted with proposals to participate in joint military maneuvers with El Salvador and Honduras and explains the opportunistic positions of the regime in trying to obtain better concessions on the part of the U.S.

There are issues of another type. The Guatemalan generals, for example, consider the armies of the two neighboring countries to be highly inept and demonstrate reluctance to be commanded by officials who could be their subordinates. Of course, there is in this a practical problem, and it is that in joint military maneuvers Guatemala would reveal its weaknesses not only before the Salvadoran and Honduran armies but also before the insurgent forces.

These criteria are valid in analyzing the unfavorable position of Guatemala up to now toward a reactivation of CONDECA, as Majia Victores has stated.

According to Guatemalan judgment, in order for CONDECA to function as the United States would like, it must have a general staff which would be led by the Honduran army. However, this would be impossible to orchestrate given the old quarrels between the Salvadorans and Hondurans, whose differences have not yet been bridged.

This opinion is confirmed daily at the training base of Puerto Castilla, where the contingents of Salvadoran soldiers have had to be separated from the Hondurans in order to put a stop to the fights, riots and shooting between them. The Salvadoran army, like the Guatemalan, will not agree to be commanded by Hondurans.

Furthermore -- and despite the fact that Honduras would be the principal base of operations of CONDECA -- it would be pretty bothersome for the United States to have the Honduran army as its principal force given its low quality. Just the last military operations "Ahua Tara" had to be terminated earlier than planned because of the mistakes and extremely serious operational errors that at a given moment placed whole North American units in serious danger of death. Without even entering in combat, the Honduran units suffered very numerous casualties--whose number of course will never be revealed--by human error.

Indisputably, these judgments are neither irreversible nor definitive. If tomorrow Guatemala manages to wrest concessions from the United States which will guarantee its economic projections, it will surely be in CONDECA, at the rear or at the head, but it will be there.

However, at this moment it differs with the United States, and the importance of that is not in the dissent as such, but rather in what can be seen through it.

It can be seen, for example, that independently of the fact that there are factors common to the region that explain the origin of its social conflicts, there are particular characteristics which give an individual personality to each one of those conflicts.

These characteristics explain, for example, why the Sandinista Revolution originates, develops and triumphs at a given moment, or why the Salvadoran revolution follows a course independent from the existence of the new Nicaragua.

The dissent of Guatemala allows it to be seen, for example, that the East-West confrontation has its own space, its own way of manifesting itself, and that it has absolutely nothing to do with the Central American conflict, which is very local and very sui generis.

The Guatemalans, in their reactionary logic and pragmatism, have tried to differentiate between their situation and that of the rest of the countries of the region, and this logic leads them to reason that it is not the way of regional confrontation but rather that of peace which can lead them to achieve their economic objectives.

It is an opportunistic position. And it is because Guatemala is worried about a U.S. military invasion of Nicaragua, since it sees in it the possibility of a generalization of the war which could extend to its territory and alter substantially its own military situation. The presence of an organized insurgent movement and certain still unresolved border disputes could become so complicated with this generalization of the war that its army would have no effective response for it.

However, still revealing opportunism, that interest in differentiating itself from the rest -- is it not perhaps also a concrete way of admitting the nonexportable character of revolutions?

This is, in our judgment, the most important conclusion to be drawn from the Guatemalan dissent.

12372

CSO: 3248/533

CONSTRUCTION BRIGADE CONTINUES WORK ON ROAD IN IRAQ

Havana BOHEMIA in Spanish No 10, 9 Mar 84 pp 76-79

[Article by Frank Hechavarria; passages enclosed in slantlines printed in boldface]

[Text] In the far-off land of /a thousand and one nights/, in the Baghdad of Sindbad the Sailor where, according to the legend, Aladdin and his magic lamp lived is a contingent of Cuban internationalist construction workers. Without the aid of genies or magic carpets, they are making one of the desert areas of Iraq accessible, permitting modern development to reach those isolated regions.

The project that the Cuban brigade of UNECA [Union of Caribbean Construction Enterprises] has been working on since 1979 was an ambitious plan by the Iraqi Government. That road will connect the distant city of **Kirkuk** to Baghdad through Mosul. It crosses through three large provinces: Mosul, Arbib and **Kirkuk**.

Mosul Office

Although there is a small office in Baghdad, the capital, that serves as a liaison, the Cuban contingent is based in the city of Mosul (second most important city in the country). The project office and the various suboffices are located there. That office has 20 comrades and 3 others work in Baghdad. According to what they explained to me, there has been an attempt to reduce the office and service staff as much as possible so as not to increase costs through excessive personnel. However, I could verify that they urgently need an Arab translator in the Mosul office; there is only an English one. The countless legal and customs transactions that are necessary delay the project since most of the Iraqi officials only speak their own language.

I met with the **Kirkuk-Mosul** road project leadership in that Mosul office. In a pleasant conversation, they explained the development of the project and the specifications of this important road project for Iraq. When asked about the nature of the contract, engineer Andres Gamundi, project director, indicated:

"The objective of this project is to connect the cities of **Kirkuk and Mosul**. This will permit the inhabitants of **Kirkuk** to go more quickly and conveniently to the capital of the country."

Although engineer Gamundi has only been project director for a brief time, his experience as a construction worker helped him take control of the project quickly. He continued, explaining:

"When I came to Iraq, we had approximately 390 to 400 men. Now (December 1983) after the latest departure on 3 December when 20 comrades left along with those who had completed their stay of 18 months, some 270 workers remain here. They are in two main camps at this time: a large one in the Al Qwair zone and another in Dibis. Until a short time ago, there was a small group (9) in a third camp where the concrete work was being done. It has already been dismantled and they went to the Al Qwair camp. We also had a fourth camp in the Divaga zone which broke up as the road work advanced."

Others who participated in the meeting, in addition to engineer Gamundi, included engineer Rafael Perez Santana, assistant technical director, and the camp chiefs: Fernando Perez Zamora in Qwair and Juan Maza Leon in Dibis. Gamundi continued to talk to me about how the Cuban internationalist lives in the land of Ali Baba.

"The living conditions--food, medical care, etc.--are good. Sometimes we do not have the necessary diversions or recreation but those are the conditions. They are already working on this. We have two types of housing: the traditional lodging we know in Cuba--large rooms divided into cubicles; and Italian 'caravans' (something like a trailer but much wider and better). The comrades have climate controllers in all of them because the summer is intense and the winter fierce here."

Gamundi explained the work organization. The contingent is governed by the specific conditions of the country. In any Arab area, work stops on Thursday afternoon. They rest all day Friday and work begins again on Sunday. Those days of rest were used to take the workers on excursions through the country. However, the new outbreak of the war usually makes this recreational activity impossible. The project director emphasized that the workers are very willing in any situation. Our internationalists have decided to work on the day of rest, if necessary.

From Mosul to Kirkuk

Then the assistant technical director, engineer Rafael Perez Santana, talked about the project. He explained the road specifications.

"The road we are building has a total length of 142 kilometers. It is a first-class road with a paved width of 7.3 meters and a total width of 13.3 meters with shoulders of 3 meters on each side. The designed (allowed) speed is 120 kilometers per hour. There is a 12-kilometer section of divided highway at the entrance to the city of Mosul.

"As engineer Gamundi explained, the objective of the project is to connect the cities of Kirkuk and Mosul by land. This road also opens new prospects for different areas it goes through like Al Qwair, Divaga, Dibis, etc. It also crosses two large rivers: the Little Zab and the Great Zab."

Engineer Perez Santana referred then to the construction material for the road. He said: "The pavement being used is made up of a 30-centimeter sub-base of gravel that is obtained from the riverbed (stones). It is classified based on certain specifications. This first stage or subbase is made of that material. It is compacted and laid in two stages of 15 centimeters each.

"The asphalt mixture is laid on this base. It consists of two layers. We call the first the /stabilizing base/ which is 15 centimeters thick. The /bearing surface/ or last layer is 5 centimeters thick. These 20 centimeters of asphalt are actually laid in three stages: the first of 7.5 meters [as published], another of the same thickness--both forming the stabilizing base--and the last of 5 centimeters which is a fine mixture."

I was interested in the resistance and durability of the pavement. The engineer said: "Well, this road is planned for axle loads of up to 13 tons, the maximum used in plans. Now, this type of pavement was designed to last about 20 years but we are sure it will last much longer because it is top quality."

I asked the assistant technical director if they had to confront difficulties like massive natural obstacles: granite mountains or quicksand. He answered:

"No, this road goes through rolling terrain that is mostly flat. In spite of being a desert area, the soil is generally clay or a granular material that we call 'gravel with clay.' It does not present work problems. We did have compacting problems in places where the terrain was pure clay, especially in the summer when there was practically no water. Those were problems we encountered but they are no longer problems."

I asked him to explain to me about the 12 kilometers of highway at the entrance to Mosul. He added: "That highway has six traffic lanes with a central divider of 6 meters. In other words, on each side of the divider the road has three lanes with a total of 12 meters per side. The pavement is the same as the rest of the road."

Engineer Perez Santana added that, because of the flat land, the road will have few curves. This means that the danger index is very low and, therefore, the design speed of 120 kilometers per hour can be maintained. The few curves on the road have a large radius that permits the high speed.

I asked engineer Gamundi how many kilometers are already asphalted and when the project will be completed.

The project director explained: "We have finished 80 of the 142 kilometers. The rest is now being asphalted and should be finished by the end of February. Then we would still have 32 kilometers of the central segment left. With normal work development, we plan to have the road completed by October or the beginning of November 1984."

I asked: "After you finish this project, is there a chance of some other contract in Iraq?"

Gamundi answered: "Well, there is nothing in writing yet. We hope that when we finish this road, there will be another contract since the Iraqi authorities have a very good opinion of the road. The investors are happy with the work quality. That was the opinion comrade Minister Levi Farah gave when he visited Iraq recently. He even reported this to the workers during a meeting he held with the members of the contingent."

Al Qwair Camp

Civil engineer Fernando Perez Zamora, camp chief for the Mosul-Qwair segment, explained that he has 150 comrades under his command. They are divided into three groups. The first basically does concrete work. It finished the construction projects--culverts, curbs--and was working on the placement of metal guardrails (at curves and dangerous places). The second group specifically works on asphalt. It also has the stone crusher and the asphalt plant. The third is working on earth movement and laying the gravel subbase and shoulders.

Perez Zamora added: Our camp has the main shop that provides maintenance and repair work for all the equipment, both in our area and the other segment's. This shop does partial and general repairs on heavy and light equipment.

I asked him where the segment they are doing begins and where they will meet the other brigade. He answered:

"Our segment begins at Kilometer 0 in the city of Mosul. We are now working on Kilometer 54. We already have 42 kilometers asphalted. Actually, the asphalt goes to Kilometer 45 but, because of the two large culverts that had to be built at the entrance to Mosul, we still have 3 kilometers to asphalt. These will be done now. From Kilometer 45 on, we are moving earth, laying the gravel subbase, etc. We will join the other segment at Kilometer 74...."

Dibis Camp

The chief of the second camp, engineer Juan Maza Leon, explained the work being done on the Kirkuk-Al Qwair segment which will end at Kilometer 78 of the Marmur road.

Maza said: "We have 99 comrades in our camp. I must tell you that this unit should disappear, according to plans.

"Our plan is to finish this segment in March and join the personnel in Qwair to make up the bulk of the force that will continue the road to Kilometer 78. That is where we will finish."

I asked: "You mean you only need to finish a small part of the road?"

"Yes, we need to lay some 22,000 tons of asphalt and some 20,000 meters of gravel subbase to compact the shoulders. We also have finishing work like finishing the banks, placing the guardrails, reopening the ditches, etc."

I asked engineer Maza what work the group will do when it goes to the Al Qwair camp. He answered:

"Basically finishing the other section or segments of the road that join where we finished. In other words, to continue the work on the central segment from Kilometer 47 to the Marmur road where we will end and join the other segment."

When I visited both camps, I could verify that the housing conditions are good, there are magnificent relations among the comrades--basic in these isolated places so far from the fatherland--there is great enthusiasm to finish the work quickly and with quality and, especially, there is great optimism that they will finish before planned.

Something About the Men

Concerned about the lives of these men who work so far from Cuba in such inhospitable places, I spoke with comrade Carlos Lopez Diaz, secretary general of the union bureau of the contingent. He explained the union's work and how the emulation--that promotor of productivity--has managed to increase the effort of the internationalists.

Carlos Lopez, an old warrior from the Frank Pais Second Oriental Front, explained: "The emulation is our basic weapon. We have also introduced some innovations in accord with the draft document for the 15th Worker Congress which goes into the economic aspect. Economic management and administrative efficiency are treated as a basic aspect at the production assemblies. In other words, each one of our workers knows what the administration plans, how that plan will be carried out and what problems exist. In that way, they take a very active part in the solution of the problems. One sign of this is the number of volunteer hours the internationalists have contributed in Iraq in 1983: more than 20,000."

Carlos Lopez also explained that a basic part of the production assemblies is the economic management analysis. The administration must answer for the budget made out for each group, what has been spent, what has been produced and what it cost. That permits the workers to know if their work is truly productive.

Inventions and innovations are very important. Carlos told us that comrades /Pablo Medina Almaguer/ and /Jose de Jesus Marquez/ have done good work in inventions and innovations. They have managed to save thousands of dollars. Their work was to be analyzed by the Havana movement of inventors and efficiency experts since their innovations have great importance and quality.

The secretary of the union of the contingent explained: "For example, Jose de Jesus built some silos. He converted a Barreiro boxcar into a cement silo. Otherwise, the enterprise would have to buy them and they cost thousands of dollars. This comrade built this equipment with scraps and old parts and today we have two silos that we call 'Caiman I and II.' The other comrade, Pablo, adapted a Soviet Zil differential to the drilling equipment. Now 40 holes can be made daily for placement of the posts for the guardrails. He also rescued dozens of tires for the road levelers. Each tire for that enormous equipment costs thousands of dollars and we did not have any. Pablo took the tires that were removed because they had pulled out of the rims. Since they were

tubeless, they could not be used. He opened a hole in the rim and a hole in the tire and adapted innertubes. At this time we have 12 recovered tires that had been thrown away, without counting those already being used on the road levelers. As you can see, what these comrades have achieved shows a measure of the spirit and optimism in everyone which is converted into savings of thousands of dollars for our fatherland...."

72-Year-Old Internationalist

After finishing the work in Dibis, we returned to Mosul. We passed an enormous cement truck from the contingent whose driver waved to us. Comrade Francisco Calana, assistant equipment director, told me: "See that driver. He is 72 years old." I could not resist the temptation and I told him to go back so I could talk with him. We did.

/Oscar Diaz Andreu/ is a 72-year-old man from Havana. This is his second internationalist mission in Iraq. I asked him how he felt and he answered:

"Perfect! I really want to work because I feel strong physically. I continually train, I do a lot of exercises and I keep myself in shape."

"How is your work going?"

"Good, apparently, because I was named distinguished again...."

Because of his age, this man should have been in the twilight of his life, on retirement in our fatherland. He is an example for all the comrades of the contingent because of his agreeable nature and his ever-present willingness to take on any task.

7717

CSO: 8048/1185

BRIEFS

MINIMUM WAGE INCREASE--Yesterday the National Council of Minimum Wages decided on a new set of minimum wages for workers, in the interior of the country as well as in the capital. The mentioned increase adds up to 13 colones per day and will come into effect 1 May. This was announced yesterday afternoon by Labor and Social Welfare Minister Dr Julio Alfredo Samayoa H, who explained to the media that workers in the commercial sector will earn 13 colones as minimum wage for an ordinary daytime workday in San Salvador, Mejicanos, Apopa, Ayutuxtepeque, Cuscatancingo, Delgado, Soyapango, Ilopango, San Marcos, Antiguo Cuscatlan and Nueva San Salvador. When nightwork or overtime is done, they will be paid according to the applicable resolutions in the Labor Code, he indicated. He explained that workers in commercial establishments located in other municipalities will earn the minimum wage of 11.9 colones, with the same application of the Labor Code concerning extra hours. He added that the wage increase is being granted in the belief that the workers have a right to earn a minimum wage sufficient to allow them to satisfy the normal necessities of their families--materially, morally and culturally. Besides, the periodic establishment of a minimum wage contributes to maintaining an equilibrium between reasonable profits for businesses and just payments for workers, which results in an increase in production, he explained. [Text] [San Salvador LA PRENSA GRAFICA in Spanish 14 Apr 84 p 5]

CSO: 3248/584

MLN-CAN COALITION OFFICIAL, CANDIDATES CHOSEN

Guatemala City EL GRAFICO in Spanish 2 Apr 84 p 5

[Text] Guatemala City 1 April--With 98 percent of their delegates in attendance, the political coalition comprised of the National Liberation Movement (MLN) and the Authentic Nationalist Central Organization (CAN) held respective assemblies today, Sunday, in which candidates for the Constituent Assembly were nominated.

The activities began at about 9 o'clock at MLN headquarters, where a large number of delegates and sympathizers gathered. There was not enough room for everyone who was there, making it necessary to allow only the delegates and leaders to go into the meeting room. Journalists, who had come in large numbers to cover the MLN event, were also admitted.

The general assembly of the National Liberation Movement (MLN) developed a 14-point program, in addition to a preliminary session. Emphasis was placed on reviewing and approving the coalition agreements with the Authentic Nationalist Central Organization (CAN) and electing candidates for deputy in the National Constituent Assembly through the roll-call system.

The tenth item on the agenda of work concerned setting forth the general political position of the party in accordance with its statutes and declaration of principles as well as the measures needed to implement them. In addition, the elected party officials and the candidates for deputy to the National Constituent Assembly were sworn in by the chairman of the officers of the meeting, Rudy Fuentes Sandoval.

Standing Fast

The National Liberation Movement set forth its political position, defining it as a specific struggle against communism, echoing the speech given by Dr Jorge Villacorta in behalf of the party itself, emphasizing that the struggle that has been under way for several years will stand fast to save Guatemala from the chaos produced by exotic leftist doctrines.

The election of the candidates for deputy included 11 well-known political figures: engineer Roberto Juan Cordon Schwanck, Rudy Fuentes Sandoval, Miriam Chajon de Bargelles, Edgar Larraondo Salguero, Lina Millares de Lopez, Alvaro Cuevas Figueroa, engineer Hector David Torres Cobar, Eduardo Sanchez Fernandez,

Dr Rodolfo de Jesus Areano Jerez, Jose Humberto Ruano and Prof Julio Cesar Aguilar Calderon.

The MLN's organizational director, Oscar Grotewold Solares, said that he is satisfied with the work they have done, since the law requires that a minimum of 12 departments of the country support a general assembly of the party, and they currently have the total backing of 16, surpassing the legal minimum by 4. He added, "The MLN is the only party that is completely organized; we are satisfied with the arduous work accomplished and we hope that all the parties will work toward the happiness of Guatemala."

CAN: "For Guatemala and Against Communism"

With the slogan "Fight for Guatemala and Against Communism," the Authentic Nationalist Central Organization (CAN) held its first general assembly with the participation of the majority of its delegates from throughout the country. To date, CAN is the only organization that has joined the MLN to present a common front in the upcoming elections for the National Constituent Assembly.

This MLN-CAN coalition has nominated a total of 23 people as candidates for the Constituent Assembly, 12 of whom are from CAN and 11 of whom from MLN. The CAN candidates are Carlos Molina Mencos, architect Julio Lowenthal Foncea, Danilo Estuardo Parinello Blanco, Ernesto Arnoldo Berger Barrios, architect Juan Fernando Bendfeldt Simons, Ricardo Asturias Pullin, Dr Jorge Pellecer Gomez, Dr Carlos Marc Cosich Marquez, Maria Elena Lara Solorzano, Cecilio Isidro Juarez Prah, Professor Porfirio Humberto Tejada Palma and Fernando Ibarra Escamilla.

12351

CSO: 3248/534

BRIEF

FINANCE MINISTER ON TAXES--Guatemala, 29 Mar--Col Leonardo Figueroa Villate, minister of finance, denied today that there is any intention to impose new tax rates. Certainly, he said, no one is thinking about this during Easter week, to avoid a reaction by the public. Moreover, the finance minister gave assurances that no studies even exist that could have given rise to the versions made public by some members of the private sector. All that exists, he said, are meetings with the International Monetary Fund mission, which is evaluating the economic situation of the country. The IMF was also interested in the status of the standby loan agreement signed by Guatemala. The finance minister said that the statements made by the head of state the day before yesterday were categorical and that he himself stated at a press conference that there are not going to be any increases or changes in taxes. Dr Figueroa Villate said that he could not figure out where the rumor of a 5 percent increase in the stamp tax came from. The official said that the aforementioned tax is anachronistic and that it affected the sources of production, which is to say, both industry and trade and individuals, in their normal transactions. Aside from the serious effect of the stamp tax on the agricultural sector, there was widespread evasion of payment of that tax. He was certain that within a short time the stamp tax would have very little significance in Guatemala. Dr Figueroa Villate stated very clearly that from his office, which is the only official source qualified to give information of this kind, there has been no statement whatsoever on any changes in taxes. Concluding his statement, the finance minister said that there are no new taxes, no new rates. He added that the people of Guatemala should have confidence that the government is working to create stability and that they should have confidence in their officials, which is what is needed. For foreign investors to come in and invest in the country, there must be a climate of confidence. This climate of confidence, he concluded, is damaged when speculations such as the foregoing are circulated. [Text] [Guatemala City EL GRAFICO in Spanish 30 Mar 84 p 4] 12351

CSO: 3248/534

AMBASSADOR TO USSR COMMENTS ON BILATERAL RELATIONS

Mexico City EXCELSIOR in Spanish 10 Mar 84 pp 2-A, 31-A

[Article by Hernan Rodriguez Molina]

[Text] Moscow, 9 March--"Mexican petroleum is vital to Nicaragua, as is the \$100 million in annual trade we have with the Soviet Union," states Jacinto Suarez Espinoza, ambassador from that country to Moscow and one of 71 members of the Sandinist Assembly.

Suarez Espinoza is about to leave for Managua to participate in sessions the Sandinist Assembly is holding in order to debate its most pressing problems, including what the diplomat called the constant threat of foreign invasion and the elections of next 4 November, 2 days before the U.S. presidential elections.

In an interview granted to this reporter, Suarez Espinoza predicted optimistically that the Sandinist National Liberation Front will win an overwhelming majority in the November elections. "Not only are we Nicaraguans convinced of that," he added, "but so is the entire world, including President Ronald Reagan and his advisers. We will invite observers from the five continents to witness the process, and Mexico will play an important role. Representatives of various international movements will also be invited, including the Socialist International, the Christian Democratic International, and others. No one will be able to challenge the propriety of Nicaragua's elections."

Then the ambassador hastened to add: "But it is well known in Nicaragua that the main problem we are facing is not that of the elections, but that of aggression. The essential danger confronting Nicaragua is the constant threat of a U.S. invasion, and the repeated aggressive acts by the Somozaists and mercenaries on our borders or in our ports."

Suarez Espinoza indicated that the acts of aggression will not be ignored, and cited the case of the port at El Bluff, which was mined by enemies of the Sandinist regime on the pretext that Soviet weapons are unloaded there. He termed that assertion ridiculous, since as he explained, El Bluff is a small river port where only very small vessels can enter. The port does not even

have highway access; only barges can enter, and they cannot carry much weight, only local agricultural products.

Managua-Moscow Relations

We asked again about relations between the USSR and Nicaragua, and the ambassador and Sandinist leader explained that they are good: "We have requested aid not only from the Soviet Union, but also from a variety of governments; the most positive responses have come from the USSR. Nicaragua is a country under siege which has economic problems, also derived from the war and the world crisis. To make matters worse, we are constantly threatened with aggression. So the only way to press onward is with strong foreign support. Any government that responds to our call is good, and the Soviets have indeed responded."

Later he reported on the results of his term as ambassador here under three different leaders: "In fact," he emphasized, "as the Revolution has become better understood, the response has gotten better. During the Brezhnev period the support was just beginning; but we received greater backing last year when Andropov was in power. Now we continue to receive valuable assistance."

"For example, it was in 1983 that the Soviets donated oil, wheat and corn to us. This year we expect the aid to be significant as well."

Finally, the interview turned to the subject of the Contadora Group and the positive attitude the Soviets have assumed with respect to the efforts by Mexico, Venezuela, Colombia and Panama.

"Contadora is very valuable. The Soviets are supporting the group because it represents a peaceful solution to the problems of Central America; but Contadora is not making any progress because there are those who want to impede it. Nicaragua has taken the most important political and diplomatic initiatives in Contadora. For example, we were the only ones to propose withdrawing foreign military advisers and eliminating existing military bases. But there is no detente in the area, and our initiative has not become a reality, nor have others taken by members of the Contadora Group. There is no detente because some groups are not interested in it.

"Now the important thing is that the limits of Contadora have been defined. Twenty-one points were proposed, including our own proposal on the need to withdraw military advisers from the area. But Contadora has advanced some ideas that are unacceptable; for example, the inventory of weapons. We are willing, but Honduras, occupied by the United States, will not agree to it. Nicaragua will not agree either, since we accept the idea of an inventory, but for everyone."

8926

CSO: 3248/540

INISER DIRECTOR REVIEWS GROWTH OF INSURANCE INDUSTRY

Managua EL NUEVO DIARIO in Spanish 22 Mar 84 pp 1,10

[Text] One of the former leaders of Nicaraguan private industry and a member of a noted family of jurists and historians of this country, Leonel Arguello Ramirez, who was the director of the Higher Council of Private Enterprise (COSEP) until the triumph of the Revolution, is now president of the Nicaraguan Institute of Insurance (INISER). INISER was established by the Government Junta on 16 October 1979, when the law was passed nationalizing insurance companies.

Arguello Ramirez was in the past, and still is now, one of the most capable professionals in the country. He was an attorney for many years.

Even before the Revolution he served as general manager of the National Insurance Company of Nicaragua, and from that position he led the most progressive elements of the private sector as it confronted the Somoza dictatorship in the last years.

He was also a university professor, and during his student days in Leon, he was one of the most brilliant members of the "generation of Autonomy."

Now he is head of INISER, an autonomous entity, with control over its own assets. "It succeeded the nationalized companies without any continuity problems," he explained in an interview with EL NUEVO DIARIO.

He added that INISER's basic organization "focuses on a structure of higher administration, which includes the board of directors, the executive president, the council chairman, the vice-presidents, the internal auditing division and the so-called staff-agencies, which are legal consultation and planning."

He also mentioned the "substantive or technical area," which includes activities specifically related to insurance; the operations area, which deals with administrative matters; and the sales area, which as its name indicates governs direct contact with the public and institutions, through its agents, "such that everyone obtains the insurance he needs, in keeping with his economic possibilities."

Dr Arguello Ramirez stated that in view of the larger functions that INISER carries out (social, indemnity-related, financial and scientific-technical), the Institution has defined its overall objectives as:

"1) To ensure that Nicaraguans assert their right to enjoy the direct and indirect benefits of voluntary insurance; 2) to seek the most appropriate formulas to protect the persons and property of Nicaraguans through voluntary insurance; 3) to provide effective institutional support for the success of the country's economic and social development programs; 4) to develop the Institution to such an extent that it can serve as a model of efficiency in service, honesty and revolutionary spirit; and 5) to promote good international relations for INISER."

Arguello also noted that in the 4-year history of INISER, "it has made very significant progress, as reflected in increasing productivity." He recalled that "as a result of the great losses suffered by private insurers, the Institute began with a tiny capital of 3.5 million cordobas (3,500,000.00)."

"However," he added, "in 1980 its capital reached 26 million cordobas, climbed to nearly 53 million in 1983, and is expected to exceed 75 million in 1984."

The above figure gives an idea of the financial soundness INISER has attained under the presidency and direction of Dr Arguello Ramirez, who added that "everything can be corroborated by comparing these other figures: the Institute's investments totaled 146 million cordobas in 1980, but by 1983 they had almost quadrupled, exceeding 492 million cordobas. Assets grew from 420 million to 782 million cordobas during the same period."

Dr Arguello, who earned degrees in finance and law, also stated that the net premiums, which totaled 233 million cordobas in 1980, reached more than 430 million in 1983. This leads him to conclude that "it is indicative of the support the Nicaraguan people have given INISER, which is their insurance institute. This support lies in our financial soundness, in the seriousness and responsibility of our procedures, and in our constant desire to serve."

Dr Arguello Ramirez explained the internal functions of INISER, ranging from educational activities (supporting its Library and Documentation Center) to the signing of a pact with the Polytechnic University to maintain the Insurance Technician program, which has more than 100 students.

He also discussed the services provided to INISER employees, including all kinds of incentives in all levels of administration.

He also stated that in 1984 construction will begin on INISER's own building "in the center of the capital, near the present Bank of America," and noted that "INISER's current reinsurance policies are the best on the world market," which includes all the continents and different economic and social systems.

The interview with EL NUEVO DIARIO took place in Dr Arguello's current offices in the Oscar Perez Cassar Building, formerly known as Centro-Banic. Regarding the future of the institution, he noted that "despite the difficulties in making long-term predictions, it can be stated that INISER will continue to

develop as an increasingly powerful entity in the area of voluntary insurance, but most especially in insurance for the masses." He explained however, that "the market for voluntary insurance in Nicaragua is practically untouched, because there is still a very small percentage of people who utilize such benefits."

In this regard, he announced that INISER plans to launch a far-reaching, permanent campaign to educate the public about the function of insurance in the social and family economy "as a protector of the national patrimony," and to "make our people aware of accident and fire prevention to preserve the wealth of our fatherland."

He concluded by saying that in Nicaragua "no one used to be concerned about launching this kind of campaign," and said that "INISER intends to raise our level of efficiency to keep costs down and make premiums cheaper, so that the majority of citizens can afford voluntary insurance."

8926

CSO: 3248/540

KURINWAS PROJECT TO REACTIVATE RUBBER INDUSTRY

Managua BARRICADA in Spanish 2 Apr 84 p 6

[Text] Bluefields — MIDINRA [Ministry of Agricultural Development and Agrarian Reform] is interested in reactivating rubber production in the Kurinwas area, in order to provide for the needs of the internal economy and also as a means of acquiring foreign currency for the nation, engineer Jorge Ramirez, a representative of Agrarian Reform's Agro-Industrial Rubber Enterprise, told BARRICADA.

With this purpose in mind--which is part of the revolution's economic development plans for different regions and special zones of the nation--a rubber-production project is being set up in this area.

For 1984, the plans call for the experimental development of 35 hectares of the latex-producing plant, which will be tended by the Vanguard Cooperatives of Kurinwas.

At the same time, the project also includes the training of technicians and mid-level technicians in cooperative programs, so that they will be able to handle the cultivation and production of rubber.

The Kurinwas area in South Zelaya was chosen as it is one of the natural rubber-producing areas of Special Zone II. In addition, it was felt that the peasants there have an advantage over producers in the other areas under consideration (Muelle de los Bueyes and New Guinea in Central Zelaya, and San Miguelito in Special Zone III), because some years ago multinational companies worked the rubber reserves of that area, and the peasants at that time acquired some skills and experience in rubber production.

The Kurinwas Rubber Project, now in its initial phase, is to be financed by 15.5 million cordobas.

Traditional Occupation in New Guinea

As in other regions of Nicaragua where there are plans to revitalize rubber production, before the coming of the first settlers, the New Guinea area was inhabited by the Caribs and Zumos, who did make use of the rubber trees growing there.

During the first half of the 1940s, the native inhabitants (the Caribs and Zumos) extracted the rubber found in the woods by primitive methods, and sold it to the multinationals which supplied war materiel to the United States during World War II.

The dislocation of the Caribs and Zumos with the coming of settlers from the Pacific areas, and the concentration of the new inhabitants on the cultivation of basic grains, caused the rubber production to decline, and the forest reserves were practically abandoned.

At present, the Rubber Project intends to revitalize these reserves and to develop the future industrial processing of this product.

For this purpose, a feasibility study is being done by the Rubber Project, for the planting of 12,000 "manzanas" [land measurement] of rubber trees.

The plantings will be similar to those in other zones controlled by the peasants. The care of the crop will call for the labor of one peasant for every two "manzanas" planted in this crop.

Greater Source of Jobs

Just in New Guinea alone, the reactivation of rubber production through this new MIDINRA project will require the labor of about 6,000 workers at the start.

It is estimated that this activity will benefit over 12,000 people living in the zones that will be involved in the project.

In addition, this project being conducted by the revolution, with the planting of rubber trees through the cooperatives, will be further expanded in the future by the construction of a plant to process this raw material.

The latter objective, the establishment of this agro-industrial plant, is not designed for the short-term period, since it takes from 7 to 10 years for the production of rubber trees to reach a level sufficient to undertake such a project.

7679

CSO: 3248/553

UPHOLSTERY, LEATHER GOODS INDUSTRY AFFECTED BY SHORTAGES

Managua BARRICADA in Spanish 3 Apr 84 p 4

[Text] Because of a shortage of vinyl leatherette (an imported material used in furniture upholstery) many upholsterers in Nicaragua have reduced their production and have raised the prices they charge for their work.

In a number of upholstery firms visited by reporters from BUZON POPULAR, the workers said that their number one problem right now is the lack of upholstery fabric.

One of the most frequent complaints heard is that the COTANIC [Nicaragua Upholstery Cooperative] doesn't provide them with sufficient materials for their work.

Some upholstery workers, such as Rosa Emilia Caceres, said that these materials generally go into the black market, where the money they have to pay for a yard of fabric is sometimes 3 times the normal price.

Leather workers are in the same situation. They use vinyl leatherette to produce handbags, backpacks, school bags, key rings, and wallets.

Both upholstery and leather workers said they understand the nation's economic situation. Still, they did criticize the poor distribution of the few supplies that do exist.

Shortage of Supplies in COTANIC

The cutback in materials going to COTANIC in recent months has been caused, in addition to the shortage of foreign currency, by the closing off of traditional markets such as El Salvador and Costa Rica, explained Edgard Largaespada, general director of leather goods and footwear in the ministry of industry.

Still, there is some trade with businesses in those countries amounting to a value of \$300,000 worth of merchandise, which will gradually reach our country.

The government, said Largaespada, is making great efforts to help the upholstery workers. He said that, with this intention in mind, the MIND [Ministry of Industry] is now studying the possibility of producing vinyl leatherette in Nicaragua.

In response to the criticism voiced by some upholstery workers about the poor distribution of materials, Largaespada said that the existing materials are being distributed but that some upholsterers receiving supplies from COTANIC "charge prices that are too high, as if they always have to buy their supplies on the black market."

Then the efforts made by the ministry of industry to help them obtain supplies are ignored, and they lead their customers to believe that they are getting no supplies at all.

New Distribution System

In order to alleviate some distribution problems, the ministry of industry, acting in conjunction with the DIGECOOP [General Directorate of Cooperatives] and COTANIC, is developing a new distribution system for handling upholstery fabric.

Among other things, there are plans to deliver the material to all upholsterers in Managua through COTANIC, and to those in the rest of Nicaragua directly.

The purpose of this system is to avoid the loss of materials to the black market. Details of how this distribution to shops or to individual upholstery workers will be handled are now being studied.

Silvio Murillo Gomez, who is in charge of small industries at the DIGECOOP, said that not all the upholstery material found in the black market represents a loss to the upholstery shops; for, to a great extent, the black market obtains supplies from peddlers from a number of Central American countries.

7679

CSO: 3248/553

BRIEFS

INTURISMO PROJECTS--Despite the U.S. government's aggression and economic blockade, the revolutionary government is promoting projects to improve five vacation resorts at a cost of over 200 million cordobas, for the people of the capital city to enjoy during the summer. Herty Lewites, director of INTURISMO [Nicaraguan Tourism Institute], said that the construction of the five projects--Pochomil, La Boquita, Granada, El Trapiche, and Xiloa--will enable them to handle about 85,000 people at one time. This year they expect the influx of visitors to these resorts to increase from 300,000 to 400,000 people. There will be freedom of consumption in the different service centers to be established there. Pochomil will provide services to visitors staying in its 85 permanent houses, and in 29 family service modules. There will be two seafood restaurants and a discotheque. Next year hotels will be built in order to handle international tourism, and areas will be set aside for the private sector so that houses and recreational facilities may be built. On the Granada project, Lewites said that the work is 40 percent completed, and by December the first phase is expected to be ready, as also at Xiloa. Just in the Granada project alone, the government is going to invest about 55 million cordobas, in order to pay for the lake, to build walkways, parks, and pedestrian bridges, and to operate the Victoria steamboat as a tourist boat. El Trapiche, Granada, and La Boquita will be open on 14 April, a few days before Holy Week, so that the people will be able to use them. Lewites explained that last year INTURISMO invested a total of 130 million cordobas; this year investments are to increase to 200 million, including the investments to be made in different family recreation facilities. Furthermore, he said that INTURISMO has an office called TUR-NICA, which will promote tourism to Nicaragua abroad. This year they expect to have 87 groups consisting of 30 people each. He also reported that they will invest over \$13 million in the reconstruction of the Hotel El Recreo, located near the American College.

[Text] [Managua EL NUEVO DIARIO in Spanish 30 Mar 84 p 9] 7679

POTATO CROP—This year Region I (Las Segovias) will produce approximately 290,000 quintals of potatoes. This production will contribute substantially to eliminating speculation by wholesalers and middlemen on this popular tuber, since the participation of PROCOMER [expansion unknown] in the marketing of this product will be a guarantee for producers and consumers. According to information received, PROCOMER agreed to pay 350 cordobas per quintal for this product as an initial safeguard for the interests of growers. After the first days of April, Segovianos will be able to buy potatoes of excellent quality at 5 cordobas a pound. This is 7 cordobas below the price of 12 cordobas per pound that we had been paying. At a recent assembly of potato producers, Comrade Carlos Manuel Morales, minister-delegate of the National Revolutionary Government Junta in Las Segovias, explained that the government is interested in establishing a guarantee price for potatoes in order to provide better protection for growers. Comrade Morales explained that one of the problems the government has encountered in this area is the lack of adequate storage facilities because of the large number of potatoes that will have to be absorbed over the next 2 months. "We may have to seek an external market for some of the crop," he added, "because in the past all of Nicaragua has consumed 20,000 quintals of potatoes per month." [Excerpts] [Managua BARRICADA in Spanish 23 Mar 84 p 6] 8926

CSO: 3248/540

HUAMANGA MAYOR LEONOR ZAMORA ON PROBLEMS IN AYACUCHO

Lima EL DIARIO MARKA in Spanish 15 Mar 84 p 5

[Text] Frail-looking and unaffected Leonor Zamora, mayor of Huamanga in convulsed Ayacucho Department, informed the press about her administration during the 2 months that have elapsed since she took office.

With the assurance displayed on previous occasions, Mrs Zamora spoke of the progress and the difficulties of the municipal task. "We started with a lot of enthusiasm, but were unpleasantly surprised by the lack of resources. However, the studies for the renovation of the slaughterhouse and the construction of the bathhouse at the marketplace have been completed at this time. Now we are close to having the contracts signed with the Departmental Corporation and the Central Sierra Special Projects."

Mother of three children and expecting another, the mayor showed great concern about the number of orphans and destitute children in her department. For them, she has the premises for a children's mess hall that needs financing to be set up. The day nursery, which is on the verge of closing for lack of funds, also needs financial support to continue operating.

But those are merely minor projects. The project of vital importance not only for Huamanga, but for the whole department, is the Cachi River irrigation project. It will be the solution to such urgent needs of the population as water supply, electricity and irrigation.

Deputy Miguel Angel Mufarech, who accompanied Mrs Zamora during the press conference, pointed out that "the implementation of the project will take 10 years, but it will start providing benefits by the third or fourth year.

With respect to the operation of the municipality, Leonor Zamora stated that "the participation of the councilmen has been relative to date. The 19 councilmen have set themselves up into commissions, but they attend council meetings merely as a formality. Specifically, members of Popular Action and the APRA [American Revolutionary Popular Alliance] do not come in to work. They talk, denounce, but do not work, and of course, he who does not work makes no mistakes."

New Municipal Assemblage

With the decisiveness and boldness that characterize the women of Ayacucho, Leonor Zamora said that on principle, the open municipal assemblage should take place in the Ayacuchoan capital itself. "We will have to get permission. We have set a new date for the end of May or no later than early June. To this end, arrangements are being made with the 40 institutions that signed up for the previous one," the mayor explained.

On the other hand, she denied that Sendero Luminoso had declared itself opposed to the municipal assemblage. "We heard some comments to the effect that they rather were displeased it was not held, because maybe they would have been able to have a say through some organization," Zamora said.

She also explained that she has not received any threats from that group as some news media reported. She considered that the dialogue with the Senderistas was not necessary in her case inasmuch as the deepest-felt needs of the Ayacuchoan population are included in the agenda adopted for the municipal assemblage.

Harmful Exodus

"Ayacucho is being depopulated. Some 50 percent of the population has emigrated. We find only children and old people; the young people have left in desperation because of the lack of work and the harassment of the armed forces. While it is true there seems to be calm at present, Sendero will rise again no matter how much its activities are controlled if the government does not bother to take care of this forgotten department," she explained.

"General Huaman asserts that there are no longer any prisoners at the Los Cabitos garrison, but we have reports from some newsmen that there is a torture house on the road to the airport; what can be easily confirmed is the strict armed forces security in that house, and nobody knows what goes on inside."

8414

CSO: 3348/341

DAILY QUESTIONS LIFTING OF CURFEW IN AYACUCHO

Lima EL COMERCIO in Spanish 20 Mar 84 p A-2

[Editorial: "Twists in Antiterrorist Struggle"]

[Text] Through an official communique, the Politico-Military Command of the zone of Ayacucho headed by Gen Adrian Huaman Centeno has ordered the lifting of the curfew that had been in force there for the past 2 years. By way of explanation, the high-ranking officer has noted that "all conditions that warrant this measure are present."

By the tenor of these statements, it is presumed that the decision adopted is, in effect, the outcome of a thorough study of the situation and has been a subject of consultation with the top military and government echelons; for while it is true that a decline in the activity of Senderismo has been observed of late, the step taken by Gen Huaman constitutes a real challenge both to the rebels to desist from their violent attitude, and to the inhabitants of the region themselves to maintain the tranquility that is so necessary for the pacification of Ayacucho.

It should not be forgotten that the curfew, an extreme precautionary measure, was imposed on 3 March 1982 following the assault against the Ayacucho jail, in which 200 prisoners escaped and several republican guards and 9 Senderistas died. Moreover, terrorism has caused serious moral and material harm precisely because of the mistakes made in the antisubversive struggle, above all with respect to the prevention of attacks. For that reason, besides a challenge, the decision to lift the curfew also entails a risk that supposedly will have been carefully and thoroughly evaluated.

On the other hand, Gen Huaman Centeno has indicated in statements to the press that the root of the terrorism is essentially the economic problem, and for that reason, "It should not be combated with bullets, but with money and public works." On that score, we consider that in fact, as we have maintained from the beginning in this column, the financial crisis of traditionally depresses areas such as Ayacucho serves as the firewood that feeds the fire of subversion, but it cannot be explained, and much less justified, by the unfavorable material conditions. Subversion in general and terrorism in particular are delinquent and criminal activities that respond to the dark designs of those who, from a totalitarian standpoint, seek to destroy the democratic system in order to institutionalize terror as a form of government.

For that reason, we reiterate that the crime of terrorism must be opposed as vigorously as the strict limitations of the Constitution and the laws permit, although this logically should not deter the state from concurrently allocating all available resources to the improvement of the areas affected by the rebels so that the citizens will be able to develop them fully in fairness and freedom.

8414

CSO: 3348/341

HIGH COURT RULES AGAINST TOBAGO ASSEMBLY EXCLUSIVITY

Port-of-Spain TRINIDAD GUARDIAN in English 5 Apr 84 p 1

[Article by Francis Joseph]

[Text] A HIGH COURT judge ruled yesterday that the Tobago House of Assembly did not have exclusive responsibility for implementing Government's policy relating to certain matters under Section 21 of the House of Assembly Act 1980.

Mr. Justice McMillan, presiding at NIPDEC House, Port-of-Spain, dismissed an application by the House of Assembly over interpretation of the Act.

The judge ruled that under the Act, the Assembly did not have exclusive responsibility for operation and maintenance of health facilities in Tobago, including psychiatric clinics pursuant to Government's policy.

He said the decision by the Central Government to establish a psychiatric clinic at Fort George against the wishes of the House of Assembly was valid according to the Act.

However, on the question of costs, the judge asked for assistance from Mr. Bruce Procope, S.C., counsel for the Attorney General of Trinidad and Tobago. Mr. Procope said he had no instruction on this matter and as a result, no order was made by the judge.

Following the judgment yesterday, Mr. A.N.R. Robinson, chairman of the House of Assembly, said he would have to consult with his lawyers before deciding whether an appeal would be lodged.

Mr. Procope, Mr. Michael de la Bastide, S.C. and Miss Charon Christopher appeared for the Attorney General, while Mr. Allan Alexander, S.C., and Mr. Algernon Wharton represented the House of Assembly.

At the start of his judgment yesterday, Mr. Justice McMillan gave the history of Tobago dating back to 1889 when Tobago became a part of Trinidad. In 1946 a Tobago County Council was established.

In 1958, Tobago was administered as a department of the Prime Minister's Office and four years later Trinidad and Tobago became an independent state.

In 1964, a Ministry of Tobago Affairs was established for the responsibility for Tobago. In 1976, Trinidad and Tobago became a Republican State. The judge said after the 1976 general elections, the Ministry for Tobago Affairs seemed to be existing "in a fluid state."

Functional Status

As a result, Tobagonians called for a greater say in the administration of affairs in that island and, as a result, the House of Assembly Act was passed on September 23, 1980.

The question asked was whether Government could control the Assembly in its functions according to Section 21(1) (a-e).

Section 21(1) reads: "The Assembly shall formulate and implement policy on all matters referred to it by the Minister and the Minister of Finance shall consult the Assembly on matters of national importance such as the annual national budget, development projects and the operation and use of the long-term funds as they relate to Tobago and subject to the Act."

Mr. Justice McMillan said that according to Section 21(2) subsection (u), the Assembly shall undertake in Tobago the identification and preservation of places of historical interest and natural beauty.

He said that while the Assembly was given functional status in excess of the Tobago County Council, it was not a full legislative assembly.

The judge said that as a statutory corporation, the Assembly has only such power conferred on it. He said the Assembly was an independent body with powers and subject to control such as Parliament legislature.

Mr. Justice McMillan said there was no evidence that the decision by Government to put a psychiatric unit in the old wireless building was done before the establishment of the Act.

He said that in October 1981, Mr. Robinson expressed to the Permanent Secretary the Assembly's objection to the use of the wireless building as an outpatient clinic.

The judge said that on January 13, 1982, the Minister of Health and Environment chaired a meeting in Scarborough where the establishment of a psychiatric clinic was discussed and an agreement reached.

It was agreed that the psychiatric clinic would be housed in the wireless building until the Children's Ward at the Hospital was renovated. On May 7, 1982, the psychiatric clinic was put into use.

The judge said it was not suggested that the Act was unconstitutional. He said the property was owned by the State and the Assembly should not complain because it failed to have the children's ward renovated for use as a psychiatric clinic.

BUSINESS SECTOR OPPOSES PASSAGE OF PRICE, WAGE CONTROL LAW

Caracas EL UNIVERSAL in Spanish 29 Mar 84 p 1-12

[Text] The principal spokesmen for FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry], CONSECOMERCIO [Commerce Council], the Caracas Chamber of Industrialists and the Venezuelan Association of Exporters have stated that they do not know of the existence of a law similar to the cost, price and wage law in any country. They also emphatically rejected it, calling it counterproductive, anticonstitutional and unjustified given the crisis being experienced by Venezuela.

The officials consulted oppose compulsive interventionism and believe that the law in question will become a mechanism of extortion of the private sector. They also warned Congress that it must carefully review the bill. They asked President Jaime Lusinchi to implement the Social Pact so that in a concerted way and through the hiring mechanism, the living conditions of workers may be improved.

Yesterday we spoke with the second vice president of FEDECAMARAS, Raul Lopez Perez; of CONSECOMERCIO, Frank de Armas; of the Chamber of Construction, Leopoldo Baptista; the Venezuelan Exporters Association, Regulo Campo Martinez; and the Caracas Chamber of Industrialists, Rafael Alfonzo.

In their statements, they all agreed that the legal mechanism proposed could turn against the workers.

We tried to consult the president of FEDECAMARAS, Adan Celis; the president of the National Economic Council, Enrique Sanchez; and Carlos Ramirez Machado, president of the Venezuelan Council of Industry, but it was not possible. We also attempted unsuccessfully to contact the secretary general of Democratic Action, Manuel Penalver, who did not attend the meeting of the National Executive Committee. His party recently declared the discussion of the Cost, Price and Wage Law in Congress to be urgent.

FEDECAMARAS

When asked if they considered passage of the law necessary, the second vice president of FEDECAMARAS, Raul Lopez Perez, said that he thought it would be counterproductive and that it would hurt workers. He added that national

production would be discouraged and that there would be more unemployment. At the same time, it would not be possible to continue to improve workers' conditions contemplated in collective bargaining.

The FEDECAMARAS also maintains that the Cost, Price and Wage Law would have a negative effect on the thrust given to the development of the productive apparatus. The economy has its own laws, Lopez Perez said, and they cannot be changed capriciously. We need confidence and the law will not provide it. We need flexible and dynamic mechanisms with respect to prices, production and productivity.

Lopez Perez also said that he did not know of the existence of any similar law in any country and added that it was necessary to regulate the advisory organisms provided for in Article 109 of the constitution and that the Social Pact was good for this purpose.

"Do you believe that in Venezuela, given the lack of confidence in investment and business sectors, it is the proper time to pass such a law?" he was asked.

"Absolutely not, above all because that mechanisms establishes compulsive interventionism which could worsen the lack of confidence."

CONSECOMERCIO

At the same time, the president of CONSECOMERCIO, Frank de Armas, asked that any suggestions and recommendations made in the area of price and wage policies have a firm basis and be the product of the concertation of the different national sectors. They must not be imposed.

The official maintains that if the law is conceived as obligatory decisions by the National Executive, then it would be negative for the encouragement given to development of the country's productive apparatus.

"If they are imposed and not the product of concertation, the resolutions of the commission proposed by the Cost, Price and Wage Law would also hurt workers because there could be a deterioration of the gains workers have made through collective bargaining and based on the effort they have made in their respective enterprises," Frank de Armas said.

"Are you aware of any other country with a similar law that has helped the country's industrial development and development in general?" he was asked.

"No," the president of CONSECOMERCIO emphatically answered.

Finally, Frank de Armas said in answer to another question that he did not believe the time was right to try to pass such a law. The fact that it is being put through hastily without sufficient debate in Congress and all the country's institutions causes one to think. The different sectors of the country should give their opinions and participate in the discussion. According to the official, the law as it is breaks the democratic balance,

Chamber of Construction

Leopoldo Baptista, president of the Chamber of Construction, does not believe passage of the law in question is necessary. It would pass to us what is happening to the countries of the Southern Cone, where inflation has been institutionalized and where the workers are hurt the most.

Baptista says that the law would have a negative effect on the development of the country's productive apparatus. If we want to restore confidence, the mechanism proposed discards it. He believes that the political risk of the government party is very great, especially because there is a danger of not reviving the economy.

Leopoldo Baptista said he knew of no similar law in any country in the world. He added that the principle of indexing is being applied in Brazil and that those workers would have to be asked whether it has helped them. What is definite is that the economy in countries such as Brazil is becoming very complicated because the currency is not fixed. It varies greatly and constant adjustments must be made.

The president of the Chamber of Construction maintains that he does not believe it is the right time, given the situation in the country, for promulgating the law. "I am confident that the labor sector will always exert pressure for an increase in their wages through collective bargaining. With the law, trade union leaders will have no further reason to exist because something is taken away from them. If the law were passed, it would destroy their very existence."

Exporters Association

Regulo Campo Martinez, president of the Exporters of Association, said that initially, the national economic strategy should be oriented toward a sustained, victorious struggle against inflation and for the protection of and improvement in levels of employment and the purchasing power of wage earners.

He said that the Cost, Price and Wage Law should wait for the first programs recently to produce their effects. Furthermore, based on its text, the law in question would be related because with the creation of a commission to handle and resolve with absolute power any problems that might arise in worker-management relations, it would or could leave without effect the mechanisms provided for in other laws and codes on the problem.

Regulo Campo Martinez believes that the law could have an unfavorable effect on development of the productive apparatus. The most important proposal now consists of promoting all means needed to increase production and productivity.

The president of the Export Association said he knew of no other country with a similar law, although he said the problem of worker-management relations might appear in some other regulation or instrument.

Finally, he said that there are profound expectations in Venezuela about the forms, instruments and policies that should contribute to national development. He recommends waiting for another occasion when the government can effectively take control of and properly orient the serious problems now facing the national economy.

Chamber of Industrialists

Rafael Alfonzo, president of the Chamber of Industrialists of Caracas, again repeated that the law creating the Cost, Price and Wage Commission is an instrument restricting and limiting economic freedoms sanctioned by the National Constitution.

In the opinion of this official, it is impossible to understand why we must create a commission with the legal authority to determine wages based on costs and prices, invading important areas of collective bargaining and creating improper confusion when, within the Venezuelan institutional framework, the legal instruments that can be rationally used do exist.

Rafael Alfonzo says that it is not the proper time to pass such a law. We have laws in the country and the mechanism of bargaining to measure productivity.

He emphasizes that it would be a blow to confidence. An attempt is being made to establish clear rules of play, but the creation of the commission would be harmful.

Rafael Alfonzo, who said he knew of no country with a law such as the one we have been discussing, finally emphasized that it is not the proper time to pass such a law. If Congress should pass it, it would damage confidence and entrepreneurs would not invest a single penny. The law would operate as a mechanism of extortion for the private sector, he concluded.

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CONGRESS CONTINUES DEBATE ON LUSINCHI'S ECONOMIC MEASURES

Caracas EL NACIONAL in Spanish 28 Mar 84 p D-2

[Article by Alba Sanchez]

[Text] The debate on the economic and austerity measures adopted by the National Government continued last night in a joint session of Congress.

The first speaker was Deputy Leonardo Montiel Ortega (independent COPEI [Social Christian Party]), who, unlike his predecessors, did not use the rostrum, but rather, spoke from the bench he occupied in the Senate for two terms and now belonging to Senator Rafael Tovar. His reasons were cabalistic, he said.

Montiel Ortega emphasized that the package of measures is of great inflationary content and that the solution to the crisis can be found if the policy of the social pact is completed with an understanding between the government and the opposition in general.

He stressed the possibility of the use of innovative strategies in the oil policy in order to obtain additional resources serving to pay the Venezuelan debt and he proposed the drafting of a public credit law so that the exportation of heavy crude might be used to pay that debt. He said that the increase in the price of gasoline was "a horror."

Concerning the effects of the measures, he said that they could be accepted without objections individually, but that on the whole, their effects are negative because they put intense pressure on inflationary trends with devastating effects, especially on the wages of Venezuelans.

He called them extemporaneous, "as if one put on one's socks before one's shoes."

"In short," he said, "combining the cost inflation with the price inflation (10 percent plus 14 percent), the measures potentially have an inflationary increase for the rest of 1984 exceeding 24 percent, meaning hyperinflation. Unemployment will rise and we shall have economic stagnation with inflation, which is the worst phenomenon the country could face. This cannot be compensated for with the real employment plans announced so far. If consumption goes down or if there is less demand, we shall not be able to stimulate new investment and there will be no increase in national production, meaning that,

despite the government's expansive intentions, we shall continue on a steadily increasing depressive spiral. The crisis might lead to a collapse," he said.

He agreed that there should be wage compensation and made the following proposals:

Measures to control inflation: control of costs and prices of enterprises operating in the country and revision of the revalorization of assets; withholding of a larger proportion (at least 60 percent) of additional income;

Measures to increase consumption and added demand: unemployment insurance and consumer coupons or stamps; wage compensation;

Measures to guarantee increased production: incentives to agricultural and industrial investment and the use of the idle machinery capacity existing in Venezuela; recognition of the private foreign debt of 4.30, setting quotas with production increases; an increase of the internal purchases of the PDVSA [Venezuelan Petroleum, Inc.] in order to stimulate the development of goods and related services industries;

Measures to stimulate savings: a well-conceived austerity in regular budgeted spending in order to shift savings to investment and production; elimination of national enterprises and agencies with deficits in greater numbers than heretofore planned by the government;

Measures to generate foreign exchange: backing alternatives to conserve gasoline (other than increasing prices) such as the use of gas; having a larger volume of exportable crude; new strategies to change the makeup of oil exports and stimulation of exports of more basic raw materials and finished products (by the public and private sectors) in order to bring in foreign exchange.

Garcia Ponce

The next speaker was New Alternative Deputy Guillermo Garcia Ponce, who made no proposals and emphasized that because of its makeup, Congress is powerless to modify the content and course of the measures. "Consequently, this debate is absurd because it in no way influences the government's economic policy."

He pointed out that the measures have the following characteristics: They continue to squander the country's resources because of their fiscal scope. "At the close of this period, we shall have spent 600 billion and will be in the same situation or worse."

The measures accentuate the transfer of resources to a group of privileged entrepreneurs and hurt the wages and living conditions of workers. The measures are inflationary, confiscatory and socially unjust and within the framework of such policies, there is no solution to the crisis, he said.

Cervini

The third speaker was Deputy Reinaldo Cervini (independent MAS [Movement Toward Socialism]), who said that at the present time, the country needs concrete definitions because of the delicate situation it is now in, including moral weakness and the institutional crisis.

He said that certain measures are beneficial, such as the agricultural and industrial measures and the drop in interest, but that an analysis should be made of the gasoline increase and the trends of the national financial system must be watched.

Certain additional measures are required following an overall review of the country's economic affairs in order to activate the domestic economy increasing the purchasing power of the Venezuelan buyer. The wage increase must be considered based on productivity. Free assistance for the poor is necessary and it is indispensable to think about tax reform hitting high incomes. In the agricultural sector, intensive use of the land is required. The time has come to make the most of scarce resources based on productive criteria. With respect to national enterprises, it is necessary to return some to private ownership because the state must no longer be a storekeeper. We must guarantee not sales, but payment. In this purchase, the regional sector, the workers' sector and small and medium-size enterprises must be represented in order to allow a diversification of work. It is also necessary to avoid the lease formula.

Cervini also said that Congress must be fully aware of the characteristics of the public and private debt, their amount and negotiating conditions in order to make decisions. The recycling of private funds abroad must be analyzed because "\$7 billion is a lot of money."

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CTV SUBMITS SALARY COMPENSATION PLAN TO LUSINCHI

Caracas EL UNIVERSAL in Spanish 27 Mar 84 p 2-1

[Article by Jose Hurtado]

[Text] The Executive Committee of the Confederation of Venezuelan Workers (CTV) will submit its wage compensation measures to President Jaime Lusinchi tomorrow, Wednesday.

For that purpose, the CTV board, headed by President Juan Jose Delpino, requested the meeting with the chief of state yesterday. It will take place tomorrow morning at Miraflores Palace.

Representatives of the different political groups making up the labor confederation will submit to the president the agreements adopted at the National Advisory Council held in Caracas last Wednesday. The agreements are related to the salary compensation measures which, in the opinion of the CTV officials, workers' wages will suffer -- or are already suffering -- as a result of the recovery -- or sacrifice -- measures imposed by the government in order to overcome the economic crisis now affecting the country.

The document that will be presented to President Lusinchi will also contain other additions adopted yesterday by the political secretariat of the CTV and referring, as learned after the meeting, mainly to worker retirement and permanent employment incentives for so many thousands of Venezuelans who are now unemployed.

It was also learned that the labor leaders will stress to the chief of state the need for their proposals to be heard before any decisions are made that directly affect workers and their wages. They will also suggest that the government adopt urgent compensation measures because of the loss of income stemming from the economic sacrifice measures.

The labor officials will point out the urgency of the operation of the High-Level Tripartite Commission (CTV-FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry]-government) offered by the president, as well as the study, drafting and application "of real tax reform that will hit those who have or obtain the most harder and those having less or earning less from their daily work less hard." They will suggest other official measures, including: a rigid price regulation system; a national

marketing system made up of a network of wholesale and retail storage and distribution centers; and an intensification of the fight against administrative corruption.

The CTV document also proposes the necessary revision of all collective bargaining in order to modify economic clauses based on increases in the cost of living; real participation of the labor sector in an administration guaranteeing the economic and social profitability of enterprises, mainly those to be transferred to the private sector; the development of a true broad policy on tourism and labor recreation; a new government housing policy envisioning, among other benefits, a reduction in interest rates, a reduction in the down payment and longer terms for paying mortgages on low-cost housing; and the design and construction of housing using less costly materials well adapted to the environment.

Revival of the Workers Bank is also among the aspirations of the trade union leadership, in addition to passage of the Cost, Price and Wage Law, as the labor leaders will stress to President Jaime Lusinchi.

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EDUARDO FERNANDEZ VIEWED AS COPEI 1988 PRESIDENTIAL CANDIDATE

Caracas ZETA in Spanish 11 Apr 84 pp 10-12

[Text] Dr Caldera's successor has the first option as president of the republic for 1989-94, if President Lusinchi fails in his efforts to start up the production system and/or the present government allows itself to be carried away by corruption.

The ban on publicizing the tensions caused by COPEI's [Social Christian Party] internal campaign, which is due to culminate in September (when that party's national authorities will be replaced, if they are actually replaced), does not appear destined to be obeyed. Aware that their effectiveness within the party is at stake, the non-Calderist leaders are mobilizing with the intensity of those who realize that they are struggling for survival.

A Grandfather in Trouble

The results of the partial election of candidates for council membership by the COPEI militants all over the country last Sunday gave an idea of how events, which appear favorable to Eduardo Fernandez, may evolve; and also of what resources will be used in the battle. Just before the COPEI members throughout the country proceeded to hold elections in which the non-Calderist sector protested against the slates because not even the national leaders of the Herrera-Pepi-Pedro Pablist movement appeared, a campaign on the national level was triggered against Pepi Montes de Oca, accusing him of being corrupt; an avalanche which took the former interior minister by surprise. He was in Atlanta, Georgia (U.S.), awaiting the birth of his first grandchild who, in order to come into the world, had to surmount some difficulties which the doctors resolved with greater success than the Pepist commanders have had in defending the image of his grandfather.

With his usual self-confidence, once he had returned from the North, Pepi went on television in person to show his face to the country. There, he described the charges made against him of owning a gigantic fortune amassed while he was in the government as mythical. His explanations were as convincing as they could have been, but in any event the most prominent precandidate of the non-Calderist sector remained on the defensive, while another major figure from

the sector, former President Herrera himself, is facing the possibility that MAS [Movement Toward Socialism], through its independent deputy, Orlando Fernandez, might request his prosecution. AD's [Democratic Action] reaction to this would, moreover, be conditioned by reminders (Montes de Oca is claimed to have been the one who saved Carlos Andres Perez in the Sierra Nevada investigation) of when it "convinced" Amado Cornielles to give Perez the vote that saved him from having Congress declare him as having incurred administrative liability, which would have brought him to trial for embezzlement. But there is also the possibility that AD may throw a few COPEI members to the lions in order to distract people somewhat from the economic crisis that is becoming more huge every minute, with a diversionary operation similar to the one that the Argentine president, Alfonsin, is reportedly carrying out with the prosecution of the former military governors, accused of having trampled on human rights and losing the Falklands war.

The Municipal Test

In this context, last Sunday the COPEI militants who have taken the precaution of holding a census (COPEI is imitating the AD organization), went to the party's residences to elect some of the leaders who will be candidates for council seats. Most of the positions on slates will be decided by the National Committee, which means that they will be Calderists, because the Herrera-Pepi-Pedro Pablist movement was only offered an opportunity, in these elections, on the militant level, to file some documents in the town councils.

The Calderists announced their complete victory, which had appeared so certain to the press that the non-Calderist sector had obvious difficulties in participating in the election. Pedro Pablo Aguilar put his reputation on the line when he declared to the press that many of his associates did not appear on the list. In Portuguesa, the non-Calderists had to withdraw, in view of the difficulties in gaining access to the election.

In any event, it was noticeable that the militants did not act merely on the basis of a movement. The Herrera-Pepi-Pedro Pablist group must have been hurt by the intense campaign kept up at that time, accusing personages from the previous government of embezzlement; a campaign which has also been maintained internally. But, apart from this, some interesting reactions occurred among the COPEI electorate, indicating that the latter did not act on the basis of a mere instruction from movements. The best Eduardist (Calderist) candidate representing Tachira was rejected by the voters. In Falcon, the Beaujonist movement collapsed, yielding 10 of the 13 districts to the Calderist movement, headed by Jose Curiel. In Caracas, where Calderism is dominant (Eduardo Fernandez takes personal care of this decisive sectional entity), Mechita Vivas, the most prominent figure in the capital's Pepist movement, assured her presence in the next metropolitan city hall by winning fourth place on the slate, despite the fact that her image is the most anti-Calderist that may be found in the Caracas COPEI, second only to Cesar Perdomo Giron. Jose Luis Rodriguez also ranked second in the Sucre District. But there is no doubt that the Calderists dominated, with Emilio Lopez in Caracas and Enrique Mendoza in Petare.

All Launched

While the National Committee, controlled by Caldera, is issuing instructions stating that there can be no talk about candidacies, Gustavo Tarre Briceno has already launched that of Eduardo Fernandez, and Pepi Montes de Oca has declared that he even expects support from Caldera; because, at the time, he managed to withdraw before the election so as to gain the consensus which, he claims would unite COPEI behind Caldera.

To be sure, the calculations favor Eduardo Fernandez, the COPEI figure with the greatest option for the presidential candidacy in 1988 and for the presidency of the republic in 1989, if Jaime Lusinchi does not start up the production system. This option will be consolidated if COPEI shows a considerable recovery in the municipal elections in relation to the national elections last December. This is quite possible, because the inevitable tremors of dissatisfaction are already being felt in the country in the present economic situation. Democratic Action itself has had to express this uneasiness: On Tuesday morning, 3 April, its secretary general, Manuel Penalver, made some disturbing predictions about what will happen in this country if the Lusinchi government proves to be another disappointment to the weaker strata of the population. The head of FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry], Adan Celis, met with Eduardo Fernandez, and it can be taken for granted that the high-ranking business sector will back COPEI in exchange for at least a delay in the passage of the Law on Costs, Prices and Wages. The news media (particularly the radio media, controlled by the major economic groups) will attempt discreetly to make the municipal elections an opportunity for a reduction in the power of AD, which disturbs them so much; in short, to have power erode power. And it often does so quickly.

2909

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LEFTIST LEADERS VIEW COPEI-AD FALLOUT AS TEMPORARY

Caracas EL NACIONAL in Spanish 3 Apr 84 p D-14

[Text] The leftist parties have not attached much significance to the break-off in the AD [Democratic Action]-COPEI [Social Christian Party] institutional pact. Leftist spokesmen think that it was a bureaucratic-type incident, and that there will soon be a reconciliation between the country's two leading political groups.

Nevertheless, MAS [Movement Toward Socialism] differs from the rest of the left. The MAS members are analyzing the situation, noting that there has been a new political situation in Venezuela since 4 December 1983, and that "during this period the government's relations have been directly prioritized with the large business owners and economic groups."

Pompeyo Marquez (MAS)

Senator Pompeyo Marquez, spokesman for the Movement Toward Socialism, announced that the repercussions stemming from that break-off are being studied. He explained that these are things that happen and are part of incidents involving the bureaucratic dispute between AD and COPEI.

Marquez went on to say: "Since AD has an absolute majority now, it can act with greater ease and needs COPEI less."

Senator Marquez also noted that it is obvious that during this period the government's relations have been prioritized with business owners and economic groups. He added that this has been demonstrated by the finance minister, the director of RECADI [Exchange Rate Differential System], the new controller and the bilateral relations established between the government and FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry].

Pompeyo Marquez thinks that the old pact, as it was conceived, will not be repeated. In his opinion, it is necessary to cite the possibility of a new political relationship in the country, geared to the new reality; because the old pacts are outdated.

"The country needs greater fluidity, wherein account is taken of other factors, including the intermediate sectors of the population."

According to Senator Marquez, there will be no major repercussions in the National Congress. He gave a reminder that, during the past few years, there has been no exclusive AD-COPEI pact in Congress; but rather, a majority agreement has been implemented, acknowledging the pluralism that is present in the chambers.

To be sure, Senator Marquez thinks that "the majority must be used cautiously." One of the prime responsibilities of a majority, particularly during a period of delicate crisis such as that being experienced by Venezuela, is that of exhausting the search for political accord. Marquez said that the latter was not done when the congressional stalemate occurred. Hence, when AD foresaw that COPEI would block the selection of high-ranking officials by the legislative chambers, and COPEI in turn thought that AD intended to impose its majority, both parties should have been receptive to other solutions and should have created a different political climate with other forces. "Why haven't they done so?" wonders Senator Marquez, "because in the long run what befits both parties is to continue running the country through their leadership positions."

He was asked: "And do you think that AD will consult COPEI in the future?"

Senator Marquez concluded by saying: "For certain decisions, yes; but AD prefers the relations with the economic groups over those with COPEI."

Paz Galarraga (MEP)

The secretary general of the People's Electoral Movement [MEP], Jesus Paz Galarraga, commented:

"The bipartisan institutional pact benefits only the interests of AD and COPEI, which have been distributing the key representative posts in the country's institutions. Of course, the single party system is more damaging and potentially dangerous to the normal development of democracy in Venezuela. AD's unilateral decision on the appointment of the controller, the prosecutor and the Supreme Court magistrates, as well as the imposition of its majority to force the passage of the authorizing law conferring special powers on the president of the republic, are a clearcut indication that the latter of the aforementioned courses of action is being initiated."

He was asked: "Will there be an ultimate break between AD and COPEI?"

"We do not expect that there will be an essential break between AD and COPEI because of what has happened, and we think that there will soon be peace again."

Paz Galarraga concluded his brief statement by saying that there are many powerful factors pressuring both political groups to resume their usual relations; because "it is no secret to anyone that the AD and COPEI leaders represent the dominant political and economic interests in present-day Venezuelan society."

Radames Larrazabal (PCV)

The Communist leader tells us: "This very morning, at the Politburo, we were examining that phenomenon called a 'break-off' in the institutional pact."

He was asked: "What conclusions did you reach?"

"We think that a period of difficult relations between AD and COPEI, in which the former party has decided to implement the majority, will be followed by another appeal for reestablishing the so-called pact, by raising the specter of presumed threats to the prevailing system. It is not surprising that FEDECAMARAS has called for the romantic reconciliation, the amorous reconciliation, between the two parties. And individuals will now emerge who will make their conciliatory capabilities available to repair what they consider to be in a state of crisis."

In response to a comment from the reporter, Larrazabal stated:

"The fact that AD has decided to implement its majority in order to have its own Court, its own controller and its own prosecutor is part of the game in the representative democratic system. And it has taken 25 years to understand that each one of these parties should act independently."

Finally, when we make a remark to him about the importance that PCV [Venezuelan Communist Party] attaches to this break-off, Radames Larrazabal concludes:

"The Communist Party considers the so-called importance of the break-off to be relative. We attach almost no significance to it, nor do we think that the representative democratic process is running a risk."

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CTV PRESIDENT ANNOUNCES DECISION TO DEMAND WAGE INCREASE

Caracas EL NACIONAL in Spanish 5 Apr 84 p D-17

[Text] The Confederation of Venezuelan Workers will insist upon the establishment of a wage compensation ranging between 30 and 40 percent for all workers in the public and private sectors.

This was claimed yesterday by the president in charge of that labor confederation, Deputy Juan Jose Delpino, in a statement made to newsmen at Democratic Action's [AD] national residence.

Delpino, commenting on the warning from the head of FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry], Adan Celis, to the effect that the business owners' agency will not allow itself to be given the "steamroller" treatment in the National Congress with the passage of the Law on Costs, Prices and Wages, remarked that "steamroller" is a term used by the political minorities "whereby an attempt is made to inhibit the majority from exercising the mandate that has been conferred upon it by national opinion."

He made it clear that all the political factions represented in the labor movement and having representation in the Congress of the Republic agree with the passage of the Law on Costs, Prices and Wages. He observed: "Some leaders, because they belong to different parties, conceive of it as they perceive it; but, on the whole, they agree with its passage. Nevertheless, the bill will come out, and it will have the typical mark of AD's political doctrine."

The union leader pointed out that it would be desirable to promulgate this law before May Day, the Day of the Worker; but he added that he was not certain that it could be passed before that date.

He noted a little later: "AD is more committed to the interests of Venezuelan workers than to any others. We are sure that the law will be passed. AD has the majority, and it will implement it."

In a document issued a few days ago by CTV's Consultative Council, the labor confederation announced that it would demand the revision of the economic clauses of all collective contracts and that, in the event that this was not

accepted by management, then it would initiate action aimed at an overall increase in wages and salaries.

Yesterday, in response to questions from reporters, Delpino said that the revision of the collective contracts has been proposed for both the public and private sectors, and he maintained that nearly all the workers in the country are protected by such contracts.

"If we achieve that revision, it will benefit nearly all workers. We are proposing that option: a revision of the contracts or a general wage hike. If FEDECAMARAS is not in agreement with the former, then it will force us to the other opinion, which is to strive for the attainment of an overall wage increase, with which we disagree, because it would be an indiscriminate hike that would hurt small and medium-sized companies which could not absorb that kind of compulsory increase."

During the government of Luis Herrera Campins, both CTV and the AD party rejected the government's reasoning, urging the workers to seek their socioeconomic gains by way of collective bargaining. Then, the AD trade unionists were stressing the need for a 30 percent wage compensation for all workers, to make up for the declining purchasing power of the wage.

The staff writer from EL NACIONAL wanted to know whether, in currently proposing the revision of the collective contracts, CTV and the AD union leadership have taken a step backwards to the required wage compensation of other times.

"No, CTV insists upon that compensation, but no longer of 30 percent; rather, far more. We are seeking a compensation that should range between 30 and 40 percent, for both the public and the private sectors."

Angel Zerpa Mirabal, president of FETRABOLIVAR [Federation of Bolivar State Workers], who was present during the interview with Delpino, disclosed to the staff writer that the central council of the regional federation that he heads agreed to request of the government that the measure for a 10 percent increase in personnel on the part of private enterprises be applied in Bolivar to state enterprises; because the public sector has little influence in that region. He said that the measure should be applied to such companies as: SIDOR [Orinoco Iron and Steelworks]; VENALUM [Aluminum Company of Venezuela, Inc], ALCASA [Caroni Aluminum, Inc], FERROMINERA [Iron Mines], MINERVEN [Venezuelan Mining], EDELCA [Caroni River Electrification Project] and INTERALUMINA, among others.

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BRIEFS

INFLATION RATE--Economic officials yesterday made their preliminary examination of the projections of the economic program of the National Government, based on measures that have recently been adopted, Minister of Finance Manuel Azpurua Arreaza announced last night. "These analyses will continue at other meetings and once we have reached our conclusion," he said, "a proposal will be presented to international banks." Minister Azpurua Arreaza gave no figures, noting that they are being revised. However, he did say that the projections are quite satisfactory, but they require studies and definitions to be made in the days ahead. He admitted that estimates for this year project an inflation rate of 20 percent. [Text] [Caracas EL UNIVERSAL in Spanish 27 Mar 84 p 2-1] 11,464

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