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5 February 1986

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INTER-AMERICAN AFFAIRS

BARBADOS MINISTER OFFERS PROPOSALS FOR REGION'S POLICE

Bridgetown BARBADOS ADVOCATE in English 13 Dec 85 p 1

[Text]

Barbados' Attorney-General, Mr. David Simmons, has suggested a five-point plan for Caribbean governments to help their police forces. This includes providing adequate manpower and equipment.

He made the suggestion yesterday in an address to open the annual two-day Conference of Police Chiefs, sponsored by the Regional Police Training Centre (CRPTC) and held at Dover Convention Centre, Christ Church.

He told the 11 police chiefs: "It is the business of Governments, within the limits of their financial and economic capabilities, to do a variety of things for regional police forces."

The five-point plan includes:

- Provision of adequate manpower and equipment;
- Provision of training on a consistent basis both locally and overseas for top policemen to make them conversant with contemporary information, methods and techniques;
- The encouraging and financing of the development of specialist units within forces;
- Provision of advanced forensic facilities;
- Promotion of a greater exchange of policemen within the region so that there is greater exchange of information between forces.

The Attorney-General said that such conferences as the one he was declaring open could only serve to enhance co-operation, intelligence gathering and information exchanges. He said these conferences must be encouraged.

According to Mr. Simmons, a Queen's Counsel, commercial and economic crimes were the biggest problems.

"Fraud, foreign-exchange and money laundering

offences, corruption and the illicit trafficking in narcotic drugs are the types of crime that present the greatest challenges," Mr. Simmons said.

He said that as a result of the changing landscape of crime our citizens were becoming less secure and more fearful.

"Our systems of criminal justice must react swiftly and in a dynamic way on all fronts. Not only must legislation be modernised but, more importantly, crime detection methods and crime prevention strategies must become more sophisticated," the Attorney-General told the meeting.

He said that the economic and social fabrics of the Caribbean societies were under stress and threat from international criminality.

"If law and order break down, making way for criminal conduct to flourish, the destruction of our way of life in the Caribbean cannot be far away," Mr. Simmons added.

Barbados' Commissioner of Police, Mr. Orville Durant, welcoming the visitors, noted that the conference was "to provide a specific service for the Regional Police Training Centre" and it was also an opportunity to discuss matters which were relevant to training.

The vote of thanks was moved by Commandant of the Centre, Mr. Hewitt Rouse.

Police commissioners are attending the conference from Barbados, Anguilla, the Turks and Caicos Islands, the British Virgin Islands, Antigua and Barbuda, Dominica, St. Kitts and Nevis, St. Vincent and the Grenadines, St. Lucia, Grenada, Montserrat and Cayman Islands. Bermuda, which is not a member of the (RPTC), is also attending.

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CSO: 3298/269

INTER-AMERICAN AFFAIRS

CARICOM EXECUTIVE COMMENTS ON TRADE, OTHER CONCERNS

Port-of-Spain EXPRESS in English 4 Jan 86 p 31

[Text]

**BRIDGETOWN, Barbados, Friday, (CANA) — Caribbean Community (Caricom) Secretary General Roderick Rainford said today preliminary data show a continuing decline in intra-regional trade during 1985; which along with rising unemployment gives serious cause for concern.**

The Jamaican economist, in an exclusive CANA telephone interview from his Georgetown, Guyana headquarters, also touched on Trinidad and Tobago's implementation of the so called Nassau Understanding. Following, in question and answer form, is an abridged version of the interview:

**CANA:** First, give us your assessment of Caricom's 1985 economic performance and the prospects for 1986.

**RAINFORD:** One will have to see things in terms of the integration movement continuing to perform and to operate against the backdrop of the overall operational environment in which the movement found itself... both in terms of the international economic situation and in terms of internal developments within the

Community. Basically, one must face and admit the fact that in the Caricom economies the pressing problems of lagging growth in production and continuing worsening situation as far as employment is concerned...these were the outstanding hallmarks.

Overall, I think those basic pressing conditions continued within the Community and in turn resulted in or in fact were reflected in a series of other features that were evident...In terms of intra-regional trade, in 1985 from the best available data we have, we continued to witness an experience a very difficult situation.

We have been looking at some preliminary data for the first nine months of 1985 compared the first nine months of 1984, and here we see recorded what appears to be a further drop in intra-regional trade. A preliminary estimate at the moment something around the order of about 10 per cent. That continuing decline gives serious cause for concern...we will of course be looking forward...to see what the full year situation will turn out to be...but as I said that continued decline gives serious cause for con-

cern.

**CANA:** To what would you attribute this third or fourth annual fall off in intra-Caricom trade.

**RAINFORD:** Well there are a range of different reasons. We know that countries within the region continued to experience problems in their balance of payments...foreign exchange shortages and as a result of this, demand has dropped within the region. There are tariff barriers and non tariff barriers within the region that have had an effect of one kind or another. There have been licensing regimes at work and, the full range of difficulties affecting intra-regional trade that has been the subject of discussion over the past few years. Those continued into 1985.

However, what has become quite clear is that if you look at the period from 1983 every since the downturn started to manifest itself in serious terms, if you look at 1983, 1984 1985, although there has been a drop in each year in the level of intra-regional trade, the rate of the fall has been smaller in each year.

In 1983 the drop, compared to 1982, was something of the order of

12.7 per cent; in 1984 compared to 1983, there was still a drop but a drop by a lower rate of fall at about the order of 11.8 per cent and this new figures for the first nine months of 1985 compared to the first nine months of 1984 see a continuing decline, but again a decline at a slower rate of about 10 per cent or so. But this suggests that we are seeing a leveling off.

And now that gotten to the position where the movement...that has been taking place throughout the course of the year in terms of example of the implementation of range of trade restoration measures agreed in Nassau, the measures were not all implemented according to the deadline dates that were agreed, but implementing action has been proceeding.

Going into 1986, we shall then have the opportunity of seeing the full effect of measures that have been implemented so far bringing their influence to bear on intra-regional trade, particularly with the higher rates of tariffs that are now in effect in the overwhelming majority of countries — Trinidad and Tobago being the latest to have introduced the higher tariffs

on the Nassau products.

That will be having their full effect during 1986 and that should reinforce the process that is already evident that I have just described, namely a slowing down of the process of decline which we hope and expect will level off soon and then we start seeing growth again. Of course, one cannot just relax and assume that this will take place. All the member states of Caricom and all the regional institutions will have to be constantly working at it and consciously pursuing that objective.

**CANA:** Do you have any concrete figures to support the point you made about rising unemployment in Caricom.

**RAINFORD:** As a general feature throughout the region, the unemployment situation continues to give considerable cause for concern. There has not been any dramatic rise in the level of employment around the region. There has been in some cases increased unemployment and in other cases the same unsatisfactory overall situation.

**CANA:** Trinidad and Tobago has announced she is implementing from this January the Nassau Agreement aimed at reviving intra-regional trade. It is your understanding that this is the whole package of measures, including the dismantling of Port of

Spain's controversial import licensing regime.

**RAINFORD:** The specific measures that we understand Trinidad and Tobago has implemented are two...first of all, the increase in the rates of duty on the list of (extraregional) products identified and agreed in Nassau. That is now in effect; secondly, Trinidad has also taken action to implement in her legislation the decision affecting the increase in the value added in products exported from the LDC's (lesser developed countries) — an increase from 20 per cent to 30 per cent.

In addition Trinidad and Tobago has also implemented the agreement to increase tariffs on a range of primary agricultural products and livestock which is part of the new marketing arrangement that has been developed to replace the old agricultural marketing protocol. You will recall that heads of government in July 1983 had called for this new system. Trinidad and Tobago is the latest country to have undertaken this implementation...

**CANA:** On the (1984) Nassau Understanding it appears various countries have decided to implement only the sections of the agreement that suit their domestic economic environment.

How is this likely to affect the overall aim of the treaty.

**RAINFORD:** It is a fact that the implemen-

tation picture is a bit uneven around the region. It is still the case however that the original set of measures that were agreed — and that agreement was in fact reiterated at successive meetings of the councils and of heads...it still the aim to have implementing action on the full set of measures.

Now the Nassau package of measures to restore trade includes a whole range of provisions beyond those specific ones which were to have been implemented by the various deadline dates that we have had during the course of the year. The other provisions did not have specific deadline dates set against them. They were things of a nature that would require rather longer lead time, things to be done in the medium to the long term and those things are of course receiving attention — things like action to be taken in the terms of the strengthening of the packaging industry in the region and the null exploitation of all opportunities offered by that particular sector; things to be done in relation to the pharmaceutical sector....

As far as the particular measures that were to be implemented by the various deadline dates are concerned, we are at the stage now where I would say that the majority of Caricom countries have implemented all the measures as they related to them.

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INTER-AMERICAN AFFAIRS

GUYANA IMPOUNDS BWIA PLANE FROM PORT-OF-SPAIN

Port-of-Spain EXPRESS in English 9 Jan 86 p 1

[Text]

**ONE OF Trinidad and Tobago (BWIA International) Airways Corporation's aircraft was impounded in Guyana yesterday.**

The aircraft, an Avro 748, which contained 48 passengers, was impounded in Guyana for two hours and 25 minutes. The Director of Civil Aviation in Guyana detained the plane when it landed at Temehri International Airport at 7.20 a.m.

Following negotiations by BWIA officials in Georgetown with the authorities, the aircraft was released. It departed Timehri at 10.55 a.m. and arrived at Piarco at 12.40 p.m.

Louis Lee Sing, Public Relations Manager of BWIA, said that on November 18, 1985, it issued a signal advising all relevant authorities that there would be an additional service on the morning of January 8, 1986, to and from Georgetown.

However, he said, the Guyanese authorities claimed they were not in receipt of details regarding the additional services.

Lee Sing said BWIA had the authority to operate services on its current schedule which was approved by the Civil Aviation Authority of Guyana. Formal requests, he said, were made for additional services.

A.M. Querino, Consul for Guyana, said that the aircraft was detained because it had extra passengers. "You can't expect to land in the place with extra passengers and not have it cleared," said Querino. He added that Guyana had been receiving unfair press and that "little" incidents were being blown out of proportion.

Querino said he had contacted the authorities in Guyana and they told him that the aircraft was never seized but certain checks had to be done. He claimed that on a previous occasion BWIA had carried more passengers on a flight than had been recorded and it was left to Guyana Airways to lift the passengers out of Guyana.

Late last month, hundreds of Guyana-bound passengers camped at Piarco of Guyana-Airport for days and nights in an attempt to board flights to that country.

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INTER-AMERICAN AFFAIRS

BRIEFS

COMPTON ON GUYANA MEETING--Castries, Tuesday (CANA)--Prime Minister John Compton says St Lucia will attend this month's Caribbean Community (Caricom) Council of Ministers meeting in Guyana, in spite of the recent souring of relations between the two states. The Guyana Government issued a scathing attack on Compton after he commented on opposition allegations of fraud in the December 9 general elections. Compton called on the Hoyte administration to ensure that its actions relating to free and fair elections and respect for human rights do not fall short of that expected from members of the Caribbean Community. In response the Guyana Government issued a statement describing the comment as "inappropriate, unacceptable, and curiously pathetic." [Text] [Port-of-Spain EXPRESS in English 8 Jan 86 p 29] /9365

ST LUCIA-ST VINCENT TRAVEL--Kingstown, Tuesday (CANA)--St Lucia and St Vincent have moved to ease travel restrictions between the two states. Now Vincentian travellers connecting to international flights out of St Lucia's Hewanorra International Airport are no longer required to go through Customs and Immigration there, a Government Information Service (GIS) statement here announced. It follows agreement to the effect reached between the Governments of St Lucia and St Vincent and the Grenadines. The arrangement became effective last month, GIS said, and the Caribbean airline LIAT (1974) Ltd was now using one of its aircraft to provide a direct service between Hewanorra International Airport and the Arnos Vale Airport here. This means that travellers between St Vincent and the Grenadines and Europe and North America now have another gateway in addition to the Adams International Airport in Barbados. [Text] [Port-of-Spain EXPRESS in English 8 Jan 86 p 29] /9365

CARIBBEAN BANK LOANS--The directors of the Barbados-based Caribbean Development Bank (CDB), at a recent meeting, conditionally approved loans totaling US\$14,847,222 to finance infrastructural projects in the Bahamas, Grenada, and Dominica, a CDB statement said. The biggest loan of \$5,690,000 will help finance construction of an airport on the island of Exuma in the Bahamas. The project, which the Inter-American Development Bank (IDB) is also helping to finance, will consist of a runway, terminal building, parking apron and ancillary works. The CDB board, at the December 12-13 meeting, approved a second loan of \$3,280,000 for the Bahamas. It will be used to finance construction of a shallow draught facility, and related facilities on the island of South Andros. Loans for both Dominica and Grenada, totaling \$5,877,222, will finance a feeder road development programme to benefit the agricultural

sector. "These approvals brought total financing approved by the CDB to US\$548 million," the statement said. The meeting was the 100th for the board and CDB president William Demas said it was "a notable and praiseworthy achievement." [Text] [Bridgetown BARBADOS ADVOCATE in English 28 Dec 85 p 2 FL] /9365

CSO: 3298/269

BAHAMAS

BUDGET DEBATE SPARKS DISCUSSION OF VARIOUS POLICIES

Pindling on Economic Growth

Nassau THE TRIBUNE in English 6 Dec 85 p 4

[Article by Anthony Forbes]

[Text]

PRIME Minister and Minister of Finance Lynden Pindling said Wednesday in the House of Assembly that his Government's \$529 million, 1986 Budget was prepared with "cautious optimism," against a background of international economic trends.

Leading off debate on the budget, the Prime Minister said that the Bahamian economy registered a growth rate this year of between three per cent and four per cent.

He noted that in the draft estimates, Government projects an estimated revenue in 1986 of \$458,242,700, and an expenditure of \$458,130,079.

He said that based on previous performances, an additional \$1 million is expected to be derived from gaming tax in 1986, not having regard to the \$2 million which is expected from the Monte Carlo Casino in Freeport, which is expected to open in 1986.

He said that the sluggish economic performances by European Community countries dampened the bright economic prospects tied to the economic growth in the US in the latter part of 1984.

According to the Prime Minister, in Europe, especially the United Kingdom, the success against inflation meant increasing unemployment and the strict monetary policies applied by those nations have not achieved the results sought.

He said that as those

countries currencies depreciated in value, tourists began to flock to Western Europe taking advantage of the strong US dollar, and goods produced in Europe and bought and sold in the Bahamas, relatively cheaply.

According to the Prime Minister, by the summer protectionist howls began to be heard in the United States over the import of textiles and other manufactured goods into the country.

He said that pressure was brought to bear on the US Government to place an embargo on the import of goods.

He said that while industrialised nations were starved of development capital, the same thing was happening with devastating effects on their economies, which led to them voicing fears of protectionism by the industrialised countries.

He said that in South Korea, where he recently attended a meeting of the World Bank, a great concern was expressed about the downturn in that country's economy as a result of US protectionism.

He said that in Singapore, one of the largest trading companies went into liquidation and the country is now in recession.

He said that concern over the policy which has reduced the flow of capital resources from developed to developing countries have been expressed and that international agencies

like the International Monetary Fund (IMF) have adopted stringent austerity measures for developing countries facing economic problems.

He said that in every case where the IMF austerity measures have been adopted, it has created further dislocations and civil unrest in those countries.

He said that Caribbean countries - apparently Jamaica and the Dominican Republic where riots have taken place - have been worst hit by the IMF measures they adopted.

The Prime Minister told the House that adherence to the IMF measures have caused a reduction of foreign exchange earnings and have led to the worsening of the balance of payments position in many developing countries.

He said that manufactured goods from Western European nations and Japan, whose currencies have strengthened against the US dollar, will now cost more than they had cost in August, 1984.

He said that this will benefit tourists as travel from Western Europe will be stimulated.

He said that this means that to have the same buying capacity in 1986 as the country has in

1985, the Bahamas will have to improve its foreign exchange earnings.

He suggested that the Bahamas Chamber of Commerce and the Grand Bahama Chamber of Commerce mount trade missions to South Korea and Brazil, to explore the prospects of their markets.

Noting that a reduction in the US interest rate can have a general ripple effect on the Bahamian economy, particularly home mortgages, the Prime Minister said that the Bahamas has the lowest interest rate in the region.

He said that he has seen between 25 per cent and 30 per cent interest rates being charged by banks in the region, which has the effect of crushing businesses and putting those countries economies in trouble.

On the effect of oil prices, the Prime Minister said that oil producing and exporting economies had a dominant effect on other non-oil producing countries of the world.

He said that the shortage of oil has now been replaced by a glut, which has forced down the prices.

He said that the five-year Iran-Iraq War has also kept the prices of crude oil from falling.

#### Impediments to Development

Nassau THE TRIBUNE in English 6 Dec 85 pp 1, 5

[Article by Marcia Bethell]

[Excerpts] Development in the Bahamas will continue to be hindered unless the PLP government gets rid of those who prey upon the developers," promising something, but giving nothing.

This was the warning issued by Arthur Hanna, former Deputy Prime Minister, who was also Minister of Finance, in the House of Assembly yesterday during his debate on the national budget.

"Whatever the plan for the future is, solving this problem should be government's ultimate goal...to bring employment and prosperity to all."

Mr Hanna said that although the Prime Minister did not address this problem in his communication on the national budget it is a problem that he will eventually have to come to grips with.

Mr Hanna disclosed that there are a number of development projects that fell through because "somebody wanted something they (the investors) weren't willing to give. He said examples are the Coral Harbour project, Cape Eleuthera, in South Eleuthera and Charter Oil in Grand Bahama.

"No project is going to get off the ground unless government is able to convince investors that they should not listen to those fellas, that they don't have to give them 10%, they don't represent us," Mr Hanna said. "Government is not doing it, it is those fellas who are hanging around that are doing it."

Mr Hanna said that when he was Minister of Finance he made his position on this matter very clear.

"When you start to identify who was involved in the various projects you found that some were FNM's. Whoever is going to peddle anything has to do it in the name of government, and the same stands for the opposition. If you get a new group in government you will still get a new group of 'entrepreneurs,'" Mr Hanna said.

"No matter what great plans we have for development unless we are prepared to come to grips with that problem, no plan will get off the ground. It will be a grave hindrance to development unless we come to grips with the problem," the former Deputy Prime Minister said.

Mr Hanna said that it is vitally important for government to get on with their development plan for the country. He said government must give a signal to the private sector so that plans can be carried out. "Government only has to point the way in which development ought to go."

Mr Hanna said that a development plan for the country has already been established, "but I think we got off the track a little," he said.

He said there was a major plan to develop farming in the southeast family islands, with the whole idea being to "integrate development."

"There were great plans for the land, the farmers and the fishermen. The government was supposed to do certain things like develop animal farm projects on the islands. But the southeast islands have all gone dry, all the operations have frozen up, come to a standstill. Our Family Islands are dying," Mr Hanna said.

Mr Hanna said that one reason for this is that the Ministry of Agriculture does not get the support that it needs or wants from government. "It needs some new impetus in it and the 1986 budget has not given it that. When you have to cut back in the budget the fella who sounds like he has the weakest case-- normally the Minister of Agriculture--this is the one they chip away at," Mr Hanna said. "Unless and if we find that Agriculture is not the means for developing the southeast islands, then let's abandon it and find something else, something worth looking at."

Mr Hanna said it was not a good idea for government to encourage too many foreign farmers. He said the only benefit the Bahamas gets from the foreign farms is perhaps local employment, if it is used. He said that in supporting foreign farmers the Bahamas is only subsidizing the foreign market. "The emphasis should be on encouraging Bahamian farmers," he said.

#### Hanna on Budget Inconsistencies

Nassau THE TRIBUNE in English 7 Dec 85 pp 1, 11

[Article by Athena Damianos]

[Text]

ONLY half of the \$5 million Prime Minister Lynden Pindling said in his Budget Communication would be spent on redeveloping Grant's Town has actually been allocated for 1986.

This is one of a number of glaring inconsistencies in the 1986 Budget that was exposed in the House Thursday by former Minister of Finance Arthur Hanna.

Mr Hanna also disclosed that Sir Lynden has allocated \$300,000 for the national lunch programme, which provided undernourished school children with lunch, when to his knowledge the programme is no longer in existence today. A number of schools told The Tribune the lunch programme was discontinued last year.

The national lunch programme cost almost \$700,000 to fund in 1983.

"It isn't right to cheat children," Mr Hanna said.

Mr Hanna said that Sir Lynden reduced Government's old age pension payments by \$1.4 million. He said that if Government does in fact reduce its contribution by this sum, old age pensions will have to be reduced because "as the Right Honorable Minister of Finance knows, fully well knows that this cannot be paid out of the National Insurance fund."

Former National Insurance Minister Hubert Ingraham said that Government should be paying \$2.5 million towards old age pensions this year and that the figure would be reduced by \$100,000 every year thereafter.

Mr Hanna said that the balance cannot be paid by the National Insurance Board unless it is directed by Cabinet.

"It will then be difficult to sustain the National Insurance fund. I'm not sure what Board members would do if they had such an instruction. If I were a board member I would resign," he said.

Mr Hanna recalled that he laid a report for the Grants Town Urban Redevelopment project on the table of the House in 1980.

"Now, the Honourable Minister of Finance has put some slight new dimension on it," he said.

He said that the Prime Minister has removed his Ann's Town constituency out of the scheme. Mr Hanna, a long time personal friend of Sir Lynden's, resigned from Cabinet in October, 1984, because he felt the PLP's principles had been compromised. He was very concerned that Ann's Town will not be included in the "new" project.

Mr Hanna said that while he allocated \$6 million for the Grant's Town project in 1981, Sir Lynden has committed the unrealistic sum of \$5 million to the project.

However, while Sir Lynden said in his Budget Communication that he has allocated \$5 million in the 1986 Budget, less than half of this has actually been earmarked for 1986.

"Unfortunately and with the greatest of respect, I draw to the attention of the...Minister of Finance that the statement is

not quite right. In fact, it's not correct. In looking at the Estimates, he has allocated half that amount (\$2.4 million)," Mr Hanna said.

He said there is a residual cost of \$2.6 million "which will presumably be spent sometime after 1986." However, it might not be until 1990, he said.

He said that \$2.4 million for 1986 will do very little and cannot accommodate the major thrust of the programme.

He urged Sir Lynden to revise the figure upwards if anything meaningful is to be given to his speeches, or to the project itself.

"I was elected to the Parliament as a member of the Progressive Liberal Party because our philosophy and the philosophy of the PLP and the Government has always been to eliminate poverty, ignorance, suffering and to pay particular attention to those who suffer," Mr Hanna said.

"Indeed, after the 1982 election the...Prime Minister said that he would look after the grassroots, from then on. I agree with his position because

they probably need help most. This new approach of the Government has not borne out this principle. The new approach to the Grants Town urban project, the new approach to taxation, and the social services and the inability to project a reduction in unemployment."

Mr Hanna regretted that Sir Lynden did not take the opportunity to correct what he felt must have been an oversight when he imposed taxation across the board last year.

"It appears that...food allowances have been reduced or abandoned altogether. Those who were getting \$40 a month are now getting \$20. Those who were getting \$20 get \$10. And many who were getting, don't get at all," he said.

"I cannot and will not forgive anyone, including the Government, for this, for the...abandonment of the social services."

Mr Hanna said he wanted the message to go to Government "loud and clear, as clear as they can get it. That is something for which I will condemn them for and something for which I will never compromise."

#### Drugs Money in Economy

Nassau THE TRIBUNE in English 10 Dec 85 p 1

[Article by Anthony Forbes]

[Text]

**HUBERT INGRAHAM**, former Housing and National Insurance Minister, objected today to Prime Minister Pindling's "boastful claims" about the healthy state of the country's foreign reserves. Said Mr Ingraham, the increased reserves are not due to Government's "efficient management", but come from "non-traditional sources" - the "narco-dollar."

The Cooper's Town MP said that while some may marvel at their new wealth created by the narco-dollars, which have made a significant impact on the Bahamian economy and citizens, "we cannot close our eyes to adversities and accept questionable economic improvement at whatever cost."

Debating the \$529 million, 1986 budget in the House of Assembly, Mr Ingraham said that this year is no different from the rest, except that the situation worsens each year.

He said that contributing to the problem is Government's insistence on getting involved in certain sectors of the economy, for which its participation is neither required nor needed.

According to the controversial former Cabinet Minister, such involvement has been a costly exercise for the Bahamian people, utilising the country's limited financial resources and increasing expenses on losing ventures.

"Boastful claims have been made about the healthy state of our reserves as though it has come about from, some real economic and traditional activity (ie, tourism, etc.)," he said.

"Nothing could be further from the truth," said Mr Ingraham. "There is unquestionable evidence of the presence of what some call 'unexplainable' and others 'narco' dollars (foreign exchange) coming into our system and thereby becoming a part of our

economy," he said.

"The increase of the reserves of the Bahamas has not come about as a result of any efficient management by the Government or by any legitimate or lawful enterprises, but this increase has from non-traditional sources," he said.

Mr Ingraham said that the increase in reserves caused by "narco" (narcotics) dollars is not a matter of which the Government should be extremely proud, although it has had a beneficial effect.

He said Government cannot hypocritically condemn drug traffickers while at the same time boast of how the country's reserves have been increased.

"Take the drug money out of the system and one will see the true position of the country's reserves," Mr Ingraham said.

He said that is why he objected to the Prime Minister's boastful claim about the healthy state of the country's reserves.

"The increase in liquidity and Central Bank's reserves, I am advised, is due almost solely and exclusively to the inflow from these narco dollars," Mr Ingraham said. "There has been no substantial or significant increase in the inflow from traditional areas that can account for it."

He said that the quarterly review of the Central Bank for the first quarter of 1985 stated that "increased money was solely due to increase in foreign assets as domestic credit declined."

Mr Ingraham also said that in the review for the second quarter for 1985, the Central Bank stated that the "growth in money was largely due to increase in net foreign assets as domestic credit recorded only a moderate rise."

"We have seen a significant impact of these 'narco dollars' on our economy and our citizens, and while some may marvel at their new wealth, it is generally having adverse effects on our economic system and

our young people - the future leaders of this country," the outspoken MP declared.

"We cannot close our eyes to adversities and accept questionable economic improvement at whatever cost," Mr Ingraham said.

"That cannot be our position. We cannot accept that as the status quo or a position of what we in the Bahamas ought to be proud about," he added.

On construction, Mr Ingraham told the House that the Prime Minister was good enough to provide construction statistics, but what he did not say was that while there was an improvement in 1985 over 1984, the recovery did not reach the level of that recorded in 1982, in terms of total value of permits issued, average value of permits issued, starts and completion.

"The value of completion, in fact, declined in 1984 by approximately 60 per cent," he said.

Commenting on the Bahamas Development Bank, Mr Ingraham said he was pleased to note that instructions have been issued to the BDB to accelerate the processing of loan facilities for Family Island projects.

He said there is need for loans to be channelled into light industrial projects which will impact on our high and ever increasing import bill and foreign exchange bills generally, as well as tourism in the Family Islands, which will assist the nation's grave unemployment situation.

"At the moment, and despite its commendable efforts in financing mail boats, the bank is not providing true development loans upon terms which are affordable and attractive to ordinary and small would-be entrepreneurs," Mr Ingraham said.

He said that the BDB is the recipient of cheap financing, which included a Central Bank loan of two per cent over 40 years as well as Caribbean Development Bank and Na-

tional Insurance loans, and therefore should not be requiring its borrowers to pay commercial rates of 12 per cent.

"If Government wishes to really do something for development in this country, it would ensure that the Bank's loan facilities are available at affordable rates," he said.

On collection of existing taxes, Mr Ingraham said that the budget this year appears to be a promise-filled one, and that many promises are made but monies do not appear to have been allocated to properly carry out such promises.

He said that this year the Prime Minister again complains about the non-payment of lawful taxes as he did last year and as his predecessor, former Finance and Deputy Prime Minister Arthur Hanna had complained in previous years.

"It is quite clear that if the Government becomes more efficient in the collection of existing lawful taxes there would not be a need for increased taxes - not even the additional five cents per gallon on gasoline," the former Cabinet Minister said.

He said that if Government becomes less wasteful, the same would be the case.

"If we cut back on borrowing for so-called development projects and manage the affairs of state competently, the same would be the case," he said. "None of these things are likely to happen, however."

"We who lead are contributing towards a state of affairs which provides excuses for those who do not pay their lawful taxes. Those of us who lead must set good examples. We must inspire others to emulate and follow our good examples," he said.

"If we who lead do not pay our real property taxes, National Insurance contributions and avoid the payment of customs duty do we not expect others to do likewise?" the Cooper's Town MP asked.

Warning Against IMF

Nassau THE TRIBUNE in English 11 Dec 85 p 5

[Article by Anthony Forbes]

[Text]

FORMER Cabinet Minister Hubert Ingraham told Government today that it has a duty to steer the Bahamas away from the clutches of the International Monetary Fund (IMF) because everywhere the IMF has gone in recent times, the people have suffered.

The controversial Cooper's Town MP, who, up to lunchtime today, had spoken for 11½ hours on the 1986 budget, said it is impossible to provide good government and spend 65 per cent of the country's total revenue collected on personal emoluments for public servants.

Mr Ingraham, who completed his marathon address when the House of Assembly resumed after the lunch break today, said that in his 1985 budget address last year, Prime Minister Pindling, who is also Minister of Finance, advised that over 60 per cent of the entire recurrent budget of \$421.9 million would be used for personal emoluments.

He said that arithmetic calculation of 60 per cent gives \$253 million but the Prime Minister said that the personal emoluments budget was over 60 per cent.

He said that for 1986, the Prime Minister says that 49.8 per cent of the recurrent budget will be used for personal emoluments, which represents \$228 million out of the recurrent budget of \$458 million.

"Is the Minister of Finance trying to tell us that personal emoluments will be reduced by \$25.4 million or approximately 10 per cent?" asked Mr Ingraham. "How are we expected to reconcile this with his intended proposed increase in the strength of the Royal Bahamas Police Force?"

He said that a quick calculation of the personal emolument figures attributed to each department of government

as outlined in the 1986 budget shows an increase of over \$20 million between 1985 and 1986.

"Answers other than those contained in this budget document head need to be found before it is too late to affect essential change," said Mr Ingraham, who was dismissed from the Cabinet by the Prime Minister on October 8, 1984.

Mr Ingraham also asked how the percentages could be reconciled with the known increases in the number of persons employed by Government.

"Something is definitely wrong. I call upon the Auditor General and the Leader of the Opposition, (Chairman of the Finance Committee), to do their constitutional and parliamentary duties so that the truth may be known," Mr Ingraham urged.

"Are civil servants' salaries being deliberately deflated so as to create the false impression that recurrent expenditure inclusive of debt servicing, other charges and the numbers placed in the budget for personal emoluments would together only equal the inflated and unrealistic projection of revenue for 1986?" he asked.

Mr Ingraham said that again, according to the Minister of Finance, these salary increases for public officers totalled \$53 million over the three year period from 1983-1985.

"In my view it is not possible for the 1985 figure of over 60 per cent and the new 1986 figure of 49.8 per cent to be accurate," he said. "One has to be wrong. Both cannot be correct."

He questioned whether it is true that this deflation of public officers' salaries is deliberate as public officers were mandated to reduce these budgets beyond manageable levels and chose instead to cut salary allocations so as to create the false

impression of an actual cut, or were the facts known to the Minister and the Government but they, or he chose to do otherwise?

"Does the system of dealing with requests for increased expenditure in respect of so-called 'other charges' have anything to do with this probable deceitful exercise?" he asked.

The former Cabinet Minister also wanted to know what was the true expenditure in respect of personal emoluments and whether Government is illegally using borrowed funds for capital development to pay salaries and make loan repayments, and what is the true position of the country's cash flow?

"It is most desirable and reasonable for the amount paid by the Government in respect of salaries to be reduced as a percentage of income," he said. "A true cost of 49 per cent is, in the context of the Bahamas,

achievable."

"It is just simply impossible to provide good Government and pay 60 to 65 per cent of the total Government revenue on personal emoluments; 25 per cent of the total income on repayment of principal and interest on loans thereby leaving only 10 to 15 per cent of the total income for all of the other responsibilities of the Government," he said.

Mr Ingraham said that such responsibilities would include garbage collection, hospital medicine and supplies, school tuition materials and supplies, transportation for the police, mail boat subsidy, maintenance, upkeep and the like.

"The present position must be reversed," he said. "The Government has a duty not to lead us into unaffordable tax increases to sustain mismanagement and excessive patronage," he said.

"The 1986 budget represents trouble. We are staring a very dangerous position in the face. We cannot seem paralysed now. Action, though overdue, is urgently required," the Cooper's Town MP said.

"We have a duty to steer ourselves and our country away from the IMF, the International

Monetary Fund, because everywhere the IMF has gone in recent times, be it Santo Domingo or Jamaica, there has been great hardship for the people," Mr Ingraham said.

He said Government's excessive expenditure is the result not only of excessive patronage evident in its employment policies, but also and unquestionably one of the resulting effects of high unemployment, something about which Government appears not to be able to do anything.

"The Government's preoccupation with its own survival and the retention of power at almost any cost, its evident belief that it has a right and therefore entitled to govern irrespective of and notwithstanding the overwhelming and compelling reason to be given to an alternate position, together with the resulting complacency developed towards unemployment, all combine to cause the present to be viewed by me as almost insane," he said.

"We do not wish to arrive at the stage where public officers have to be laid off en masse," he said. "There are other and more palatable ways to avoid this catastrophic consequence."

Mr Ingraham said Government needs to level fairly with all of its members.

He said Government must discontinue loans, of borrowed monies which must be repaid.

"It is simply insane for the Government to have borrowed \$65 million in 1985 and seek to borrow \$71 million in 1986 for expenditure on so-called development projects," he said.

"Honourable members, it is simply unaffordable, but like the Finance Minister said last year: 'There is an unshakeable human tendency to rejoice in expenditure and agonise over bills when the party's over'."

"That is precisely what will happen," Mr Ingraham said. "We will then seek to blame each other. We are going to be agonising over how we are going to pay bills and arguing about who caused it. When they start blaming each other there is going to be much the public can expect when the fight starts."

Demand for Revenue Figures

Nassau THE TRIBUNE in English 11 Dec 85 p 1

[Article by Marcia Bethell]

[Text] Former Cabinet Minister Hubert Ingraham has demanded that Prime Minister Pindling, as Minister of Finance, give the House and the nation the projected revenue figures for 1985.

Refusal to do so, said Mr Ingraham, would be a "serious breach of tradition." He said the Bahamian people have a right to know the state of their country's finances. He wanted to know what there was to hide.

Continuing his lengthy debate started Monday evening on the 1986 budget, Mr Ingraham said, during the afternoon session yesterday, that he "knows" the Minister of Finance--Prime Minister Pindling--has the revenue figures for the first nine months of this year. And, he said, the Minister ought to have, by now, the figures for November and be able to project the performance for December.

"Obviously and unquestionably the Minister of Finance is in possession of the figures, but he has chosen not to provide them. What is there to hide about the figures? This serious breach of tradition has placed Parliament at a serious disadvantage in properly dealing with the Minister's 1986 Estimates of Revenue and Expenditure," Mr Ingraham said.

The former Minister of Housing and National Insurance declared that the Bahamian people have a right to know at any time the state of the country's finances.

"The state of the Public Treasury and the nation's finances are not the private affairs of the Government and or its members. The public has a right to know and we representatives of the people do ourselves and our country no good by sitting idly by and not demanding to know the truth. Of course, there are perhaps too many men and women in this country who are prepared to have others urinate in their faces and call it small drizzling rain," the Government Member said.

Mr Ingraham pointed out that every former Minister of Finance--Sir Stafford Sands, Carlton Francis and former Deputy Prime Minister Arthur Hanna--has provided the revenue figures when they presented their budget communications to the House.

"It is most unreasonable, contemptuous and an arrogant display of high handedness for the government not to have provided these figures. What has accounted for the government's sudden change of heart? Certainly the numbers have been provided to Parliament annually in previous budgets while I was a member of the honourable place. Why then the sudden change in respect of the 1986 budget exercise?" Mr Ingraham asked.

Mr Ingraham said that any government whose projections are on target or within reasonable limits of its projection would "sing its own praises from the roof tops." He said that earlier this year the Minister of Finance was quoted as having said the "economy is moving in leaps and bounds. The last time I checked the figures we were experiencing an economic growth of some 8%."

Mr Ingraham called this statement, reported in the newspapers and attributed to Prime Minister Pindling, "a lie."

House Speaker, Sir Clifford Darling, took issue with Mr Ingraham for calling another member "a liar."

Mr Ingraham said he was calling the statement attributed to the Prime Minister "a lie." Sir Clifford replied that he was "not prepared to deal with technicalities" put forth by lawyers in the House.

"Had this statement been true then the economy would be moving in leaps and bounds. It would have been magical if the Minister of Finance could have been able to increase the economic growth to 8% in only one year as Minister. If he had been able to do that then I too would be worshipping him. It just could not be true. It can't be a mistake, it is simply untrue," Mr Ingraham said.

"Fortunately, however, political misstatements and exaggeration do not change facts and/or reality. Being accustomed, as some of us are, to having our every 'political wish' fulfilled, the performance for 1985 must have disappointed us greatly," Mr Ingraham said.

The former Cabinet Minister implored government not to allow "rumours" about the state of affairs of the public treasury to become a substitute for facts.

"If this is allowed to happen I caution the Government that even when the answer comes it would have become irrelevant, for people would have already concluded that there was something to hide," he said.

Mr Ingraham said that apart from the people's right to know what the figures for 1985 are, they are being asked to borrow \$96 million in new money. Parliament is also being asked to approve the expenditure of \$153 million more than was approved in 1982; \$131 million more than approved in 1983; \$107 million more than in 1984 and \$35 million more than in 1985.

Mr Ingraham pointed out that all these sums relate to governmental recurrent expenditure in respect of salaries, pensions, gratuities, principal and interest repayment on loans, hospital medicine and supplies, etc.

"Having increased projected expenditure on the recurrent accounts by \$73 million within two months of assuming responsibility for Finance we were told that the government would earn sufficient income and receive sufficient revenue to meet this astronomical increase in expenditure," Mr Ingraham pointed out.

To facilitate the Finance Minister's "overly ambitious and reckless abandonment of reality" of the facts insofar as the Bahamian economy is concerned, and Government's ability to increase expenditure on recurrent expenditure so hefty in one year," Mr Ingraham said that Parliament permitted the increase in taxes on almost all consumable items.

"At that time I asked in relation to these increases which the Minister of Finance termed 'modest measures'--'what madness has afflicted us? Have we taken leave of our PLP senses?' For that and other statements, I have been discarded and banished by the PLP as a candidate," Mr Ingraham said.

According to the former Cabinet Minister, these increases in taxes were intended to give Minister of Finance Pindling an additional \$25 million in revenue in 1985. In addition to that he was getting an additional \$10 million from the American Government in respect of the AUTEK Base and \$10 million from the Hotel Corporation.

"This additional \$45 million in revenue was going, according to the Minister of Finance, to be supplemented by 'improvements in the monitoring and collection systems across all revenue agencies,'" Mr Ingraham said.

He added that greater efficiency and the effects of inflation in relation to Customs duty were intended to raise an additional \$28 million.

"To achieve this target would have taken a genius, something which the Minister of Finance nor I can claim in relation to money management. I say this notwithstanding any windfall payments the Government may have received during 1985 inclusive of the payment from the British Government in respect of AUTEK," Mr Ingraham said.

"Ignoring the payments from the Hotel Corporation and the American Government the Finance Minister, because of his tax increases and 'greater efficiency' was expecting to increase his revenue by \$53 million in 1985. This projection was made notwithstanding the fact that Government revenue had only increased by an average of 8% during the years immediately preceding the Minister of Finance's stint at the wheel of Finance," Mr Ingraham said.

#### Bank-Pindling Discrepancies

Nassau THE TRIBUNE in English 12 Dec 85 p 9

[Article by Anthony Forbes]

[Text]

**FORMER Housing and National Insurance Minister Hubert Ingraham Wednesday called upon Government to confirm whether or not it was required to negotiate a re-scheduling of any of its debt payments this year and if so what was the reason.**

Secondly, Mr Ingraham wanted to know in his mara-

thon address on the \$529 million, 1986 budget, when was the last time that Government found it necessary to re-schedule its debt payments.

In addition, Mr Ingraham asked whether the re-scheduling had anything to do with Government's ability to repay the principal due in respect of any of its loans.

The Cooper's Town questions came as he commented on what he called a "curious thing" in the budget, tabled last month by Prime Minister and Minister of Finance Sir Lynden Pindling, who was not present in the House of Assembly today.

Mr Ingraham noted that in 1985, parliament approved \$24,444,000 in respect of the

principal payment on the Hotel Corporation loan of \$110 million.

The outspoken PLP backbencher said that if Government had collected the monies the Prime Minister said were collected in 1985, how was it that the \$24 million payment on the loan was not paid.

He said that if the payment was made, then how was it that the balance of the loan was still \$100 million when it should have been \$85.6 million if it was paid.

"How is it now \$100 million. The Government needs to tell us," the former Cabinet Minister told parliament.

"Perhaps the Government would confirm or otherwise whether it was required to negotiate a rescheduling of any of its debt payments during 1985 and if so, what was the reason," he said.

"Secondly, when was the last time the Government found it necessary to re-schedule its debt payments?" he asked. "And thirdly, did the re-scheduling have anything to do with the Government's ability to repay the principal due in respect of any of its loans?"

He said Government estimates expenditure of some \$47 million in respect of interest payments in 1986.

"I note, however, that no provision appears to have been made for interest payments on the financing of Government's capital budget of \$71 million this year," he said.

"In addition," Mr Ingraham said, "no provisions are made for the servicing of the interest on the additional \$25 million being borrowed for on lending to the Hotel Corporation."

He said that these new facilities could easily increase the country's interest bill by an additional \$10 million in 1986.

He said Prime Minister Pindling last Wednesday announced that Government will be borrowing funds from Barclays Bank in London to acquire premises to house the High Commissioner's office, but again no provisions are made to service this debt.

"If the full purchase of the

property, which I am advised is 2.5 million pounds, then we are talking about a minimum borrowing of some \$3.7 million, having regard to the current exchange rate," he said.

Mr Ingraham said that the interest servicing of this debt will probably be another \$450,000 in 1986.

"I do not know what arrangements the Government is making with regard to these new facilities - the \$71 million stock issue, the \$25 million facility for the Hotel Corporation and the borrowing facility in the London purchase and the principal payments for 1986," Mr Ingraham said.

"Certainly," he said, "interest of these facilities will have to be paid in 1986."

The Cooper's Town MP said that redemption payments in respect of the Government debt is an estimated \$62 million, which is about \$1.4 million above the 1985 estimates.

"No provision is made in the 1986 estimates with regard to repayment by Government of advances from the Central Bank, which I understand is close to \$30 million and is the maximum Government is permitted to obtain from that institution," he said.

"Such facilities, according to the Central Bank, and I believe the law, are supposed to be temporary facilities," he said.

Mr Ingraham noted that the projected revenue for 1985 by the Prime Minister was unrealistic and flies in the face of reasonable and considered projects expected of the Finance Minister.

He said that the 1986 projections are even more unrealistic, grossly inflated and the results will be illusory.

He said that he does not have the lawful figures for 1985 to date and is left in the position to question what publicly available facts there is.

He said that ignoring the unbudgeted payment of \$19 million from the United States for the use of the AUTEK facilities at Fresh Creek, Andros, in 1984, and notwithstanding tax increases intended to raise an additional \$20 million in new tax dollars in

1984, the country ended 1984 with an amount of \$18 million over 1983.

"Now that is if we accept the Finance Minister's figures," Mr Ingraham said. "If we accept the Central Bank's figures, the revenue collected in 1984 was not \$350 million as the Finance Minister's budget states but rather \$325 million or a little shy of \$332 million if income collected in respect of various incentive payments like Custom duty in respect of hotels under the Hotel Encouragement Act and other refunds."

"In any event," Mr Ingraham declared, "the differential between the Government figures quoted in the budget and the Central Bank is substantial - \$25 million on one hand and \$18 million on the other."

He said that based upon the budget in 1984, the Government expended \$366 million during 1984.

"Based upon the Government figures, therefore, we experienced a deficit of \$16 million during 1984 - not a paper deficit but rather a cash deficit of \$16 million because we are talking about actual expenditure and income now - not projections," he said.

Asking how the cash deficit was financed, Mr Ingraham said that it was done by Government borrowing.

"I also say to have done so would have been illegal if it came from the sums approved for capital projects as this parliament always attaches a condition to capital borrowing authorising resolution that the monies must be expended in respect of the projects listed in the capital budget," he said.

"If we accept the Central Bank's figure, however, the expenditure of the Bahamas Government was not \$366 million but rather \$338 million," he said, adding that the Central Bank's quarterly review states that the source of its information is the Treasury Accounts, which has not been tabled for 1984.

He said that the Minister of Finance and the Central Bank figures cannot both be correct.

## Ingraham on Unemployment

Nassau THE TRIBUNE in English 12 Dec 85 pp 9, 6

[Article by Anthony Forbes]

[Text] FORMER Minister of Housing Hubert Ingraham told members of the House Tuesday night that he finds it difficult to accept Prime Minister Pindling's figures for the Bahamian work force and its projected growth as outlined in the 1986 Budget Communication.

Speaking during debate on the 1986 budget, which entered its fourth day today, the outspoken MP for Cooper's Town said Government's economic plan must provide for an increased labour force of five per cent or 5,000 jobs, plus the 20,000 or more persons who are presently unemployed.

"Governmental economic planning must take account of the present unacceptable and inexcusable high level of unemployment and the need to not only find, create or foster the proper investment climate for the creation of 5,000 jobs annually, but also thousands more to provide jobs for those currently unemployed," he said.

"I fear, however, that we may have already developed a significant pool of unemployable persons and when this is added to the large number of virtual illiterates our public school system has produced, the lack of skills possessed by many of such persons and the need to provide basic training for many who have already left school, the full impact and size of our unemployment problem may be appreciated," Mr. Ingraham said.

"In short, Government's economic plan must provide for an increased labour force of five per cent or 5,000 jobs, plus the 20,000 or more persons who are presently unemployed," said Mr. Ingraham, who was dismissed from the Cabinet by Prime Minister Sir Lynden Pindling in October, 1984.

Mr. Ingraham, the seventh person to speak on the \$529 million, 1986 budget, Wednesday morning continued his address which he began Tuesday afternoon, and continued yesterday following the luncheon break.

Mr. Ingraham told the House that according to the Prime Minister, the Bahamas was supposed to have full employment by 1980.

"Well, it is now almost 1986 and there are more unemployed persons than at the time the Prime Minister made his prediction - the results of which demonstrates an abysmal failure in the area of ensuring that those who wish to work are able to do so," the former Cabinet Minister said.

Mr. Ingraham reminded the House that when he spoke on the 1985 budget in December, 1984, he referred to a number of problems which were, and unfortunately are, still afflicting the society and one of which included unemployment.

He said that again this year he has noted that the Prime Minister, who is also the Minister of Finance, is still unable, unwilling or has not seen fit to provide the House with unemployment statistics for the Bahamas.

He then pointed out that while Minister of Housing and National Insurance in August, 1984, he issued a directive for a socio-economic survey to be conducted of the Bahamas.

He said that perhaps the present Minister of Housing and National Insurance, Darrell Rolle, would confirm or otherwise the results of the survey if it proceeded.

"The Hon Minister was certainly made aware of his predecessor's directive as it was included in the package presented to him upon his ap-

pointment in October, 1984," Mr. Ingraham said.

"Our grave unemployment situation is visible to all," he said. "I have not seen any significant evidence of any meaningful improvement in the employment picture."

Indeed, Mr. Ingraham said, as a result of the cut back in the work week for many hotel employees, the closure of hotels (Atlantis, Mayfair), reductions in the work force at places like BORCO, Burmah Oil, the Port Authority, etc, the situation is not getting any better.

"I find it difficult to accept the Finance Minister's work force figure and projected growth thereof as outlined in his Budget Communication," Mr. Ingraham told the House.

He said the Prime Minister's statistics pegged the Bahamian labour force at 108,000 persons and an annual growth rate of three per cent or between 3,000 to 3,500 persons.

"This annual growth figure by the Prime Minister does not square with the statistics on population as contained in the 1980 census," Mr. Ingraham said.

"We also know that some 5,000 students leave our school system annually and while some will be going abroad to further their studies, those who went previously are also returning," Mr. Ingraham said.

He noted that in a Cabinet approved report published by the Ministry of Housing in April, 1984, the population of the Bahamas is projected to increase to 250,000 by 1990.

Mr. Ingraham said that based on current trends, there is little doubt that New Providence and Grand Bahama will be compelled to absorb the projected

increase.

"In the absence of major infrastructural development and the adoption of a conscious and deliberate policy to direct and encourage employment in the Family Islands, it is anticipated that their population will continue to decline," he said.

He said that when the trends evident from the Census are projected forward, Abaco and Eleuthera are the only two Family Islands likely to experience a marginal population increase.

"The out-flow of young persons to the greater educational and employment opportunities in New Providence

and Grand Bahama must be seen as a natural phenomenon that is nearly impossible to halt or reverse unless immediate and sustained steps are taken to accelerate development in the Family Islands," he said.

He said that the revenue of the Bahamas can sustain an effective Family Island infrastructural development programme.

"Presently, lack of money is not our problem," he said. "In a small and scattered country like the Bahamas with a projected revenue of \$426 million dollars in 1985; \$458 million dollars in 1986, there need not be such evident, inexcusable governmental neglect of our basic and essential infrastructure."

### Minister of Security's Remarks

Nassau THE TRIBUNE in English 12 Dec 85 pp 1, 4

[Article by Anthony Forbes]

[Text]

THERE is likely to be a "considerable amount of reorganization" in the Royal Bahamas Police Force to make it more efficient and to cope with the problems of 1986 and beyond, National Security Minister Loftus Roker told the House last night.

In his contribution to the \$529 million, 1986 budget debate, Mr Roker, MP for North Andros, said two teams of experts are presently looking into the internal workings of the Police and Defence forces. He did not think there would be any reorganizational changes in the Defence Force, which is new.

He said the team dealing with the Police Force has completed its investigation and a report is due within two weeks. However, it must be looked into before a reorganization of the Police Force can take place.

"So far as the Royal Bahamas Police Force is concerned, there is likely to be a considerable amount of reorganization to make it more efficient and to cope with the problem of 1986 and beyond," the Minister told parliament.

He said that specific recommendations have also been given in regard to areas of the Police Force where police are doing work that can be performed by civilians.

He said there is not likely to be a great deal of restructuring of the Defence Force, which was only formed a few years ago.

The National Security Minister said that a vast majority of the officers of the Police and Defence forces are honest and hard working Bahamians and he is proud to be associated with them.

However, he said, it is unfortunate that a couple of rotten apples would cast a smell over the entire barrel of apples.

He said he is satisfied that both forces will be able to rise to the occasion and get over their problems.

Mr Roker then corrected a statement made by Cooper's Town MP Hubert Ingraham, former Minister of Housing and National Insurance, that the Commissioner of Police is employed on a month to month basis.

He said the Commissioner of

Police has never been on a month-to-month employment basis and has been employed for a specific period of time.

Mr Roker said that because of recommendations in the Commission of Inquiry Report, the Police Force may increase its numbers to free policemen to do police work and engage civilians to do some of the work now being performed by the police.

He said there is an item in the 1986 budget which is listed as an allocation for repairs to the roof of the Central Police Station on Bank Lane.

He said the repair of the roof would cost \$250,000, which is not a way to use the funds.

Instead, the National Security Minister said, the funds will be used to demolish the existing Central Police Station building and to construct a new one on the site.

He said that temporary accommodation will be found for the police attached to the Central Police Station while the new station is being constructed.

Mr Roker said that more assistance will be provided to

the police in the Family Islands. Further, he noted, there has been an eight per cent decrease in serious crimes in New Providence since the Police Force acquired 50 new cars and 50 motor cycles several months ago.

On the Bahamas Government's relations with the United States Government, Mr Roker said that it has never been better and "indeed there is full cooperation with regard to the need for a joint cooperation in fighting drug trafficking and other international crimes that occur.

"We are constantly and jointly reviewing ways on a continual basis on combatting the various drug problems which faces our two countries," Mr Roker declared.

He said that there is no conflict between the Ministry of Foreign Affairs and the Ministry of National Security on that policy or any other policy.

The Minister said that the Defence Force has also received tremendous assistance from the United States Coast Guard in the fight against drug trafficking.

"We believe that in the coming months that there will even be closer cooperation," the National Security Minister said.

"If it is ever possible to stop drug trafficking through the Bahamas, that will be done, if that is at all possible," the Minister added.

He said that the Defence Force is one of the newest of Government's agencies of which he is very proud.

He said the Defence Force has performed well although it has a gigantic job to do, such as

patrolling hundreds of miles of sea and land in the Bahamas.

He said the Defence Force has protected the Bahamas from poachers and illegal immigrants, and although its budget is not limitless, it has done a tremendous job.

Mr Roker said that just under \$2 million has been allocated to the Defence Force in capital funds and just under \$1 million of that amount will go towards the development of the Coral Harbour Base, where minor repairs and routine maintenance of ships can be done.

The Minister said what remains will be used for refitting one of the 60-foot Defence Force patrol craft.

Also on order, he said, are three large craft being built in England, one of which is due for delivery in 1986.

He said Government has taken the position that when boats are confiscated, the Defence Force will have priority in deciding whether to acquire them.

The Minister said that a short while ago, a balloon equipped with sophisticated radar equipment became operational in Grand Bahama and has been a great help in the fight against drug trafficking.

He said the balloon has closed the gap that had existed between the Bahamas and South Florida and it has now become more costly for the drug traffickers to function and they now have to travel around Cuba and Haiti to reach their destination in North America.

He said that that gap is to be closed in 1986 so that no drug traffickers will be able to travel through the Bahamas at all.

FNM Leader's Criticism

Nassau THE TRIBUNE in English 17 Dec 85 pp 1, 4

[Article by Anthony Forbes]

[Text] Free National Movement chairman Cecil Wallace-Whitfield told the House this afternoon that the budget and draft estimates of revenue and expenditure are a catalogue of the abysmal failures, neglect, superficiality and dishonesty in Government.

The Pine Ridge MP told the House of Assembly during debate on the \$529 million budget that revenue estimates for 1985 and 1986 have been inflated by political decision in an obvious attempt to make Government look good and gloss over the adverse impact on the economy by the Commission of Inquiry.

Taking the floor following the address of House Leader and Deputy Prime Minister Clement Maynard, Mr Whitfield said that the Opposition's responsibility is to expose whether the budget documents identify symptoms of a deep fundamental problem.

"For if the people of the Bahamas do not know what is wrong, we would not be in a position to take positive steps to correct the problems," he said. "Indeed, if the nation is not informed, its citizens may fail to come to grips with the fundamental causes of our national economic problems."

"In my judgment the national interests dictated that general elections should have been held in 1985 in order to give the Bahamian electorate an opportunity to issue a new mandate for the management of the government of our country," said the FNM chairman.

Mr Whitfield said he honestly believes that the Prime Minister's failure to call elections and his insistence upon holding office in the face of the report of the Commission of Inquiry, particularly the findings of the Rt Rev Bishop Drexel Gomez, have had a tremendous adverse effect upon the Bahamian economy.

"The Prime Minister has been too busily engaged in sprucing up his own image and has not had the inclination to devote all his energy, time and skills to the full control of the country's business," the Pine Ridge MP declared.

"I shall show in the course of my remarks how revenue estimates for 1985 and 1986 have been inflated by political decision in an obvious attempt to make the Government appear to look good and to gloss over the adverse impact the Commission of Inquiry has had upon the economy of our country," he said.

Mr Whitfield noted that Grand Bahama is still in decline as are most other Family Islands and New Providence.

"The number of unemployed are increasing rather than decreasing," he said. "The Minister of Finance claims that every year between 3,000 and 3,500

Bahamians enter the work force and that the number of people looking for work is expected to continue well into the foreseeable future."

He said the Prime Minister told the nation that as Minister of Finance he is in full control of the economy but has told the country that he has no solution to the unemployment problem in the foreseeable future.

"The tourism sector," he said, "was not able to create 2,000 additional jobs each year. This is the same voice which promised full employment by 1980," Mr Whitfield said.

Mr Whitfield said that these admissions by the Prime Minister and Minister of Finance are indeed major concerns for every parent of school leavers, and that Government has not indicated what measures it proposes to take to create the new jobs needed by our youngsters coming out of school each year.

"The potential for growth is here, but as long as certain persons hold onto the reins of government I am convinced that that potential for growth will not be realized," Mr Whitfield said.

He said the Bahamas has had very damaging adverse publicity in the United States and the United Kingdom.

"Those articles: 'A Nation for Sale,' 'Paradise Lost,' Brian Ross stories, the Commission of Inquiry Report, are factors we cannot pretend do not exist," he said.

"The reality is that the interests of the country would better be served by a new captain and a new team," he said. "The 1986 budget and draft estimates of revenue and expenditure are a catalogue of the abysmal failures, the neglect, the superficiality, the dishonesty in Government."

Mr Whitfield said he is conscious that many areas of the Bahamas can properly claim to be victims of Government's incompetence and lack of care, but that it seemed to him that Grand Bahama has been singled out for its spite.

He said the Minister of Finance told the nation about Ethiopia, Mexico, Colombia, Afghanistan, North and South Korea, Kampuchea, Iran, Iraq, Somalia, The Sudan, Angola, Southern Africa, Nicaragua, El Salvador, the United States of America, Japan, Germany, Barbados, Dominica, Guyana, Jamaica, Canada, the UK, France "and gave us some statistical data from these countries."

Declaring that Bahamians want some statistics of the Bahamas too, Mr Whitfield said that after all the Department of Statistics is voted almost a million in recurrent expenditure to perform such services for the Bahamian people.

Asked what the economic growth rate of the Bahamas was in 1985, Mr Whitfield said the Prime Minister told the nation that it was between 2¼ percent to 2½ percent in the United States.

The FNM Chairman also asked what was the level of unemployment in the Bahamas in 1985.

He said that Grand Bahama is mentioned in the budget communication by the Prime Minister who stated:

"Having concentrated its development programme for the first 11 years in New Providence and Grand Bahama, our two major resort areas and centres of population, the (Hotel) Corporation has taken new resort development initiatives in other Family Islands.

"No concentrated development programme for the last 11 years has taken place in Grand Bahama by the Hotel Corporation," Mr Whitfield said.

He said that if Government had left the Lucayan Beach Hotel alone and merely approved the investment in its

re-building and the operation of the casino there, many hundreds of Bahamians would over the last several years have had permanent jobs there.

"Instead, about \$40 million of borrowed money has gone into the Lucayan Beach, which, we are told for the umpteenth time, has a scheduled re-opening date," he said. "This time they say it is February, 1986."

He said that instead of wasting so much of the people's tax dollars Government should consider providing much needed facilities for Grand Bahama.

He pleaded and begged the Ministers of Finance and Health to provide a dialysis machine at the Rand Memorial Hospital in Freeport so that poor Bahamians with kidney problems can be treated at the Rand.

"Can we have some shelters at bus stops to keep the rain and scorching sun off our children? Can we have a branch

of the Passport Office, a branch of the Registry of Records, and a branch of the Criminal records Office located in Freeport?" he asked.

He also asked for a new Magistrate's Court and Central Police Station in Freeport.

Mr Whitfield said Government can extend the provisions of the Hawksbill Creek Agreement to the whole of Grand Bahama and its cays so that all of Grand Bahama would enjoy the concessions under the Agreement.

"Can you not see food processing plants in Grand Bahama where the infrastructure is already in place so that the farmers in other islands might ship to a deep water harbour and have their products canned or preserved rather than thrown into the sea due to rotting at the Produce Exchange?" he asked.

"Yes, Minister. You can give us Lucal Government too while you are at it," the FNM Chairman said.

#### 1985 Revenue Shortfall

Nassau THE TRIBUNE in English 18 Dec 85 pp 1, 12

[Article by Marcia Bethell]

[Text]

PRIME Minister Pindling answered a request from Cooper's Town MP Hubert Ingraham and former Minister of Finance Arthur Hanna Tuesday, and told the House of Assembly that the estimated revenue figures for 1985 total over \$400 million, 5% below the original 1985 estimates.

The Prime Minister, who is also Minister of Finance, spent about two hours wrapping up debate on the 1986 budget. He spent considerable time dealing with points made by Members during their contributions.

However, in dealing with points made by the Member for Cooper's Town Hubert Ingraham, and former Deputy Prime Minister Arthur Hanna the Prime Minister was interrupted by both members who corrected him on his information, which they said had obviously been "misreported" to him.

Prime Minister Pindling was noticeably absent from the House of Assembly during the marathon budget debate.

In releasing the estimated 1985 revenue figures, the Minister of Finance said that what is significant in the figures is that the amount is about \$50 million above what was collected in 1984. He said it is the largest single increase of revenue collected for any one year.

The Prime Minister also said that recurrent expenditure figures for 1985 was below what was estimated in the budget.

He said that in the 1985 budget provisions were made for two principal payments on a \$110 million loan and a \$40 million loan. He said the payments on the \$110 million loan were made in June and October and the payment on the \$40 million is due on December 30th, this year.

The Minister of Finance said

that the 1986 performance, at the lowest figures, will meet the 1985 figures or realize an increase of 14%.

"The economy is moving forward, something that most people do see, and those who do not wish to see it, that is their problem," the Prime Minister said. "Even more will happen in 1986, and those who don't believe it will just have to wait and see."

Dealing with the area of Social Services and old age pension payments, introduced into the debate by the Member for Ann's Town, the Prime Minister said that there has been "great political play made on this point."

However he stressed that there has been no "diminution of interest or concern in government's effort to bring relief to the poor."

The Prime Minister said that during the debate particular

reference was made to provisions in the 1986 budget for contribution in old age pensions. He explained to the House that before the National Insurance Act was implemented government was responsible for paying old age pensions.

He said that after the Act, responsibility was shifted to the National Insurance Board, but government continued to make a grant to the Board for this purpose. He said that in 1982 government decided to voluntarily increase this grant to the Board.

The Prime Minister said that the \$1.5 reduction in allocation to the Social Services department does not, in anyway, "effect or reduce" the payments paid to any beneficiaries.

He said that this reduction merely reflects an adjustment to the grant made to the National Insurance Board by government. He said that due to excess payments made to the Board, they owed government money, and therefore government considered it necessary to make this reduction.

However the Minister of Finance said that there will be some reductions expected in 1987 and 1988 in the welfare provisions. He said that in 1987 and 1988 government has reason to believe that there will be "significant new job opportunities" to generate the economy and thereby reduce the need for expanded welfare during this time.

"The government thinks that in addition to giving a fish to a man to feed him for one day, it is important to teach him how to fish so that he can feed himself," the Prime Minister said.

In this vein the Prime Minister said that Members can rest assured that there will be no "slaking of interest" by government in the area of agriculture and fisheries. He said that while government has assisted farmers and fishermen tremendously over the years, "large amounts of cash" will be needed if the total potential of agriculture will be realized. However he said most of this will have to come from the private sector.

In his contribution to the debate the former Minister of Finance, Mr Hanna, mentioned an in depth programme government had for the development of the southeast islands in the area of farming. He lashed out at government for not implementing a majority of the programmes, and said they were all part of an integrated national plan, and said that if one part was not implemented, the other part would not work.

In his presentation the Prime Minister told the House that government is now considering a new programme for the southeast islands and that the "needs of the people in these islands will be met within the framework of the continuing resources of government."

Dealing with a point made by Mr Ingraham in reference to the rates charged by the Bahamas Electricity Corporation being "unlawful" the Prime Minister said he regarded that point as "nonsense."

The Prime Minister said that in regards of the fiscal policy of BEC and the law, the position maintained by BEC is a "lawful one." He read from section 19 of the Electricity Act which states that all charges made by

the Corporation for electricity and for services rendered should be fixed at rates on a scale in accordance with the revenue derived from the Corporation in order for it to cover all of the Corporation's expenses.

On the point made by Mr Ingraham about whether BEC should be operated as a "revenue earning" venture for government and in reference to information about \$7 million being held by the Central Bank in deposits derived from BEC consumers, the Prime Minister said that the information was "misused" by Mr Ingraham, some of which was "entrusted" to him while he was a Minister and was taken "out of context" during his debate.

The Prime Minister, reading from sections 17 of the Electricity Act, pointed out that a profit is to be derived from BEC to defray the costs of operation, maintenance and, according to subsection (c) "interest on any debentures and debenture stock issued, and on any loan raised, by the Corporation."

It was argued by both Mr Ingraham and the Opposition Member for Pine Ridge that government should only expect to receive a 6% interest on shares it has in BEC and not 10%.

The Prime Minister argued that the government should get a 6% return on ordinary shares and a 10% return on preferential shares.

Minister of Works Darrell Rolle told the House that BEC owes government \$22 million, on which they are lawfully required to receive a 10% interest return.

However Mr Whitfield said that this \$22 million loan cannot be accounted for in the 1983/84 BEC Financial statement. He asked Mr Rolle where this information could be found.

Mr Rolle replied that this additional equity acquired in BEC by government occurred in 1985. He said the information would be obtained in the 1985 BEC financial statement and that members would have to take his word that this occurred or wait until the report is published.

House Approval

Nassau THE TRIBUNE in English 18 Dec 85 pp 1, 4

[Article by Anthony Forbes]

[Text] The House of Assembly was adjourned late last night to tomorrow Thursday morning when the Official Opposition Free National Movement objected to the moving of a \$125 million Government resolution under the Order of the Day.

However, members unanimously approved the four bills comprising the \$529 million, 1986 budget and two resolutions following a 10-day marathon debate.

The House then returned to the agenda and House Leader Clement Maynard again moved for the Order of the Day for the resolution and two new Government bills to be dealt with when the House meets Thursday at 10:30 a.m.

Before the House adjourned at 11:10 last night, former Cabinet Ministers and PLP backbenchers Hubert Ingraham, MP for Coopers Town, and Kendal Nottage, MP for St Agnes, engaged in a brief, but heated exchange over Mr Nottage's comments on remarks made by Mr Ingraham in his contribution to the budget debate.

The budget bills passed after going through a three-hour committal stage are:

--A Bill for an Act for the appropriation of divers sums of money for and towards defraying the expenses of the Government of the Bahamas on Revenue Account for the year 1986;

--A Bill for an Act for the appropriation of the sum of \$71,354,000 towards defraying the expenses of the Government of the Bahamas for Capital Development for the year 1986;

--A Bill for an Act for the appropriation of further divers sums of money for and towards defraying the expenses of the Government of the Bahamas during the year 1984;

--A Bill for an Act to amend the tariff Act, 1975.

The first resolution approved was for the guaranteeing by Government of a \$2 million loan to the Bahamas Development Bank by the World Bank through the Caribbean Development Bank.

The second resolution authorises the Minister of Finance on behalf of Government to raise by way of a loan the sum of \$71,354,964, and to raise the sum by issuing registered stock under the provisions of the Bahamas registered Stock Act, 1973.

In addition, it approves the proceeds of the loan being used for the purpose of defraying the expenditure of the Government on Capital Development projects listed in the 1986 Development Estimates.

The third sought approval of the House for the raising of a loan by the Government for \$125 million from the Bank of Nova Scotia on terms and conditions basically the same as those obtainable under a 1981 Loan Agreement with the consortium of money lending institutions, but affording a repayment schedule of seven years following a moratorium of one year.

The money sought is to be applied to the refinancing of the monies outstanding under the 1981 Loan Agreement and for further lending to the Hotel Corporation for the carrying out of capital development tourism projects.

After moving the first two resolutions, Prime Minister and Minister of Finance Sir Lynden Pindling then rose to move the \$125 million resolution when Official Opposition Leader Kendal Isaacs rose to object.

Mr Isaacs, MP for Delaporte, said he thought it was agreed that the particular matter did not come under the Order of the Day and there was a question as to whether the Prime Minister can proceed without the unanimous consent of the House.

In his address last week, Mr Ingraham had told the House that he would object to the \$125 million resolution being moved under the Order of the Day as it appeared on the agenda after the Order of the Day had been moved.

The opposition was then asked if they would consent to the matter being dealt with under the Order of the Day but refused.

Free National Movement Chairman Cecil Wallace-Whitfield asked that the House be suspended for about 10 days to give the opposition time to prepare to debate the resolution.

Mr Maynard then moved that the House revert to the normal agenda at which time the Prime Minister tabled two new Government bills for the participation and membership of the Bahamas in the Inter-American Investment Corporation and the Inter-American Finance Corporation.

However, when the time came for the resolution to be dealt with, Mr Maynard renewed the \$125 million resolution and later moved for the Order of the Day at the next sitting to deal with that and the two new bills.

#### Pindling on Development

FL211941 Bridgetown CANA in English 1848 GMT 21 Dec 85

[Text] Nassau, Dec 21--Future growth in the Bahamas economy will depend to a large extent on industrial and commercial development, according to Prime Minister Sir Lynden Pindling.

To facilitate such development, he told Parliament, government planned to spend millions of dollars to improve berthing and docking facilities, including the Nassau harbour and waterfront. He said government would also have to examine new incentives to make investments more meaningful.

Pindling said the captive insurance industry, which went into decline in the post 1969 period, was an area with the potential for rapid development following the passage of new legislation governing the sector's operations. He said the industry had the capacity to generate more employment, in addition to earning the country more foreign exchange.

He announced plans by the state-run hotel corporation to develop tourism facilities in the so-called Bahamas Family Islands, thus shifting the focus of tourism development from the capital Nassau and the Freeport resort area.

The move was aimed at stopping the drift in population to the capital and eliminating unemployment in the Family Islands, he said.

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BAHAMAS

CHAMBER OF COMMERCE PRESIDENT COMMENTS ON CBI BENEFITS

Nassau THE TRIBUNE in English 7 Dec 85 pp 1, 11

[Article by Lyn Sweeting]

[Text]

MRS Lorraine Fraser, the newly elected President of the Bahamas Chamber of Commerce, says small manufacturers here and in most other Caribbean countries are finding it difficult to derive the benefits offered by the Caribbean Basin Initiative agreement with the United States.

At a recent meeting of the Kiwanis AM Club, Mrs Fraser said that small manufacturers in the region are having to deal with "serious constraints," including the inability to produce products in the sufficiently large quantities demanded by the US importer, lack of capital for large expansion in the near future, and limited technological and human resources.

"And more frightening to the small manufacturers in the region than all of this, is the fact that two years of CBI have already passed. There are only 10 years left, and it will take at least the next ten years for most of them to be in a position to take significant advantage of CBI, but by then CBI will be over," Mrs Fraser said.

Mrs Fraser said that Syntex, the large American owned corporation in Freeport, was able to take immediate advantage of CBI, a trade agreement signed two years ago between the United States and several Caribbean nations (including the Bahamas) designed to stimulate economic growth of the signatory nations.

"They (Syntex) are large enough to supply the American market with a more than adequate amount of their goods, they have access to capital for expansion to increase their capacity, and they have the external human resources and technology to draw on to make this happen immediately," said Mrs Fraser. "Throughout the region, this is the indication. Large American firms based in the Caribbean are the ones who can grasp these opportunities and make windfall profits in the next ten years left to CBI, while at the same time providing a little more employment and some stimulation of the economy."

Mrs Fraser endorsed suggestions made recently by American Vice President George Bush, who said that there were too many state owned, profit making businesses in the region, and that governments should leave it to the private sector as much as possible. She further quoted Mr Bush who said that exchange rates should be more realistic, and that customs seaport entry points should be made to operate at a more efficient level.

"Abolition or restrictions of protectionism laws and policies should be highly considered," she said.

Another major problem with CBI, Mrs Fraser said, is the pressure from the US garment industry, which she said

"caused the inclusion in CBI of the protectionist clause for the US garment industry, resulting in restrictions on exports for textiles.

"Jamaica, the largest producer of apparel in the region, according to the US Department of Commerce, is really feeling this pinch," she said.

These problems, Mrs Fraser said, cannot be solved by the small manufacturer on his own.

"We have to either team up with some foreign investor or we have to combine forces, that is, make up small economic units to enable us to provide goods in the quantities desired, and have access to increased capital, and a wider range of expert human resources."

Mrs Fraser urged entrepreneurs to become an active part of the Chamber of Commerce to make linkage with foreign investors and to have access to foreign capital.

Mrs Fraser also suggested that commercial banks reduce car loans and make the money available for investment in local businesses. Venture capital for high risk businesses is too hard to come by here, she said.

"Most of our commercial banks have hundreds of applications a year, I understand, from persons wanting to borrow money for projects and businesses, but who have no money," said Mrs Fraser. "Most commercial banks also give an inordinate number of loans each year for cars.

"My suggestion is this. Each commercial bank should reduce their car loans by one only, and use those same funds to invest

in a local business of their selection. The selection should be made for one business, once a year, from the hundreds of applications they receive.

"The bank should have the right to make any changes they feel would put business on a more profitable base, and they should assign a capable officer to monitor the business, at least two afternoons a month. They may say this is too much to ask, but they do the same for Junior Achievement."

Mrs Fraser projected that if all banks undertook such a problem, new businesses would be established each year, resulting in more jobs, the diversification and stimulation of the economy, and the perception of the bank in the eyes of the community of being a good corporate citizen.

Mrs Lorraine Fraser served as President Elect of the Bahamas Chamber of Commerce for the past eighteen months before her appointment to the presidency became effective December 3. On that day she became the second woman of the Chamber's 25 presidents (the first was Mrs Judy Munroe who served as president from 1979 to 1982), taking over from Alexander Knowles whose company has transferred him to Florida.

Mrs Fraser's tenure as board member of the chamber has been long and varied, having served on many committees including chairperson of the annual Manufacturers Trade Exhibition. She is presently a director of the Caribbean Association for Industry and Commerce.

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BAHAMAS

FOREIGN MINISTER COMMENTS ON HAITI PACT, TIES WITH U.S.

Nassau THE TRIBUNE in English 19 Dec 85 p 10

[Article by Anthony Forbes]

[Text]

FOREIGN and Tourism Minister Clement Maynard, responding to views that the Bahamas-Haiti Immigration Treaty is "unclear," told the House of Assembly Tuesday morning that he would wait for the Haitian Government to say it needs interpretation.

Addressing parliament on the tenth and final day of debate on the \$529 million, 1986 budget, Mr Maynard assured members that he and the Minister of National Security Loftus Roker "are on the same wave-length" on the illegal immigrant problem.

The Foreign Minister said the Bahamas' relations with the United States has never been better than it is today, that the country has always had good relations with the Turks and Caicos Islands and also maintains good relations with Haiti, the Dominican Republic and Cuba, its neighbours.

Noting that most of the illegal immigrants in the Bahamas are from Haiti, Mr Maynard noted that the Bahamas is first of all for Bahamians and secondly, for those who are either invited to visit or are admitted into the country.

Mr Maynard, who is also House Leader and Deputy Prime Minister, said he is surprised there are some Bahamians who feel that they are more entitled to represent

Haitians than the Haitian Government.

He noted that there were many agents in the Bahamas who acted on behalf of Haiti and that the nation which shares the island of Hispaniola with the Dominican Republic, had supplied the Bahamas with sugar and rice during World War II.

He said the Bahamas always had good trading relations with Haiti but that those who came to the Bahamas in the past were of a different class than the illegal Haitian immigrants who come to the Bahamas today.

The Foreign Minister told parliament that the Government of the Bahamas would wish again to engage Haiti as a trading partner.

Mr Maynard noted that there was an agreement between the Bahamas and Haiti before on the illegal immigrant question but when that failed to work, a Treaty between the two governments was negotiated.

He said he noticed a whole lot of people have called the Treaty signed in September, unclear.

"I would wait for the Haitian Government to say it needs interpretation," the Foreign Minister said.

He said he would have thought that Bahamians would have been happy to see a solution to the problem of illegal immigration.

Declaring that a Treaty is a government to government document, Mr. Maynard said: "Once your government acts on your behalf, that will be enough when you are dealing with a foreign government."

He said that to bring about better relations with Haiti, the Bahamas Government has established a Consulate General in Haiti which is working very well.

He also said that honorary consuls overseas in the near future will represent the Bahamas abroad.

Mr. Maynard said that when he became Foreign Minister in October, 1984, he went to the United States and held talks - official and confidential - with US Secretary of State George Shultz.

He said they both expressed the concerns of their countries and did everything they could to bring about and continue good relations between the Bahamas and the United States.

He said that as an independent country, the Bahamas is entitled to maintain its sovereignty but that it must know how to keep its dignity and advance the country's national interests.

He said that it is not in the national interest to have war with the United States nor is it in the national interest not to have good relations with the United States.

He said that he also met with US Vice President George Bush, who is in charge of the United States war against drugs and that since then much has been done to show that progress has been made in the fight against drug trafficking.

Mr. Maynard said that in Grand Bahama, an Aerostat radar system helps to cover the northern Bahamas and together with one based in South Florida, ensures the complete

coverage of the north and western Bahamas.

He said that by this time next year a big clog will be placed into the other areas around the Bahamas where more drugs are showing up and that the joint operations with the US have been very effective.

He said the Mutual Assistance Treaty with the US is well underway and that the Attorney General is completing work on a similar treaty with Canada.

He said that the Bahamas is trying its best to work out something with the US on Convention Tax and that the Bahamas had been considered several times but each time something went wrong.

The Foreign Minister said that the Bahamas has always maintained good relations with the Turks and Caicos Islands, a British colony.

He said that relations with the Turks and Caicos Islands are such that they have already been given favoured status by the Bahamas government.

Mr. Maynard said that the Bahamas maintains an "arms-length link" with Cuba and has relations at a non-resident ambassador level, which has been the case since the Bahamas gained independence in 1973.

He said that it is the policy of Government to keep in touch with Cuba at an official level and that he has visited Cuba and held talks with the Cuban Foreign Minister.

Mr. Maynard said that he has no problem with the Minister of National Security nor the Attorney General with his foreign policy.

The Minister also said there is a need for resourceful persons to be placed in Foreign Offices and Tourist Missions abroad to liaise with foreign investors in an effort to reduce red tape.

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BAHAMAS

PLP MOVES AGAINST INGRAHAM FOLLOWING BUDGET SPEECHES

Nassau THE TRIBUNE in English 20 Dec 85 pp 1, 5

[Article by Athena Damianos]

[Text] COOPER'S Town MP Hubert Ingraham was reportedly charged by the PLP National General Council last night over his 1986 Budget address and a recent speech he made to the Kiwanis Club.

The NGC has already determined that Mr Ingraham will be denied a nomination in the next general elections because he made two addresses in Parliament which were "not in the best interests" of the party.

"I have heard that they have charged me once again in their continued harrassment of me. I have not received the charges to date. When I do, I will respond to them," Mr Ingraham said today.

The Council may now try to move ahead with its original plan to suspend Mr Ingraham from the party.

During his marathon Budget address, Mr Ingraham said he doubted that \$16 million of the country's capital funds are on deposit at the Central Bank.

Prime Minister Lynden Pindling, who is also Minister of Finance, said he had been assured by the Central Bank no later than that morning that the

money is there.

But, Mr Ingraham stuck to his guns. He wanted to know why Sir Lynden would borrow the full sum of \$71 million that has been allocated for capital works in the 1986 Budget if \$16 million was on deposit at the Central Bank.

Mr Ingraham said he still doesn't believe that the \$16 million is on deposit at the Central Bank.

It is understood that the Council is also seeking to discipline Mr Ingraham over a recent speech he made to one of the Kiwanis Clubs.

On September 25, he told the Kiwanis Club of Cable Beach that the huge, unmanageable liquidity at the time was caused by drug money. He said that while boastful claims have been made (by Sir Lynden) about the liquidity as though it had come about as the result of an economic boom, nothing could be further from the truth.

And on November 12, Mr Ingraham questioned why a Government, with a record of failed business enterprises, should become involved in commercial banking as announced by the Prime Minister.

He was addressing the Kiwanis Club of Lucaya.

Mr Ingraham was disciplined in September because of his 1985 Budget address, in which he was highly critical of Government's neglect of the Family Islands.

And on May 2, he condemned House members who the Commission of Inquiry found were involved with drug traffickers for remaining in Parliament.

He was referring to former Minister of Youth Kendal Nottage who, the Commission said, fronted in a joint Freeport business venture with New England mafia figure/drug trafficker Michael Carauana.

He also condemned former Minister of Agriculture George Smith who has since been charged in the Magistrate's Court with accepting a \$100,000 bribe as a result of a Commission finding.

While the PLP has disciplined Mr Ingraham, whose image is untarnished, it has not taken any action against Nottage, the Prime Minister's friend and former law partner, or Smith.

BAHAMAS

HOUSE PASSES TWO BILLS INVOLVING INTERNATIONAL FINANCE

Nassau THE TRIBUNE in English 23 Dec 85 pp 1, 4

[Article by Anthony Forbes]

[Text]

TWO bills were approved unanimously in the House of Assembly Thursday providing for the Bahamas membership in the International Finance Corporation of the World Bank and participation in the Inter-American Investment Corporation.

In moving for the second reading and committal of the bills, Prime Minister/Minister of Finance Sir Lynden Pindling said that the legislation was prompted by recent decisions by international finance agencies to graduate some Caribbean countries from World Bank loans.

The bills passed were: a Bill for an Act to provide for the membership of the Bahamas in the International Finance Corporation and for purposes connected therewith; and a Bill for an Act to provide for the participation of the Bahamas in the Inter-American Investment Corporation.

The Prime Minister told the House that the World Bank (the International Bank for Reconstruction and Development) has always used as a criteria the per capita income of countries to determine their eligibility for soft loans or ordinary (regular) loans.

He said that the Bahamas per capita income level has never made the country eligible for soft loans, only regular loans.

The Prime Minister and Minister of Finance said that

there is a threat to terminate the Bahamas from regular loans by the World Bank, but that the Bahamas, along with Trinidad and Tobago which has recently been obliged to devalue its currency by 30 per cent, will be the least affected.

He said that the bill providing for the Bahamas membership in the International Finance Corporation, an agency of the World Bank, opens a new facility for the country.

The Prime Minister said that the bill seeks the authority for the Bahamas to be a member of the IFC.

He said that the capital subscription for which the Bahamas would be responsible to provide is 114 shares at \$1,000 each, making a total of \$114,000.

He said that the conditions under which the Bahamas will become a member of the IFC is conducive to productive investment in the country.

"The International Finance Corporation is to do with private capital what the International Bank for Reconstruction and Development sought to do with public capital," the Prime Minister told the House.

He said that the Board of Directors of the Bahamas branch of the IFC is to be constructed similar to the manner in which the Board of Directors of the World Bank is constructed, with a Governor

and an Alternate Governor.

He said that they will have the diplomatic privileges, except in matters of Customs duties and Exchange Control regulations.

He said that it will come into force not necessarily as a tool of parliament or the Bahamas taking up the subscription, but when it is signed by at least 30 Governors.

"As far as we are concerned, this is a condition for us. In all practical purposes, it could come into effect by Easter of 1986," he said.

Official Opposition Leader Kendal Isaacs said that Thursday was the first time that he had seen the Bill and was hoping that the third reading and passing of the measure would be delayed to a later date.

The Prime Minister replied that he would have been glad to accommodate the opposition but that the Government hopes to lodge the instruments at the very earliest opportunity.

He said that a feature of the bill is that private investors who come under the scheme will have capital at a very reduced rate of interest.

The Prime Minister said that the bill ties into the Overseas Private Investment Corporation (OPIC) system and that eyes are focused on the Bahamas at the present time.

He said that the agreement follows the pattern of the

World Bank and members would look to it for the stimulation of private capital.

He said Government hopes to lodge the papers for the Bahamas membership in IFC by December 31, 1985.

Former Minister of Housing and National Insurance Hubert Ingraham said that it was a good thing for the Bahamas to pay subscription to the IFC as there are many benefits to be gained from doing so.

He said that the terms for IFC membership are fairly standard.

FNM Chairman Cecil Wallace-Whitfield said he has no difficulty with the idea expressed in the bill, but saw a problem with regard to Exchange Control provisions not being exempted in the repatriation of funds and which can cause an apprehension on the part of lender and borrower.

He said the question may have political consideration and wanted the assurance as to whether Exchange Control will be applicable if a Bahamian is seeking investment dollars.

He said he wants the whole situation to be elevated above political considerations.

The Prime Minister responded that there will be no party political consideration involved but there will be Government political considerations.

National Security Minister Loftus Roker said he knows of

no Government which would give up its right to regulate the flow of currency in and out of the country because to do so would create chaos.

He said the whole idea is now to formally enter into an arrangement where foreign capital will be borrowed and invested in the country.

Mr Whitfield said that in order to remove the process from any kind of political considerations, the Government should say that Exchange Control permission will be granted.

Mr Roker said that whether or not it will be agreed for money to be taken out of the country is a matter for Exchange Control.

Mr Ingraham noted that all governments reserve themselves the right to regulate the movement of money in their country and pointed to the United States freeze of Iranian assets in the US during the 1979 hostage crisis.

Moving the second bill to provide for participation of the Bahamas in the Inter-American Investment Corporation, the Prime Minister and Minister of Finance said it has a relationship with the Inter-American Development Bank, which has an intimate relationship with Latin American and Caribbean countries.

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CSO: 3298/270

BAHAMAS

CENTRAL BANK REPORTS ON 2D QUARTER EXPORTS, TOURISM :

FL232344 Bridgetown CANA in English 2128 GMT 23 Dec 85

[Text] Nassau, Dec 23--The Bahamas experienced a growth in its exports and tourism receipts in the second quarter of this year, according to the Central Bank's latest report.

The bank said that earnings from April to June were estimated at U.S. 79.9 million dollars or 15.7 million dollars above the comparable period last year, with non-oil imports up by an estimated 42.9 million dollars to 189.1 million dollars.

The quarterly report said oil imports declined by 1.3 million dollars to 50 million dollars, as the 2.1 million dollar increase in domestic oil imports only partially offset the 3.4 million dollar drop in foreign bunkers.

The bank said that based on the Ministry of Tourism estimate for tourist expenditures, travel inflows totaled 234.7 million dollars, an increase of 24 million dollars from a year earlier.

The additional 5.5 million dollars of tourist-related earnings which accrued directly to government brought estimated gross receipts to 240.2 million dollars, up 25.4 million dollars from a year ago, the Central Bank said.

It said travel outflows were estimated at 23.4 million dollars, a rise of 2.8 million dollars from the corresponding period last year.

Tourist arrivals for the second quarter increased by 11.5 percent to 708,720. This compares favourably with the 5.6 percent growth posted in the corresponding period last year.

Of this total, air arrivals accounted for 378,100 and sea, 329,610. This represents a growth of 9.5 percent and 13.9 percent over last year.

Despite the healthy rise in export receipts and a lower oil bill, the bank reported that the trade deficit widened by 25.9 million dollars, as non-oil imports increased.

It said foreign reserves rose by 37.4 million dollars or 19 percent compared with 31.1 million dollars or 20 percent last year.

Consumer prices rose by 1.7 percent during the second quarter, down significantly from 4.3 percent in the preceding quarter. For the 12-month period ending June, consumer prices advanced by 5.0 percent, up from 2.8 percent for the corresponding period last year.

The current account on the balance of payments posted a surplus of 8.7 million dollars for the second quarter, a marked decline from the 41.7 million recorded for the corresponding period in 1984.

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CSO: 3298/270

BAHAMAS

BRIEFS

ARREST OF DOMINICAN FISHERMEN--A Dominican fishing captain was fined \$15,000 for unlawfully fishing in Bahamian waters while another fishing boat captain arrested half an hour later in the area was fined \$10,000. Their crew were each fined \$500. Bahamas Defence Force officers arrested the men and seized the vessels in two separate incidents last Thursday evening in the Cay Santo Domingo area. Brought to Nassau for processing, the 55 fishermen were arraigned before Magistrate Cleopatra Christie late Thursday. Captain Heriberto de Leon, 29 of Puerto Plata and his 34 member crew who were arrested on board the foreign vessel San Antonio registration #MN2201LR were charged with unlawfully fishing in the exclusive fishing zone of the Bahamas 5.45 pm December 12 in the Cay Santo Domingo area. They were also charged with using prohibited apparatus--air compressors to capture marine products. They pleaded guilty to the charges. The other captain Faustino Medina, 49, and his 19 member crew were found on board the Virgen Maria 1 about 6:15 pm in the Cay Santo Domingo area. According to Insp Rodgers, Lt Commander Lafleur spotted the boat anchored in the area. Seeing the Marlin, the boat weighed anchor and sailed away leaving a few dinghies, some manned and some unattended, behind. [By Natasha Chea] [Excerpts] [Nassau THE TRIBUNE in English 21 Dec 85 p 9] /9365

OIL DRILLING PLANS--Drilling for oil, the exploration of which was outlined by Prime Minister Pindling in his 1986 \$529 million Budget Communication, will start within the week in the Great Bahama Bank from the oil rig Chiles Yacatan, owned by Tenneco Inc. of Houston, Texas. The well, the Tenneco Doubloon-Saxon Number One, located about 150 miles from Nassau and about 50 miles north of Cuba, "will be drilled to about 14,000 feet, which will require about three months," the company said. "Water depth at the drill site is 28 feet." The Bahamas Government has given Tenneco three separate licences to explore for oil in an area of over 2.2 million acres. The agreement was signed on September 13. In his Budget Communication to the House last week, Prime Minister Pindling said that "the oil exploration programme continues with the recent approval granted to AMOCO Bahamas Petroleum Corporation Limited for a 5,000 square mile area of exploration." The Prime Minister also revealed that a joint venture by Esso/Chevron is also under active review. "My government has also signed a third licence agreement and renewed two existing licences for Tenneco Oil. The renewal commits Tenneco Oil to an exploratory drilling programme before the end of the year." [Excerpts] [Nassau THE TRIBUNE in English 7 Dec 85 p 1] /9365

CSO: 3298/270

BARBADOS

MANUFACTURERS SEE BENEFITS IN TRINIDAD DEVALUATION

Bridgetown DAILY NATION in English 19 Dec 85 p 28

[Text]

**BARBADIAN MANUFACTURERS** are happier today than they were before yesterday's release of Trinidad and Tobago's budget.

In fact, first vice-president of the Barbados Manufacturers Association (BMA), Mr. Allan Fields, said despite the devaluation of the Trinidad dollar, the budget "offers a lot of hope".

"The budget has a lot of opportunities for Barbadian manufacturers. There may be a lot of considerations and implications for other areas of the Barbados economy, but certainly, if Trinidad keeps its budget promise to implement the Nassau Accord and ease up on the licences and ECO forms, we can do well.

"The result of the ease in restrictions will mean that volumes of exports would be pushed into the air and with increased volumes, prices would be pushed down. Once this happens we would still be in a good position to compete with Trinidadian goods, despite the devaluation," said

Mr. Fields.

The BMA spokesman who is also managing director of Tropical Batteries, was certain if import restrictions in Trinidad are eased he will be able to successfully compete with "like products" made there.

"I don't know of the situation as far as garments and furniture are concerned, but I am reasonably sure ours will be able to compete if there is free flow.

"There have to be considerations from both sides. The Trinidadian manufacturer now has to pay considerably more for his goods and workers will be demanding more for their labour. Inevitably the cost of the item will be pushed up. If there is an open market, we stand to be better off than we are now. There is nothing to be scared about from the Trinidad budget.

However, former president of the BMA, Mr. Basil Forbes, is not as optimistic. He thinks local manufacturers will suffer as a result of the devaluation and it will mean that Trinidad would either remove import restrictions or there will be retaliation by other CARICOM states.

He thinks local manufacturers will have to look at adjusting the prices of their items going into Trinidad, accept a cut in profits and hope it will result in increased sales volumes.

Mr. Forbes made it clear Barbados would not be wise to devalue its currency as a result of Trinidad's devaluation since the ill-effect would significantly outweigh the benefits.

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CSO: 3298/271

BARBADOS

TRINIDAD LEADS IN DOMESTIC EXPORTS TO CARICOM

Bridgetown DAILY NATION in English 19 Dec 85 p 28

[Text]

BARBADOS' DOMESTIC EXPORTS to CARICOM countries for the first eight months of this year totalled more than \$44 million. The largest percentage went to Trinidad and Tobago.

Nearly half of the goods, worth more than \$20 million, went to that country. The second largest recipient of goods from Barbados was Jamaica, which imported \$5 611 000 worth.

According to economic and financial statements for November, just released by the Central Bank of Barbados, exports to CARICOM in January stood at \$5 179 000; \$4 712 000 in February, \$5 651 000 in March, \$5 481 000 in April, \$6 215 000 in May, \$5 837 000 in June, \$5 555 000 in July, and \$5 890 000 in August.

The statistics from Trinidad show imports of \$1 710 000 in goods in January, \$1 676 000 in February, \$2 912 000 in March, \$2 505 000 in April, \$2 867 000 in May, \$2 427 000 in June, \$2 965 000 in July and \$3 113 000 in August.

Exports to Guyana over the first eight months totalled \$1 230 000; Dominica \$1 318 000; Grenada \$3 157 000; St. Vincent \$3 320 000; St. Lucia \$4 883 000; Montserrat \$776 000, Antigua \$1 865 000; and St. Kitts \$2 151 000.

On the other hand, imports from the region, over the same period totalled \$112 738 000, more than twice the total exports.

January's figure was \$11 422 000 with \$16 462 000 in February; \$9 216 000 in March; \$18 166 000 in April; \$9 741 000 in May; \$8 105 000 in June; \$21 884 000 in July; and \$17 742 000 in August.

As was the case with exports, Trinidad proved to be the main source of goods entering the island from the region, with \$8 584 000 worth in January; \$11 350 000 in February; \$5 701 000 in March; \$14 089 000 in April; \$5 548 000 in May; \$4 923 000 in June; \$17 576 000 in July; and \$14 345 000 in August.

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CSO: 3298/271

BARBADOS

OPPOSITION LEADER: DLP BACKS DIVESTMENT, PRIVATE SECTOR

Port-of-Spain TRINIDAD GUARDIAN in English 25 Dec 85 p 5

[Text]

BRIDGETOWN, Tues..(Cana):

**A FUTURE Democratic Labour Party (DLP) Government will seek to divest some State enterprises in an economic policy encouraging self-reliance and greater private sector investment, according to Opposition Leader Errol Barrow.**

Citing State-owned projects in tourism like the Barbados Hilton and the Heywoods' Holiday Resort, Barrow said it was time Government sold these hotels, preferably to locals, as State involvement had outlived its usefulness.

He said when the former DLP administration (1961-1976) invested in the Hilton, for example, tourism was a fledgling industry here, and the move was taken to encourage more private sector investment.

"We prime the pump by starting where private sector is reluctant to move in," he told Cana, in a wide-ranging interview.

**TIME TO PART**

"The time has come for us to part company with all of those projects, and Government sit down and get the benefit of taxation from them..."

Barrow cited the television service of the State-owned Caribbean Broadcasting Corporation (CBC), which also operates two radio stations, as another State enterprise which should be divested. He also advocated the selling of the State's majority shareholding in the Arawak cement plant, a joint venture with Trinidad and Tobago.

Barrow was outlining the programme the DLP would pursue in Government, should it win the next general election, due next year.

Barrow said a DLP Government would put the brakes on foreign borrowing, and look to domestic sources, wherever possible, to obtain financing for major projects like road construction.

Criticising the present Government's policy on borrowing, he said the approach the DLP had in mind

would strengthen the national economy by allowing benefits to remain inside Barbados.

"Any borrowing that we have to do, we will do locally, so that the interest payments and so on will redound to the benefit of the people who lend the money in Barbados, and the revenue will also benefit from the tax which we will get from the people who lend the money," he said.

"Highly-industrialised countries like the United States try to avoid borrowing money from outside, because it causes leakages in the economy and reduces the level of employment within your own society."

Barrow said the basic infrastructure Barbados needed was well-established, and it could be injurious to the country's economic health for Government to continue heavy capital investments.

He said a priority would be to help closed manufacturing enterprise reopen for business, by reducing rents on Government-owned factory sheds, even if Government had to subsidise rents, and lowering water and electricity rates.

The high cost of these three services was the fundamental reason behind the many closures, and job losses.

Barrow said getting manufacturing going again would help ease high unemployment, running at almost 20 per cent.

He unveiled a new approach for bringing some measure of viability to the loss-making sugar industry, and promised incentives to bolster non-sugar agriculture.

Barrow said there was a need for a re-education about the declining role of sugar in the economy, and seminars and other educational program-

mes should be organised for all industry employees.

He said the local industry could learn a lesson from the Fijis, and proposed that managers be sent there to observe how the industry was organised and managed on a cooperative basis.

Turning to non-sugar agriculture, Barrow promised to support food crop farmers by ensuring that local crops are protected on the domestic market, and by giving consideration to a subsidy to the Barbados Agricultural Society (BAS).

#### LUKEWARM ATTITUDE

Barrow indicated that a DLP Government would pursue an independent foreign policy, with Latin America and the Caribbean being the focus.

He said diplomatic relations, established by the present Government with a number of communist Eastern European countries, would be reviewed. "We are not committed

to maintaining any or all of these," he said.

Barrow said a DLP Government would also review relations with China. The previous DLP administration had recognised Taiwan, but the incumbent Government shifted to Peking.

"We will have to examine it. I personally favour a two-China approach as part of our foreign policy, but our real problem there is that neither side will accept the de facto situation that they are two separate countries," he said.

Barrow, stressing that the Caribbean should be a zone of peace, indicated that a DLP Government would have a lukewarm attitude to the Regional Security System (RSS). He said his party would be more interested in having a joint coast guard system with regional countries, as well as a unified Customs service.

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CSO: 3298/271

BARBADOS

ST JOHN COMMENTS ON DIVESTMENT, TRADE WITH TRINIDAD

Port-of-Spain TRINIDAD GUARDIAN in English 1 Jan 86 p 4

[Text]

BRIDGETOWN, Tues; (Cana)

BARBADOS Prime Minister Bernard St. John said yesterday the Government was prepared to consider selling some state enterprises.

But he ruled out the possibility of his administration giving the private sector control of the lone airport and the country's main seaport.

He also said that the Government was prepared to maintain the financially troubled Public Transport Company, providing a socially important service.

Opposition Leader Errol Barrow, a former Prime Minister and Finance Minister, this month suggested the Government divest some of its interests, including the Hilton Hotel, a multi-million dollar west coast holiday village, and the television service of the Caribbean Broadcasting Corporation (CBC), which also runs a radio service.

"We are continuously doing a review of their (state enterprises) potential and performance," Mr. St. John, who is also Finance Minister, told a televised news conference.

He added: "We will look at all of these enterprises and if good offers come, we will evaluate them. I'm not going to sell the airport. I'm not going to sell the harbour."

State Enterprises here include the Barbados Transport Board and Caribbean Airways, both financially troubled.

During the 90-minute wide-ranging news conference, the first he held since taking over from the late Prime Minister Tom Adams last March, Mr. St. John discussed issues including Barbados economic problems, Guyana's political and economic situation and Trinidad and Tobago recent 50 per cent devaluation of the dollar.

He told reporters there was no reason why Barbados should follow Trinidad in re-aligning its currency against the US dollar.

On the impact the devaluation would have here, Mr. St. John said: "I would expect that Barbados should theoretically be able to import some goods from Trinidad at a cheaper price, if the Trinidad devaluation is really meaningful, so that to the extent that they are able to supply us with goods that we now export at a cheaper price we will benefit."

#### Additional Cost

He elaborated: "I would also expect that Barbados manufacturers should be given an opportunity now to demonstrate once and for all how their competitive position is vis a vis the Trinidad manufacturers who manufacture the same product."

He also thought the devaluation would have an impact on summer tourist arrivals here from oil-rich Trinidad and Tobago.

He said the devaluation would tend to make holidays to us more expensive than formerly, but that there were other areas of the Caribbean where people from the twin-island state took holidays, which would be in the same position as Barbados.

Mr. St. John noted that Trinidadians and Tobagonians also spent holidays in Toronto, New York and Florida and "theoretically, the impact of the evaluation for going there is greater than going to us."

"Trinidad and Tobago Prime Minister George Chambers also announced a ten per cent tax on the sales value of overseas tour packages when he announced his 1986 Budget on December 17.

Mr. St. John told reporters: "A lot of Trinidadian people who come here prepay for their hotels and their airlines. That ten per cent on tour packages is going to be an additional cost to them. That is one that I feel we have to look into and find ways and means as to how we can get around that."

He said Barbados was willing to buy as many goods from Trinidad as it could, particularly in substitution of goods from third countries.

The Trinidad and Tobago Government had been under pressure by Barbados and other Caribbean Community (Caricom) to remove restrictions on imports.

The Government recently said the removal of the restrictions — part of a deal worked out by Caricom member states — would take place next month.

Mr. St. John said: "We would hope that by the removal of the bureaucratic red tape in respect of the foreign exchange-seeking application, that our manufacturers would be able once again to have a fair crack at the Trinidad market and be so successful that they'll be able to rehire some people."

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CSO: 3298/271

BARBADOS

BRIEFS

NATION ON TRINIDAD TRADE--Bridgetown, Monday (CANA)--The NATION newspaper said today there was little chance of Trinidad and Tobago reacting positively to a warning by Barbados of retaliation unless Port of Spain lifts restrictions on exports from Bridgetown. The paper was reacting to a renewed threat of reprisals issued by Barbados Prime Minister Bernard St John. St John, commenting on last week's devaluation of the Trinidad dollar, said that Trinidad must now live up to its promise to implement the Nassau Understanding--a Caricom agreement aimed at increasing intra-regional trade--by January 1. Said the NATION: "Faced with that country's obdurancy despite his previous warning recently, St John seems to have come to the realization that quiet diplomacy is lost on the George Chambers administration. He has the evidence of closed manufacturing plants, reduced revenues, and most of all, thousands of unemployed Barbadians to support his tougher stance. "But there is little likelihood that Chambers, a natural introvert with little to show by way of bold regional initiatives, will react positively," the NATION newspaper said. [quotation marks as published] The Nassau Understanding requires Port of Spain to dismantle its import licensing regime, which has restricted Caricom imports. [Text] [Port-of-Spain EXPRESS in English 24 Dec 85 p 31] /6091

CSO: 3298/260

BELIZE

YEAR-END, UDP-GOVERNMENT ANNIVERSARY REVIEWS ARE CRITICAL

#### Corozal PUP Rally

Belize City THE BELIZE TIMES in English 8 Dec 85 pp 1, 12

[Text] Hundreds of Belizeans rallied to the meeting of the People's United Party last Wednesday night in Corozal Town to protest the UDP Government's mismanagement of the economy and its destructive policies in the sugar industry, education, agricultural development and land ownership.

Despite the threat of a rainy north wind, hundreds of farmers and workers cheered and supported the speakers when they called for the resignation of the UDP government and national elections to enable a P.U.P. government to carry on the good work of the Belizean revolution.

The unnecessary closure of the Libertad Sugar Factory, the many increases in taxation, deplorable incidents at the Corozal Community College, the issue of permits to import food which can be grown locally and the scandalous handling of the transfer of a large area of Belize to foreign ownership without proper protection of the national revenue--all these ills have resulted in the loss of jobs of hundreds of workers and more to come.

The speakers announced a National Convention in Belize City in early 1986 to begin a time of protest against a bad government in accordance with the constitutional rights of citizens.

Sharing the public platform were Party Leader George Price, Parliamentary Leader Florencio Marin, Representative Valdemar Castillo, Doctor Gregorio Garcia and Senator Ramon Cervantes.

#### UDP Dilemmas

Belize City AMANDALA in English 13 Dec 85 p 2

[Editorial: "I Ain't What I Was"]

[Text] This week marks the first anniversary of the overthrow by ballot of the corrupt, entrenched People's United Party government by the enfranchised adult population of this country.

The new United Democratic Party administration has not been inspiring, and it has not been consistent. In fact, where the voters are concerned, the UDP has been a disappointment, but it is better than what we had.

So that the words of the old American Negro preacher after the slavery era seem quite apropos this week, as we recall one year ago: "I ain't what I want to be, and I ain't what I'm going to be, but thank God, I ain't what I was."

One year later, it still seems somewhat miraculous that Belizeans managed to replace the PUP without major violence or bloodshed. But if we consider the PUP Cabinet ruptures of January, 1984, we realize that the PUP was already hemorrhaging badly from within when it faced the general elections demanded by the constitution. And almost immediately after defeat, the PUP splintered publicly.

(We need to be grateful to the constitution and our history of parliamentary democracy.)

For its part, the coalition which swept the UDP to a landslide has become shaky in places. We will not elaborate, but the polls will demonstrate.

UDP leaders, unused to the trappings of power, have had a difficult time resisting the blandishments of sycophants, and they have inherited an administrative structure peopled at the very top by appointees carefully selected by the PUP syndicate.

In their gigantic task of national reconstruction, the UDP has clearly been feeling its way too gingerly, but, of course, it is always easy to be knowledgeable after the fact. In other words, it is easier to know what move to make when you are watching a checkers game than when you are involved in it.

The major dilemma for the UDP administration is as follows. The leading world power, the United States, has taken an increased military interest in Central America, and Belize, the gateway to the region, has taken on vast strategic importance.

In previous instances, the U.S. had appeared to support the Guatemalan claim to this country, but the Americans have been lately so anxious to please Belize, they have used all their influence to draw the claws of the Guatemalan tiger. The claim is now only a whisper.

There is a quid pro quo, however, and it is that Belize must pressure its narcotics industry, and attempt to eliminate it. Belize does not have the resources to do so, and the Americans have therefore established a presence here which nationalists find offensive, not to mention people in the narcotics business.

Belize has a decision to make--quick narcotics money and its spin off social pollutants, under an umbrella of nationalism, or honest economic industry and responsibility, with American "advice."

5 February 1986

Some people in Belize do not seem to think that they made a decision on that one year ago: they thought they were simply replacing the PUP with the UDP.

We have a little of Scylla and Charybdis here. If the UDP plays ball with our narcotics people, its image will be one of strong nationalism but corruption will become chronic. In fact, it may have already so become.

But if the UDP allows the Americans to ride roughshod over our administrators and institutions, then its image will be that of an Americanophile weakling even while it is working for that clean, honest society most of us would prefer.

After its first year in office, it appears that the UDP has chosen to exercise the second option. The pressures build, and the second year is upon us. We shall see what we shall see.

#### BELIZE TIMES 'Report Card'

Belize City THE BELIZE TIMES in English 15 Dec 85 pp 1, 12

[Text] The Report Card

<u>Subject</u>	<u>Remarks</u>	<u>Grade</u>
Finance (Esquivel)	No money, no jobs. Hard times. Interest rates up. Cost of living raised up. Lies a lot.	....F
Home Affairs (Thompson)	Condemned Civil Service as tainted with drugs. Authorised kidnapping of citizen. Caused Broadcasting Authority to deny freedom of speech to OUR TURN. Will now sell passports. Sleeps a lot.	....F
Natural Resources (Lindo)	Hundreds had their house lots taken away. Big land deals to foreigners. Scandal over the Coke deal. Conflict of interest. Scandal in the banana industry. Small farmers robbed of lands. Linked to Aloe Vera, fugitive wanted by the FBI. Drinks a lot.	....F
Economic Development (Barrow)	No new development. No new industries. No economic activity. Plenty talk. No action. Postures a lot.	....F
Education (Aikman)	Destroyed BELCAST project. Exposed by his own P.S. for mismanagement of public finance and neglect of education. Youth Congress--a monumental fiasco. Made many false promises to teachers. Takes arbitrary action at CCC against wishes of community. Spends most time travelling.	....F

Health (Aragon)	Hospitals deprived of basic materials and drugs. Primary health care neglected. Work on new hospital bogged down in Ministerial morass.	....F
Social Services (Goldson)	None. Villages suffer decline. Poor people suffer more. Community funds misappropriated to pay party hacks called "coordinators". Spends most time travelling.	....F
Works (Wagner)	Total neglect of agricultural feeder roads. Belize City streets in a state of disaster. Western Highway Bridge still not built. Laid off hundreds of PWD workers.	....F
Commerce and Industry (Juan)	Closed down Libertad--hundreds put out of work. Set up hustle for rice and vegetable importation to relatives and friends. Victimized Port Com- missioner using "the Snake" at Belikin as hit man.	[no entry]
Attorney General (Elrington)	The unguided missile who sought to destroy the independence of the Court system. Putting for- ward "self-interested" legislation before the House. Assaulted senior Civil Servant.	....F
Energy Communications (Alpuche)	Blackouts continue. Scandal involved in big Oil contract. Kickback. Chairman of BEB resigned in protest. Ministerial ineptitude leads to unofficial re-shuffle. Minister no longer in charge of electricity & telephones. Same Minister predicted devaluation.	....F

Final remarks: The UDP has failed. Must be replaced.

#### BEACON's Assessment

Belize City THE BEACON in English 21 Dec 85 pp 1, 5

[Page One Commentary: "Why Better Must Come"]

[Text] No one can deny the achievement of the Esquivel government in clearing off the horrendous arrears of the PUP, servicing the current external debt in a timely fashion, and restoring the Belize dollar to a position of strength. The UDP has been less successful however, in explaining to the electorate why these very accomplishments have meant some increased sacrifices in the short term.

The Prime Minister's statement to the House on Friday last has now gone a long way in remedying this communication problem. For in his straight-forward, no frills manner, Mr. Esquivel demonstrated with absolute clarity the necessity for financial house-cleaning as a precondition to the job-creating investment which this country is bent on attracting.

The government's strategy for economic development is one of export-led growth through agricultural diversification, and expansion into the labour-intensive light manufacturing and tourism sectors. Since Belize is a capital scarce country, an infusion of private sector money is needed to underwrite new activity in these key economic areas. But no businessman can be expected to put money into a country if it does not pay its bills, if its creditors are hounding it in the international marketplace, and if it is written off by the world financial institutions as an economic basket case.

On the public sector side, government also needs capital injection (in the form of grants and soft loans) for investment in infrastructural projects. The building of highways, ports, schools, hospitals etc, both provides immediate employment and leads to an overall increase in efficiency and productivity. Here again though, international aid agencies as well as individual donor nations will not agree to help countries that are seen to be incapable of putting their fiscal houses in order.

It is in this context that the action of removing money from the domestic economy to pay the PUP foreign debts, must be viewed. The austerities it is creating are in fact counterbalanced by the quickening of activity displayed by foreign investors, with a number of new projects having already come on stream, especially in the area of agriculture (aloe vera, cohune, mariculture).

What government plans to do now is to concentrate its investment promotion efforts on the light industry sector. There is every prospect that, for example, some of the garment manufacturing businesses from the Far East will come to Belize. Government can stress the country's proximity to the U.S. market, as well as Belize's duty free access under the C.B.I. Most importantly, it can also point to the climate of financial stability which the Prime Minister's managerial responsibility has produced.

Some impatience on the part of an electorate hungry for jobs was thoroughly understandable. Only the most cock-eyed optimist though, could seriously have expected the accumulated depression of PUP mismanagement to be swept away in one short year. The fact is that a good start has been made, and the recovery can be expected to strengthen as, among other things, Minute Maid begins on-the-ground work in 1986.

The dividends to be reaped will entirely justify the stringencies of a clear-sighted UDP government.

#### UDP Repression

Belize City THE BELIZE TIMES in English 25 Dec 85 p 19

[Anonymous column "Bottom Line": "1985--Year of Pain"]

[Text] For most Belizeans 1985 was a year of trauma. A year of extreme pain. Witness the thousands in Libertad, Corozal whose daily bread was taken away as the gates of the only factory in the district was closed.

The spiraling cost of food continued its upward while salaries and wages stood frozen in obedience to government policy.

Friendly trade unions received trips and tips and seminars while the Christian Workers Union was crushed and being driven off the water-front. The Public Officers Union saw its past president catapulted into government's favour while its serving president absconded in disgust.

Victimization on political grounds was practiced on a large scale. The spoils system was now entrenched. Novelo's Bus Lines was too prosperous over UDP's Guerra Mena bus line. Novelo was forced to slow down by government's hike in bus fares.

The police department had a corruption scandal almost every week. One newspaper reported that one would have to look hard and long to find one honest cop in the whole police force.

The UDP's political discrimination reached over into firing those over 55 years of age on a selected basis.

Belize, that up to 1984 used to boast of its almost classless society saw a return to the old privileged class in 1985. If your name is Fairweather, Young, Barrow or one that flourished during the colonial days you will be treated as more than equal under UDP rule.

1985 saw the introduction of widespread use of listening devices by the Belize Police assisted by the United States and British Intelligence Agencies.

The heavy increase in Peace Corps personnel and other expatriates has seen corresponding rise in racism within Belize.

[In the anonymous column "Dick & Jerry," THE BELIZE TIMES of 8 December 1985, page 6, comments: "With Peace Corps personnel now 150 and going up to 250 by next year and with the Gabourel Lane crowd also growing daily the CIA have come above ground and are demanding identification from Belizeans on their way home at night in places like Bella Vista and parts of Kings Park with high concentrations of Americans. We are fast becoming a military state."]

The Belize Defence Force has become restive as a result of the discrimination practiced by members of the training team. The compound of the BDF which houses officers, is today a virtual South African enclave.

The government moved during the year to entrench itself in power by preparing for Absentee Voting for Belizeans who are naturalized US citizens and living in the US.

Government denied the Opposition PUP the media of radio and television while UDP made use of these extensively. All this within one short year.

But there were rays of hope. The lottery sellers boycott of the government lottery books pointed the way to successfully bring the unpopular government to terms. Hit them where it hurts--in the pocketbook.

Critique of Cabinet

Belize City THE BELIZE TIMES in English 25 Dec 85 pp 18, 34-35

[Text] After one year in office, a truthful assessment of the raise-up gang would be as follows:

Manuel Esquivel--Prime Minister

During my first year in Office I have not been able to accomplish anything. This is partly the fault of Dean Lindo who opposes me in Cabinet and is trying to embarrass me so he can take my position.

I must inform the people that it is one thing to find fault and criticize the Government when in Opposition. Now we learn that it is a big and difficult task to run a government. I don't think we can handle this job.

I followed the advice of Dean Lindo, who claims to be an economist and I squeezed the poor people, the business community and the country to pay a few million dollars in credit in order to impress some foreign bankers. This was a big mistake. I should have looked out for the interest of Belize first. I like cocktail parties, the many opportunities to travel abroad and to ride around Belize in my air conditioned chauffeured LTD. I have already learnt how to ignore the suffering that my government is causing. I am entitled to enjoy the sweets of life and Kathy is enjoying herself.

Curl Thompson--Ministry Home Affairs

If Esquivel can drive around in a white LTD with a chauffeur, I can drive around in a black LTD chauffeur and with bodyguards as well. [as published] It is true that there are no police to patrol the streets because Esquivel has police guarding his house, day and night and driving his car, and of course they have to do the same thing for me, but so what, that is part of the raise-up we expected.

I have not done anything during this first year. Because I am a very sick man. It is true I have a drug dealer advising me but that is the only way I can catch all those crooks in the Civil Service, Police and B.D.F.

Dean Barrow--Min of Foreign Affairs

I am frustrated and will soon resign again. The level of incompetence and idiocy of the UDP is appalling. The Prime Minister's methodology in running his government is detrimental. He has failed to provide the jobs and economic prosperity we promised the electorate. Neither has he reined Elrington and Aikman for their witch hunts and vendettas. The popularity of the UDP is now irreparably shattered. Santiago Perdomo remains a security risk as far as I am concerned.

Philip Goldson--Min of Social Services

I am talking the truth when I say I do not see the many ills and problems affecting the social services of the country. Moreover my interest is in Local Government where I can employ my friends and relatives on open vote. Did I mention that Carlton Fairweather and Kathy Esquivel accompanied me to Zambia in Africa?

Dean Lindo--Minister of Lands

I am the Land man and I have a Land plan. They don't refer to me as Slide and Slicko for nothing. Remember my slogan Dean is Clean. I intend to clean-up as much as possible because I won't be able to win re-election. So baby brains Esquivel can say what he wants about conflict of interest. I will sell as much land as I can and my law-firm will continue to make large deals. We are in this for money you know.

Hubert Elrington--Minister of Housing

My only regret is that I haven't victimized as much as I wanted during the first year. I am proud that I got rid of a Chief Justice, I intend to control the whole judiciary. They better tow the line or else. And I will pass any laws I want. To hell with the Churches. By the way the housing money is finished so stop bothering me for houses. Go see Mr. Perdomo.

Derek Aikman--Minister of Education

I told Esquivel I wanted to be Deputy Prime Minister because Thompson isn't fit for such an important position.

During my first year I victimized a number of persons because they were more intelligent than I am. I intend to victimize some more in the second year. Belcast is very good but I had to sabotage it because it was not a UDP idea.

I don't have time for education, Culture or Youth (except to cry at the Youth Congress and try to bring Michael Jackson or Prince.) My interest is tourism and airlines, ask Came about me.

It is true I am immature and childish but Dean Barrow is not more popular than me and shouldn't be scolding me in Cabinet meetings.

Henry Young--Aikman's Deputy Minister

Esquivel has promised me he will do something about Aikman, I can't work with that boy much longer. If I didn't dislike Dean Lindo as much as I do I would support him in undermining Esquivel. The job is too big for Manuel. I will concentrate on improving Birds Isle and continue to look out for myself because there is no way we could win a next election.

Charles Wagner--Minister of Works

I don't know what the Ministry of Works has accomplished during the first year. That fool of a Rhaburn was working against me and calling me Minister of Waste. I want to be Minister of Toledo with responsibility for all government business in my district including health, education, social services, agriculture and Lands.

Sam Rhaburn--Wagner's X Deputy

Wagner is not my boss. Neither Dean Barrow. I answer only to Net Vasquez. I should be a Minister. I was a UDP long before such Johnny-Come-Lately like Elrington and Aikman.

Dito Juan--Minister of Trade

During my first year no trade took place. But I did give a lot of permits to import food items that can be grown locally. With the economy in such a mess I want different portfolio. Let Lindo and Esquivel handle trade, they are responsible for the mess.

Isreal Alpuche--Minister of Energy

Will the dollar be devalued or will it not? Just call be funny pants and BEB oil. [as published]

Carlos Castillo--Speaker of the House

During the year I really raise-up with a salary from City Council and another from the National Assembly. I am working out a plan to get a third salary as Deputy Minister.

Elodio Aragon--Minister of Health

I have legally declared Belmopan to be a dogs town. Belize City will soon be declared a rats town.

Rueben Campos--Deputy of Aragon

I should have my own Ministry.

/6091

CSO: 3298/261

BELIZE

CHARGES OF WIRETAPPING DENIED BY CABLE & WIRELESS

Government-Collusion Charge

Belize City THE BELIZE TIMES in English 8 Dec 85 p 4

[Letter to the editor]

[Text] Editor, BELIZE TIMES,

Now that Cable and Wireless Management has been compromised where do we go from here as a society that respects the human rights of a private conversation.

Phipps has admitted to collusion in tapping the conversation of a citizen for the benefit of another government. Cable and Wireless monopoly must now come to an end.

What has not come out yet is the complicity of the Government. Reliable reports say that the whole thing was done with the approval of the Minister of Home Affairs. The London office of Cable and Wireless approved. Which brings me to the role of the British Government in all this listening device-bugging that is rampant in Belize. One source informs that London provided 50,000 pounds sterling to the Belize Government to engage in widespread bugging of its citizen.

/S/ Disgusted observer

C&W Denial

Belize City THE REPORTER in English 8 Dec 85 p 4

[Text] Cable & Wireless PLC, the British company which looks after Belize's overseas telephone communications with the outside world, has issued a release denying reports that it has been listening on private conversation and recording some of these.

The denial, dated December 4, states:

"In recent weeks certain colourful but totally inaccurate statements have appeared in THE BELIZE TIMES concerning the operation of the international telephone service by Cable & Wireless PLC.

"The company states categorically that it has never, repeat never, recorded or transcribed the content of any international telephone call outgoing from, or incoming to Belize, and has no intention of doing so in the future.

"In a recent court case in the United States the company was required to authenticate accounting records detailing the date, time and duration of phone calls from Belize to United States in accordance with the conditions of the company's operating license as granted by the Government of Belize in 1978.

"As stated above, the company has no record or knowledge of the subject matter of the calls in question and such information has neither been requested nor given at any time."

Cable & Wireless denial comes on the heels of some alarming reports which say that there is one expatriate officer within the Cable & Wireless organization who listen in on people's conversations and sometimes even records these conversations on tape.

Former employees of Cable & Wireless have told THE REPORTER that there is some truth to these reports, and say they are prepared to repeat these charges to the Ministry of Home Affairs.

#### Newspaper's Investigation

Belize City THE REPORTER in English 15 Dec 85 pp 4, 13, 15

[Text] Recent allegations, that there has been one or more persons within the Cable & Wireless organization in Belize with the capability of tapping into international telephone conversations for eaves-dropping purposes and making records of these, have led to an invitation for THE REPORTER to visit the international telephone exchange and to make its own unbiased assessment.

The visit to the exchange was carried out last Tuesday morning and lasted the better part of an hour.

REPORTER conclusions at the end of the visit are summarized below for the benefit of readers and telephone users.

Telephone operators who control the international switchboard at Mercury House, the Cable & Wireless headquarters on St. Thomas Street, work manually at an electrically controlled panel which gives access to 11 international channels. The conversations are sent by BTA radio telephone to Belmopan and from Belmopan the signals are beamed via geo-stationary satellite directly either to the United States or to the United Kingdom.

There are three points in the operation where interception is possible with out-going messages, which is what fuss is all about. Under certain circumstances a message may be intercepted at the switchboard as it comes in; or it may be intercepted in Belmopan as it is being beamed out. Lastly it may be intercepted on the rebound from the satellite by any person with equipment attuned to the correct satellite frequency--in much the same way that television operators in Belize obtain television picture and voice tracts from satellite "footprints."

This report deals exclusively with the first possibility, namely interception of telephone calls as they come in at the switchboard. To do so, some of the functions of a switchboard operator need to be detailed.

When a caller in any part of the country of Belize dials the Cable & Wireless access code (no. 115) a signal light on the switchboard at Mercury House comes on. The operator, equipped with earplug for listening and headset microphone for speaking, plugs the caller into the system and proceeds to obtain details of who the caller is and what number he or she wishes to dial. The operator writes down this information and goes on to dial the desired number through a push-button system at his/her fingertips. If the contact is firm and the parties begin conversation a timing mechanism on the switchboard begins to spin to record the number of elapsed seconds during the conversation.

At the conclusion of the conversation a set of twin lights on the switchboard signals the operator that the call is completed (handset down). The operator then disconnects the caller from the switchboard. When this happens the timing mechanism stops, allowing the operator to record the exact duration of the call.

After obtaining necessary details from a caller and making firm contact between caller and receiver, an operator follows his/her training to flip a switch which cuts the voice off, enabling the operator to go on to another call. On a busy day all seven operators are hard-pressed for time and from time to time they are obliged to ask a caller to hold to give them time to process on-going calls.

It is possible for an operator to leave this switch open and to listen in on a conversation between two parties. Operators are trained not to do this, and they all have to sign a written commitment not to divulge any details which come to their knowledge as a result of their work as switchboard operators.

In the office of the General Manager, sitting on his desk, is an electronic box with seven lights and seven switches--one for each operator. The light if illuminated, tells which operator(s) are working with calls, and by depressing the corresponding switch, a person using this box can listen in on any chosen operator as he/she goes about his/her work, either to check to ascertain whether that person is performing well at the switchboard or, as was the case a few years ago, to obtain information when a caller tries to abuse an operator with foul language, threats or insults or other degrading conversation.

This device is capable of monitoring what is being said so long as the operator keeps the earpiece switch open. Once he/she flips the switch and goes on to another call, contact with monitor box is broken.

The monitoring box, by the way, is being removed, according to a well-placed senior executive of C & W. It had been installed, he told THE REPORTER, in response to a spate of crank calls, but has not been used in more than three years, he said.

Repeating earlier assurances, the spokesman stated categorically that Cable & Wireless has never recorded or transcribed the contents of any international call, either those going out or those coming in. The company has no record of the contents of any conversations and no knowledge of what they are about. Under its licensing arrangement the company is required however to keep records of when a call comes in, the number of the telephone being used to make the call and the number abroad for which the call is intended. As a double check, the operator invariably asks the calling party to hang up, and then calls the caller's number.

THE REPORTER's conclusion, based on the information it has been able to gather from its visit to Cable & Wireless headquarters are:

1. There is no way for an operator to make a recording of a conversation taking place at the switchboard. An operator during a slack period may be able to listen in on an entire conversation by keeping his/her voice switch open, but there is no way for him/her to make a record of what is being said.
2. The monitor inside the General Manager's office can be used to make recordings of conversations by simply using a portable tape-recorder, but such a recording would be only of the beginnings of random conversations, that is, the parts of the exchanges which are audible before the operator throws the switch to cut off voice contact.
3. There is a way for complete conversations to be recorded however. This could happen if the operator and the person at the monitor box both agree to work together. For this to happen the operator would have to leave his/her voice switch in an open position to allow the full conversation to be heard. But even if this could be arranged, it does not mean that the operator-monitor team could pluck out telephone conversations at will. Both would have to be working in unison at the precise moment that a targeted call is being made. Both would have to know in advance that the call is one that they want to record before they could do the illegal recording.
4. After Wednesday, December 12, we have been told, such an improbable collusion will not be possible because the monitoring box will be removed.

5 February 1986

## BELIZE TIMES Comment

Belize City THE BELIZE TIMES in English 25 Dec 85 p 19

[Text] The REPORTER story of last week on Cable and Wireless only serves to strengthen the conviction that they have been up to funny business obviously under instructions.

But the proof of the pudding is in the eating. When people use the International Telephone Service today they constantly remind each other "Watch out, he may be listening today." No conversation seems to be private.

Cable and Wireless' London Office needs to take note. They must take positive steps to bring back confidence in their service. Incidentally, BTA suffers by association.

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CSO: 3298/261

BELIZE

BELIZE TIMES COMPLAINS OF GOVERNMENT HARASSMENT

Belize City THE BELIZE TIMES in English 8 Dec 85 p 4

[Text]

We were informed this week by Eastern Division Police that they will no longer be providing us with information concerning police matters and that we would now have to request information from Belmopan. This came as a shock to us as we had always enjoyed good relations with Eastern Division. But what is more disgusting and annoying about the entire matter is that the other newspapers which continue to bore the public with government propoganda will continue to receive information from the Press Officer at Eastern Division while we are being denied that privilege.

The reason behind this oppressive move presumably by Police Minister Thompson is still unclear and we are only told it is the instruction from Belmopan. In past issues the BELIZE TIMES has been

critical of the many irregularities in the police force and this we believe is the reason behind the unprecedented move by Belmopan and the fact that we do not sing their tune. However we maintain that we have a duty to our readers to report such matters and we will continue to do so.

With all the talk about open government and Freedom of the press for that matter, one would have thought that a free flow of information would be the order of the day. Not so. The instruction to suppress information from the BELIZE TIMES can only be seen as war, open government style, against this newspaper on information this is public property. Let it be known that we will not be silenced and will continue to expose the police when we have to come hell or high water.

BELIZE

GANG BRINGING IN ILLEGAL CHINESE IMMIGRANTS CRACKED

Belize City THE REPORTER in English 15 Dec 85 pp 1, 16

[Text]

POLICE INVESTIGATORS tracking down the ring-leaders of a tightly knit group which has been bringing mainland Chinese men and women to Belize and furnishing them with illegal residency papers have led to a middle echelon official in the Ministry of Home Affairs.

Earl Arana, First Secretary at the Belize Embassy in Washington, has been recalled to Belize for questioning after evidence linking him to the ring was discovered. As a former Assistant Secretary in charge of immigration affairs in the Ministry of Home Affairs, Arana had unlimited access to residency certificates. Reliable reports say he has asked to be relieved of his duties.

Pursuing their investigations the Police raided a certain house in Corozal and seized an undisclosed quantity of immigration forms. Reports say the Police came across sheaves of official bank forms already signed and stamped so that a user could fill in

whatever name he chooses.

It is believed that no less than a dozen persons have made use of the illegal documents to claim permanent residence in Belize.

Reports from Belmopan say that the Police Commissioner, Mr. Maxwell Samuels was seen conducting a thorough investigation with Ministry staff, and it is expected that others may be implicated in the racket.

Police are also said to be awaiting the return of a certain unnamed Chinese businessman from abroad to question him about how official immigration documents came to be lodged in his house in Corozal.

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In a separate development this week, the Police have accused their civilian pay-master, Douglas Jones, of absconding with several thousand dollars in cash which belonged to the Police award fund.

Jones was apprehended in Corozal as he tried to cross the border check point at Santa Elena into Chetumal and his passport seized. But he subsequently got away and is believed to have crossed into Mexican territory.

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CSO: 3298/261

BELIZE

BRIEFS

NEW PUBLICATION--A new news sheet has been published in Belize. UHURU the name of the news sheet was being distributed sometime this week in Belize City by Odinga Lumumba. Mr. Lumumba, who was a strong supporter and campaigner of the UDP, was earlier this year disclaimed as a supporter of the UDP by Prime Minister Esquivel. Last week at his televised press conference Esquivel also publicly chided the AMANDALA newspaper, another strong supporter and campaigner for the UDP. UHURU which is critical of both political parties carries some interesting revelations. According to the paper Mr. N. Wischenka, representative of the State of Israel in reply to a question on Albert Street shouted "Yes I am a Zionist." Elsewhere in UHURU reference is made to the United Nations Resolution that Zionism is condemned as a form of racism. The news sheet which refers to the Bowen family as "owners of slaves" carries the information that in 1981 Mr. Barry Bowen contacted the Belize Action Movement (BAM) and at a meeting with Kenworth Tillett and Odinga Lumumba tried to convince them of the benefits of supporting the Heads of Agreement against which BAM was leading the opposition at the time. UHURU is an African name meaning freedom. [Text] [Belize City THE BELIZE TIMES in English 8 Dec 85 p 7] /6091

'POLITICAL' APPOINTMENTS--Two very political promotions are under consideration by the Esquivel Cabinet. Deputy Prime Minister Curl Thompson "New Car" is recommending one Mr. Harrison Pilgrim to be his Permanent Secretary in the Ministry of Home Affairs. Mr. Harrison Pilgrim has been Minister Thompson's top adviser and confidant and apparently would like to leave his lucrative insurance firm for the power of Belmopan. The other move centers around Carlos Perdomo. Perdomo was recently brought into the Civil Service for the specific purpose of making him an attache to London. A close friend of Kathy and Manuel Esquivel, Carlos appears not to like his new job. So early next year when Orthon Clarke retires as Secretary to Cabinet, Carlos will be offered that post. Both moves are being roundly condemned by Civil Servants who understand quite clearly that bringing in political hacks is the end of any career or future they can expect from the UDP for whom politics takes precedence over everything else. [Text] [Belize City THE BELIZE TIMES in English 25 Dec 85 p 4] /6091

CSO: 3298/261

BERMUDA

## SWAN REITERATES POLICY ON ISLAND'S INDEPENDENCE

Hamilton THE ROYAL GAZETTE in English 14 Dec 85 p 4

[Text]

**Premier the Hon. John Swan** told the House of Assembly yesterday the Government's policy on independence had not changed.

The Country would only become independent when a majority of the population was in favour, he said.

Mr. Swan was winding up the adjournment debate, during which **Opposition Leader Mr. Frederick Wade** asked whether the policy had changed.

Mr. Wade said a report in *The Royal Gazette* claimed US Congressmen had been told the Island would be independent within the next five years.

The Congressmen had received a letter urging them to vote Bermuda convention tax concessions because of the Island's business and military importance to the United States, the story said.

The White House had supplied the information about independence.

"The Premier was approached about this. He denied he had had any formal discussions but thought he might have discussed it casually at the White House," Mr. Wade said.

"The Premier has been running off to Washington very frequently since he came into office and he may be pedalling our independence in return for this business."

Independence was worth more than simply business concessions.

"We favour independence. But only after a General Election where it is the main issue," Mr. Wade said, admitting there was almost certainly a majority of voters against at present.

"The Premier must stop running to Washington and promising the Country in exchange for anything the Americans can give us. We should have our options open when we become independent."

The *Gazette* story said the background information for the Congressional letter had come from Mr. Max Friedersdorf, a close confidant of President Reagan.

Mr. Friedersdorf, now US Consul General in Bermuda, was a political intimate of Mr. Swan.

"Mr. Friedersdorf is one person who would know how the Premier thinks about independence," he said.

"We know the US government views Bermuda as an important place in terms of their own security — not our security — theirs. We say independence is a question for Bermuda to decide.

"The Premier has no right to be giving the Country away for some convention business," he said.

Mr. Swan the policy had not changed.

"I would not myself support the move to independence without the consent of the majority of the people," he said.

He denied making any formal statements about Bermuda going independent but said he might have made informal observations.

"At no time have I in any way attempted to mislead or misguide the Bermudian people," he said.

Bermuda had to keep in close contact with the US government because of the influence the States had over the Bermudian economy and way of life.

Bermuda's prosperity would only continue if those contacts were kept up, he said.

/12379  
CSO: 3298/272

5 February 1986

BERMUDA

## GOVERNMENT OVERSPENDING IN LAST FISCAL YEAR REPORTED

Hamilton THE ROYAL GAZETTE in English 14 Dec 85 p 4

[Text] Finance Minister the Hon. Clarence James yesterday told the House of Assembly Government had overspent \$6,093,200 in the last fiscal year.

This was a second supplementary estimate for the year and listed 38 items where Government had overspent. Government had earlier won approval to spend an extra \$5.4 million over its budget.

Dr. James said an extra \$5,000 had been needed to pay for Government's \$50,000 contribution to the Ethiopia Appeal Fund.

The cost of employing temporary staff had overrun by \$283,100, although \$1.6 million had been saved from the wages and salaries bill.

A \$95,000 overrun in the Social Insurance department was a result of a large number of hospital claims made by Bermuda residents while on vacation overseas.

The Tourism Department received a supplement of \$1.064 million for advertising because of changes in accounting methods.

The Public Transportation Board's \$310,000 shortfall, comprised \$118,000 overtime payments and \$192,000 toward the purchase of spare parts.

Grants of \$80,000 to the Arts Council and \$67,500 to the National Trust constituted the bulk of a \$186,000 shortfall for Community Services.

A \$28,000 overrun on an \$198,000 American study of the redevelopment of accommodation for Government and the Judiciary was attacked by

Opposition Leader Mr. Frederick Wade as an "expensive, temporary solution" to a "long-standing crisis."

An extra \$341,000 was needed to pay for the conversion of Tourist Department offices into a new Supreme Court.

Other capital development overruns were reported by Dr. James totalling \$36,900 for upgrading of three community fields, under the Department of Youth and Sport, \$28,500 for the Victoria Street Drug Rehabilitation Clinic, and \$171,000 for the Youth Development Centre at Seaview.

Alterations to the Registrar of Shipping offices, Harbour Radio and the docking point for the new ferries overran by a total of \$190,000, while \$32,000 had been spent on improvements to the airport VIP lounge.

Buying bulk refuse containers had cost an extra \$13,600, surveys of Pembroke Dump \$80,000 and renovation work on Horticultural Hall \$100,000.

Dr. James said \$90,000 had been spent on temporary classrooms at Bermuda College, \$125,000 on a heat and smoke chamber for the Fire Service and \$23,100 on site excavation work for the new bus garage.

Nearly \$500,000 had been spent on buying new equipment for various departments, including \$228,000 on relocating offices, \$150,000 for a new Marine and Ports work boat and \$47,500 for an emergency power supply for the main Government administration building.

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CSO: 3298/272

BERMUDA

## CULTURAL AFFAIRS MINISTER COMPLAINS OF U.S. TV IMPACT

Hamilton THE ROYAL GAZETTE in English 17 Dec 85 p 1

[Text]

Television and radio last night received a lashing from Cabinet Minister the Hon. Gerald Simons for the growing influence of American broadcasting.

Mr. Simons, the Cultural Affairs Minister, said he had visions of Bermuda losing its cultural identity in the next 15 years because of the dominance of US radio and television on the Island.

"We're bringing up a generation that is more aware of Thanksgiving Day than Somers Day," he said.

Things were so bad, one primary school pupil had told him President Reagan was the Governor of Bermuda.

Mr. Simons met earlier in the day with ZBM director Sen. W. James Williams to talk about standards in radio and television.

Broadcasting Commissioners chairman Mrs. Louise Jackson was also at the meeting.

Mr. Simons said he had discussed with ZBM a number of complaints he had received about the standard of journalism in the media.

"I get complaints from members of the public over the quality of programming and the general quality of news-readers. One of the main problems is the standard of grammar," he said.

Mr. Simons said last night he had two major worries about broadcasting — the dominance of US transmissions and the lack of local content on television.

"About a week ago, I was with a group of students at the Youth Library. I asked the group who was the Governor and a six-year-old said: 'President Reagan'. I asked where the Governor came from and he said: 'America'."

The number of locally-made television programmes was still too low, even allowing for high production costs. ZBM had improved recently, in particular by re-starting local newscasts.

Mr. Simons said he would prefer to see programmes from a wider range of countries if local production was limited.

Britain, Canada and the Caribbean could all provide alternative programming to what the United States offers.

/12379  
CSO: 3298/272

BERMUDA

BRIEFS

**BANK PROFITS DECLINE**--Bermuda Commercial Bank profits fell 30 percent for the twelve months to September 30 this year--the third year in a row the bank has announced lower net earnings. They dropped \$219,000 to \$503,331 on total revenue of \$27.3 million, cutting income per share to \$1.42 from \$2.19 previously. The bank blames the lower bottom line, which has now drifted some way from its 1982 level of \$1.2 million, on reduced net interest earnings, caused by falling rates on its US dollar balances. The bank's latest report and accounts, released yesterday, says US rates have fallen significantly over the last three years and predicts that America is expected to maintain downward pressure on them to keep its economy moving. The report shows: Total interest income of \$24.7 million compared to \$27 million last year. Trust and management fees of \$1.2 million against \$967,813. Operating expenses of \$26.8 million from \$28.4 million before. An unchanged dividend of \$300,000 or \$1.00 per share. Balance sheet assets of \$290 million, down from \$293.4 million. Loans of \$17.5 million against \$16.5 million. Demand deposits of \$16.1 million compared to \$14.5 million. Term deposits of \$259 million, down from \$259.8 million. [Excerpt] [Hamilton THE ROYAL GAZETTE in English 13 Dec 85 p 39] /12379

**FOREIGN COMPANY INCORPORATIONS**--Bermuda should soon be able to offer express incorporations for foreign businessmen in a hurry to form Bermuda companies. But the companies will carry an Emergency Use Only label. The move is part of an all-out push to increase Bermuda's ability to compete against other countries in what has become a global battle for lucrative offshore business. The latest measure, due to be introduced early next year, is aimed at streamlining procedures to allow certain new companies to get off the ground within 48 hours instead of the current average of two to three weeks. The major component of the super-quick formation is expected to be the re-introduction of what are known in the trade as shelf companies--exempted firms which have already been incorporated and require only final approval from Bermuda authorities before they can be used. But they will not be available in unlimited quantities and are likely to be reserved for emergency incorporations only. Local corporate lawyers are expecting to be allowed to maintain a small pool of shelf companies with standard powers. [Excerpt] [Hamilton THE ROYAL GAZETTE in English 16 Dec 85 p 32] /12379

CSO: 3298/272

BRAZIL

RECENT ARMS SALES TO THIRD WORLD COUNTRIES DISCUSSED

Sao Paulo ISTOE in Portuguese 11 Dec 85 p 72

[Text] Two more sale contracts will soon be signed for the Tucano military training plane, produced by EMBRAER [Brazilian Aeronautics company] in Sao Jose dos Campos, Sao Paulo State. One contract is with Venezuela, to deliver 30 planes; the other is with Nigeria, which is ordering 50 planes. When the last plane takes off for the purchasing country, at the end of 1986, over \$100 million will have landed in the coffers of the Brazilian company.

An even larger sum will go to its neighbor, AVIBRAS, which manufactures the ASTRO II Universal Artillery Rocket System for Saturation Bombing. TECTRAN, an AVIBRAS subsidiary which manufacture the armored trucks that serve as the platform for the system, will expand its payroll from 270 to 500 in June 1986, to produce 160 new trucks by December, enough trucks to mount 50 ASTRO II systems, since each system requires at least 3 trucks. The company is not divulging figures, but considering that the ASTRO II costs an average \$10 million, the new order, from Middle Eastern countries, will bring in at least \$500 million.

This is not the total harvest from the hefty exportation of Brazilian arms. ENGESA [Specialized Engineers, Inc] is in the final round of negotiations with Saudi Arabia, Libya and another Third World country for the sale of hundreds of Osorio tanks, which will go into production by the middle of 1986. The company expects these negotiations to break the \$1 billion barrier. Counting the contracts which are already firm and the negotiations in progress, foreign sales of war materiel should bring in about \$2 billion in 1986. The largest slice of the pie will go to ENGESA, since the tanks are generally sold in large numbers and they cost an average \$3 million.

It will be no surprise, however, if EMBRAER turns this situation around in its favor. When the news leaked regarding the purchase of 40 Pilatus planes by Saudi Arabia, the Brazilian firm decided to join the parade and is now competing in the bidding. Moreover, negotiations are progressing with the U.S. Air Force, which needs no less than 500 training planes. The Tucano is a competitor and the company feels its position was strengthened after U.S. Army Secretary John Marsh Jr visited Sao Jose dos Campos on Wednesday, 4 [December].

Even if all the negotiations turn out well, however, Brazil will still be far from being a great world arms supplier. Whereas here we are overjoyed with

\$2 billion in exports, France is exporting \$30 billion worth of arms and the United States is exporting \$120 billion worth. "Our share does not even amount to 0.5 percent of the market," complained an advisor of Army Minister Leonidas Goncalves. One of the reasons preventing the growth of that share, according to the advisor, is the "lobbying" conducted by the Americans, English and French against the Brazilian arms.

6362

CSO: 3342/55

BRAZIL

CUT'S ACTIVE BACKING FOR LAND INVASIONS, PROGRAM SCORED

Land Invasion

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Dec 85 p 9

[Text] The national general meeting of the CUT [Sole Central Organization of Workers], which began on Sunday and which brought together about 250 delegates from all over the country in Sao Bernardo do Campo, ended on Sunday evening. Among the most important decisions, the CUT will intensify its action to organize and to occupy land (which the CUT feels is the only way to carry out a National Plan for Agrarian Reform). To this end, it will support what it describes as the rural workers' right to defend themselves during disputes over land.

The CUT is going to demand that the government immediately expropriate the large estates, productive or unproductive, in those regions with a large concentration of landless workers. As a means of pressure, it will promote mass demonstrations, which could even include sit-ins in front of the state and local offices of the INCRA [National Institute of Land Reform and Settlement]. The battle cry will be a demand for the expropriation of land holdings which the rural workers consider to be at the top of the list, according to the surveys. As a criterion for the occupations, CUT will select areas which offer the greatest possibility of a victory.

This was the most controversial issue, since, in all the discussions and also in a press conference, the CUT leaders made it clear that, to achieve what they desire from the plan for agrarian reform, the general pressure will be the land occupations and, as a result, the probable resistance of the rural workers in the confrontations. "The CUT will support them in taking justice into their own hands. This does not mean killing, but a general organizational plan, denouncing the killings and charging the government with responsibility. It is clear, however, that, in terms of legitimate defense, if the worker is attacked, he will fight back. To avoid being killed, he may even respond with bullets," explained Jaco Bittar, member of the CUT Executive Council, in a fiery press conference.

In that press conference, both Jaco Bittar and Jair Meneguelli, national president of the CUT, as well as Avelino Ganzer (president of the Parana Federation), vehemently decried the report in last Sunday's O ESTADO DE SAO PAULO, according to which the CUT was proposing that the peasants take up arms. However, a

document prepared by the national directorate of the CUT proposed that the struggle for agrarian reform be discussed as an issue pertinent to the "furtherance of the revolutionary process."

After the negative reaction to the report, however, the CUT executive decided at the last minute to revise this segment of the text. After the latter had been approved both in working committees and in the general meeting of the delegates, Jaco Bittar proposed the revision, claiming that the CUT "is being used by the press as the scapegoat. It is a question of tactics; we cannot feed the rumors going around out there that the CUT wants a revolution."

Thus, the original proposals in the report on the subject of agrarian reform had stated: 1. To define a political strategy for the issue of agrarian reform, which could involve real battle tactics; 2. To discuss the struggle for reform as pertinent to the furtherance of the "revolutionary process," thus an issue of equal interest to all workers; and 3. CUT, in its various unions, should make agrarian reform and rural violence one of its priorities, discussing the forms of specific support(material and logistical) to the rural sector. After the report was published in O ESTADO, the text was revised, to read:

"For the CUT, the struggle for agrarian reform will only be carried out through profound social changes, through the efforts of the workers. Hence it is an issue which is of equal interest to all urban and rural workers. For this reason, CUT must define a political strategy which could include battle tactics. In its various unions, CUT should give priority to the struggle for agrarian reform and against rural violence, discussing the forms of specific support, material and political, to the workers' sector."

#### The Club and the Machete

In addition, CUT pamphlets and demonstrations denouncing the constant murders of farm workers make a point of stating that, for the Union Federation, the campaign is not limited to denouncement. "It is one of action." In this manifesto, which is already being distributed as part of the campaign which the federation is promoting, it is also declared that the workers will know how to defend their lives, the organizations and their leaders. "The club and the machete are equally dangerous. Anyone who goes around killing can also be killed."

Jaco Bittar claims, however, that it is a "complete distortion of the facts" to say that the CUT is proposing an armed struggle. In his opinion, the CUT will support any means which the rural worker finds to defend himself from the "large landowners, who go around killing peasants with impunity and are still at liberty." In a survey conducted by the CUT, the number of workers killed in land disputes has gone from 116 in 1984 to more than 200 this year, mainly after the announcement of agrarian reform.

In its meeting, the CUT also consolidated its stand against the Democratic Alliance and the Jose Sarney administration. It issued a manifesto demanding that direct elections be held immediately for president of the republic and an open Constituent Assembly.

CUT Document: 'Self-Administered Justice'

"To confront this situation, as an initial step, CUT has joined with other entities in launching a campaign against rural violence. However, contrary to what most of these entities intend, the campaign is not limited to denunciation. For us, it is vital to act. To act and to declare, in the name of all the workers, that what we want is not 'peace in the countryside.' We want to end the violence which the large landowners practice with impunity. To this end, we defend the legitimacy of any means found by the workers to defend themselves and to protect their leaders, their [?struggle] and their organizations. We are not all brothers. The rural workers are tired of waiting vainly for years for the government to do justice; they are increasingly aware that justice for the workers will only come through their own hands."

### Strikes Concern Sarney

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Dec 85 p 31

[Text] President Sarney is "very concerned" about the new strike movement erupting in Sao Paulo's ABC [Greater Sao Paulo industrial districts] and has also voiced his apprehension about the strike at the Navy Arsenal. These impressions were conveyed yesterday in the chamber by Deputy Roberto Freire (Pernambuco), leader of the PCB [Brazilian Communist Party], who had met with the president at Planalto Palace.

Speaking with newsmen, the Pernambucan legislator admitted that the PT [Workers Party] might have in mind to "destabilize the government"; he observed: "There are some indications of this." Roberto Freire said the PT thinks it is the "lord" of the labor movement, forgetting that this is an old struggle, going back well before 1964, "and no one can forget the role of the Communist Party in all this."

The PCB representative confirmed that his party does not support the proposal of Brizola's PDT [Democratic Workers party] and Luis Ignacio Lula da Silva's PT to promote a new popular movement for direct presidential elections in 1986. "For the PCB, the most important thing is the election and convocation of the Constituent Assembly," he said.

In his opinion, the forces on the left, the progressive sectors of the country, should not go along with the idea of "direct elections now," which he calls "divisive" and capable of diverting attention from the basic issue--the Constituent Assembly.

Roberto Freire commented that the CNBB [National Conference of Brazilian Bishops] has already come out against direct elections in 1986, stressing that, in this matter, the PT and the PDT have taken the wrong position.

The PCB leader acknowledged that there is still a good deal of "intolerance" in the public and the Armed Forces against communism. He thinks that "anti-communism" in Brazil has remained virtually unchanged over time, but he said it was significant that the PCB had put up its own candidates in the municipal elections in several cities, "with reasonable results."

## Instability

The CUT activity in Sao Paulo--particularly its program for 1986, which includes a general strike, a campaign for a shorter work day, official adoption of the quarterly readjustments, "radical" agrarian reform, nonpayment of the foreign debt and direct elections for the president of the republic--was harshly condemned yesterday in Porto Alegre by directors of Rio Grande do Sul's commercial and industrial associations, who warned of the risks of shaking up the government's economic policy, a sharp upsurge of inflation and the threat to the very conquests which the workers had achieved this year.

"This succession of strikes with which we are confronted would sacrifice the entire economy and create a climate of instability in private enterprise. If the CUT carries out these ridiculous plans for 1986, it will lead to the collapse of the Brazilian economy, to total chaos," said Jose Zamprogna, president of the Rio Grande do Sul Steel Association. Zamprogna had serious reservations about the activity of Labor Minister Almir Pazzianotto. "We cannot continue to have all this liberalism with regard to strikes, particularly at a time when we have just begun to experience some growth, based on confidence in the new government and the businessmen's disposition to invest. Too much democracy when a people is not prepared for it, like the Brazilian people, leads to anarchy."

According to Zamprogna, Minister Pazzianotto "is simply campaigning for the governorship of Sao Paulo. He needs the workers' vote and he is trying to promote himself by supporting all their movements." Zamprogna added that the current strikes and the CUT plans for 1986 have more than just economic goals. "Behind everything, there are hidden Leftist political interests, which cannot be clearly identified yet and which could even be led from outside the country, perhaps from Cuba or Europe."

Cesar Rogerio Valente, president of the Rio Grande do Sul Federation of Trade Associations, was emphatic. "In 1985, the wages of the great majority of the workers showed considerable improvement, estimated at 14 percent, by virtue of the machinery of democratic freedom and the mobilization of the CUT and the CONCLAT [National Conference of the Working Classes]. We had more than 500 strikes. Now the workers are over-enthusiastic.

"The workers should not delude themselves; the counterpart to these movements will be the burden of a higher cost of living, inflation, and they will pay--literally--for their intransigence," Cesar Rogerio Valente continued, stressing that, if they are to survive, the companies cannot increase their production costs without passing that increase on to the [consumers].

6362

CSO: 3342/55

BRAZIL

BRIEFS

**SWEDISH INVESTMENTS--Sodertalje--**In terms of investments and the companies established there, Sao Paulo is the third Swedish city, after Stockholm and Goteborg. There are 50 Swedish companies in Brazil, most of which are in Sao Paulo; Sweden accounts for 2 percent of the foreign investment in Brazil and is 13th on the list of foreign employers. Swedish investments in Brazil account for 50,000 direct jobs, or 250,000 indirect jobs or support for 1.25 million people, considering an average of 5 persons per family. The information comes from Kaj Sandell (read Cai Sandel), director of Saab-Scania in Sodertalje (or Suratelia); he is also president of the Latin American Group of the International Council of Swedish Industry. Sandell, like Dr Ake Magnusson, executive member of the Latin American Group, has a profound knowledge of Brazil, which he has been visiting almost border to border for more than 20 years; he traveled by jeep from Sao Paulo to Belem, Para, before there were paved highways all the way. Ake Magnusson, who has the highest doctoral degree in political sciences, does not venture deeply into the jungles or along the rivers, as Sandell does; he prefers to write books, including one on Brazil, which is already in its second printing. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Dec 85 p 24] [Item by Itaborai Martins] 6362

CSO: 3342/55

CHILE

SEVEN NEW SANTIAGO SUBURBS SAID DEVELOPING SATISFACTORILY

Santiago ERCILLA in Spanish 11 Dec 85 pp 25-30, 35-39

[Article by Rosario Alvarez Piraces]

[Text] These areas are no longer the "back yards" of the big city. For beginning in November 1984, when seven new municipalities began to be developed for the metropolitan region, the neighborhood adjacent to the huge traditional communes found a way of participating in and contributing effectively to their own development.

Last 15 November, Macul and Penalolen celebrated their first anniversary. They were followed by La Pintana and San Ramon on the 22nd of the month and by Lo Prado and Cerro Navia on 4 December. The "baby" of the group, Estacion Central, will not light its first candle until this coming 1 February.

In talks with each of the mayors, ERCILLA was able to establish that although all of the new communes have their own characteristics, differentiating one from the others, they also have some things in common. Each of the seven municipal officials, without exception, called "his" community the best in terms of the human virtues of the residents and the participation reported. Also, and despite the fact that five of them have inadequate material and financial resources (Estacion Central and Macul are the exceptions), all are operating "as if we had been at this for years," as the mayor of La Pintana, Sergio Torres, summarized it. For during this period, they have succeeded in making the majority of their departments independent from the "mother" communes, except for the local police jurisdictions or, in some cases, the transfer of health and education services. Thus gradual progress is being made in materializing projects greatly needed by almost a million residents who, for lack of adequate communications routes and because of the excessive size of the old divisions, could not even set forth their real and urgent requirements to the municipal authorities.

For example, in San Ramon, only 18 percent of the streets were paved. Today that figure has been increased to 40 percent. In Lo Prado, the floods which occurred regularly, because the terrain is almost impermeable, and no water collection system existed, have decreased since a part of the old Zapata-Yungay canal has been adapted for the purpose. In Macul, the unsanitary Aguada drainage ditch is being put to good use as a public avenue. In La Pintana, the building of a cycle route to protect bicycle riders has saved many lives, somewhat relieving the congestion on crowded Santa Rosa Avenue, thus reducing traffic accidents.

Finally, the lengthy end-of-the-year accounts for each municipality show that if indeed there is no shortage of difficulties, progress has been made, and the main motive force, the residents themselves, are now "oiling the gears." These are men, women and young people whose incentive is precisely the results of their own efforts.

#### Hope for the Morrow

This is the slogan of La Pintana. Its mayor, Sergio Torres, proudly displays the trophies the community has won this year: "The fact is we are the best wherever we have competed: we are the intercommunal bowling champions (the mayor himself is captain of the team), and rodeo and women's volleyball champions. We even have three young fellows here who made the national bicycling team!"

Sports has won a place of honor in this commune. And, naturally, crime, drug abuse and alcoholism have decreased, because the young people have new alternatives. This is true not only in sports, but in culture as well. For the first time, this community could see performers like Negro Pinera and Florcita Motuda up close. And the residents themselves have found their own value in a song festival."

On the other hand, Torres went on, it has been possible to double the police force. "And so the little old lady who makes five trips to the store, with just enough for a small purchase on her person each time, to avoid being robbed, is no longer fearful. With increased police patrols, the residents themselves have lost their fear and are combatting or denouncing criminals, something which did not happen before."

The mayor attributes this decrease in aggression and unrest "also to the fact that "everything in the past was "left to the hand of God" to some extent, and now people see that things are being done. We do not make promises. The people understand that we are making every possible effort and they themselves join with us in common projects. In other words, a resident puts so much into the paving of the path to his home, for example, and we match it and more."

Apart from the bicycle path, which is his pet project, Sergio Torres is proud of the fact that the Raul Silva Henriquez camp now has electric lighting. This facility has benefitted 60,000 families, and has additionally eliminated the constant power outages previously caused by the residents who illegally "hooked into" the electric lines and overloaded them.

His greatest ambition is to broaden Santa Rosa Avenue. "Business would come and jobs would be created. There are practically none in the community, because there is no industry. Also this would facilitate travel for the residents to have to work in other places, while at the same time still further reducing death due to accidents."

#### Commune of the 21st Century

"We are forward-looking," the mayor of San Ramon, Jesus Antonio Cabedo, emphasizes. "Because we are pragmatic, the social reality, which reveals some

serious problems, does not frighten us, but motivates us to plan better. And on the top leadership level, all of the officials without exception show tremendous dedication, because we know that serving the community is the highest honor, a privilege. Indeed, when we need them, we have more than enough volunteers!"

Another forward-looking aspect, Cabedo went on to say, is that "upward social mobility here occurs on the basis of merit and merit alone."

When they took over the new commune, the municipal officers found a problematical situation. Americo Vespucio divided the municipality in half. The residents in the south felt an affinity with San Ramon, even when they lived in La Granja, because the district of that name had been in existence a long time. In the northern sector, on the other hand, the residents were taxed on the basis of where they lived or worked, and these communities included La Bandera and La Cultura. "Therefore, the greater part of the investment went to these two places, and resentment developed." Integration, then, looked difficult.

The solution, again forward-looking, involved reorganizing the neighborhood units such that they were smaller and homogeneous as to needs. "We devote the same concern to all, and they organize themselves, appointing specific committees, such as for paving." As has happened in La Pintana, many of the people have now been able, for example, to celebrate the first Christmas with paved streets."

As to the work force, a survey was made to identify clandestine industries. "We found that the main family enterprises were engaged in making furniture (60) and shoes (60). We explained to them that they should correct their illegal situation, and that this would benefit them, since we would obtain easy credit for them from the SERCOTEC [Technical Cooperation Service], as well as training courses and technical advice."

He described the great challenge for the coming year. "As 69 percent of the population is under 20 years of age, we must plan the commune for the 21st century. And as we are almost unable to grow industrially toward the interior, our main concern is training, so that those who can today only hope for emergency programs will be skilled workers in various sectors tomorrow. Parallel with this, we are drafting a regulatory plan, to establish "safe zones" allowing us to grow upward and to establish areas for nontoxic industry."

Culture, athletics and other activities such as family gardens ("the concept was conceived here") and the treatment of children with severe malnutrition also have a priority place in the tasks of the community. "And in all that we undertake, we in San Ramon have adopted the slogan to the effect that no one is morally justified in asking for anything without in turn contributing something."

#### No Ugly Ducklings

The mayoress of Penalolen, Maria Angelica Cristi, is certain that when she was appointed to the post, "the residents were frightened, both because I am a

woman and because they did not know me." But now the ice has been broken. As a sociologist, she emphasizes that "the community is eager to participate in any activity or training course. In many instances, they are not exactly aware of their own concerns. And so one approaches and talks to them and they begin to discover themselves. The people here are fantastic!"

As in other communes, the lack of paved streets (80 percent), the lack of basic infrastructures in many cases, and a serious housing problem (because there are many related families) were the three main needs established initially. The first task then was to find resources. They were obtained from the residents themselves, from rigid restrictions on administrative expenditures ("we hope to increase the budget for next year by 35 percent through these savings") and other activities, such as the sale of automobile licenses. "By working Saturdays and Sundays included, we collected 15 million pesos, instead of the million and a half we hoped to obtain."

Also, with a view to better communication and participation, the neighborhood units were reorganized. "And there is no favoritism. Therefore, Lo Hermida and La Faena are no longer the 'ugly duckling' districts they were accustomed to being."

The family gardens have had such success, especially in these "ugly duckling" sectors, that "many people have left the POJH to occupy these new labor posts."

#### Sincerity Above All

The reorganization of the study of the Cerro Navia commune was the first aspect the new municipality, headed by Hugo Larraguibel, undertook to deal with. And again, the first conclusions reveal that the lack of paved streets was the most urgent problem. "Often the residents had to travel through mud, which also made passage, always urgent, difficult for ambulances and fire engines."

The cooperative system works in Cerro Navia as well. "Now the residents do not come to ask for things, but to set forth their problems and to propose alternative solutions. Thus paternalistic behavior has been abandoned, although not totally. There are important problems which we need to analyze carefully." Among them is the enormous population growth noted (4 percent per year), and "a frightening number of single mothers and wives abandoned by their husbands, who have to serve as both mother and father, and who need assistance." Larraguibel says that there are so many needs, that "it would be illusory and would cause false hopes and frustration to try to resolve them all at once. Our policy is to proceed by sectors. While this is a slow process, what we want is for the seed planted to germinate. And the system is taking route, because the people understand that we are sincere and that we are not promising more than we can give."

Larraguibel says that the residents are gradually becoming aware of the new entity of which they are a part. "At the beginning, they came to us. Now, we go to them. Initially they were surprised and they eyed us with some mistrust, because they were accustomed to ulterior motives. In the past, solutions were

provided to their problems if they belonged to a certain political party. Now only their needs, with no other questions asked, are taken into account. It has been hard for them to understand this, but gradually they are becoming accustomed to it."

### Becoming the Best

In analyzing the social and territorial situation in his commune a year ago, the mayor of Lo Prado, Dante Pesce, and other municipal officials found only one positive indicator out of a total of 12. Mass transit in the sector was termed optimal.

Outgoing figures for the other indices revealed the highest population density in the country, an average of green areas only half of that for the metropolitan region, 38 percent of the population living in extreme poverty, an almost total lack of jobs within the commune, a shortage of paved streets and health care, and unemployment running at 20 percent.

Thus the categorical statement made by Pesce to ERCILLA to the effect that "if we had the necessary tools, this commune would without a doubt be the best in Santiago" was surprising. The optimism of the chief municipal official is based on the human virtues of "his" community. "The residents of Lo Prado are extraordinarily good and cooperative people, despite their humble status. They put their shoulders to the wheel from the very first day." One reason for his pride is that in just one year, the enrollment in the only secondary school in the commune was increased from 3 to 40. "Previously they went to other schools, to improve their status. Now the municipality offers scholarships, and with more students, we will receive greater subsidies which will be invested in improving the schools themselves."

One factor came as a surprise. On the initiative of its rector, Alicia Romo, the Gabriela Mistral University contributed more than 33 million pesos for a self-construction project, the first phase of which is about to finish. Fifty families, a number which will soon increase to more than 80, are currently building as many homes of concrete and wood, with advisory and labor aid provided by young university students. "And so that there will be no favoritism, no one knows who will live in the home he is building."

The cultural aspect surprised the mayor himself. "It is impressive to see the quality of the artistic work in which the residents regularly engage. For this reason we are also planning a cultural center, the staff of which will include folklorist Carmen Barros."

These and many other achievements already under way and projects for the coming year lead Dante Pesce to say that he is "absolutely in love with my commune. The municipal officials are real public servants and the community is made up of good people who are extraordinarily industrious, understanding, loving and optimistic. All of us are committed to improving our image, and we are succeeding. I am very unhappy with the press, which stresses only the negative aspects, when pages and pages could be filled with the achievements, the efforts and the optimism of the residents of Lo Prado. We are a poor commune, but no one outdoes us in happiness and dedication. And we will get ahead, you can count on it."

## Two Strong Communes

Two of the seven new metropolitan municipalities were established on firmer foundations. Macul and Estacion Central inherited job sources, including industries, trade and service establishments, and a relatively developed urban infrastructure from their "mother communes," which were Nunoa, Santiago, Quinta Normal and Maipu.

Thus their needs differ from those of their five sister communes which, apart from the fact that they are more or less recently settled sectors, are typically mainly residential, with limited opportunities to create jobs.

However, these two relatively flourishing communes also incorporated sectors with low income, with the resulting inadequacies in housing, urban development and sanitation. In addition, particularly in the case of Estacio Central, the task of administrative reorganization was of an urgent nature, because it was the product of three different "mothers."

The overall situation, which relatively speaking is less urgent, has thus allowed the mayors of Maicu and Estacio Central to devote their efforts and those of their communities to perfecting the social development projects already in existence. And the successes achieved indicate optimistic prospects.

### Macul Mayoress Enthusiastic

Mayoress Lelia Moya assures us that the people of Macul enjoyed a unity even before the new municipality was created. And now that they have their commune, they are beginning to implement their slogan--"Macul Is a Golden Treasure."

On taking office, the head of this municipality enjoyed two advantages which have been tremendously useful to her. She was, and is, an industrialist, and in the past 27 years, she has served as a district official. She even held the post of president of the Nunoa communal union, until she was appointed mayor. "Therefore I already knew about the residents' needs. For I was on the other side of the desk, petitioning, for so many years. Today I can take action."

The new commune has 318 industries, which together have company capital totaling 14 billion pesos. "They are one of our basic bulwarks. The industrialists are constantly making contributions to the social plans. For example, one industrial enterprise made us a gift of a boxing ring which, I can assure you, is the best in the region. Another gave us wool for the POJH weavers, and so on. Now we are establishing an industrialist's club. And it was they who fully financed the supplement we published in the daily newspaper on the occasion of our anniversary." In order to contribute to the employment sector, the effort is oriented toward technical training, with the assistance of the Eastern Campus of the Catholic University, among other agencies. "This year, we will issue 50 young people certificates in such sectors as masonry, gas fitting, carpentry and others. In addition, a technical secondary school is being established, with extraordinary aid on the part of 650 teachers in the commune."

Of those enrolled in the POJH, moreover, "we are teaching 230 persons, many of them adult and elderly women, to read and write. In fact, a little old man once insisted on speaking to me during a neighborhood meeting. When I could turn my attention to him, all he did was read me a headline from the newspaper. He wanted to show me that, for the first time in his life, he had learned to read! These are the things which encourage one so much, and they are happening every day."

Another source of pride for the mayoress of Macul is the establishment of numerous workshops, based on POJH programs, for the production of micro-vibrated materials for paving projects, carpentry, locksmithing and the production of furniture, textiles and looms, among other things.

Notable among the urgent projects, now almost completed, are the clearing of the Aguada drainage ditch, benefitting some 25,000 persons, including some nearby schools, and the rehabilitation of the Las Torres canal, which was blocked and which flooded homes with water up to 45 centimeters deep. "With an investment of 6 million pesos, we cleared the channel, and the water drains into the Aguada ditch. This resolved a dramatic situation affecting some 20,000 persons."

Participation, the mayoress concluded, has been the key word. "With the aid of the government, especially the intendant's office, our municipality is no longer one which simply provides services like garbage collection or the issuance of licenses for automobiles and labor activities. Now we are a kind of government in miniature, with its president, ministers and all the base level representatives. Its goal is active work to achieve real dignity and development for each of the members of the community. We have succeeded in giving the commune a real hierarchy, which it deserves. And all of this is because the human capital in our community is extraordinary."

#### Problem of Integration

The main goal is for the residents to "identify," in other words to embrace their new home," the Estacio Central commune. Mayor Raul Alonzo says that integration is definitely one of the most difficult aspects for the new municipality. "We are the product of three strong old communes, Santiago, Quinta Normal and Maipu. Therefore, the administrative aspect has been complex. Therefore, my work has been that of a "general manager." Next year I will begin to be a mayor and to go out into the community, which is something I enjoy."

He states with satisfaction that the municipality is now progressing, although "we have not yet transferred the educational center, one of my highest ambitions, because I believe that the investment in this sector is from every point of view the most profitable."

Although it seems surprising, this official says that his commune is one isolated by its own boundaries--the railroad, the Ortesano Canal, the Aguada drainage ditch, the Alameda (main thoroughfare) and the road to Valparaiso. One of the most ambitious projects is to integrate the interior of the community itself and the rest of the city physically, by means of alternate internal thoroughfares."

A "dark spot" in the picture is the Lo Errazuriz well, a sanitary landfill for garbage which, especially at this season of the year, gives off disagreeable odors. "A solution to the problem is being sought in terms of the enterprise. And once it is finished it will be very useful, because on this now recovered land we will establish new green areas, and we can extend Las Rejas Avenue, which is now interrupted."

One of the mayor's pet projects is the resolution of the problem of the cess-pools in the towns of Francia and Robert Kennedy. "This was the first large project, and we believe that in the course of the coming year, the problem will be completely resolved, not only with regard to the health aspect, but the dignity of the residents as well."

The town of Portales represents another headache for the municipality, "because it was planned for some 5,000 persons, while around 14,000 live there today, in other words 10 percent of the total number in the commune. "And since crowding goes hand in hand with crime, drug addition and alcoholism, among other problems, "Serviu, financed by EMPART, plans to reorganize the urban development of the space available, to provide the residents with recreation areas and access routes, making it possible, for example, to remove garbage properly."

Alonso has a golden dream concerning the cultural aspect. "As we have the University of Santiago and its planetarium nearby, and we are adjacent to the Quinta Normal and its museums, we want to link the two cultural centers by means of a craft art and sculpture center, for example. We would then have another district, Bella Visa, precisely in this commune, which is the gateway to Santiago." The municipal inn is one thing of which he is proud. This was the first such establishment created, and about 600,000 people came."

Concerning "his" people (the mayor lives in his commune), he says that "they represent Chile. They are worthy, solid citizens, and although poor, they help each other without concern for political affiliation. Personally, I have been very well treated by the community, and although this commune has the reputation of being "wild," it is no more so than any other. Despite the fact that obviously some criminal activity develops around the railroads and bus stations, the levels are no higher than in other sectors. It is more nearly folklore which has given the area this sad notoriety."

Alonzo agrees with the other six mayors that more police and detective personnel are needed. The work of these agents is heroic, but inadequate, because they do not have the necessary resources. The municipality has made some contributions. For example, two or three alternatives are being combined to provide the detective force with land on which to build premises. The current offices, located at No 11 Gran Avenida, also serves San Miguel."

As to the ambulant merchants, "no new licenses have been issued. This is an important aspect which the forces of law and order and other state bodies should resolve. We are sending them the background information. With regard to the clandestine merchants, the Carabineros have done extraordinary work, for which the legally established merchants are grateful."

Thus, with the support of public and private bodies, seven new communes are taking the first step toward their own development. With each passing day their former image as back yards, black spots or forgotten quarters moves farther into the past. Because the route to their respective town halls has been shortened for the residents of La Pintana, San Ramon, Penalolen, Cerro Navia, Lo Prado, Macul and Estacion Central. Transport routes, much shorter now, allow the residents and communal authorities to meet each other face to face, thus facilitating the search for realistic solutions to the urgent needs of the community.

Some with a certain slowness, but the majority with increasing enthusiasm as they see their requirements met, almost a million residents of the metropolitan region are now embracing their new entity. And although each sector has characteristics differentiating it from the others, they are united above all by a common spirit. As the mayor of San Ramon summarized it, "no one feels morally justified in demanding something without contributing something."

Indifference is being turned into creativity, and apathy into action. For on seeing the results of their own efforts, these "new citizens" have been seeing in practice that this somewhat unfamiliar and intangible concept, active participation by the whole community, when implemented, is the surest path toward real progress for the individual and society.

#### The Seven New Communes

La Pintana--area, 33.2 square kilometers. Population, 145,000 residents. Mother commune, La Granja. Mayor, Brigadier General (Ret.) Sergio Torres.

San Ramon--6.6 square kilometers, 118,000 residents. Mother commune, La Granja. Mayor, Jesus Antonio Cabedo.

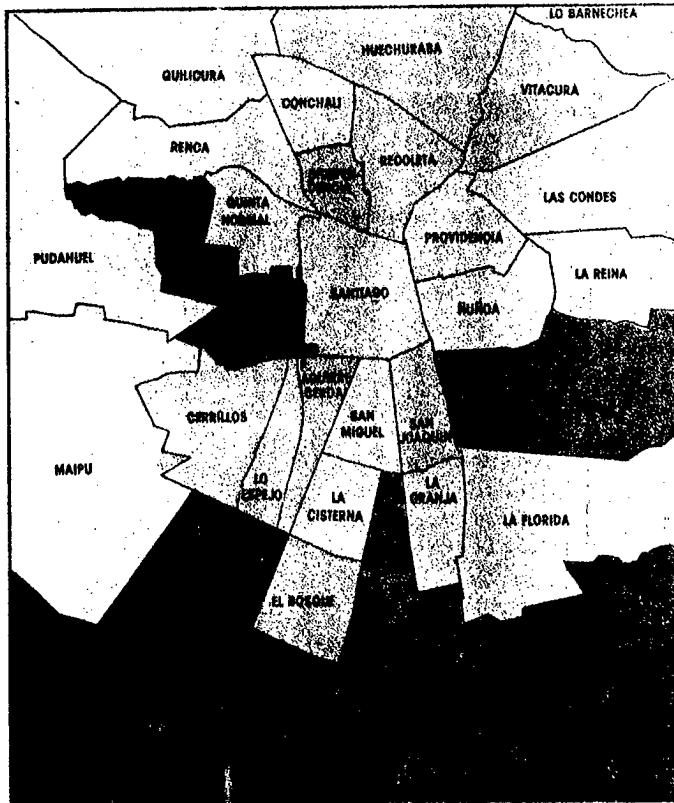
Pena Lolen--54.9 square kilometers, 167,000 residents. Mother commune, Nunoa. Mayoress, Maria Angelica Cristi.

Macul--12.3 square kilometers, 127,000 residents. Mother commune, Nunoa. Mayoress, Lelia Moya.

Estacion Central--13.8 square kilometers, 147,000 residents. Mother communes, Santiago, Quinta Norma and Maipu. Mayor, Raul Alonso.

Cerro Navia--11 square kilometers, 155,000 residents. Mother communes, Pudahuel and Quinta Normal. Mayor, Hugo Larraguibel.

Lo Prado--6.6 kilometers, 125,000 residents, mother communes, Pudaheul and Quinta Normal. Mayor, Dante Pesce.



The new communes now functioning--Cerro Navia, Lo Prado, Estacion Central, San Ramon, La Pintana, Macul and Penalolen--are shown in green. The communes which are planned--Huechuraba, Lo Barnechea, Vitacura, Recoleta, Independencia, Cerrillos, Lo Espejo, P. Aguirre Cerda, El Bosque and San Joaquin, are shown in orange. The traditional communes are shown in yellow.

5157  
CSO: 3348/316

CHILE

## STANDARD OF LIVING IN TWO REPRESENTATIVE SLUMS EXAMINED

Santiago ECONOMIA Y NEGOCIOS in Spanish Dec 85 pp 15-18

[Text] It is not easy to comprehend the different realities which exist in this country today. At the most, we can try to open the door a little with a view to examining very briefly what is happening in some sectors in terms of quality of life, above all for the poorest citizens.

For this same reason, it is obvious that everyone is concerned about the situation of that portion of the population which earns the least income.

Since what is known is limited and this represents a latent concern, we will review a study made under the supervision of economist Mariana Schkolink, within the labor economics program at the Academy of Christian humanism.

If indeed it is obvious that the sampling is small, since it is limited to the second and third deciles in sector 1 of the Lo Hermida settlement and the third decile in sector F of the Jose Maria Caro settlement, it is also practical to assume that it reflects what is happening in similar areas in other settlements where the income level is comparable.

The surveys were made in the month of August this year, covering 95 families in Jose Maria Caro and 126 families in Lo Hermida. Of these, 19 represented "family relations" in the former, and 30 in the latter. In other words, of the total of 138 families surveyed, 38 live as family relations.

Also, 63 percent of those surveyed in the Caro settlement are property owners, with payments of approximately 1300 pesos, which figure drops to 600 pesos for those who have renegotiated their mortgage debt. The report indicates that 20 percent of the heads of households in Jose Maria Caro are women, while the figure drops to 10.6 percent for Lo Hermida.

### Housing and Basic Services

The first aspect which was analyzed pertains to the type of housing occupied. A major difference in the quality of construction could be seen between the two settlements surveyed. While 83 percent of the houses in Jose Maria Caro are made of brick, the percentage drops to 9.4 percent for Lo Hermida. In this latter settlement, the bulk of the houses are made of wood (67 percent), and a higher proportion of them have outhouses--22.8 percent, as compared to 9.5 percent at the other settlement.

With regard to the basic services available, it was evident that Jose Maria Caro is better provided. Of the families there, 74 percent have separate kitchens, and 85 percent have indoor bathrooms and drinking water. In Lo Hermida, on the other hand, 28.3 percent still have wells or latrines, a situation which does not exist in the other settlement studied.

An examination of the number and types of electric household appliances found in the homes shows us that almost all of the families have black and white televisions, and some even have color sets. Also, a large percentage has gas stoves and music or radio equipment. The same is not true when it comes to the number of [califonts]. They are really rare.

Fuel use is for the most part dictated by the type of stove employed--gas. Thus about 40 percent say they buy an 11-kilogram tank of liquefied gas per month, while the rest use less than that volume.

#### Distribution of Expenditures

The average family expenditure for all of the families surveyed in the Jose Maria Caro settlement came to 9,486 pesos, or 316 pesos per day, with the family unit averaging 4.8 members. Expenditures are less in Lo Hermida, averaging 7,384 pesos, representing a daily expenditure of 246 pesos for an average family group of 4.47 persons. In any case, it should be made clear that these figures represent the expenditures made and not the income received.

Thus a typical family distributes its expenditures basically to pay the mortgage or rent, for light, fuel and water consumed, and on health expenses. However, the bulk of the expenditures are focused on payment for transportation, food and gas.

With regard to the labor situation in these settlements, the report says that 33.3 percent have stable and permanent jobs in Lo Hermida, as compared to 23.9 percent in Jose Maria Caro. In this connection, it is worth noting that the majority is made up of women who say they have stable jobs, basically as household servants.

When it comes to those who work part-time or for themselves, on the contrary, it is in Jose Maria Caro that the largest number is found--43.7 percent. Underemployment in Lo Hermida, on the other hand, was reported by only 34.3 percent of those interviewed. Thus it could be established that the number of persons earning no income came to 19.8 percent in Jose Maria Caro and 5.6 percent in Lo Hermida.

An analysis of the level of unemployment reported in Lo Hermida makes it clear that this figure is extraordinarily low, and even lower than that shown in the government unemployment surveys.

#### Food Consumed

The survey on diet was focused on the products purchased every week, with each of the families questioned being offered a list of basic foodstuffs. To these

were added the food items provided both in the schools and at work sites, which are a part of the social expenditure of the government, in other words milk, breakfasts, lunches and snacks.

In some cases it was also found that certain families obtain food as donations from institutions or family members who farm. All of these "additives" were included and taken into account in food consumption, although the report makes it clear that there is no certainty that all of the donations and even the crops harvested on holidays or in La Vega have been reported. Moreover, the consumption of alcohol, sweets and ice creams was not included either.

However, the survey established that the level of nutrition is relatively low, if compared with the average daily calorie consumption per person as established by the international FAO [Food and Agricultural Organization]-WHO [World Health Organization] bodies, which is 2,319. The report shows that 72 percent of the families in Jose Maria Caro and 67.2 percent of those in Lo Hermida fall below that level. On the contrary, they do have a high level of protein consumption, providing a surplus which in part takes the place of the calorie deficit.

The structure of food expenditures differs for the settlements in question. While the basic purchases in Jose Maria Caro are bread, sugar, oil, noodles, powdered milk, ground beef, chicken and beans, the list for Lo Hermida includes bread, sugar, oil, noodles, beans, tea, potatoes and rice.. What is made clear in any case is that the heaviest consumption is focused on the purchase of bread.

There can always be doubts and debate about the strictness with which this study was carried out. There can be thousands of doubts, all valid, to be sure. The main one has to do with whether the figures obtained do or do not faithfully reflect the real life of the settlement residents, and whether the families surveyed are representative of the average living there. All in all, it can be said that this report does not vary greatly from life as it is experienced in the areas of a more marginal sort, with its pluses and minuses.

5157

CSO: 3348/316

CHILE

INDICATORS SHOW IMPROVED AGRICULTURAL SITUATION IN FUTURE

Santiago QUE PASA in Spanish 19 Dec 85 pp 15-17

[Text] Highly profitable business, record production, yields...There is no doubt that agriculture is enjoying its best of times. And if not, one need only look at some results. Its 10 percent growth during the past season has not been observed in 25 years. The results of its trade balance (negative at the end of the 1970's) showed a favorable sum of \$523 million for this season. And this is not only because of a rise in exports: \$750 million more than in 1973, but also as a result of a decline in imports, thanks to which more food is being produced in the country. At present, Chile is self-sufficient in corn, poultry, eggs, rice and potatoes....It produces 90 percent of the red meat, sugar and milk consumed....And it plans to meet 80 percent of the national consumption of wheat, a product of which there has been a shortage for years.

All these are concrete results, which have been based on measures that have also been concrete. In the view of Raul Garcia, of SNA [National Agricultural Association], they are due to the enactment of stable, realistic policies, "excellent for a sector which has a great reacting speed." In this respect, Minister Jorge Prado, who has been in the position for 3 years, has gained heavy applause. And the fact is that, in his goal to expand the sector, he has paid heed to specific areas, such as the marketing of products, credit, tariffs, prices, statistical information...adopting measures which, as some leaders admit, have been battles waged for years, for example, in the case of the price range for wheat. With a "bottom" and "top" price as a guide, both the producer and the consumer are protected from the fluctuations affecting this product on the international market. This same policy has been applied to oil seed products. According to Domingo Duran, "This crop had ended up disappearing from our farms as a result of the competition from cotton oil, the importing of which jeopardizes the entire structure of the native oil industry."

Pure Chilean Sugar

Also hailed was the backing that has been given for the growing of sugar beets. The problem is that Chile purchases sugar on a market with a surplus (representing only 10 percent of the world production, because the rest is marketed

through direct agreements among nations); which causes erratic fluctuations in its price. Hence the application of a specific tariff (\$125 per ton) for sugar imports, and the offer a certain price for sugar beet producers, through IANSA [National Sugar Industry]. The authorities explain that, in this way, an incentive has been given for the production of this crop, making use of the existing infrastructure for a product that requires a large amount of labor.

Added to the wheat and sugar beet policy are other measures, such as the amounts of duties which protect the domestic production from the subsidies abroad; the credit lines for grain development making it possible to give the crop as security or to keep it, in the case of the "warrant" type credit, for its future marketing; and the incentive of purchasing power, as in the case of COPAGRO [Agricultural Company], which purchases nearly 10 percent of the national wheat production, thereby stabilizing the price.

The results have not been long in coming. In the case of sugar, with the 320,000 tons produced, plus the existing stocks, the country will not have to import for at least another 6 years. The price range for oil has led to the fivefold multiplication of the area planted with rapeseed. The same thing has occurred with wheat, milk and corn...products which, as they supply the domestic market, have great possibilities of being exported. In the specific instance of corn, 10 percent of the production went out to foreign markets.

#### Excellent Yields

Just as the increase in domestic production makes it possible to save foreign exchange, when there is no spending on imports, the exporting activity helps to generate it. For this reason, policies such as those on exchange, health control, and dissemination of foreign regulations foster the development of the exporting sector. And in this connection, the fruit growing sector is experiencing its complete "boom." In 6 years, its sales abroad have tripled, contributing as much as nearly \$300 million, with volumes close to 50 million crates.

Although this is a fluctuating business, because it is affected by a series of variables: prices, weather and even the political situation in countries (as in the case of South Africa), its yields are quite pleasing. Products such as the grapes from the north, and the nectarines and plums from the central zone, have represented yields of nearly \$10,000 per hectare for the exporters. To be sure, there has also been some very poor business, as occurred last season, when the rates of return from certain fruits were negative, and the producers (currently suing certain exporting firms) were forced to provide money up front to pay the transportation costs.

#### Awakening of Agriculture?

Despite these acknowledged successes, the farmers do not fail to give reminders of their status as "cry babies," as they have been traditionally depicted. And when they are told about a "considerable improvement," or an "awakening of agriculture," they emphatically deny it. The leader Domingo Duran remarks:

"It is a value judgment that is more ostensible than real. Since wheat is the 'king' of the crops (being the predecessor of bread), when it undergoes an increase, then it is immediately said that agriculture is in a good position."

A similar statement is made by Raul Garcia, from SNA, claiming that, although the sector is experiencing a situation of "acceptable profitability," nevertheless "it is by no means as spectacular as some attempt to depict it." And the fact is that there are critical problems for both leaders which darken the picture. The worst of all of them is the one affecting grape growing and wine production. According to Garcia, "There is a collapse that has been dragging on for years." The facts attest to this. Prices have dropped 36 pesos; and the average price of a liter during the 1970's is half what it was. Last year, the 700,000 crates exported in 1980 were reduced to a third; and 18 percent of the hectares planted have disappeared in recent years. And, to top it all off, the consumption per inhabitant has dropped from 50 liters during the 1970's to under 38, according to the projection for this year.

In view of this situation, those affected are demanding immediate measures, such as the abolishment of the VAT surtax affecting wine, combating clandestine sales, improving the identification systems, devising long-term policies and, finally, credit terms that will help the producers to change their lines of business.

With the same alarm they cite the problem of the dairy sector, stemming from the drop in prices, the rise in the cost of equipment and a domestic supply that has never been observed. The national historical record of 50 million liters produced was drastically broken, with the billion liters estimated for this year. And what is worse, in the opinion of those affected, is that the state, the usual purchaser of 40 percent of the national production, reduced its purchasing program this year owing to budgetary problems and to the 20,000 tons that it received as a donation from abroad. For this reason, to date there has only been a demand for a third of the tons purchased in 1984. The result? The drop in price has been severe, but the consumer has not even benefited from it. According to Duran, "The producer receives for a liter of milk half what a soft drink costs."

These problems are compounded by others, such as the regularization of property titles, the definition of waters and the lawsuits over indemnification including 700 of the 2,200 expropriated owners who waived indemnification, entailing a sum of over 60 billion pesos for the government. But, on top of all this is the problem of the sector's debt, which exceeds \$1 billion and which, in the view of the agricultural leaders, requires the most attention.

#### A Noteworthy Factor

In view of the general situation of agriculture, there is a need to underscore a factor with a great influence on the good results being experienced by the sector. It is the transfer of technology, an area to which major importance has been given in recent years, with specific policies, such as the programs

with INDAP (Agriculture and Livestock Development Institute) and INIA (Institute for Agricultural-Livestock Research). With a duration of 10 years in the case of INDAP, it is estimated that, upon the conclusion of the program in 1993, over 50,000 peasants will have been technically trained. In the case of INIA (the program covers an area of nearly 700,000 hectares), its concern for taking technology to the rural areas has been translated into an exchange of information and experience through various groups comprised of the 2,000 participating farmers, each of who owns over 12 irrigated hectares. And, according to INIA's national director for transfer of technology, Roberto Soza, the concrete benefits from this program relate to the use of better techniques for irrigation, pest control and livestock feeding.... But it is in grains that the achievements have been most precisely quantified. Soza comments: "In 30 years, the average national wheat yield has increased from 12 quintales per hectare to 23. This increase was translated into 5.5 million additional quintales in 1984, equivalent to over 15 billion pesos." In the expert's opinion, it is estimated that 50 percent of this increase is due to the genetic improvement. Hence the importance attached to research, a process that must be intensified in the future, because it allows better utilization of our soils and their preservation, Soza claims. This task has become essential in view of the scarcity of good farming soil, which accounts for less than 1 percent of the country's total area. In this connection, the irrigation policy that will go into effect as of 1 January of next year, appears noteworthy. It will be maintained for 9 years, a period during which the state will cover 75 percent of the costs of construction and repair of irrigation projects, up to a sum of 12,000 UF [Development Units] (33 million pesos). With this, it is planned to rehabilitate 700,000 hectares for agricultural use.

(1) **BALANZA COMERCIAL  
DE LA AGRICULTURA**  
(2) (Millones de US\$ de cada año)

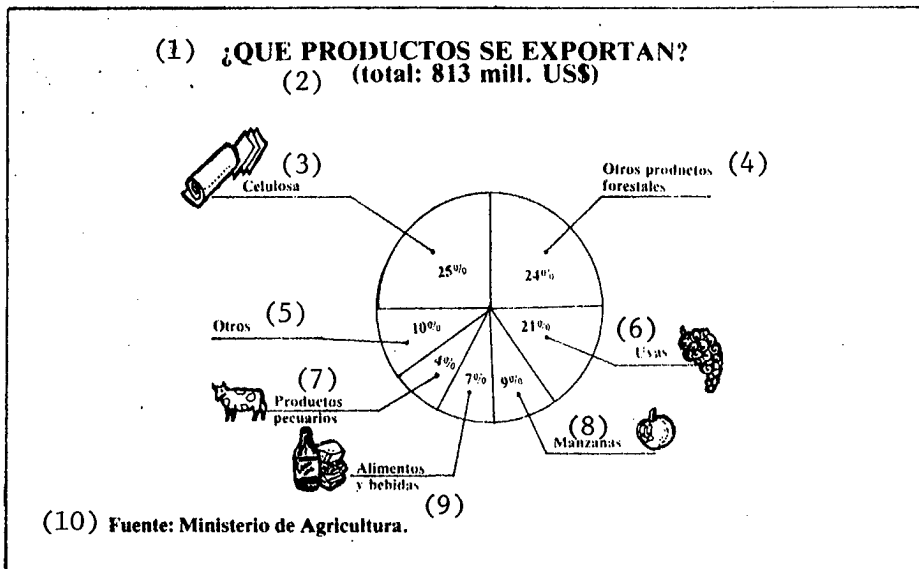
Año	Exportac.	Import.	Saldo
(3)	(4)	(5)	(6)
1973	62,5	607,0	- 544,5
1975	265,9	510,2	- 244,3
1977	410,1	434,6	- 24,5
1979	662,3	579,3	137,1
1981	736,3	766,0	32,1
1982	711,8	564,5	147,3
1983	656,4	510,8	145,6
1984	813,1	462,9	350,2
1985 proy.	820,0	260,0	560,0
1986 proy.	995,1	324,5	670,0

Fuentes: ODEPA, Bco. Central y M. Agric.

(7)

Key to Chart 1:

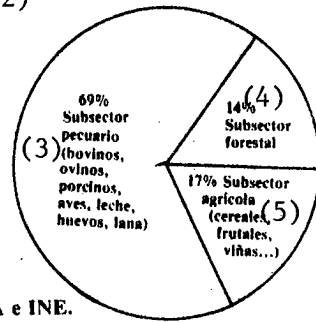
1. Agricultural Trade Balance
2. (millions of U.S.\$ each year)
3. Year
4. Exports
5. Imports
6. Balance
7. Sources: ODEPA, Central Bank and Ministry of Agriculture



Key to Chart 2:

- |                                 |                                     |
|---------------------------------|-------------------------------------|
| 1. Which Products Are Exported? | 6. Grapes                           |
| 2. Total: U.S.\$813 million     | 7. Livestock products               |
| 3. Cellulose                    | 8. Apples                           |
| 4. Other forest products        | 9. Foods and beverages              |
| 5. Others                       | 10. Source: Ministry of Agriculture |

(1) ¿COMO SE UTILIZA LA SUPERFICIE PRODUCTIVA?  
 (2) (Total 6,3 mill. há)



(6) Fuente: ODEPA e INE.

Key to Chart 3:

1. How Is the Productive Area Used?
2. Total: (6.3 million hectares)
3. Livestock subsector (beef cattle, sheep, hogs, poultry, milk, eggs, wool, etc.)
4. Forest subsector
5. Agricultural subsector (grain, fruit, vineyards...)

(1) LA AGRICULTURA Y EL PGB  
 (2) (mill. de pesos de 1977)

	1978	1979	1980	1981	1982	1983	1984	1985
Agricultura (3)	25.529	26.966	27.927	28.683	28.084	27.062	28.988	30.549
Total PGB (4)	311.417	337.207	363.446	383.551	329.523	327.180	347.926	354.824

Fuentes: ODEPA, Banco Central y Ministerio de Agricultura. (5)

Key to Chart 4:

1. Agriculture and the GDP
2. (millions of 1977 pesos)
3. Agriculture
4. Total GDP
5. Sources: ODEPA, Central Bank and Ministry of Agriculture

2909

CSO: 3348/314

CHILE

#### COAL PRODUCTION TO RISE TO MEET INCREASING CONSUMPTION

Santiago EL MERCURIO in Spanish 23 Dec 85 p A-1

[Text] Efraim Friedmann, chairman of the board of directors of COCAR, Inc, a firm promoting the Pecket project in Magallanes, remarked: "In 1990, Chile will double its present coal consumption, which will continue to increase at a steady rate until it becomes the leading source of energy in the 21st century."

The economist gave a reminder that 95 percent of the country's coal reserves are located in that region, and that Pecket could carry out an operation involving 2 million tons per year over a period of 4 decades, with other deposits being explored at the present time.

He claimed that the recent signing of an agreement for a coal supply to the Tocopilla thermoelectric plant, owned by CODELCO [Copper Corporation], starting in September 1987, would make it possible to begin the work on opening the mine; which will take place next January, with the construction of a mechanized port with a capacity for ships of up to 60,000 tons.

This work, the contract for which will be signed before the year's end, will last 18 months, an interval during which the other works in the complex will be constructed, including a crusher plant, large machine and electric shops and the installation of high-speed belt conveyors with a capacity for 2,000 tons per hour, which will make it possible to fill a ship in slightly over 1 day.

"The mine itself must be opened, which means moving between 5 and 6 million cubic meters of earth until the coal stratum is discovered, appearing as an immense continuous plate 8 meters thick, which enters the sea and extends even as far as Argentina."

He stressed that, in the mine, which will be open cut, the largest hydraulic excavators manufactured in the world and 120-ton trucks similar to those in the large copper industry will be used; because, to extract a million tons of coal, 10 million tons of sterile material must be moved.

## Native Technology

Efrain Friedmann later remarked that the awarding of PECKET by CORFO [Production Development Corporation] to the Coal Company, Inc [COCAR, SA] offers "a very important lesson for Chile, which is none other than the need to have its own technological capacity for studying the different options in a project."

He explained this by noting that the original study, made by French consultants for CORFO, consisted of the development of an underground mine. "At the time, I was working at the World Bank, and I was asked to return to Chile in order to coordinate COPEC's [Chilean Oil Company] presentation, provided we evaluated the mine as an economically attractive deposit to be developed.

"When the government submitted the background information, I had it studied by international experts as an open cut deposit, because in the other system it is necessary to make mine shafts and work with drifts, which require leaving 40 percent of the coal to support them, with the added risks to health and of accidents to miners.

"So, we concluded that it was far more economical and interesting as an open cut mine, because the development of very heavy machinery has optimized those processes. When the international bidding was called for, all the companies except ours studied it as an underground project, and rated the investment as economical, but not very attractive. We, on the other hand, viewed it as very interesting, and associated ourselves with a British firm specializing in such matters, which confirmed our studies."

Friedmann then commented: "The fact that the latter wanted the Chilean Government's assurance of a long-term contract also had an influence, closely related to the difference between a native and a foreign investor. Familiar with the real Chilean situation, we ran the risk of purchasing the mine before having the market assured; because our studies told us that the economic logic was such that Chile would require far more coal, and, when this happened, the investment to raise the production of the Arauco deposits would exceed that required to open a mine in Magallanes.

"Therefore, we ran a risk that the foreign investor would be very reluctant to run. The result is that time elapsed and the requirements increased, and in the bid on the coal for Tocopilla, we showed up 30 percent cheaper than Arauco; and this proves that there are certain projects which cannot be carried out without a native technological and financial capacity."

In conclusion, he gave a reminder that 81 percent of the project's capital is being contributed by Chilean business firms, with the British assuming only 9 percent and the World Bank itself, 10 percent; which represents very sizable backing for the management of the project.

2909

CSO: 3348/314

CHILE

BRIEFS

NEW UNDERSECRETARY OF WAR--Yesterday, Army Col Sergio Moreno Saravia assumed office as undersecretary of war in a ceremony at which the minister of national defense, Vice Adm Patricio Carvajal Prado, officiated. He replaced Brig Gen Renato Fuenzalida Maechel, who was appointed commander of the Army's Logistic Support Command (CALE). Intervening in the change of command was the general director of national mobilization, Brig Gen Claudio Lopez Silva, who read the supreme decree containing the respective appointment. On this occasion, General Fuenzalida (who served for 4 years in that post) read a speech in which he briefly described the major professional accomplishments and work carried out by the high-ranking military department. [Text] [Santiago EL MERCURIO in Spanish 19 Dec 85 p C-7] 2909

UNDERSECRETARIAT OF DEVELOPMENT TASKED--The approval of training programs; the study of regional, provincial and local development policies; and the determination of the factors for distribution of the funds in the Municipal Common Fund were some of the functions of the Undersecretariat of Regional Development made official yesterday. The Ministry of Interior decree, with the force of Law No 1-18,359, transferred and assigned functions to the entity in accordance with the provisions of No 3, Article 32, of the Political Constitution. Included among the many tasks assigned to the undersecretariat are the coordination of the implementation of regional development policies, plans and programs carried out, in their various spheres of authority, by the state's undersecretariats, public services and agencies, particularly in the financial, budgetary and accounting areas of regional investment. It will also participate in the study and formulation of projects aimed at developing remote or isolated regions; the plan associated with the preparation of the Regional Development Fund's budget; and the evaluation and supervision of the municipal management, including the direct administration of transferred services. Also cited as new functions are the inspection of the fulfillment of legal, regulatory and technical requirements and instructions issued for the civil administration of the state. [Text] [Santiago EL MERCURIO in Spanish 21 Dec 85 p C-7] 2909

EMERGENCY CAMPS TO BE ERADICATED IN 1986--Major General Osvaldo Hernandez Pedreros, the metropolitan intendant, has announced that all of the emergency camps in the metropolitan region will be eliminated, such that by the end of the first half of next year, none will exist. He made this statement at the end of the ceremony at which the new governor of the province of Chacabuco took office. During the ceremony, Army Colonel Jose Zara Halgel replaced army colonel Carlos Parera Silva in this post. General Hernandez emphasized that "we are committed to eliminating the camps, such that in the first half of next year at the latest we will have it all resolved." This officer added that "there are almost no camps left in the metropolitan region, with the exception of the large ones such as Silva Henriquez, Fresno and Los Robles, and two others of smaller size in Colina, which accommodate family members." Also General Hernandez explained, plans for their elimination are under study. "Before the end of the year we will already have all of the specific plans to benefit these people. For example, I talked with the mayor of Maipu, and we already have a plan which will provide housing for approximately 400 persons. Another of our concerns is the Los Robles camp in Colina, for which we will also have a solution by the beginning of 1986. These people were already settled there, and we are trying to move some families from here to that commune, insofar as possible." The metropolitan intendant emphasized that the infrastructure will be improved in the areas of the camps which have now been definitively eliminated. "This means providing more health and housing services and the establishment of POJH programs," he noted. He added that the idea is "for those departing from the eliminated camps to settle in well-distributed and well-developed sites. This will benefit approximately 1,000 persons." In conclusion, General Hernandez said that "although we still do not know what resources will be invested in these plans, we are working together with the Ministry of Housing to determine this sum." [Text] [Santiago EL MERCURIO in Spanish 21 Dec 85 p C-7] 5157

CSO: 3348/316

COLOMBIA

ADMINISTRATION ANNOUNCES 1986 ECONOMIC PLAN

Bogota EL TIEMPO in Spanish 12 Dec 85 pp 1-A, 6-B

[Article by Carlos Pineros]

[Text] The government yesterday revealed an economic plan for 1986 that provides for "stability with growth," plus production, employment and sales. The plan noted that coffee exports are expected to rise from 9 million sacks to 12 million.

The plan was submitted to Congress by Finance Minister Hugo Palacios Mejia during a debate in which initial approval was given to a partial solution to next year's fiscal crisis.

Palacios Mejia stressed the "satisfactory achievement" of the economic goals that had been set during 1985, reported that the growth of the gross domestic product will be higher than expected (2 percent), and predicted that in 1986 it will be an "excellent 4 percent."

"The adjustment program is reaching the end," he added, noting in passing that the construction industry did not turn out to be an engine of great economic growth as the government had originally intended. He attributed that failure to the fact that external credit was denied to Latin America.

In discussing the economic outlook for 1986, the chief of national finances announced that exports will total US \$5.033 billion (1985's will total \$4.5 billion), of which coffee will account for US \$1.949 billion (estimating a price of \$1.50 to \$1.60 a pound, although the price today is verging on \$1.80). Oil will account for \$1.151 billion, coal \$268 million, ferronickel \$76 million, and minor exports \$1.820 billion (the latter category amounted to \$1.223 million in 1985).

Imports will total \$3.848 billion in 1985, and \$4.309 billion in 1986.

Direct foreign investment will decline, because the substantive part that the coal and oil projects required has already been linked. National gold production has doubled in 3 years, and no treasury losses will be involved, stated the minister.

The country's agreements with the International Monetary Fund (IMF) indicated that international reserves would decline by \$75 million in 1985 with respect to the 1984 total, assuming that new credit disbursements amounted to \$515 million. Palacios Mejia reported, however, that there is now \$50 million more in the reserves than there was at the end of last year, without the new credit coming in.

Devaluation and inflation, which are estimated at 44 and 23 percent, respectively, for 1985, will be substantially lower in 1986, he contended.

The bill containing the partial solution to the fiscal crisis includes outlays for servicing the debt based on an estimated 20 percent devaluation, but the minister did not specify whether that will be the final level of devaluation in 1986.

Palacios Mejia stated that "Colombia is not betting on an increase in international coffee prices," and observed that the country will do everything in its power to preserve the international coffee agreement. The nation prefers its coffee sales revenues to rise not through price hikes, but by placing larger volumes of the product on the foreign market.

On this basis, exports of the bean, which in 1985 amounted to almost 9 million 70-kilo sacks, will rise to 12 million sacks in 1986, according to the minister.

He claimed that civil servants will definitely receive a "substantially higher" raise in 1986 than in 1985. This year their pay was adjusted by 10 percent, and the bill containing the budget for 1986 calls for an 18-percent raise.

Per capita income, which in the last 2 years has experienced negative growth, began to rise slightly in 1985, and will be much more favorable in 1986, he said.

Fiscal revenues were up 45 percent in 1985, and will rise an additional 30 percent in 1986. Spending, in turn, expanded by 13.5 percent in 1985 (at a slower rate than inflation), and will soar 26 percent in 1986, according to the minister. If a boost of this magnitude takes place, then, and inflation is less than 20 percent, as predicted, it is arguable that in 1986 the budget deficit will not shrink. This contradicts the projections the administration presented to Congress yesterday in this regard, according to economists associated with Parliament.

The minister reported that the government in 1986 will pay some 22.5 billion pesos to the National Coffee Fund from investments in National Savings Bonds (TAN), which amounts to a yield of just 1 percent.

The high-ranking official stated that the government had intended to leave its successor with a public economy in good fiscal health, but that will be impossible. "No one can deny the progress that has been made, but the deficit will persist, although in a much smaller proportion than in the early 1980s," he added.

## Fiscal Solution

The third committees of the Senate and the House passed the bill that contains a partial solution to the fiscal crisis.

Congressman Gabriel Rosas Vega contended that the government in past years had tried to maintain a 20-percent tax on foreign remittances by oil companies, but then the minister of mining at the time, Carlos Martinez Simahan, pulled a fast one on the administration and Congress by presenting a formula beyond the scope of the government's own plan, to exempt those companies from the tax. Yesterday Congress reinstated the tax.

Rosas Vega also warned that the budget shortfall in 1986 will amount to 235 billion pesos, not the 148.8 billion pesos claimed by Minister Palacios Mejia.

The partial solution to the fiscal crisis includes 55 billion pesos in newly printed currency as of August 1986, and an additional 15 billion pesos if bonds floated by Colombia amounting to no less than \$100 million are not placed on the international market. The bonds will actually total \$750 million.

The bill authorizes 15 billion pesos more for the government to contract or guarantee domestic (national) public debt for the purpose of financing plans and programs for economic and social development.

In addition, the bill raises the administration's foreign debt ceiling by \$2.5 billion, to be used for economic and social development plans.

The government will be empowered to issue foreign currency bonds for \$250 million.

The administration may float National Savings Bonds (TAN) for 49 billion pesos to obtain those funds on the domestic market and use them to finance its normal spending.

Other special TANs will be issued to replace foreign indebtedness with domestic indebtedness in an amount equivalent to \$500 million.

8926

CSO: 3348/320

COLOMBIA

ARMED FORCES CHIEF GIVES YEAR-END MESSAGE ON ACCOMPLISHMENTS

Bogota EL TIEMPO in Spanish 23 Dec 85 p 11-C

[Text] The commander of the military forces, Gen Augusto Moreno Guerrero, emphasized the development that has taken place in the Army this year, but claimed that some subversive groups have not wanted to accept President Belisario Betancur's peace policy. For this reason, the troops have continued their antisubversion operations, since violence has been stepped up in the country.

In his year-end message, the high official stated that the Army will continue to maintain its presence throughout national territory to protect the lives, honor and property of all residents of Colombia, "due to the increase in violence."

Gen Moreno Guerrero contended that "the perfidious, cowardly and despicable action of the criminal terrorists who attacked one of the pillars of our democracy by taking over the Palace of Justice in order to annihilate our institutions" is proof of that fact.

Here is the text of Gen Moreno Guerrero's message:

The commander general of the military forces, in joining the celebration of the Christmas and New Year festivities, would like to convey his warmest greetings to the commanders of the Army, the Navy, and the Air Force, to the chief of the Joint Chiefs of Staff, and to the director of the Higher College of War, and through them to all the generals, admirals, officers, petty officers, ensigns, midshipmen, cadets, soldiers, cabinboys, marines, and civilian personnel who make up the military forces of the republic, as well as all of their dear families.

The year 1985 that is drawing to a close has been a period of positive developments in the areas of personnel, intelligence, operations and logistical instruction, and civilian matters. The following accomplishments were among the most outstanding:

1. In the area of personnel, especially with respect to morale and well-being, buildings such as billets, mess halls, dining rooms, and laundry rooms for enlisted men and clubs for commissioned and non-commissioned officers have

been constructed in the Vergara y Velasco, Magdalena, Bombona, and Voltigeros battalions, the San Andres, Cartagena and Pacific Naval Force naval bases, and the Vichada, Atlantico, Caribe, Camilo Daza, Tres Esquinas and Marco Fidel Suarez air bases. This has generated employment and manpower for many local residents near these units, and has improved the welfare of our men.

2. With regard to intelligence, a computer was installed at the general command to improve the filing and recording of information, and in the Army an office of intelligence and an intelligence operative command were formed, in keeping with the need to expand activities in this field to respond to increased subversion and common crime.

3. In their operations, the military forces have shown the utmost respect for the armed persons or groups that have fulfilled their commitments under the agreements they reached with the representatives of the government, whereby they agreed to a ceasefire and to halt all military operations in all regions of the country. There are some organizations and individuals, however, who did not sign the agreements and consequently continued their criminal acts. Others signed the agreements but have not carried them out or honored them. In view of this persistent activity by subversive groups, and pursuant to government policy, the military is carrying out countersubversion operations by establishing a permanent presence and taking decisive action throughout national territory, without exception in any site or place. It is fulfilling its constitutional duties as clearly set forth in Article 16 of the National Constitution, which states that the authorities of the republic are established to protect the lives, honor and property of all persons who reside in Colombia.

On this basis, and also due to the increase in violence, the military forces conducted operations across the nation to counteract the activities by subversive groups, drug traffickers, and organized criminals. Their actions yielded positive results, especially in the departments of Cauca, Quindio and Valle del Cauca. In the latter region, the villains were enraged at the successful rescue of Juan Martin Carvajal in this industrial, coffee-growing and sugar-growing region that is one of the richest in Colombia. Then, in the capital of the republic, there was the perfidious, cowardly and dispicable action of the criminal terrorists when they attacked one of the pillars of our democracy by taking over the Palace of Justice to annihilate our institutions. They were trying to force the president of the republic and the Supreme Court of Justice to negotiate with the Constitution, which stipulates that the primary duty of these offices is to defend the Constitution itself. In this way, they intended to destroy the legitimacy of the government and the judicial order of the country. Unfortunately, when a rescue was carried out to free the people who had been apprehended, 115 people perished under fire from the outlaws. We sincerely regret the deaths not only of the judges and good citizens who lost their lives there, but also those of the brave members of our institution. The objective was to rescue all the hostages safely and restore the functioning of this sanctuary of jurisprudence so that the words of the great man of law Gen Francisco de Paula Santander, which are engraved on the entrance of the Palace, would remain intact: "Weapons have given you independence; laws will give you freedom." We do have the satisfaction that we carried out our duty and we did rescue 215 fellow citizens.

It is for this reason that the military forces have earned the pride and gratitude of the people, who believe in them and put their faith in them. They have emerged as an exemplary model in the Americas during these difficult times, when traditional values have suffered substantial deterioration and changing circumstances lead to expectations that are difficult to predict; when organizations and individuals with obscure designs try to bring about chaos and uncertainty to create a propitious environment for the achievement of their ends.

In view of this situation, people of good will should reflect on their own security and on its legitimate defense. They must decide whether well-being, tranquility and peace should be maintained at all costs as irreplaceable elements of their own progress; whether their cooperation with the authorities toward that end has been sufficient; whether the nation should give in to the individuals who have taken up arms in the countryside and become mere spectators of the crime, or should put up a collective resistance to back up and reinforce the action of our troops, who are seeking order, security and tranquility for Colombia.

In the field of instruction and training, the Army School of Weapons and Services was organized, enabling it to advance its academic programs for commissioned and non-commissioned army officers in the technical-didactic area, in accordance with the standards set forth in the law governing military careers of commissioned and non-commissioned officers.

4. In the area of logistical support, policies have been defined pursuant to the requirements of the military forces, implementing the management of resources through the education and technical training of personnel in the field of administration. For this purpose, the experience of national and foreign educational institutions has been utilized at the various levels of training and education of human resources.

5. With respect to civilian affairs, and in accordance with the policy outlined by the Ministry of National Defense, efforts were oriented toward the development of the community, based on the theory that the development and growth of the country are grounded in the confidence of the people, of business groups and of the different branches of government. The goal was to further the military's activities as a complement to the mission of preserving internal and external security, with active participation in the plans or programs aimed at national progress.

Pursuant to this policy, the military forces made their resources available to the community. This includes human resources such as the military and civilian personnel working for the armed forces, students and alumni of the National Defense Information Courses, and reserve officers, all with high human and intellectual qualities. It also includes material resources, such as the team of engineers belonging to the Engineers Battalions of the Development Commands for the construction of highways, bridges, health centers, schools, deep wells and other facilities; and the aeronautical-military forces who have provided major contributions to economic development. In addition, the services provided by the National Territorial Air Service (SATENA) have been expanded

to take advantage of the poles of agricultural development to be selected by the government, and the maintenance capacity of the corporation of the aeronautical industry has also been enlarged to support airlines that are operating or want to operate in outlying areas. Furthermore, the Navy has the Simon Bolivar National Naval Navigation Service (SENARC), which operates on the major rivers in the southern part of the country to streamline river transport in national territory. In addition, there are technological resources in the fields of civil, naval and aeronautical engineering, and in the administrative area, which enable them to contribute to national growth.

Based on the above considerations, these programs were oriented toward those regions whose remoteness makes government action more difficult. That is how projects such as the construction of asphalted and paved highways, churches, recreational parks and sports fields, marketplaces, aqueducts, sweage systems, health centers, bridges, schools, airports and wells, and also civilian-military air and naval actions in the area of health, have been undertaken to benefit isolated communities in the interior of the country. These projects have taken place in Bucaramanga, Cali, Cartagena del Chaira, Cartagena, Buenaventura, Puerto Carreno, Puerto Leguizamo, along the Atlantic and Pacific coasts, Florencia, Guajira, Uraba, La Pedrera, Guapi, Mitu, Cucuta, Ricaurte, Puerto Inirida, Primavera, Condoto, San Jose del Guaviare, San Felipe, Tres Esquinas, and Magdalena Medio.

Moreover, the military forces have joined in the National Literacy Campaign, "Camina," which is directed by the president of the republic. The year 1985 was declared National Education Year, and the military stepped up its activities in this sphere for the purpose of contributing to the dignity of Colombians, in the respective jurisdictions.

For this reason, it is with patriotism, responsibility, serenity and a high sense of duty that we will continue to exercise the authority vested in us by the Constitution throughout national territory, without isolation or interruption. As often as the situation warrants it, we will use weapons and all the means and authority granted us by law to maintain internal order, on the premise that the Colombian people have the right to know everything we do. We have always fervently sought the path of peace for Colombia, without ambitions for ourselves and in strict and conscientious compliance with the codes. We have always been in a spiritual, moral and professional position to contribute to the achievement of national objectives, and we will maintain that attitude under the leadership of the president of the republic. As our constitutional commander, he oversees the institutional legacy that the nation placed in his hands. The subversives seek to sap the fighting spirit of the agencies that the state has at its disposal for its defense and protection. They use every means possible, without the nation being aware of the seriousness of their objectives. They employ all kinds of both legal and illegal means, particularly the free and very efficient services provided by the mass media, especially by one sector of public information. On some occasions, in extreme deviations that offend the dignity and honor of the Colombian people, they manage with the help of irresponsible people to convey messages that are contrary to the national view, to a public that deserves respect and is almost entirely against immorality and unethical behavior. Fortunately, voices have been raised to protest this attitude, by people whom

our nation considers to have sufficient authority and prestige. These expressions' forcefulness reveals that the country's dignity will not be impugned temporarily or permanently by subversive criminals.

In 1986 the military forces will continue to emphasize assistance to the various areas of national activity to contribute to the nation's development in one way or another, with their troops, their equipment and their desire to serve.

As commander general, I express my sincere tribute to those who offered their lives in defense of the honor and legitimacy of our institutions, our social order, and our sense of patriotism. These souls went to eternity while carrying out their duty, leaving thousands of Colombian homes grieving. These soldiers gave their all, down to the last breath of life, and now, in turn, they are the eternal guardians of the honor of our military forces.

Our sincere gratitude goes to the reserve officers, petty officers, and soldiers for their voices of encouragement at all times, for the spirit of solidarity with which they participate in military activities. This participation inspires the active-duty personnel to face and overcome with gallantry the difficult situations that arise daily in the troubled times we live in.

In renewing my best wishes for a merry Christmas and a successful 1986, I would like to express to all members of the armed forces my gratitude for their generous, altruistic and professional contribution to national progress, and I exhort them to continue along the same path, with the confidence and certainty of our monolithic unity, cohesion and intimate identification with the fate of the nation that we serve with undeniable devotion, patriotism, legal conviction and above all, with honor--the irreplaceable legacy of the soldier, the sailor and the airman.

Gen Augusto Moreno Guerrero, commander general of the military forces.

8926

CSO: 3348/320

COLOMBIA

BRIEFS

CALAMITIES FORCE NEW FISCAL MEASURES--The government will readjust the prices of gasoline and other petroleum derivatives in January, at the latest, for the purpose of obtaining enough revenues to finance the reconstruction of the Palace of Justice and the area that was devastated by the volcanic eruption in Tolima and Caldas. The price hike will take place as a result of a political agreement that was reached yesterday in Congress to deal with these calamities. The pact includes an agreement to overcome the public finance crisis in 1986. The solution to the crisis will provide the government with nearly 150 billion pesos, which is the administration's estimate of the deficit. In obtaining the resources, a 20-percent tax on oil company remittances abroad was reinstated, treasury officials were authorized to print more money and to float bonds in national and foreign currency, the foreign debt ceiling was raised, and revenues from gasoline sales were redistributed. To protect public service enterprises, the agreement includes the replacement of their foreign debt with domestic indebtedness, within a formula whereby the nation will pay for the devaluation and the enterprises benefiting from the credits will cover their commitments in pesos at the dollar exchange rate that prevails on a predetermined date. The powers of the executive branch are included in a new article in the bill that contains a partial solution to the public finance crisis in 1986. Although the official Liberal Party and the New Liberals agree that the government's revenues will fall 200 billion pesos short of its expenditures next year, the government insists that this deficit will not exceed 148.3 billion pesos. Consequently, under the agreement concluded yesterday, formulas were devised to provide that amount of money to the administration to cover the basic costs of operating and investing. [Excerpt] [Bogota EL TIEMPO in Spanish 11 Dec 85 p 1-A] 8926

CSO: 3348/320

COSTA RICA

MORA CLAIMS CONTINUED PARTY BACKING; DEFENDS FAMILY'S ROLE

San Jose LIBERTAD in Spanish 6-12 Dec 85 pp 2-3

[Commentary by Manuel Mora Valverde, head of Popular Vanguard]

[Text] Along with a group of workers and students, in 1929 I began the process of founding the Communist Party of Costa Rica. Under my direction, the party was officially founded in June 1931.

Overcoming very strong resistance, and confronting those who accused me of violating the principles of Marxism-Leninism, in 1943 I reached an understanding between my party and the Costa Rican Church, represented by Msgr Sanabria. To facilitate that agreement, the monsignor asked that the party's name be changed. It was my responsibility to take that step, which I had to explain and defend to the national leaders of my party. That was how Popular Vanguard was born, maintaining the same principles as the party that was founded in 1931. Under the new name, I remained as chief of the party, in the streets, in Parliament, and during the bloody struggle of 1948. In 1946, because I was the leader of Popular Vanguard, my house was dynamited. My mother and I were pulled out of the rubble. I was forced into exile with Carmen Lyra, and I had to accompany the great writer during a year of agony. Then I had to have her embalmed so that her remains could be returned to Costa Rica.

During the 27-year period when Popular Vanguard was outlawed, I remained the head of the party with the unanimous consent of the members and leaders. Therefore, I suffered all of the consequences of such a long period of illegality. In the last year of Don Jose Figueres' administration, I was honored to play a decisive role in regaining the legal standing of my party.

The unity between my party and myself through thick and thin was so obvious that President Calderon Guardia, aware of the heroic struggle waged by my party during the period when the Social Guarantees and the Labor Code were being formulated and then promulgated, decided to sign the Labor Code into law on 27 August 1943, my 34th birthday. Dr Calderon had already made me the leader of his deputies for defending the Labor Code in Parliament. I carried out my duty in the Legislative Assembly, as did the party in the streets.

In 1983 the party split. The dispute was not, as some have alleged, because I was trying to remain as secretary general. The dispute arose out of ideological differences regarding the new situation that our country faces as a result of the Central American conflict. These disagreements ceased to be primarily theoretical in nature and became eminently practical issues. The most important of them can be explained thus: One group of party leaders had reached the conclusion that revolutionary conditions had ripened sufficiently to enable the forces of the left to take power immediately. I confronted this rash notion at the head of a major group of leaders and the majority of our party's rank and file, by reasoning and arguing, but always with loyalty and conviction in my conscience as a patriot and revolutionary. Thus, it is clear that the key to the conflict was not my ambition to remain as secretary general. The key lies in an issue that is directly related to the fate of our people and of the Central American revolution. It should be noted that the schism took place among leaders, not the party rank and file.

Now I must turn to another aspect of this matter: All the political parties in Costa Rica have a grassroots base and an electoral apparatus. If those requirements are met, then it is up to the Supreme Electoral Tribunal to determine whether a political organization is eligible to participate in elections under its own name and with its own candidates. Popular Vanguard was the name of the electoral apparatus of my party, and with our consent, that name was also used by the grassroots organization. It can be said that it was in the electoral apparatus where the party schism had its most far-reaching repercussions. The Supreme Electoral Tribunal, ignoring the Electoral Code, deprived us of our legal status and gave it to another group. It is not that the Tribunal was sympathetic to the group led by our former comrades Vargas and Ferreto; but in response to an undoubtedly celestial inspiration, it felt that in this way it would help transfer to the masses the rift that had taken place among the leaders.

For a party to be registered, the Electoral Code requires that it be led by a 70-member national assembly. The Popular Vanguard national assembly split into two factions, one assembly with 32 members and the other with 38. Legally, neither of the two factions could be accepted as an electoral party. But the Tribunal gave the name and all the electoral rights to one of the groups without even requiring it to complete its national assembly first. In fact it was the Supreme Electoral Tribunal, and not the party rank and file, that took away my and my comrades' right to continue struggling under the banner of Popular Vanguard. I must content myself, in nostalgic moments, with remembering the battles I waged at the head of my party under that name.

But the Tribunal did not just take away our name. It also deprived us of the right to participate in the political debt. This right was also taken away from the Socialist Party, our ally, through a bit of legal maneuvering. The party recognized by the Tribunal was assured of 15 million colones. Our party and the Socialists got nothing. In my opinion, the Tribunal and its advisers probably thought that through all these machinations it could not only deepen the rift in the Costa Rican left, but also assuage its proteges.

I will point to another fact to make the matter even clearer: My party, bereft of its name, decided to register under the name of Party of the Costa

Rican People. Several times it gathered the number of signatures required for registration, met the other legal requirements, and requested through my mediation as president that the Civil Registry inscribe its name as a party. The Registry so ordered, but the representative of a Trotskyite party that is registered but is not participating in the electoral process appealed our registration.

Let's look at its argument: Our name, Party of the People, means that we come from the people and belong to the people; but the Tribunal and the Trotskyites claim that with that name we are declaring ourselves the owners of the people. The fact is, my comrades and I were prevented from exercising our electoral rights. People United opened its doors to us, however, giving us what is morally due us; we will fight for People United and vote for its tickets and its presidential candidate, Alvaro Montero Mejia, who is an outstanding citizen and a proven defender of the people's interests.

In recent days my adversaries have circulated a pamphlet full of distortions and hatred, which cannot go unanswered. I will respond to it in its entirety. I am making these statements today because I feel that I have the right and also the duty to clear up some slanderous and perverse assertions that could harm the electoral interests of the Party of the Costa Rican People. I am referring to the vicious rumor about the "Mora family" that is repeated and emphasized in that pamphlet. According to the story, the Mora family became a powerful clan that managed to take over all the party's resources and make me something like a dictator who could make a mockery of the Party Congresses and make democratic centralism mere words that were never respected but only scorned. In addition, according to this version, the Mora family decided upon and carried out the party split. I always managed to have my way in the party, it is claimed in the pamphlet. I managed to have my brother Eduardo named undersecretary general for many years, my wife as director of planning, and my son Manuel as leader of the Security Commission, which thus operated at my behest and not that of the party.

Now the rumor is going around that I managed to force People United to run my son Manuel Mora Salas as a candidate for deputy. I don't know where this rumor came from, but it also alleges that I demanded that Manuel be given top billing on the San Jose slate, but Alvaro Montero resisted my pressure and put Manuel in second place. First place was given to Javier Solis, a lawyer and former priest. The two classic weapons are being wielded here: the pamphlet circulated in certain places, and rumor and slander circulating all over. Allow me, then, to delve further into this pack of lies.

The pamphlet that is circulating under the name of "Report to the 15th Congress of the Popular Vanguard Party" refers to the "Mora family" in several places, but on page 19 it focuses the attack on 5 people: Manuel Mora Valverde, Eduardo Mora Valverde, Manuel Mora Salas, Jose Merino del Rio, and Addy Salas de Mora. Although they are very skillful in their fabrications, it is clear to me that what they really want right now is to prevent my son Manuel from being elected deputy. Nevertheless, I want first of all to explain the revolutionary background of the four comrades and relatives of mine who are mentioned in the booklet.

I can report that Eduardo Mora joined the struggle at the age of 5 years. Ricardo Coto Conde, Gonzalo Montero Berry, Carlos Marin Obando, Fabian Soto, Jaime Cerdas Mora and I would often meet at our house. Little Eduardo would talk to everyone, sometimes playing and sometimes doing small favors. When Ricardo Coto and I put out the first issue of the newspaper REVOLUCION, little Eduardo was in charge of distributing it to the neighbors. When he went to the Lyceum of Costa Rica, he founded the first youth organization in the party. Every time I was arrested (I was jailed 40 times), Eduardo and my mother would come to the jail to bring me food. After he got his "bachillerato" degree, he went to Mexico to study economics at the university. But at the same time, he was in charge of the local cell of the Mexican Communist Party. He wrote scientific papers on economics that sparked interest and admiration. He returned to Costa Rica not to rest or to practice his profession, but to go to the banana plantations to fight alongside the banana workers. He was persecuted by the police, but he did not back down. During the civil war of 1948, he fought in several places. Three times I saw him return to the battlefields with bullet wounds in various parts of his body. Although he could have earned a lot of money, he preferred to endure poverty as a party official. He has contributed to the cultural enlightenment of the party through lectures and books. It is against that backdrop that he was appointed to party leadership posts. Eduardo has been a deputy twice, and his public political life is very well known and respected. Could anyone possibly think that his promotion to undersecretary general was at my instigation? Since when has ours been a party of sheep? How can those former comrades, now slanderers, explain the support they gave Eduardo and me throughout the years as party leaders? One of Eduardo's daughters married Jose Merino del Rio, who by then had risen to important positions on the party's National Board thanks to his hard work and abilities. He had previously held such positions in the university student movement and on the party's Youth Board. Merino was named to the Central Committee and the Political Commission with the support of those who malign him today. He is one of the most capable journalists I have ever met. He joined the party to make sacrifices, not to seek privileges. Frankly, I do not understand why they include him in the "shady Mora clan" except that he is an in-law of mine.

My wife Addy was born into a family that was associated with the party practically since its inception. Her father, Don Romulo Salas, always helped our party loyally and decisively, which led to his political, physical and economic persecution. His businesses in San Isidro de El General went bankrupt after the civil war. Addy went to college in Mexico on a scholarship from the Mexican Government obtained for her by Don Joaquin Garcia Monge. But before leaving Costa Rica, as a schoolgirl she had participated in the struggles the party was waging among the masses. When I went into exile in Mexico, she was in her last year of college, studying philology and philosophy. Then she received a scholarship to the College of Mexico. In addition to her university studies, she engaged in serious and profound studies of Marxist philosophy. When we were married, she was 21 and I 38. A month after we returned to Costa Rica, our son Manuel was born. She joined her party cell, and also the women's organization. She worked selflessly, with initiative and efficiency. She did not seem like a young woman 21 years old, but rather a mature revolutionary. She witnessed two attempts on my life, and she stayed by my side. On one of those occasions she saved my life.

To serve her party, without earning any salary because we were able to lead a modest life on what I earned, Addy gave up the possibility of earning a living as a professor, and also gave up her literary research. To help me help the party, she learned the skills of a notary and took over all such matters in my office. She was elected to the Central Committee in the 12th, 13th and 14th Congresses. I did not elect her; the party rank and file did. Despite all that work, she was very concerned about Manuel's education. Not only about his ideological training, but also his artistic and physical education. She made sure Manuel got a musical background, and he studied violin and accordion until he mastered both instruments. But he gave them up, because very quickly he had to undertake revolutionary tasks. She encouraged him to study karate so that he could defend himself against attack, not to abuse anyone. Manuel was about 10 years old when he began at the karate academy, and he taught karate classes at the university.

Let's talk about my son Manuel now. He is 35 years old. He engaged in serious studies in political economics, philosophy, and general sociology at universities in the Soviet Union. Before leaving for that socialist country, he gained an intimate knowledge of his Costa Rican fatherland and his people, the living and working conditions of the workers and peasants, the intellectuals and the youths. He learned our history, which was characterized by the evils of dependency and backwardness, but also punctuated by the struggles of the people, the heroes of '56, the communists, who fought without quarter for a better life, a sovereign and prosperous fatherland.

Manuel has studied and continues to study national problems tenaciously and passionately, but not to display academic knowledge as many do. His aspiration, which is deeply rooted in his revolutionary consciousness, is to be able to honor his fatherland by being useful to his people.

Manuel is familiar with my life of struggle, and knows very well what it means to me to be a "Costa Rican communist." He has never been frightened, as others have, when learning of my affection and admiration for Msgr Sanabria. He agrees with me that revolution does not necessarily mean firing rifles and planting bombs. We will resort to violence only when the powerful force us to do so in defense of social justice and the sovereignty of the fatherland. But he understands that before treading the path of violence, we Costa Rican communists must make every effort and sacrifice compatible with our principles to try to bring about social transformation in Costa Rica by peaceful means. When I have been attacked and called a reformist because I have contended that under the present circumstances an attempt by the forces of the left to take power would not lead to revolution but rather to the installation of a repressive dictatorship and the occupation of Costa Rica by the Yankee army, he has agreed with me, despite his youth and his situation as a man who has had to use weapons in hard combat to help the peoples of Central America defend their independence and sovereignty.

Manuel matriculated in the school of law. A short time after reading "Dollar Diplomacy" and some publications that I had written a few years earlier, he told us, "I think the future of Costa Rica and Central America is very complicated. It will be very unlikely for the United States not to decide to occupy this region, and it is also very unlikely that the working class would

come to power without the United States' invading us, as they tried to do at the end of the 1948 civil war. I think that an armed struggle is likely." The party arranged a scholarship for him to study political economy and sociology in a socialist country. He might also pick up some military science, if only in books and conversations with knowledgeable people. In fact, he did get the scholarship and went to the Soviet Union to study. Manuel did not think of entering a profession that would earn him money. The idea of getting rich has never influenced his life. He had obviously decided to prepare to put his life at the service of the struggle for social justice and independence in Central America. In the USSR he distinguished himself as a brilliant student. When he returned to the country, he joined our youth organization and devoted day and night to studying the history of Costa Rica and the characteristics of the national economy. Very soon he joined the party outright, and was put in charge of the Security Commission. He had the knowledge required to hold that post. In a very short time, he managed to build an efficient and strong organization capable of working for the security of the party and also cooperating in the defense of national peace.

When the situation in Nicaragua grew worse and it was apparent that the Pentagon was willing to invade that brother country, Manuel decided to go fight in Nicaragua alongside the Sandinist National Liberation Front. He was at the head of a column of party members, the Carlos Luis Fallas Brigade. Under his command, that brigade of heirs of Don Juanito Mora and Juan Santamaria participated in several battles and fulfilled its revolutionary duty with efficacy and heroism. He left behind his adored wife and three small children in our country. That was a difficult test of his consciousness and his revolutionary capacity.

Despite his youth, Manuel already has acquired an important political experience and an education that enables him to defend the ideas and purposes of his party on any ground. He is a good speaker, he reasons clearly, and he knows how to face any adversary of his people and his party.

Manuel is in second place on the People United slate of deputies for San Jose, along with Javier Solis. Solis, an attorney and former priest, is a brave and talented disciple of Msgr Sanabria who will undoubtedly be able to relate well with Manuel in the parliamentary battles ahead. The party has given Manuel that responsibility because it trusts in his ability, his loyalty, and his revolutionary conviction. At 76, I am proud that my son has chosen the path of struggling for his fatherland and his people, and I am happy at the prospect that Manuel will follow in my footsteps as a revolutionary member of Parliament, in the seat that I held for several years by the choice of my party and a broad sector of the Costa Rican people.

I will conclude by saying that lies and slander will never be weapons for a revolutionary. Our fatherland is undergoing a very grave situation. Reflection and debate on political and ideological differences should not be replaced by rumor, jokes, or insults. I am certain that the members and sympathizers of my party, along with the patriotic and progressive sectors of our society will be able to struggle for the future of a revolutionary cause to which I have had the honor of devoting most of my life.

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CSO: 3248/132

COSTA RICA

PPC MEMBER DIES IN NICARAGUA FIGHTING 'SOMOCIST RIFFRAFF'

San Jose LIBERTAD in Spanish 6-12 Dec 85 p 3

[Text] Manuel Monge Barrientos was the second of seven children in a working-class family. His father, Eugenio Monge, works for the Atlantic Railroad; his mother, Isabel Barrientos, is a housewife.

The family began and grew in San Sebastian, and the Monge Barrientos have been living in San Juan de Dios de Desamparados for 19 years. In this very proletarian neighborhood, Manuel began to take an interest in social problems.

His parents and siblings, in their grief, recall Manuel as a generous and responsible young man. "He was a true revolutionary," Manuel's younger brother told LIBERTAD, adding that Manuel always thought about what he could do for others, to help his fellow man. Injustice outraged him, and the struggle for what he considered good and just excited him.

His neighbors and friends in the barrio affectionately called him "Pitilla," and everyone remembers Manuel/Pitilla organizing and inspiring youth groups, sports and cultural activities, and working from a young age to help support the household. Little by little, he developed a personality that was at once forceful and jovial; he was an intelligent, brave, and generous boy whom many recall in the Desamparados neighborhood. He had the mark of a leader, heading the struggle for water, the protest against poor bus service, and the drive for streets and recreational and cultural centers.

His interest in revolutionary political ideas was a logical result, according to his relatives, which led him to become active first in the Communist Youth and then in the Party of the Costa Rican People (PPC).

Projects, struggles, loves, and suddenly the epic of the Nicaraguan people against the hated Somoza dictatorship. Then Manuel, another member of his family tells us, wanted to go fight. Hundreds of communist, socialist, patriotic youths had gone to Nicaragua to fight in the Carlos Luis Fallas Column, which was led by Manuel Mora Salas and Jose Picado, currently members of the Party of the Costa Rican People Political Commission. A variety of circumstances prevented Manuel Monge from going to Nicaragua at that time, although they did not stop him from waging the important battle of solidarity here.

At that time Manuel was what has traditionally been called "a tested militant" in communist culture. He was given responsibilities, and he was able to carry them out with the modesty, joy, and efficacy that characterized him. His ideas had matured; he, like many other communists, had reached that state of consciousness and morality that gives one a heroic sense of life, in which the small fatherland reaches beyond national borders and becomes the great fatherland of the workers, peasants, the exploited of the world, of humanity.

Manuel, a true Costa Rican, a patriot of the ilk of the heroes of '56, also felt that he was an internationalist. He wanted to go fight where he felt he was needed most: in Nicaragua, the first trench of the anti-imperialist struggle in the Americas. He asked permission, and his party and youth organization respected his decision and congratulated him.

Death overtook him in the mountains of Zelaya Norte, as he faced the Somocist riffraff, the murderers who yesterday worked for Somoza and today work for the CIA. According to witnesses, he died a hero, proud to be a Costa Rican, a communist, a Central American patriot. Manuel was 29 years old. They say that his smile and his generous soul live on in the grateful hearts of the Nicaraguan peasants.

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CSO: 3248/132

DOMINICA

OPPOSITION DLP NAMES SHADOW CABINET WITH ROSIE DOUGLAS

Port-of-Spain EXPRESS in English 8 Jan 86 p 28

[Text]

ROSEAU, Tuesday, (CANA). — The official Opposition Dominica Labour Party (DLP) today announced the appointment of a shadow cabinet in a move said to be aimed at improving the effectiveness of the group.

But the party gave no indication it was prepared to call off a boycott of parliamentary sittings.

Announcement of the shadow cabinet came six months after a general election that returned Prime Minister Eugenia Charles' Dominica Freedom Party (DFP) to power.

In a statement, the DLP said the appointment of public spokesmen was "aimed at allowing the opposition to develop alternative

strategies to government's policy for the development of the island".

Leftist politician Rosie Douglas, who is brother of the Opposition leader Michael Douglas, has been included in the shadow cabinet.

She has responsibility of trade, industry, tourism marketing and Caribbean Community (Caricom) affairs.

Former Finance Minister in the Patrick John administration, Vic Riviere, is responsible for Communications, Works and Utilities with opposition leader Douglas assigning himself the portfolios of finance, development and foreign affairs.

The lone woman opposition parliamentarian, Yvette Barzey, is shadow Minister of Education.

/12379  
CSO: 3298/273

ECUADOR

BRIEFS

DELEGATION VISITS CUBAN HOSPITAL, SCHOOL--(Averroes Bucaram), president of the National Congress of the Republic of Ecuador, and the parliament member delegation accompanying him, have visited Havana's Hermanos Ameijeiras Hospital, as part of the program of activities scheduled during their official visit to Cuba. The Ecuadoran delegation also toured the country site Commander Ernesto Guevara High School in Caimito Municipality, Havana Province. [Text] [Havana Radio Progreso Network in Spanish 1200 GMT 11 Jan 86 FL] /9274

CSO: 3348/368

GRENADA

BRIEFS

GAIRY ON FARM WAGES--ST GEORGES, Monday, (CANA)--President general of the Grenada Manual, Maritime and Intellectual Workers Union (GMMIWU), Sir Eric Gairy, has asked Prime Minister Herbert Blaize to set up a tribunal to help settle a pay dispute involving agricultural workers. Gairy, a former Grenada Prime Minister, suggested the tribunal in a letter to Blaize. He warned that he would seek a settlement in the court if his recommendation was rejected. "In the first instance, we are asking the powers that be to set up an arbitration tribunal to settle the matter," Gairy said. "If that does not come about, then we have no alternative than to use the law." Four months ago, the GMMIWU called a strike in the agricultural sector, claiming higher wages for workers. Initially, the strike appeared to be successful but the position is now unclear. In an interview, he said workers on most privately owned farms have returned to their jobs but 70 per cent of the workers on government's 23 farms are still on strike. [Text] [Port-of-Spain EXPRESS in English 7 Jan 86 p 31] /12379

CSO: 3298/274

ST CHRISTOPHER AND NEVIS

TAIWAN RICE SEED MAY PORTEND NEW CROP FOR NATION

Basseterre THE DEMOCRAT in English 7 Dec 85 p 2

[Text] At a Presentation Ceremony on Monday 9th December, His Excellency Mr. George Tuan, Charge d'Affaires of the Embassy of the Republic of China, Taiwan, will present a small bag of rice seed, from rice grown in St. Kitts, to Government Officials.

The rice was produced by the Agricultural Technical Mission of the Republic of China at Cranston Estate from a variety named Suriname. The seeds to be presented can be planted to produce a good crop of rice in four (4) months.

The Agricultural Technical Mission made the breakthrough 3 months ago in their experimentation to discover a type of rice that can grow in St. Kitts/Nevis successfully. The Suriname variety has proved to be the answer.

This Newspaper once again take pleasure in congratulating the Agricultural Technical Mission from the friendly Government of the Republic of China, Taiwan.

St. Kitts/Nevis is very suitable for production of Dry Land Rice. A spokesman for the Mission reported that they wish to, by this year's experiment result, prove that rice can be grown in St. Kitts/Nevis to meet the demand of rice for its people.

The team of Agricultural Experts from the Republic of China, is continuing their search for better varieties which can suit the natural conditions of St. Kitts and Nevis and have better yield and more resistance to drought with a shorter growing period.

What all this means is that for the first time in the history of St. Kitts and Nevis rice can be grown here successfully. And as Kittitians and Nevisians are rice lovers, the future looks bright indeed for our new found crop.

/6091  
CSO: 3298/258

ST CHRISTOPHER AND NEVIS

BRIEFS

1986 BUDGET FOR NEVIS PRESENTED--Charlestown, Nevis, Dec 19, CANA--Premier Simeon Daniel of the tiny eastern Caribbean island of Nevis today presented a tax-free 1986 budget, projecting a million dollar (U.S.) current account deficit. The budget anticipates recurrent expenditure of U.S. 4.75 million dollars and revenue of U.S. 3.7 million. Daniel, delivering his second budget since the Nevis Assembly came into the act following the 1984 general election, announced that no new taxes would be introduced. He said that all other taxes which were to be met by Nevisians had already been passed in the National Assembly when it met earlier this year. The coalition of the Peoples Action Movement (PAM) and Daniel's Nevis Reformation Party (NRP) secured a second straight term in June, 1984, when it won nine of the 11 seats in Parliament. Under the constitution governing the twin island federation, Nevis has its own assembly and separate government. [Text] [Bridgetown CANA in English 2220 GMT 19 Dec 85 FL] /6091

SOCIAL SECURITY LEVY--In St Kitts-Nevis, the government has passed into law a new levy on wages to provide funds for social security. The law, called the Social Services Levy Act of 1985, is strongly criticized by the country's opposition party. The opposition leader Mr Charles Mills described the levy as a disguised form of income tax. The ruling party abolished income taxes in the country when it came to power. [Text] [Bonaire Trans World Radio in English 1130 GMT 19 Dec 85 FL] /6091

CSO: 3298/258

ST VINCENT AND THE GRENADINES

PAPER URGES NDP GOVERNMENT TO JUSTIFY PUBLIC TRUST

Kingstown THE VINCENTIAN in English 6 Dec 85 p 4

[Editorial: "Getting Their Act Together"]

[Text]

The New Democratic Party has been in power for less than two years — one year and four months in fact. We think that its excellent performance internationally and regionally requires support currently lacking in internal procedures.

Recently this inadequate attention to the home front has been emphasised more than once by lapses within the government.

First there was the matter of the student teachers, selected for courses at the Teachers' Training College. After they turned up there for classes they discovered that arrangements for their replacement at their teaching posts had not been made so they had to return to their schools. That error was remedied fairly quickly.

A second incident involved 34 student teachers who had successfully completed the two-year course at the College. For 17 months after, they continued to work as unqualified assistant teachers. It took a demonstration outside the Ministry of Education, at which members of the St. Vincent Union of Teachers picketed — with many of them carrying placards with slogans like "Why the delay?" — to have the matter resolved. The retroactive appointment of the teachers as qualified assistant teachers at the salary scales to which they are entitled has been agreed upon.

Then, only last week, a Government team failed to keep a scheduled appointment to discuss a new Collective Agreement for teachers. The St. Vincent Union of Teachers'

team of negotiators turned up but the Minister of Education was the only person who put in an appearance from the Government side and negotiations had to be postponed.

All this is just not good enough. A lot of it would seem to be the result of poor co-ordination within and between Ministries by civil servants operating different departments. But it is leaving a sense of dissatisfaction over the performance of Government. It is quite true that the political and civil service roles in government are separate but in the ultimate analysis it is the politicians who are in charge of the government and responsible to the people. If civil servants fail to do their jobs it should not take 17 months to correct an obvious error, and those in error should be made to mend their ways.

This newspaper wants desperately for this Government to succeed. Contrary to what our detractors declare, not because of Mitchell or any other individual but because of our country. If the NDP fails we cannot see an alternative on whom we can call. We sincerely hope that Son Mitchell and his team will take note of the things that we believe they should do to make the people who have placed them in charge of their destinies feel secure. It is not enough to say "They must trust us!" Again and again the electorate has been betrayed in its trust. We have a right to be bolstered along the way by explanations, reassurances and direction. We have a right to demand that the members of the NDP get their act together.

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CSO: 3298/259

ST VINCENT AND THE GRENADINES

OPPOSITION, GOVERNMENT DISPUTE OVER PUBLIC ACCOUNTS UNIT

Port-of-Spain EXPRESS in English 7 Jan 86 p 31

[Text]

**KINGSTOWN, Monday, (CANA)**

— The opposition St Vincent Labour Party (SVLP) and the James Mitchell administration are wrangling over the size and composition of the Public Accounts Committee which monitors the operation of state agencies.

The opposition has described the committee's present structure as "a transgression of the democratic process."

The SVLP argues that the committee of three appointed at the opening of the new session of Parliament last July was contrary to convention and tradition which had established a committee of five — three from government and two from the opposition with the leader of the opposition chairman.

Opposition leader Vincent Beache is the present chairman of the committee, the other two members being Minister of Housing, Local Government and Community Development David Jack and Government Senator Stuart Nanton.

The SVLP is also concerned with the change of the quorum of the com-

mittee from two, under the old standing orders of the House of Assembly here to three as stipulated by the revised standing orders.

Beache said before the standing orders were revised in June last year, the quorum for select committees of the House including the Public Accounts Committee was two so that the two opposition members could form a quorum and foil any attempts that a government harbour to frustrate the work of the committee enquiring into government's operations.

Beache said the opposition was concerned and unhappy that the committee now comprised only three members, one of whom was a minister of government, and that the quorum was three.

He feels also that the presence of a government minister on the committee was "a conflict of interest" since the committee was supposed to inquire into the operations of various ministries.

"We feel that this is a transgression of the democratic process. That the committee cannot function properly unless this is rectified," he added.

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CSO: 3298/277

TURKS AND CAICOS

PNP RETAINS 3 PARLIAMENTARY SEATS LEFT OPEN BY JAILED MP'S

Freeport THE FREEPORT NEWS in English 5 Dec 85 p 2

[Text]

**The wife of former Chief Minister of the Turks and Caicos Island Mrs. Emily Saunders won an easy victory to replace her husband Mr. Norman Saunders as the representative for the South Caicos North District during elections held at that small chain of islands situated off the Southern tip of the Bahamas.**

The elections were held Wednesday, Mr. Saunders had represented the district prior to his being arrested on cocaine conspiracy charges in the United States. He was eventually found guilty and imprisoned.

Two other high ranking Turks and Caicos officials were also charged with similar offense. They included Minister of Commerce and Development Mr. Stafford Missick and the Parliamentary Secretary to the Ministry of Works Mr. Aulden Smith.

Mr. Missick had represented the North Caicos District prior to his conviction while Mr. Smith had represented the Salt Cay District.

The ruling Progressive National Party which the two were members of won those two seats outright after the opposition People's Democratic Party

offered no contestants claiming they wanted general elections.

Mrs. Saunders opposition from the newly formed Turks and Caicos United Party in her quest for the South Caicos North District seat. Her competitor was Mrs. Arnette Bassett.

According to the Chief Minister of the Turks and Caicos Mr. Nathaniel J.S. Francis, Mrs. Saunders handily won her seat by a vote of 198-53.

The Progressive National Party was thus able to maintain a 8-3 ratio in the eleven seat parliament.

Mr. Francis said today that his government was always confident and that they will continue to move on with their ongoing project of developing the Turks and Caicos into a major tourist destination. He said that the island has alot to offer in the line of relaxation and other things appreciated by tourists.

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CSO: 3298/278

VENEZUELA

BRIEFS

LUSINCHI ON RELATIONS WITH MEXICO--Caracas, 11 Jan (NOTIMEX)--Today Venezuelan President Jaime Lusinchi told NOTIMEX that relations between Mexico and Venezuela are considered as a basic need, not only for our two countries but for the entire American Continent. Interviewed at the end of the opening session of the Contadora group and support group ministerial meeting, the Venezuelan head of state said: We are so interested in our relations with Mexico that every day we follow up on the bond system we have, which include the most varied matters. He noted: For us, relations with Mexico are a priority and we are happy with the way they have been developing. [Excerpt] [By Epigenio Ibarra] [Mexico City NOTIMEX in Spanish 2350 GMT 11 Jan 86 FL] /9274

STEEL SALES TO PRC--Caracas, 10 Jan (AFP)--According to Simon Izaguirre, president of the Foreign Trade Institute, the PRC became the most important customer for Venezuela's steel during 1985, when the PRC bought half of the million tons exported by the Orinoco Iron and Steel Works, Sidor. Other important clients are the United States and the member countries of the Andean Pact. [Text] [Paris AFP in Spanish 1419 GMT 10 Jan 86 PA] /9274

CRUDE OIL PRICE REDUCTION--New York, 10 Jan (REUTER)--Venezuela, an important oil supplier of the United States and an OPEC member, reduced the prices today of some of its heavier crude oils by approximately \$1 per barrel. Sources of the Venezuelan Petroleum, Inc. (PDVSA) have announced that it has reduced its prices by \$0.80 and \$1.30 per barrel, according to grade, retroactive to 1 January. The reduction in prices of the heavy crudes, which are used for producing the fuel oil needed to generate electricity and not for gasoline, are not subject to OPEC's price agreements and had been expected since Mexico announced a similar reduction in prices in December. Mexico, which is not an OPEC member, reduced the prices of its light and heavy crudes by an average of U.S. \$0.90 per barrel retroactive to 1 December and later said there would be new announcements on its prices. Mexico and Venezuela are competing for the U.S. oil market. [Text] [Buenos Aires REUTER in Spanish 0130 GMT 11 Jan 86 PA] /9274

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