

095080

JPRS-LAM-84-023

16 February 1984

Latin America Report

19980813 118

DTIC QUALITY INSPECTED 4

DTIC QUALITY INSPECTED 4

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY
NATIONAL TECHNICAL
INFORMATION SERVICE
U.S. DEPARTMENT OF COMMERCE
SPRINGFIELD, VA. 22161

9
128
A07

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

16 February 1984

LATIN AMERICA REPORT

CONTENTS

ENERGY ECONOMICS

GUATEMALA

- Six Million Quetzals Monthly for Generation of Energy
(PRENSA LIBRE, 31 Dec 83) 1

VENEZUELA

- Oil Sector's Performance in 1983, Outlook for 1984 Reported
(EL UNIVERSAL, 29 Dec 83) 2
- LAGOVEN President Gives Year-End Report
(EL UNIVERSAL, 24 Dec 83) 5
- Calderon Berti Stresses Need To Reduce Dependency
(EL UNIVERSAL, 27 Dec 83) 8

COUNTRY SECTION

INTER-AMERICAN AFFAIRS

- Chilean-Brazilian Special Commission Discusses Commerce
(TERCERA DE LA HORA, 20 Dec 83) 11

ARGENTINA

- Developed Countries Urged To Lift Import Barriers
(LA NACION, 24 Dec 83) 13
- IDB Loan Intended To Stimulate Manufacturing Sector
(LA NACION, 4 Jan 84) 15
- Grinspun Directs Economic Team To Implement Measures
(LA NACION, 4 Jan 84) 17

Confidential Report Says Private Sector Debt Figures False (LA NACION, 6 Jan 84)	19
BOLIVIA	
Scheduled Municipal Elections Facing Postponement (EL MUNDO, various dates)	21
Importance of Elections Noted	
Parties Fail to Take Initiative	
Lack of Time, Financing May Delay Elections	
Inaction on Municipal Elections	
Siles Issues Invitation to Political Dialogue (Hernan Siles Zuazo; EL DIARIO, 8 Jan 84)	26
'EL DIARIO' Concerned by Growing Influence of Communist Party (Editorial; EL DIARIO, 9 Jan 84)	29
Important Transportation Projects Currently Being Planned (Various sources, various dates)	31
Navigation Project in Southeast	
Apumalla River Construction	
Brazilian Credits for Port	
Highway Construction Contract Foreseen	
Cubans Seen Leading Guerrillas, Fostering Armed Struggle (Editorial; EL DIARIO, 30 Dec 83)	35
BRAZIL	
Foreign Investments in 1984 Expected to Total \$700 Million (O ESTADO DE SAO PAULO, 25 Jan 84)	37
AVIBRAS Exports Rocket Launchers to Middle East (JORNAL DO BRASIL, 17 Jan 84)	38
Passarinho, Neves on Consensus Candidate (O ESTADO DE SAO PAULO, 22, 26 Jan 84)	39
Passarinho Interview,	
Tancredo Neves	
Maciel Issues Political Platform, Calls for Direct Elections (FOLHA DE SAO PAULO, 15 Jan 84)	43
Principal Points of Maluf's Political Platform Published (JORNAL DO BRASIL, 18 Jan 84)	45

Gallup Poll Reveals 81 Percent Favor Direct Elections (O ESTADO DE SAO PAULO, 24 Jan 84)	49
Labor Minister Says Unemployment Will Continue Through June (O ESTADO DE SAO PAULO, 24 Jan 84; JORNAL DO BRASIL, 8 Jan 84)	52
No Improvement Ten Million Unemployed	
Stabile Says Crop Losses Not Significant; Other Comments (O ESTADO DE SAO PAULO, 24 Jan 84)	55
Drought Damage Rain Came Too Late	
Military Supports Unrestricted Arms Sales; Diplomats Comment (O ESTADO DE SAO PAULO, 21 Jan 84)	58
Political Ramifications No Sales to Pretoria	
Briefs	
Volks Contract With Iraq	61
No Maxidevaluation Foreseen	61
Industrial Production Down	62

CHILE

Manuel Trucco Criticizes UN Human Rights Position (TERCERA DE LA HORA, 3 Jan 84)	63
---	----

CUBA

Productivity Aktiv Reviews Problems (Jose M. Norniella; GRANMA, 21 Dec 83)	66
Sugar Harvest Information Campaign Aimed at Populace (Roberto Acosta Sosa; ANAP, Dec 83)	69
Cars, Travel Among Incentives Offered by SNTA (TRABAJADORES, 25 Nov 83)	72

ECUADOR

Economic Performance in 1983, Prospects for Recovery Viewed (EL UNIVERSO, 2 Jan 84; EL COMERCIO, 5 Jan 84)	74
Unemployment, Inflation Rate, by Manuel Maldonado Economic Outlook for 1984	

Candidates' Profiles, New Year's Messages to Nation (EL UNIVERSO, 1, 2 Jan 84)	77
---	----

Seven Candidates Express Hopes
Profile, Message From Rodrigo Borja

EL SALVADOR

Reserve Bank Reports Economic Improvement (EL MUNDO, 20, 27 Dec 83)	88
--	----

GUATEMALA

Taiwan Offers Industrial Plant Development (PRENSA LIBRE, 8 Jan 84)	91
Financial Institutions Want Increased Area of Operations (Roberto Rios; PRENSA LIBRE, 4 Jan 84)	92
'Acceptable' Reforms to Electoral Law Defined (DIARIO EL GRAFICO, 8 Jan 84)	94
Church Official Denies Charges Against Maryknoll Priest (PRENSA LIBRE, 24 Dec 83)	96
Generals Rios Montt, Laugerud, Others Retired (Julio Roberto Rodas; DIARIO EL GRAFICO, 31 Dec 83)	98

MEXICO

Japanese Businessman on Computer Industry Possibilities (Rodrigo Calvillo; EXCELSIOR, 8 Dec 83)	100
National Defense Maneuvers Centered in Chihuahua (EXCELSIOR, 25 Nov 83, 5 Dec 83)	102
Three Main Fronts, by Jesus M. Lozano Jalisco: Numbers Involved, Weapons Used, by Eduardo Chimely Ch.	
Business Leaders Warn of Dangers From Electoral Fraud (EXCELSIOR, 7, 11 Dec 83)	105
'Moral Renovation' Program at Stake, by Jaime Contreras Salcedo Possibility of Violence, by Jaime Contreras	
Opposition Parties Complain of Useless Grievance Machinery (Angel Soriano; EXCELSIOR, 10 Dec 83)	109

Briefs

PSUM Warning on Elections	111
Precedent-Setting Tamaulipas Electoral Agreement	111

PERU

'El Fronton' Inmates on Senderist Philosophy, Goals, Acts (Carlos Castro Interview; EL DIARIO MARKA, 16, 17 Dec 83)	113
--	-----

SIX MILLION QUETZALS MONTHLY FOR GENERATION OF ENERGY

Guatemala City PRENSA LIBRE in Spanish 31 Dec 83 p 12

[Text] The state will spend 6 million quetzals per month to purchase fuel to generate power, due to problems that have arisen at the Chixoy hidroelectric plant, stated the president of the National Institute of Electrification (INDE), Larry Andrade.

He pointed out that to date it has been impossible to quantify the damages that the plant's tunnel has sustained, because it must be emptied to inspect the damages more thoroughly.

He indicated that Italian experts have been hired to come to Guatemala next week to determine the causes of the damages to the tunnel.

He added that at this time the plant is still in the testing or guarantee stage, so it has not yet come on line.

He stated that the experts will write a report, and depending on its conclusions, responsibility will be assigned, and the period during which Chixoy will be totally paralyzed will be determined.

He explained that if it takes a year to repair the tunnel, the state will have to invest about 70 million quetzals to supply energy to the plant using petroleum derivatives.

"Each month," he concluded, "the government will spend nearly 6 million quetzals on fuel from thermoelectric plants."

8926

CSO: 3248/346

OIL SECTOR'S PERFORMANCE IN 1983, OUTLOOK FOR 1984 REPORTED

Caracas EL UNIVERSAL in Spanish 29 Dec 83 p 1-14

[Text] Although 1983 has been an obviously problematical and clearly negative year from the standpoint of the overall results of the oil industry, the Venezuelan Chamber of Petroleum, through its head, Dr Edgar Romero Nava, has again underscored its optimism over the opportunity offered for the future development of the industry and of its relations with over 400 business firms in Venezuela which produce goods and services essential to the national oil industry.

In the Petroleum Chamber's New Year's Message, Romero Nava comments on the problems that arose this year, which led to the pressing need to reduce the investment budget of the oil industry from 19 billion to 14 billion bolivares. Then he states:

"The private sector engaged in activities for the oil industry was prepared to carry out the necessary projects, because it had been called upon a year earlier by PDVSA [Venezuelan Petroleum, Inc] to be given a challenge, namely, that for the first time in Venezuela's oil history, its nationalized industry would have a sustained rate of investment, at least until the end of this decade, estimated at about 20 billion bolivares per year, at 1981 prices; and that, therefore, this was the opportunity for the business owner to develop engineering and manufacture of capital equipment for the industry in Venezuela. This opportunity was not subjected to the well-known fluctuations in investment for an industry such as oil, because the execution of the aforementioned projects was essential for the country, as well as for the maintenance of the production potential that will guarantee Venezuela's role as a producer of crude and also its importance in OPEC.

"Announced among the projects submitted was the development of the belt in southern Monagas and Anzoategui, by LAGOVEN, a project known as DSMA [Development of South Monagas and Anzoategui]; the modernization of MENEVEN's refinery in Puerto La Cruz; the change in the refining standards at Cardon; lubricants plants; a new gas system; MENEVEN's cryogenic project; projects for distribution and storage of gasoline in Carenero (SAAM); etc.

"Also, a project to develop the western shore of Lake Maracaibo (DCOL), by CORPOVEN; the SATEM project carried out by MARAVEN to improve its production

system and, in addition, a series of smaller projects which ensured the investment level of 20 billion bolivares. Hence, if the business owner did not accept the challenge, and did not increase his engineering personnel, his manufacturing plants and his equipment, he would miss the opportunity, by not being prepared when the projects begin. In view of the importance and critical nature of the oil industry, the business owners did accept the challenge. They expanded their staff of engineers and technicians; oil drilling companies which were foreign were purchased; new drilling equipment was bought; physical plants were expanded; new offices were built in the oil areas; and, finally, financial commitments were assumed in both national currency and foreign exchange. This figure, approved in December 1982, underwent a revision with a stoppage of all investments at the beginning of 1983, and all that was continued were the advanced projects, such as MENEVEN's cryogenic one and LAGOVEN's SAAM project. The rest were subjected to revision by Venezuelan Petroleum; and, after 5 months, on 31 May, they announced the cancellation, indefinite postponement and resizing of the projects and the investment, which was reduced to 15 billion bolivares for 1983. We must confirm that this amount of investment has not created an internal impact, and has not been noted in the country; but, on the contrary, it has forced us to the unfortunate necessity of laying off 10,000 direct workers.

"PDVSA, for its part, has maintained the same number of personnel, which has prompted it to carry out, using its own facilities, projects that the private sector was normally executing. This was added to the large inventories which, as of 1 January 1983, were of the unprecedented magnitude of 10.6 billion bolivares worth and the use of BARIVEN, with its offices abroad, to purchase input or capital equipment that could be manufactured in the country, benefiting from dollars at the rate of 4.30 with the purchase made abroad. Consequently, we have been reporting on these situations, while the PDVSA Board of Directors' only response has been to make two presentations during the first half of 1983, without offering solutions to the problems posed; although it must be admitted that, during the last quarter of 1983, PDVSA's new Board of Directors, with a different attitude toward the problems of the private companies which are backing it, listened to all our proposals, and promised solutions within a short period of time, which we are now awaiting.

"Other important matters that prompted our attention during 1983 involved the critical cash flow situation of PDVSA, because part of its funds were frozen in the Central Bank of Venezuela, and the indefinite status of the dollar for the oil industry.

"We should also underscore the positive features:

"1. The signing of the collective oil contract, during an election year, without causing traumas, and once again proving the maturity and good sense of the organized labor movement, represented by FEDEPETROL [Federation of Petroleum Workers] and FETRAHIDROCARBUROS [Federation of Workers of the Hydrocarbons and Derivatives Industry].

"2. The creation of the presidential commission for the study and consolidation of the oil laws, to submit its suggestions to the Sovereign National Congress, including structural financial solutions for the nationalized oil industry.

"3. The instructions for the Buy Venezuelan Decree, a long-standing procedure that is intended to fill gaps that existed in the execution of Decree 1,234.

"4. The new policy of the PDVSA National Petroleum Holding entity's board of directors, agreeing, for the first time in 7 years, to listen to a presentation on the problems of the Venezuelan private sector in the engineering, industrial manufacturing, technological services and installation areas, and to discuss their possible solutions, to the national and regional advantage.

"The prospects for 1984 in the oil industry are not optimistic; all the forecasts indicate that, at best, Venezuela will have a production level and income equal to those of 1983 as a result of its being a member of OPEC.

"Therefore, we deem it fitting to revise the dogma on oil during 1984, in the following respects: 1. Venezuela's role as a member of OPEC, its benefits and difficulties for the country; 2. the feasibility of seeking financing that is not bound, for the projects of the national oil industry; 3. the demarcation of areas for the private sector, with or without foreign participation, so as thereby to alleviate the investments currently being made by the state-owned oil industry. As part of this, a study should be made of the operation of the marginal fields, natural gas and petrochemical.

"Similarly, an oil policy for the long term should be established, which will guarantee the intensification of oil nationalization, and the level of investment and production potential that the country requires for its development. It is our hope that, in 1984, the technological services and those for oil construction may be reserved for Venezuelan companies, and that there will be created in the Ministry of Energy and Mines a commission to monitor its guidelines and investments for the national oil industry.

"As always, with optimism and confidence in our people and our country, we shall continue to strive, day by day, for their development, hoping that 1984 will be better for everyone."

2909

CSO: 3348/233

LAGOVEN PRESIDENT GIVES YEAR-END REPORT

Caracas EL UNIVERSAL in Spanish 24 Dec 83 p 1-15

[Text] The president of LAGOVEN, Brigido R. Natera, in the traditional Christmas message addressed to the company's workers, remarked that the year which is ending has certainly been difficult for the country and its oil industry.

He added that, during the first half of 1983, a declining trend prevailed in international demand for oil, owing, among other things, to the still low rate of economic activity in the leading industrialized countries, as well as to the effects of the policies for conservation and substitution of hydrocarbons, and the sustained consumption of stocks in those countries.

Natera stressed that, amid the difficult situation posed, "Our country has managed to respond again to the drastic changes in its operational status, because of the high degree of flexibility that our production potential has given us and our recently acquired capacity for thorough conversion at the Amuay refinery."

The president of LAGOVEN stated that, during 1983, the world oil situation was accompanied by a process of national economic downturn, which was reflected in the insufficiency of short-term financial resources for the normal course of operations in the industry and its expansion plans.

Natera pointed out that, as a result, LAGOVEN, like the other subsidiaries of PDVSA, made sizable reductions in its capital budgets and expenses, and once again, thanks to the effort of its personnel, performed successfully, attaining a higher degree of efficiency and productivity owing to its discipline insofar as spending was concerned, and its proven capacity to accrue benefits from difficulties, creatively managing the available resources.

He gave a reminder that this limitation on financial resources caused the postponement of the execution phase of the project for Development of South Monagas and Anzoategui (DSMA), the planning, design and construction start phases of which had already been completed satisfactorily, after nearly 6 years of consistent effort.

Natera remarked: "We at LAGOVEN really feel that postponement, because we are convinced that DSMA is the most important project, from a strategic standpoint, to the total utilization of the Orinoco Oil Belt."

Making a quick assessment of the accomplishments made by LAGOVEN during 1983, Natera noted that the company's international sales were kept at the same levels as in 1982, in other words, at about 600,000 barrels per day, but with variations of a qualitative nature, with a decline in sales of crude and a 7 percent increase in deliveries of refined products of greater value.

According to the LAGOVEN president, this achievement was made possible by an effective operational planning which, for example, afforded the timely completion of the project for a Change in the Amuay Refining Standard (MPRA), to produce a larger volume of clean products and reduce the production of residual fuel that is difficult to sell on the international market.

He stressed that expenses in the production area were cut, but, nevertheless, the potential was successfully maintained, standing at 1.06 million barrels per day; in other words, about 22,000 barrels per day more than in 1982. For this purpose, 429 development wells, outposts and input wells were drilled and 2,072 repairs and services were carried out on wells.

As for the exploration activities, Natera cited the completion of the off-shore program executed for several years in the eastern part of the country, which included the drilling of 20 wells, 10 of which proved to be producers of large volumes of gas and condensate. He also mentioned the completion of the evaluation of the Orinoco Oil Belt, in the Cerro Negro area, which, it is estimated, contains about 213 billion barrels of extra-heavy crude on site.

In the refining area, the president of LAGOVEN stressed the completion of the MPRA, the units for which attained the first year of satisfactory operation, with high service factors, having finished the quantity and quality tests with the anticipated results. He said that the current Amuay facilities, in addition to optimizing the yield of any barrel processed there, provide the necessary flexibility to optimize the package of exported crude as such, and the volumes that are processed and exported in the form of products.

Then he emphasized the difficulties confronted in the realm of international marketing, and lauded the efforts expended by the company in achieving the signing of new contracts for marketing heavy crude, the efficient disposal of the clean products resulting from the MPRA operations, the agreements to supply residual fuel to electric plants in the United States and the responsible manner in which LAGOVEN has managed to coordinate the operations resulting from the agreement signed by PDVSA with the German firm, Veba Oel.

The LAGOVEN president subsequently asserted that, as a fundamental support for the activity supplying products to the domestic market, and to lend increasing support to the direct transportation of crude and products abroad, the company continued the renovation and expansion of its fleet, adding four tankers and two asphalt carriers.

Insofar as the domestic market is concerned, Natera made special mention of the progress of the project for alternate supply to the metropolitan area, stressing the completion of the earth-moving work in Carenero and Guatire, and the

start of construction on the tank yards in both areas. He also underscored the continuation of the program for automation of the distribution plants in Catia la Mar and Nueva Caracas, in order to improve their operational safety, to cut operating costs and to guarantee a more reliable supply.

The LAGOVEN president said: "All these accomplishments are the result of the effort of our managerial, professional and technical, administrative and operating personnel, who have managed to gear themselves to the current situation in a disciplined, faithful manner." Natera concluded by stating: "This year, in a general situation that was often disturbing and always demanding, the company fully met its responsibility, thanks to the commitment of its personnel to the objectives."

2909

CSO: 3348/233

CALDERON BERTI STRESSES NEED TO REDUCE DEPENDENCY

Caracas EL UNIVERSAL in Spanish 27 Dec 83 p 1-12

[Text] The long-standing, annoying dependency of the Venezuelan national economy on oil, which even at this stage is displaying a strange, undesirable intensity, is in essence an immediate challenge to the country, now and in the future. It imposes the need to close the huge gap that exists between the major source of financial and fiscal revenue represented by the oil industry and the rest of the economy, which is stratified and relatively weak, because it has that aforementioned dependency on oil, which is the only thing that supplies it with foreign exchange and fiscal funds to support the costly public administration.

The former minister of energy and mines (now president of Venezuelan Petroleum), Humberto Calderon Berti, recently delivered a lecture at the Institute of Higher Studies for National Defense on "The National Oil Industry, Elements for a Long-Term Strategy," in which he cited four of the fundamental goals of the oil industry, namely:

1. To generate income for the treasury and foreign exchange for the country.
2. To supply the domestic market with liquid fuels and natural gas.
3. To act as a direct, dynamic agent for national development.
4. To foster technological research and development in Venezuela.

Calderon Berti remarked: "To confront the challenges posed and to fulfill those fundamental missions, it is necessary to be very mindful of the scenario in which the course of the industry's activity will take place, which will be greatly influenced by the technological, social, economic and geopolitical changes that have been occurring very quickly in the world. There is no doubt that we are experiencing the era of the most accelerated generation of technology and the most dynamic changes that the history of mankind has ever known. Understandably, problems difficult to solve have been created for mankind as a whole and for each national community in particular. No individual has the solutions at hand, but there is a strong consensus on the notion that these problems can be solved only with the help of technology and the good will of human beings."

Next, Calderon Bertí focused on international economic prospects and the new structure of the international oil industry, then summarizing his ideas on:

Venezuela's Prospects:

He said: "The studies made some time ago and the recent analyses of Venezuela in the year 2000 disclose really dramatic features which represent formidable challenges for the coming years. Some of the socioeconomic realities for the end of the century may be summarized thusly:

"The country's population will exceed 28 million, even with a birth rate growth of less than 3 percent per year.

"The population will be increasingly younger, and about 17 million inhabitants will be under 20 years of age.

"The population will be more urban, and some 24 million inhabitants will live in communities with over 5,000 residents.

"The growth in the population will require the construction of about 5 million dwellings and the creation of approximately 6 million new jobs before the century's end.

"The enrollment in the educational system will represent a population of over 10 million students.

"The composition of the population pyramid will make it more difficult to support the production and services systems, of which a very high degree of productivity will have to be demanded.

"It will be imperative to bring public administration to optimal levels, and to lend the state enterprises a high degree of operational efficiency.

"These socioeconomic aspects reveal to us the immense effort that will have to be expended by the country to solve major problems relating to its development.

"The fact that the oil sector, more than 60 years after the modern era of its commercial development began, is still generating over 90 percent of the foreign exchange entering the Central Bank of Venezuela and 70 percent of the standard government revenue discloses its importance to the nation's existence and the great disparity that still exists between that sector and the other national economic activities. Also enlightening in this regard is the enormous industrial effort made in Guayana. The gross investment made in that area by the leading industries in the public sector amounts to approximately 35 billion bolívares, after several years of persevering endeavor. Although it is expected that this major investment will have a great multiplying effect in the future, it should be noted that this investment in Guayana is equivalent to only 2 years of oil investment. In addition, it should be

pointed out that the vast majority of these industrial complexes were designed to save on foreign exchange and to meet the demand of the domestic market, and not to generate foreign exchange to replace that generated by oil.

"The prospective analyses and the real situation indicated appear to show that even if we devise and put into practice the necessary strategy and planning to deal with the nation's problems, the oil sector will continue to be the basic driving force of Venezuelan development, not just because of its capacity for generating government revenue required to support the state apparatus, but also because of the generation of foreign exchange essential for paying off the financial commitments assumed and providing for the imports demanded by the country's transformation.

"The initial estimates on Venezuela's long-term energy requirements indicate that they may be met with the potential that has been developed and planned in the hydroelectric area; with the reserves and future programs for gas, with the contribution of the derivative products of the national refining system, and with the participation, albeit small, of alternate sources of energy. As for the demand for refined products, it is estimated at between 650,000 and 800,000 barrels per day by the end of the century, based on a moderate growth in the economy. This appears to indicate that, if we failed to execute any plan to increase our production volumes, the country's capacity for exporting would drop from the level of 1.6 million barrels per day to that of 1.4 million.

The Future of Heavy Crude

"Venezuela's importance as a producer of heavy and extra-heavy crude (10° to 20° API and under 10° API) is comparable to that of the Persian Gulf as a producer of medium and light oils. In fact, from the standpoint of the on site resources of both types of oil, the two areas contain approximately half of the world's resources. The Orinoco Oil Strip is the largest individual concentration of oil in the world, with resources quantified as totaling a billion (a million million) barrels of oil on site. In addition, the country has vast heavy crude reserves in the Lake Maracaibo basin."

Calderon notes: "We should explain that, when we talk about heavy and extra-heavy crude, we are not referring to bitumens or other substances that do not flow or that require new technologies for their commercial exploitation.

"Venezuela already has a full-fledged technology, developed largely on the national territory, for the production and transportation of its vast heavy and extra-heavy crude reserves. The real status of our heavy hydrocarbon resources as well as the experience that we have gained from a technological standpoint are backing us on the course of turning our country into a world center for heavy crude. The rest, insofar as this crude is concerned, consists of finding the proper channels for its processing and marketing. And Venezuela is taking successful steps in the direction of attaining both of these things."

CHILEAN-BRAZILIAN SPECIAL COMMISSION DISCUSSES COMMERCE

Santiago TERCERA DE LA HORA in Spanish 20 Dec 83 p 4

[Text] Yesterday the director general of Chile's foreign policy, Jaime Lagos, spoke of Chile's desire to return to its former trade levels with Brazil, which in 1980 amounted to \$1 billion.

The diplomat yesterday headed the Chilean delegation at the opening of the seventh meeting of the Chilean-Brazilian Special Commission, which is meeting at the Andres Bello Academy.

The head of the Americas department of the foreign affairs ministry of Brazil, Ambassador Rubens Ricupero, is in Santiago to direct his country's delegation at these deliberations.

The Chilean representative, in speaking at the opening of the meetings, said that one of the principal challenges facing Chile and Brazil today is to develop formulas and mechanisms to restore the record level of trade they had in 1980.

"Returning to those levels is an objective of great importance, as an expanding bilateral trade is a tool of singular effectiveness for developing our ideas and projects," stated Lagos. He further indicated that the Chilean position is firmly motivated by this objective of increasing reciprocal trade, as this is a clear way of strengthening the relations and friendship between the two nations.

He added that it is important that the countries stand together to face today's economic crisis and that they must "avoid the tendency toward unilateral action and the gradual erosion of the principles of international trade."

He also pointed out the growing interdependence of national economies and the close interrelationship between worldwide

economic problems. "These are indications," he said, "which clearly show that any partial solution to the situation affecting us will not only lead to failure, but will also tend to cause particular harm to the developing nations."

Brazil

The Brazilian ambassador, Rubens Ricupero, said that he shares the ideas expressed by Jaime Lagos, especially those concerning the long and intimate friendship uniting Chile and Brazil.

He also emphasized the maturity of this relationship and expressed his confidence that the present meeting of the special commission is an appropriate forum for creating a suitable vision to improve these ties and draw the two nations even closer.

"Despite the fact that the economic crisis has caused problems with trade, that should not lead us to paralyze our efforts to overcome these problems."

7679

CSO: 3348/182

DEVELOPED COUNTRIES URGED TO LIFT IMPORT BARRIERS

Buenos Aires LA NACION in Spanish 24 Dec 83 p 16

[Text] The president of the UIA [Argentine Industrial Union], engineer Roberto Favelevic, speaking in his capacity as head of the AILA [Latin American Manufacturers Association], addressed the leaders of delegations from the governments of Europe, the United States, and Japan, who were attending the inauguration of Dr Raul Alfonsin. He told them of the thinking of the manufacturers of the region about the debts of the Latin American countries and their ideas about how to deal with these debts, about the sale of products to obtain real resources, about exchange policies, etc.

Statement

The head of the UIA reported on the main aspects of the statement issued at the recent AILA congress, held in Chile, which is summarized as follows: "The AILA urges international credit institutions to take urgent action to adapt financial mechanisms to make them compatible with the situation in Latin America. This should be done in order to help to resolve the serious problems caused by high interest rates and by the inadequacy of resources, with the conviction that the payment capabilities of the nations involved will increase with an economic recovery, and not with recessive policies."

"It points out that industries of the region, for reasons over which they have no control, have lost part of their capability and have fallen into a position of great indebtedness because of high interest rates and the severe devaluations of our currencies. Because of this, it is proposed that foreign private debt be granted the same payment and exchange parity conditions that govern public sector debts."

"The statement cites the urgent need for the governments of the industrialized countries to provide better opportunities for the import of Latin American products and to eliminate protectionist measures that restrict exports from the region. This should be done in order to make the payment of our foreign debt a more realistic possibility."

Conclusions

With regard to the group's conclusions concerning the foreign debt, it was pointed out that the debtor nations, their governments, their peoples, and their businesses must pay and want to pay their debts. To do so, though, they do need terms compatible with their possibilities.

The payment capability of our countries, according to this statement, is determined essentially by their level of economic activity, by the growth of their GDP [Gross Domestic Product], by an adequate level of reserves, and by the dynamics of their exports.

Flexible Policy

In order to make this payment capability become a reality, the governments of our countries must have a strong ability to handle their exchange, monetary, fiscal, customs, and jobs policies, which should be designed for economic recovery and development. We believe, continues this statement, that a flexible policy gives our governments a better likelihood of accelerating the solution of the crisis, by preserving the capability for domestic production, by stimulating development in our countries, and finally, by guaranteeing the private ownership and private enterprise system.

The statement also referred to the need for international banks to compute loan risks, and if necessary, to assume these risks. They must be aware that in order to recover their money due, it is essential that their debtor nations have a level of economic activity enabling them to generate internal and external resources to meet their obligations.

Interest Rates

The international interest rate should be compatible and should obviously be lower than the level of productivity or profits of the debtor countries, according to this statement.

If not, the impossibility of paying interest charges becomes inevitable, thus increasing international liabilities. As the exports of the debtor nations are their resource for paying their foreign debts, the industrialized countries should eliminate import restrictions.

IDB LOAN INTENDED TO STIMULATE MANUFACTURING SECTOR

Buenos Aires LA NACION in Spanish 4 Jan 84 p 1

[Text] Argentina is going to negotiate with the IDB [Inter-American Development Bank] for a line of credit of \$150 million, which is reportedly to be used exclusively to stimulate Argentine industry. According to financial sources, next Monday representatives of the IDB will come to Buenos Aires to begin talks to arrange this financing.

It is understood that the arrival of the IDB delegation is an outcome of the action undertaken by the president of the Central Bank, Dr Enrique Garcia Vazquez, when he met in Washington in mid-December with authorities of the principal international financial organizations, in order to make contact with them and to open up new and permanent channels of communications.

Ortiz Mena and Clausen

The return of our country to a position of constitutional normalcy and the announcement made by the new government that it intends to bring about a substantial decrease in inflation by means of another economic schema, in addition to respecting Argentina's external debts, may have created a favorable impression on these officials who, as in the case of the presidents of the IDB and the World Bank, Antonio Ortiz Mena and David Clausen, respectively, promised to visit Argentina.

While Garcia Vazquez's mission to the United States was termed "exploratory" in nature, designed to determine the position of the creditor banks and of the other financial organizations, he apparently made use of this opportunity to analyze the possibilities of obtaining new financing and the revision of pending credits by the World Bank--particularly for road construction projects--and by the Eximbank [Export-Import Bank].

"Opening the Windows"

The negotiation of the loans with the Inter-American Development Bank seems to be one of the first steps for "opening the windows" of Argentine industries, one of the goals of Dr Alfonsin's new economic program.

BANADE [National Development Bank] Credits

In statements to the press the president of the National Development Bank, Dr Mario Brodersohn, referred to the size of the special line of credit, amounting to a total of 2 billion pesos, which has been opened in the bank in order to support the development of small and medium industries. This money will be granted to interested parties during January.

Brodersohn also said that in February the BANADE "will have access to other sources in order to continue granting loans."

He then mentioned the fact that "we are expecting an IDB delegation, with which we will discuss a large line of credit for the manufacturing sector"; in addition, as the treasury deficit is reduced, there will be a larger Central Bank discount, which will serve to support this goal.

"Through the housing program," he said, "the decline in the interest rate, and the establishment of different credit policies by the official state bank, we hope to stimulate the economy and to do this so that the purchasing power of wages will not decline."

Savings Capacity

Brodersohn said that the portfolio of loans for the private sector will gradually increase. "What we will find," he stated in closing, "is that as the gap between the official dollar rate and the rate for the parallel dollar market is reduced, and as the rate of inflation is brought down, this will boost the expansion of people's savings capacity, and they will be more inclined to make deposits in the financial system. This will increase taxes and will expand the borrowable resources available."

Economic Recovery

Yesterday the economic cabinet met to discuss the recovery of the manufacturing sector. While no report on what was said was released, there is no doubt that the credits to be granted to industry through the IDB line of credit will form a major contribution in helping to stimulate a total recovery of Argentina's economy.

GRINSPUN DIRECTS ECONOMIC TEAM TO IMPLEMENT MEASURES

Buenos Aires LA NACION in Spanish 4 Jan 84 p 13

[Text] Yesterday during a lengthy session the administration's economic team analyzed short-term measures designed to bring about a recovery in the manufacturing sector.

The meeting was chaired by the minister Bernardo Grinspun, who urged the department heads involved to act quickly to implement measures designed to achieve this recovery.

Agricultural Production

According to a report released to the press after the meeting by the undersecretary of the economy, Dr Rene Ortuno, during the meeting the secretary of agriculture reported on the plan to increase productivity in the Pampas region. This will be done by the use of fertilizers; he pointed out that the only thing left to be worked out is the financial support which the farmers will need. Mr Lucio Reca also reported on the status of the project to reorganize the cold-storage industry.

Industrial Financing

The secretary of industry, engineer Carlos Lacerca, spoke of the official meetings being held with groups of business leaders on the concerns of these sectors about the need for a reorganization of financing channels.

Lacerca also mentioned the studies that have been undertaken in his department to bring about the revitalization of plants that at present are operating with a large idle capacity, while his colleague at the department of commerce, Ricardo Campero, reported on the import system that has just been designed and on a study to identify government purchases in order to standardize these purchases and lower costs.

Bajo La Alumbrera Copper Mine

Undersecretary Ortuno spoke again after the secretary of mining, Juan Barrera, discussed the activation of the project to begin operations at the copper mine, Bajo La Alumbrera, located in Catamarca province, which will provide enough copper to ensure self-sufficiency in copper production for Argentina.

Housing

The secretary of housing, Jose Luis Bacigalupo, gave an extensive report on plans for housing construction. He reported that a total of 65,000 housing units are now being completed, and said that soon they will begin the construction of another 60,000 units, of which 18,000 will be built on behalf of the FONAVI [National Housing Fund].

Investments

Finally, on the subject of public works, Ortuno reported that in the middle of January the investment plan for Argentine Airlines, National Highways, and Argentine Railways will be completed.

7679

CSO: 3348/178

CONFIDENTIAL REPORT SAYS PRIVATE SECTOR DEBT FIGURES FALSE

Buenos Aires LA NACION in Spanish 6 Jan 84 pp 1, 4

[Text] Between 40 and 50 percent of Argentina's foreign private debt is non-existent, even though these commitments were assumed to be real by the state, "without any checking," toward the end of 1982.

This statement is contained in a confidential report with restricted dissemination prepared by a group of technicians from the Radical Party, at the request of the national government.

The document discusses Argentina's foreign debt; in preparing this analysis, data from the executive, the ministry of the economy, the Central Bank, and the congress were used, according to reliable sources.

Cheap Currencies

The substantive part of the document is found in chapter four, which explains that between the middle of 1980 and March 1981 local operators "who are easily identifiable" according to the document, covered up their actions while "buying cheap foreign currencies in the free market, while they kept their commitments listed in the official registers (the Central Bank), thus permitting capital returns."

The document reports that these "undeclared currency outflows paid off between 40 and 50 percent of the foreign private debt." The state "took over these commitments as its own, without any verification, at the end of 1982."

The report links this activity to the regulations approved in July 1980, eliminating the minimum 1-year term for borrowing from abroad. This measure was approved during the economic administration of the then minister Jose Alfredo Martinez de Hoz.

Businesses and Banks

This working document points out that "a few multinational banks and businesses with easy access to foreign credit handled the major part of the foreign debt," adding that "no more than 30 businesses were responsible for a fourth of these deals, while 13 banks acted as intermediaries for 22 percent of the contracted obligations."

In an annex the report cites the following firms, which in December 1980 held 9.2 percent of the total of the foreign private debt: Acindar, Alpargatas, Celulosa, Dalmine, Gurmendi, Molinos Rio de la Plata, Perez Companc, Santa Rosa, Tabacal, and Corcemar.

On that date the following banks handled 22.2 percent of the total of the foreign private debt: Italia, Galicia, Rio de la Plata, Espanol, [Banco] de Credito Rural, de Credito Argentino, Comercial del Norte, Ganadero, Frances, Mercantil, de Quilmes, General de Negocios, and Roberts.

At December 1980 currency values, these 10 companies had a total debt with foreign creditors of \$1.164 billion, while the 13 banks handled \$2.82 billion in foreign currency.

False Debt Figures

This confidential working document indicates that "the issue of this fictitious debt deserves an additional analysis, in which parliament will have a very important role to play." The report indicates that if data from the banks' exchange balances are studied carefully, "we find that there are \$10.528 billion listed as unspecified transfers."

Commercial Projections

In chapter one, entitled "The Economic Scenario," the report makes projections of the evolution of the balance of trade, based on international interest rates between 13.25 and 14.25 percent, and the obligation of meeting foreign payments amounting to more than \$19.8 billion during 1984.

In this context, it cites exports of \$9.5 billion, imports of \$6 billion, and financial service payments of \$5.8 billion, which means a deficit for this year of \$2.3 billion in U.S. currency.

In chapter two, which goes into a detailed analysis of the balance of trade, the report estimates agricultural exports at \$5.6 billion, while industrial and agro-industrial exports should amount to \$3.5 billion, and "other" exports should total \$400 million.

SCHEDULED MUNICIPAL ELECTIONS FACING POSTPONEMENT

Importance of Elections Noted

Santa Cruz EL MUNDO in Spanish 6 Jan 84 p 5

[Passages enclosed in slantlines printed in boldface]

[Text] Municipal Elections

The municipal elections that will be held in May, assuming other events do not preclude them, will become a veritable opinion poll /to determine what citizens really think of this first year of the Democratic and Popular Unity (UDP) government./ These elections will be important because they will define certain political factors that /have more to do with the organization of political fronts and parties/ than with the popularity of political leaders. /Municipal elections/ have not been held in many, many years, and in the meantime /the major cities have extended themselves so far/ that first it is necessary to /delimit the territorial jurisdiction of each municipality./

Political Parties

The political parties of the Bolivian center and right do not at this time have any organic structure per se; /they depend on the popularity of their leaders, and therefore they are forced to start at the bottom./ The left, in contrast, has /grassroots organizations/ at present, and despite internal disputes, over the past months it has been organizing, using government resources, taking advantage of all the official means at its disposal. That, moreover, is the advantage that /incumbent parties/ enjoy.

In Politics, Everything Counts

One of the problems Bolivia faces in its attempt to consolidate a democratic system of government /is the absence of well-organized political parties./ Nearly all of them /lack an adequate infrastructure, and very rarely do they take a stand on the country's problems at the appropriate time./ Their leaders take every opportunity to jump into the boxing ring, and in general /they are behind when it comes to orienting public opinion./ Their public documents /are extemporaneous, and in many cases they cannot be said to have any clearly

defined strategy./ In that respect, they will one day recover and take part in future municipal elections.

Mayoral Elections

The constitutionalization of the municipal governments, furthermore, /came like mana from heaven, arising out of the bureaucracy, with absolutely no civic efforts./ In fact, /the situation of some municipalities could not be worse/ as they announce their upcoming constitutionalization. Although the political parties have advocated the institutionalization of mayorships, as far as anyone can tell, /they have not touched the crux of the problem./ Moreover, many parties /do not have the slightest idea of what essentially constitutes a municipal government./

Illuminating Ideas

As for Santa Cruz, /the Pro-Santa Cruz Committee has come up with some philosophical ideas about the future municipal government./ This institution, along with the Federation of Professionals, /has the most specific ideas about the role the municipality should play within the hierarchy of departmental governments./ All in all, the elections will probably be held long before the groundwork is laid for decentralized departmental governments, and in the beginning they will be /a vehicle for expression and work for the urban centers of the Republic./ No one will object to these elections, since they are considered indispensable, /even if only to reorganize some community public services that, in practice, ceased to function a long time ago./

The Candidates

The municipal elections will probably /give rise to new alliances, different from the ones that vied for power during the 1980 presidential elections./

Particularly in the cities, /improvised candidates would not be acceptable, and in any case, support would be awarded preferably to native sons with recognized civic records./ We daresay that if push comes to shove, the political alliances /will abandon their own members in favor of candidates who show some initiative, and above all, who have the necessary vocation to serve the community./

The Challenge

Finally, /we will say that the municipal elections pose a challenge to the citizenry in general, to political parties and to civic organizations./ The municipality is the fundamental basis of the political organization of peoples, and /it must be rescued from the political and demagogic manipulation to which it has been subjected by the military and civilian governments of recent years./ Santa Cruz should throw itself into a civic campaign, laying the /indispensable, unifying groundwork,/ and finally, /promoting a candidacy that will really guarantee a decent, dynamic and modern municipal government for our city./ That, more than any other, should be the working guideline for achieving the final objective of a departmental government/ that meets Santa Cruz's unique needs and is therefore independent of the central government./

Parties Fail to Take Initiative

Santa Cruz EL MUNDO in Spanish 8 Jan 84 p 1

[Text] Apparently, parties such as the Movement of the Revolutionary Left (MIR) and the Christian Democratic Party (PDC) have confirmed that they will hold their own national meetings around the middle of the month, but the agendas do not mention any pre-election matters specifically. Rather, the parties will discuss domestic and national political affairs as a function of the consolidation of the democratic system.

The first Sunday in May, municipal elections will be held for the first time in over three decades.

The last municipal elections took place in May 1949, under a system of qualified voting, since universal suffrage had not yet been introduced. Now, all those who have attained their majority can vote, the only limitation being that they not have served time in prison.

Electoral Logistics

The National Electoral Court has been operating since the middle of last year, but the departmental courts have not been functioning as far as anyone knows, given that they have no budget to meet their minimal needs.

From the juridical point of view, the National Court did meet the requirement of compiling studies and reports on the holding of municipal elections. Those reports and studies were sent to the Legislature.

A new organic law for the municipal governments is urgently needed; that issue will be dealt with by the legislative chambers as of Monday, when they resume their session after the end-of-year recess.

With regard to what is known as the electoral logistics, a sufficient number of voter registration books and ballot boxes will be required at the appropriate time, and it will be necessary to determine the probable percentage of the population that is of voting age, among other things.

Budget

Everything will revolve around the budget that will be required to cover the expenses of setting up the elections, an aspect that has not yet been defined.

The mayor of La Paz in late December estimated that the municipal elections in May will probably cost the equivalent of \$5 million. This seems like an excessive amount, especially considering that some materials are left over from the last general elections (1980).

Twenty-four hours ago it was revealed that the President's Office had instructed the Finance Ministry to allocate the necessary funds in the general budget for the city elections.

Pre-Election Scene

The government's declining political strength and the problems plaguing the government coalition have opened excellent possibilities for an electoral victory by the political opposition parties.

An international firm specializing in opinion polls has detected certain trends in the potential electorate, with a certain leaning toward the opposition, but for now no party by itself appears to have any chance of achieving a decisive victory at the polls; the parties will therefore attempt to form coalitions.

Lack of Time, Financing May Delay Elections

Santa Cruz EL MUNDO in Spanish 10 Jan 84 p 1

[Text] By the 20th of this month, at the latest, the legal and administrative mechanisms must be in place to carry out the elections, which electoral officials estimated will cost the government the equivalent of US \$2.25 million.

The calling of these elections was authorized by the National Congress on 26 October and promulgated by the Executive Branch last 4 December, but since that time no progress has been made in terms of organization because that depends on financial matters.

It was noted that the National Electoral Court, even though it has not yet been fully constituted (spokesmen to represent the three branches of government and the political parties have not yet been designated), has drawn up a tentative calendar of activities beginning on 20 January, assuming that by that date it has sufficient financing and the necessary legal instruments, such as the new organic law for the municipalities and the regulations for city elections, brought into conformity with current election laws.

Then the regional electoral courts would be organized, and the pre-electoral calendar would be set in motion, once the voter registration books are opened.

The present court was established last July for the purpose of granting credentials to the senators and deputies who were elected in the general elections of 1980. It was their responsibility, in turn, to meet in the National Congress and name the president and vice-president of the republic, who are now in office.

The legislative chambers, resuming their session today after the end-of-year recess, placed the bill on the new organic law for municipal government among the top priorities for consideration.

The regular legislative session, which began in August 1983, has 11 more meetings scheduled, so it is unlikely that the municipal government law can be passed in that time. The number of working meetings will probably be extended by 30, so that the Legislature can finish its business in February.

The Executive has sent a message to the Legislature asking it to give the appropriate priority to matters related to the holding of municipal elections.

Postponement?

Although there are factors that conspire against holding the elections on the date set forth by law (the first Sunday of next May), it would be difficult for the Executive to delay the elections unless a postponement is requested by the Electoral Court and the political parties.

Inaction on Municipal Elections

Santa Cruz EL MUNDO in Spanish 8 Jan 84 p 1

[Text] La Paz, 7 January--Since last 4 November, "nothing has been done" to comply with the decisions of the National Congress regarding the municipal elections.

This information is contained in a communique issued by the National Electoral Court, which "explains all responsibilities with regard to the municipal elections." This entity is basing its position on the fact that it has already fulfilled all its duties: delivering the draft bill on municipal elections to the Legislature (26 January 1983), reforming Chapter III (on Municipal Government) of the bill on the organic law for municipal government (9 March 1983), and finally, the calendar for elections and the budget (6 January 1984).

Warning

At the end of the document, the National Electoral Court warns that it will not be possible to hold the elections if the following requirements are not met:

1. The Executive, the two chambers of the Legislature, the Judiciary and the political parties represented in Congress must name their titular and alternate delegates to make up the departmental electoral courts.
2. The Legislature must immediately study and approve the Organic Law for Municipal Governments, and must delimit the urban radius of the cities, provincial capitals and municipal jurisdictions.
3. The draft budget prepared by the National Electoral Court must be approved by 20 January so that the Court can proceed immediately to set up the departmental electoral courts and prepare the necessary verification materials for the municipal elections.

8926

CSO: 3348/211

SILES ISSUES INVITATION TO POLITICAL DIALOGUE

La Paz EL DIARIO in Spanish 8 Jan 84 p 1

["Text" of letter by President Hernan Siles Zuazo to various national bodies on 6 January 1984]

[Excerpt] Text of Invitation

The text of the president of the republic's invitation to seek points of agreement that will safeguard the current democratic process and help establish an atmosphere of peace and harmony within the country is as follows:

La Paz, 6 January 1984

In September of last year, we felt it necessary to seek agreement on priority objectives in national politics with a view to dealing more effectively with the inherited crisis and laying the foundations for understanding on behalf of continuity in the democratic process.

In a gesture that does it credit, the church hierarchy encouraged that idea with a call for harmony and dialogue. That urging helped to mobilize public opinion in the search for a many-sided effort that will bring the government, the political parties, and the country's basic institutions together to seek a minimum agreement which, while ensuring the stability of Bolivian democracy, will provide guidelines for resolving the economic and social crisis within a framework of consensus and patriotic responsibility.

It is our deep conviction concerning the value of these initiatives which moves us to issue this invitation through you to all the political groups represented in the Senate to participate in attaining those priority goals, which are in the national interest. We therefore urge you to give your response in writing to the points in the proposal as part of a tentative list covering the following matters:

1. Wage policy.
2. A policy for reactivating industry.

3. Agricultural policy.
4. The fight against narcotics.
5. The struggle to halt smuggling.
6. The policy on supplies.
7. The fight against speculation.
8. Priority of productive investments.
9. Recovery of government property.
10. Prosecution of pillagers of the nation.
11. The fight against corruption in government.
12. Foreign debt.
13. The intransigent defense of human rights.

Those responses will serve as the basis for and facilitate subsequent dialogue and the analysis of all the proposals made.

We believe that programmatic and ideological differences are not insuperable and that dogmatic positions make no practical sense when they stand in the way of peace and the country's economic and social progress as the most certain path toward strengthening a democracy which has cost so much and which must not sink in the crisis left behind by the dictatorships.

The UDP [Democratic and Popular Unity] government has planned the implementation of a program whose strategic goal is the national liberation for which the people of Bolivia have been struggling in the most diverse circumstances since April 1952. The program has never been abandoned at any time, and it is on behalf of that program that we want to entreat all groups interested in the same objective to join us in a free democratic interplay that does not exclude personal or collective responsibility but makes it more exacting and fruitful.

We are interested in dialogue leading to a genuine pact for democracy—one based on rules of the game that will strengthen a political cycle in national history and transform the practice of democracy into a system of stable government guaranteeing continuity and institutional stability for those who will succeed us in 1986 by the people's will as expressed at the ballot box.

We also express our conviction that interruption of the constitutional mandate would only lead to disregard for any future popular mandate and for the legitimacy of democratic governments made subject to the whims of the opposition, bringing in its train a chronic political instability that would eventually bury democracy.

I take this opportunity to reiterate to you the expression of my highest esteem.

Hernan Siles Zuazo
Constitutional president of the republic.

11798
CSO: 3348/209

'EL DIARIO' CONCERNED BY GROWING INFLUENCE OF COMMUNIST PARTY

La Paz EL DIARIO in Spanish 9 Jan 84 p 2

[Editorial: "The Bolivian Communist Party"]

[Text] The Bolivian ambassador to Washington said recently that the U.S. Government does not object to participation by the Bolivian Communist Party [PCB] in the UDP [Democratic and Popular Unity] government because it feels that along with the other parties, the PCB democratically won the share of power it holds.

Although the colossus of the north is so naive that 25 years ago, for example, it backed Fidel Castro's takeover of the Cuban Government, we feel that the State Department, whose influence in our country is sometimes decisive, ought to be well informed about what is going on here. It is not for that reason, but because it is well, at this stage of the political crisis we are experiencing, to remind Bolivians of what the Bolivian Communist Party is and of its real significance in our politics that we are mentioning some of the background to part of the history of recent years.

Neither now nor previously has the Bolivian Communist Party been truly representative of the people. It has never dared to stand alone in any election. It has always formed the caboose in a few political fronts which, like the UDP, have tried to cover the political spectrum as completely as possible and for that reason accepted the PCB into their ranks. We can state with certainty that under no other circumstances would the PCB have any representation in the National Congress.

Neither is it a secret that the PCB has always adapted to circumstances. This is so true that, to cite a recent example, it tried to come to terms with the ephemeral government of Gen Alberto Natusch Busch, as one of its members reports in a local magazine.

That is not everything that can be said, however. When Ernesto "Che" Guevara invaded Bolivia and started a guerrilla movement with financial encouragement from the island in the Caribbean, the Bolivian Communist Party first adopted a simple wait-and-see attitude and then eventually holed up in a timid and obscure position that led the famous Argentine guerrilla fighter to call its members a number of offensive names. It needs to be explained that the communists

were not behaving that way to defend the fatherland, which was being harmed by the violation of its territory by foreign elements, but simply because, despite belonging to an international group that has always advocated violence, they have never been able to get completely away from their bourgeois origins. So perhaps that explains their acceptance by the U.S. Government, which, being aware of their weaknesses, thinks they might be usable at some point.

That and nothing else is the reality concerning the Bolivian Communist Party. It is therefore astonishing to see the "share" of power granted to it by President Siles, since that share, of course, is not in keeping with its legitimate importance.

But even more astonishing is the party's influence in the current government, inasmuch as its men at all levels have acquired a preponderance that ought to be offensive to the other parties making up the UDP.

In conclusion, we are wondering whether the Bolivian ambassador to the United States is unaware of the background we have just mentioned.

11798

CSO: 3348/209

IMPORTANT TRANSPORTATION PROJECTS CURRENTLY BEING PLANNED

Navigation Project in Southeast

La Paz EL DIARIO in Spanish 18 Dec 83 p 5

[Text] To attain permanent navigation toward the Atlantic Ocean, Representative Hugo Velasco Rosales of the National Revolutionary Movement [MNR] proposed a bill that will be considered by the lower house, a study that basically seeks to create a development pole in the southeastern part of the country.

According to the author of the project, this development pole will be possible by means of the iron and steel industry of the Mutun, agroindustrial and agricultural projects, the exploitation of the great potential of the mineralogical resources of the Pre-Cambrian project, as well as the precious and semiprecious stones and the extensive water resources.

To carry out this important project, asserts Velasco Rosales, primary attention needs to be given to the construction of the Quijarro Bridge. And with the dredging of the Tamengo Canal, one could attain permanent navigation to the zones of Caceres, Mandiore and La Gaiba, to the Paraguay and Parana Rivers, Rio de la Plata and finally, to the Atlantic Ocean.

The study being planned by the MNR representative was the result of the trip that he made through the extensive Chiquitania zone of Santa Cruz Department and, along with other Santa Cruz parliamentarians, of having confirmed the urgent need to develop that potential region of natural resources before all those potential rich mineral deposits and agricultural, water and other resources come to depend on Brazil as a result of the negligence of our authorities and the permanent practice of "peaceful" occupation and invasion of our national territory.

Hugo Velasco has indicated that to accomplish the development pole in the southeast, one must first have permanent navigation and escape from our forced isolation, which will come about with an investment of \$9 million that the government would have to finance through foreign credits.

In the specific case of the construction of Port Quijarro, which will allow one to reach the Atlantic Ocean, MNR Representative Velasco Rosales maintains

that one must begin with the dredging of Tamengo Canal, attaining a low-water width of 60 meters, a side slope of 1.2 meters and a low-water depth of 1.7 meters.

The technical characteristics of the reinforced floating pier would be based on modules and the pier would be constructed with welded steel, which would permit an initial annual shipping capacity of 150,000 tons and an ultimate capacity of 300,00 tons a year.

The investment budget for piers, civil works, dredging, a railroad connection and the improvement of roads between the Mutun and Puerto Quijarro will be covered by the \$9 million previously mentioned.

In regard to the costs of the preinvestment study, he said that the total would be \$400,000, which should be financed by the Development Corporation of Santa Cruz and the Naval Hydrographic Service.

According to the MNR representative, the basic objective is to attain permanent navigation, to construct the infrastructure and to establish the indispensable public services for all of the communities of the Chiquitania.

Apumalla River Construction

La Paz PRESENCIA in Spanish 7 Jan 84 p 6

[Text] The municipality of La Paz will construct a railroad bridge and an avenue across the Apumalla River with economic aid amounting to 100 million Bolivian pesos financed by the government through the Finance Ministry. The two projects will constitute the beginning of the project to build a road and to channel the named river, which overflowed its banks a few days ago.

The final project design, according to the mayor's office, was completed by the Professional Multidisciplinary Center and the builder CONAL [National Legislative Advisory Committee]. The project is located in the laboratory zones Vita, Callampaya, Villa Victoria, Munaypata and Alto Lima. It has been designed to provide the city with a new route establishing a direct link between the center and El Alto. Those works will permit the renovation of the canalization of the Apumalla River.

A technical report indicates that the project will improve local drainage and will help to alleviate traffic congestion.

The total cost of construction has been calculated at \$9 million and the length of paving will be 4.695 km. The road width will be 20 meters with 4 lanes and bordering sidewalks. The closed canalization of the Apumalla will be 2.5 km. Among the works are three railroad crossings, four vehicle crossings, six distributors, vertical and horizontal signaling and drainage. To complete the work, the municipality will expropriate several pieces of property. The project will be carried out in stages and it will be completed in a period of 3 years.

The railroad bridge over Apumalla Avenue will be located in the Vita distributor. It will be constructed of pretensed concrete on reinforced concrete pillars, with a width of 5.1 meters and a length of 24.4 meters. The height will be 7 meters. Its construction will take 10 months.

Brazilian Credits for Port

La Paz PRESENCIA in Spanish 8 Jan 84 p 6

[Text] Santa Cruz, 7 Jan--It was officially announced here that Brazil has designated a credit of \$4.3 million for the immediate provision of a river terminal at Puerto Quijarro above Tamengo Bay, 650 km from this city.

According to the report, construction of a Bolivian port that will give the nation free access to the Paraguay River, with the goal of reaching the Atlantic, will begin during this fiscal year.

Involved in an interinstitutional project, and participating are the Santa Cruz Development Corporation, the Armed Forces Development Corporation, Bolivian Iron and Steel, the Defense Ministry, the Subsecretariat for Marine and River Interests and the Hydrographic Service of the Navy.

In recent days, the Brazilian Foreign Ministry informed its counterpart in La Paz that its government has decided to grant an initial loan of \$4.3 million for this project, to be disbursed during this fiscal year.

It was also reported that the Bolivian Navy approved the initiative of the Regional Development Corporation to construct Puerto Quijarro as a terminal to complement Puerto Busch, also on the Paraguay River, but this will be implemented in the long term, assuming that there is an effective final engineering design, which will be carried out immediately, also with a Brazilian loan.

Puerto Quijarro will be constructed in the town of the same name in the province of Chiquitos, just 3 km from the Brazilian border. It constitutes a desired project for that region, because it is said that it will be a determining factor in the establishment of human resources and beneficial in maintaining national sovereignty.

Highway Construction Contract Foreseen

La Paz HOY in Spanish 29 Dec 83 p 5

[Text] Cochabamba, 28 Dec--In the course of the first days of January, the documents will be signed for the contract between the Transportation Ministry and the Brazilian company Andrade-Gutierrez to construct the interdepartmental Chimore-Yapacani Highway. Work on the highway will begin in the period of not more than 90 days stipulated in the agreement.

Dr Jorge Rojas Tardio, president of the Pro-Cochabamba Civic Committee, reported having received word from La Paz on the signing of the contract

between representatives of the Bolivian Government and the Brazilian company that was awarded the project.

It is thought that the hiring of personnel will take place beginning 15 January, the Departmental Worker Federation and the Federation of Builders having made considerable progress in this area with the census of unemployed in the category.

The highway will cost \$107 million, the IDB having financed \$86 million.

The construction of the Chimore-Yapacani Highway is of considerable importance for the integration of important agricultural zones and fundamentally to shorten the road between Santa Cruz and Cochabamba.

The civic leader indicated his satisfaction with the announcement that the IDB had accepted the adjudication of the project and he affirmed that it will make a new phase in the relations between the peoples of the east and west, especially in the generation of greater agricultural wealth.

Similarly, the National Electricity Enterprise is carrying out the studies for the implementation of the electric system in the main towns of the Chapare, where Chimore is among those considered, as was reported.

9746

CSO: 3348/210

CUBANS SEEN LEADING GUERRILLAS, FOSTERING ARMED STRUGGLE

La Paz EL DIARIO in Spanish 30 Dec 83 p 2

[Editorial: "Foreigners in Bolivian Politics"]

[Text] Discovery of the guerrilla movement that was being organized in the Luribay region provided proof of the involvement of foreigners in those activities. The fact is that intervention in politics by foreigners is not acceptable, and it is even worse when their involvement is not in activities of that kind but in guerrilla actions aimed at conquering the nation on behalf of foreign powers.

It is also known that political leaders of Cuban nationality are active in this country. People in the street say constantly that they meet those foreigners in the markets, on public transportation, and at San Andres University. The recent statement by a representative of the Naval Force points out that the individual commanding the group in question was of Cuban nationality.

In the days of "Che" Guevara's guerrilla movement, Cuba sent a sizable contingent of Cubans to the southeastern part of our country. Some of them fell in the struggle against the national army, while others managed to return to their native country, accompanied on their trip by the socialist Salvador Allende, who at the time was not yet president of Chile. It would not be strange if the keen desire of the Cuban leaders to carry out some act of revenge were being stirred up on this occasion by the same government politicians. It is taken for granted that the Bolivian Communist Party (PCB) is involved in those efforts, since a deputy--and top leader in the PCB--is mentioned in the aforesaid statements from the Bolivian Navy's investigation as hiding behind his position as a congressman to engage in conspiracy, primarily in connection with guerrilla preparations.

One concern of the Cubans has always been to find a way to achieve agreement among Bolivia's extreme leftwing groups so as to move ahead with armed struggle. They failed in their first attempt--in 1967-1968--and even condemned the "revisionist" attitude of the PCB's members.

The formation of the "Tania" Andean Regiment, sponsored by the Cuban Government, for an internationalist effort is another obvious example of the hostile attitude toward the sovereignty of nations and specifically of Bolivia (Tania was

an Argentine-German guerrilla fighter who died in Bolivia during the activities by "Che" Guevara).

About 1,000 Cubans were in Grenada to provide technical assistance of all kinds, but absolutely for political purposes. In Nicaragua, as a result of U.S. pressure, the Sandinist government made about 1,200 Cubans leave. What we do not know so far is how many Cubans are operating in Bolivia. Obviously, the objectives are to "Cubanize" our country and force it into the Soviet orbit. This brings up a number of questions. What will the Armed Forces, as defenders of the nation, do? What will the government do with the pro-Cubans in its ranks? Will the United States, which calls itself the defender of Western values, adopt an attitude like the one it has adopted toward Grenada and Nicaragua? Whatever the case, we Bolivians would like to settle our affairs by ourselves.

11798

CSO: 3348/209

FOREIGN INVESTMENTS IN 1984 EXPECTED TO TOTAL \$700 MILLION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Jan 84 p 25

[Text] Brasilia--The government expects the net capital inflow in Brazil this year to reach \$700 million, as against \$438 million in 1983 and \$991 in 1982, before the exchange crisis exploded. In the balance of payments projection prepared in the last quarter of 1983, the government was less optimistic, predicting direct investments of only \$500 million. According to a source in the official financial sector, direct investments will be stimulated this year, as the IMF predicted and despite the country's lack of credibility abroad, because of the special fiscal advantage which will permit conversion of foreign loans into currency, in direct investments. Some operations of this type were carried out even last year.

The economic authorities are also studying new mechanisms to stimulate foreign investment in Brazil. An authoritative source at the Finance Ministry reported that some measures are being studied which would allow a foreign individual to invest directly in a company and not just through the intermediary of the securities market, as is the case now. Before he left the country last weekend, Finance Minister Ernane Galveas was optimistic about improving Brazil's foreign image, noting that the international financial community is convinced that Brazil is putting forth its best efforts in the adjustment process and that, even at short range, Brazil is still an excellent place for foreign investments.

This statement by Galveas was in response to the warnings of institutions for international economic analysis, advising foreign investors not to do business with Brazil. The first to make this warning was Beri (Business Environment Risk Information), a California firm. After a survey conducted in 40 countries, it explicitly recommended that "no transaction should be made with Brazil."

Beri gives Brazil an overall risk rating, for 5 years, of 105 points out of a total of 300. Another specialized outfit, Nord-Sud Export, of France, also warned that foreign investments in Brazil are a high risk.

Total direct foreign investments and reinvestments in Brazil stand at \$20,671 million. The United States has the largest share: 22 percent, or \$6.5 billion, followed by the FRG, with 13.4 percent or \$2.8 billion, and then Switzerland, Japan, the United Kingdom, France and Canada. Recently, Diego Asencio, U.S. ambassador in Brasilia, met with representatives of American companies with branches in Sao Paulo. On that occasion, the ambassador said he was going to talk about the "agony and the ecstasy" of foreign investment in Brazil. Afterwards, he returned to the Finance Ministry at least twice, to meet with Galveas, a clear sign that something is about to change in this area.

AVIBRAS EXPORTS ROCKET LAUNCHERS TO MIDDLE EAST

Rio de Janeiro JORNAL DO BRASIL in Portuguese 17 Jan 84 p 18

[Text] Sao Paulo--The Astros, a multiple rocket launcher produced by AVIBRAS, of Sao Jose dos Campos, is the newest entry on the export list of Brazilian military products. Some units are being shipped to the Middle East as the year begins. AVIBRAS did not divulge the name of the purchasing countries; the importer demanded a clause requiring the Brazilian firm to keep its identity a secret.

This year AVIBRAS should export about \$30 million worth of armaments, which will represent 90 percent of its sales. The Astros, developed entirely by AVIBRAS, was presented in Europe last year at the aeronautics exposition of Le Bourget, France. According to weapons experts, AVIBRAS has about \$300 million in orders for the Astros, for delivery in the next 4 years.

Maintenance

In addition to its equipment, AVIBRAS provides technical maintenance service for its principal buyers in the Middle East. One of AVIBRAS' major clients is Iraq, which buys everything from rockets to missiles, with the "Composite" fuel developed by the company.

This year AVIBRAS hopes to maintain its proportion of sales at 90 percent in exports and 10 percent in sales to the domestic market.

The Astros, a multiple rocket launcher, can use 30-mm, 40-mm and 60-mm rockets. It is also known as an Integrated Defense System (SID), having sophisticated electronic equipment and even radar, all developed by AVIBRAS.

Brazilian arms exports will reach a total of \$600 million this year, as against \$500 million last year. Brazil's major exporter is ENGESA [Specialized Engineers, Inc], which placed \$300 million worth of equipment on the foreign market in 1983.

In addition to ENGESA, the principal exporters are EMBRAER [Brazilian Aeronautics Company], whose foreign sales reached \$95 million in 1983; AVIBRAS, with \$30 million; and D.F. Vasconcellos, with sales estimated at \$5 million. Other exporters added another \$100 million to exports (IMBEL [Ordnance Industry], Vale do Paraiba and others).

PASSARINHO, NEVES ON CONSENSUS CANDIDATE

Passarinho Interview

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Jan 84 p 15

[Report on interview with Social Security Minister Jarbas Passarinho, by O ESTADO DE SAO PAULO, in Brasilia, date not supplied]

[Text] Brasilia--Jarbas Passarinho, minister of social security, admitted that there could be an impasse among the "three most prominent candidates within the PDS [Social Democratic Party] and, in that event, President Figueiredo could be called upon "as the deciding power, to reach a consensus solution."

In an exclusive interview with O ESTADO in Brasilia, Passarinho also ruled out the possibility that he himself could come to be the consensus candidate. Still bruised by his election defeat in 1982, when he ran for another senate term, he explained: "I absolutely reject this possibility. Not out of modesty. I am speaking honestly, because I do not consider myself any worse than several names that are being considered. I have the background, but I think Para took this right away from me. It does no good that I lost by only 2 percent against a broad, general and unrestricted front, because the black mark of defeat is the same, whether one has lost by 2 percent or was beaten by a landslide."

The former president of the senate admitted the possibility of an understanding between the front-running candidates, but not among all three, because he is certain that Paulo Maluf will not give up his candidacy. "He himself told me that when he came to my house; he invited himself for dinner and stayed until almost midnight."

"He invited himself to dinner?" interrupted one of the interviewers.

"Yes," the minister replied, "because he can take this liberty. I even joked with him about it. He said to me: 'I want to have dinner with you.' I answered: 'Certainly.' He said: 'On the 26th.'" I consulted my schedule, confirmed it, and said all he had to do now was decide on the dress and the menu. I can be this free with him. I call him Paulo and he calls me Jarbas."

Asked if that was when Maluf invited him to head his civilian household, Passarinho denied that there had been a specific offer. "The first time he talked

to me about this, he said I would be a strong minister, but he did not say where this strength would be."

Despite the invitation, the minister said he had made no commitment with the former governor of Sao Paulo. He said he was aligned with President Figueiredo and now he has a "double duty of loyalty"; first, in return for the president's personal support in Para during the election campaign and then as a member of his government. From the time of the election campaign, he had already made the decision to "go along with the president, whatever his choice."

Asked if he would venture to voice his personal opinion regarding some of the names that have already been proposed, Passarinho said first that he was a "realist," who always thought about the "ideal and the possible," and continued: "For me, the ideal would be a man who inspires the nation with his character, a man with high personal respect, with no suspicion of anything that could destroy that respect in an instant, a man of proven and varied administrative experience. It is not enough to be familiar with just one sector, but with all the national sectors--and this points very much to a political man...."

"So far, you have been describing Aureliano...", an interviewer began, but Passarinho cut him off.

"I have not been describing anyone. You asked me what the ideal would be and I am answering by drawing a profile. Now, I think that everyone out there fits this profile." Asked if it fit him, too, he answered: "I am out of it. Para took me out of it."

Asked if a candidate presented by the PDS could later be defeated in the Electoral College, the minister said this would only be admitted as a possibility if something else happened first: an initiative inspired by Senator Marco Maciel to extend the alternate ticket to a direct presidential election. Then, with more than one candidate launched by the PDS, it would be possible to think of an alliance with other party forces in the Electoral College.

However, Passarinho rejected the description of "collusion" for succession via the Electoral College. He said that you could also speak of "collusion" in the choice of candidates for a direct election because, "as Maurice Duverger teaches us, the parties are oligarchies." Regarding selection by the Electoral College, he feels it is as legitimate as direct elections. Reminded of the fact that the present college was the result of political casuistry, he argued that it was a casuistry that benefited the other regions of the country. Otherwise, "we would go back to the politics of coffee with cream. Minas Gerais and Sao Paulo, together, would make the president, and that's that."

Regarding the possibility that Brazil could see a repetition of "the dramatic events which are occurring in Argentina," he said: "There has always been an undeniable interaction between the Southern Cone and us," but he observed that the situation is very different: on one hand, because throughout the revolutionary process, we have always had "an iron lung--the congress--to breathe in democracy, even when it was only reacting and not acting"; on the other hand, because in Argentina, there was a violent swing of the pendulum, "between full liberty and total repression, without the gradualism that was applied in Brazil."

He rejected the observation that the fear noticed in certain individuals in Brazil regarding the Argentine process seemed like an admission of guilt.

According to Passarinho, the fear is in regard to the "crazies," the "radicals" on both sides, but one cannot refer to an "admission of guilt." During the period of "counter-insurrection" in Brazil, he noted, there were people who "obeyed official orders, sergeants, privates, because the Civil Police were not structured for this purpose." He said: "If Marighela or Lamarca had been victorious, Brazil would not be breathing the air of freedom today. The nation would be under a Marxist dictatorship. So those people were acting on this supposition. They were defending, as they had always done, law and order, because this was their role, in fact, their constitutional role. And because they fought for this, are they to be brought to trial tomorrow?"

In conclusion, Passarinho admitted that the Figueiredo administration had "lost the battle against inflation" when it jumped from 40 percent to 212 percent, but he does not think it was because of personal incompetence, but for various other reasons, including foreign factors. He feels it is unfair to the president to comment that his government lacks credibility. He noted that all the political promises had been kept and that, on the economic front, the government was faced with the greatest problems, mainly because of factors beyond its control. Regarding corruption, he said he felt that once any doubt is cast on the behavior of a government agency or official, it is the duty of the government to launch an investigation to demonstrate that there is no foundation for the suspicion or, if it is true, to punish those responsible. In such cases as the Coroa-Brastel, Capemi, "polonetas," however, he felt that the government had provided the necessary clarification.

Tancredo Neves

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Jan 84 p 5

[Text] "Radicalization is already in the streets," Minas Gerais Governor Tancredo Neves warned yesterday in Uberlandia, referring to the current debate over direct and indirect elections for the presidency of the republic. In his opinion, this radicalization, which has already taken root in the country, "both in the PDS and in the opposition parties," has made it impossible to reach a consensus on the choice of a successor for Figueiredo. According to the governor, the purpose of consensus would be "to avoid the radicalization, which could lead to disastrous consequences."

Tancredo reiterated that, with 12 more years left in his mandate, he did not intend to leave the government of Minas Gerais to be a possible candidate for the presidency of the republic. He felt there was only a remote possibility of a constitutional amendment that would permit the current governors to take leave to seek the nomination of the conventions for the presidency.

Governor Neves chose to go to Uberlandia to welcome President Joao Figueiredo, rather than take part in the rally in the Praca da Se, in Sao Paulo. The governor criticized the government party for defending the maintenance of the indirect system of choosing the president.

"The PDS is against the nation and will suffer the consequences in the next elections for the chamber and senate," he said.

Asked if he would discuss direct elections with President Figueiredo, he replied: "If he brings it up, yes. Otherwise, it would be unethical for me to do so."

6362

CS0: 3342/58

MACIEL ISSUES POLITICAL PLATFORM, CALLS FOR DIRECT ELECTIONS

Sao Paulo FOLHA DE SAO PAULO in Portuguese 15 Jan 84 p 4

[Text] Recife--Senator and presidential hopeful Marco Maciel (PDS-PE [Social Democratic party-Pernambuco]) released a document yesterday in the capital, entitled "Participation and Commitment," in which he defends, as the basic principle of his campaign platform, direct elections at all levels, including the presidency of the republic, and a resumption of the process of national development.

In the document, Maciel notes that "in the current stage of historical development, the Brazilian society calls for a consolidation of democracy, built on legitimate and stable institutions, and for the promotion of development on harmonious and integrated bases." He feels that the commitments made to the nation today will serve as the point of departure for a broad debate regarding a government program which will answer the needs of the Brazilian society.

Before his press conference, Marco Maciel stressed that the actions of the government, as an instrument of the general will, should be based on the following commitments:

--Direct elections at all levels, to guarantee the authenticity and political representativeness which the nation desires; strengthening of the judicial power, through the attribution of prerogatives and modernization of the machinery necessary for the swift execution of justice, and of the legislative power, so it may effectively control and oversee the actions of the government and may exercise its preeminent role of law-maker.

--Decentralization and integration of governmental activity, to strengthen the regional organs and the role of the states and municipios in the federation, avoiding duplication of efforts and waste of resources.

--Adoption of participatory processes in public administration, so as to effectively engage the creativity and energies of the community in bringing about development and social peace.

--Protection and exaltation of the family; incentives for community programs and the strengthening of social, political, labor, cultural and religious institutions.

"--More suitable policies for all the sectors pertaining to the nation's life; particularly education, health, nutrition, housing, public transportation, social welfare and individual security.

"--Promotion of scientific and technological development programs, especially those adapted to our situation as a largely tropical country; promotion of the cultural values and the identity of the Brazilian society, characterized by its plurality.

"--Adoption of measures in support of free initiative and private enterprise, specifically small and medium businesses, which foster the creation of jobs; the elevation and simultaneous distribution of income, and a better quality of life and social well being, and which free individuals and society from excessive interference by the state.

"--Implementation of national development programs which take into account our regional diversity, control the urbanization process, promote access to real estate, incorporate new economic frontiers and make appropriate use of the country's natural resources, with the particular goals of energy independence and environmental protection.

"--Revitalization of the national development process; investment of the nation's resources in productive activities; implementation of an effective and balanced public spending policy; and renegotiation of the foreign debt on terms which safeguard the nation's interests.

"--Provision of the means to insure the defense of the nation's sovereignty; an ecumenical foreign policy for diplomatic and trade relations, respecting the principles of non-intervention and self-determination, seeking our growing affirmation as a country, support for its development and the building of a more just international society."

6362

CS0: 3342/58

PRINCIPAL POINTS OF MALUF'S POLITICAL PLATFORM PUBLISHED

Rio de Janeiro JORNAL DO BRASIL in Portuguese 18 Jan 84 p 2

[Text] The following are the main points of the government platform of Deputy Paulo Maluf:

New Constitution

"In the political area, the main concern of the next president of the republic shall be to take the political opening to a good conclusion and consolidate it...

I consider this task to be my personal civic responsibility... For this purpose I shall seek the direct and constant collaboration of the legislative branch and I shall call upon the most outstanding exponents of Brazilian intelligence. Together we shall make a new constitution capable of making effective the following points, among others:

Equality, harmony and independence of the powers of the states as well as the authority and prerogatives of the National Congress.

Reform of the legal system so as to make justice quicker and more accessible to all Brazilians.

The balance of the Federation ... with a redistribution of powers, resources, authority, responsibilities and duties among the Union, states and municipalities.

Creation of effective instruments for reducing, and then eliminating, inequalities between regions and persons, improving the distribution of income, establishing new minimum wage levels compatible with the aspirations of every worker of having and supporting a family.

Guarantee, in permanent and clear manner, human, civic and political rights, as well as the essential freedoms of opinion and criticism ...

Urban security in homes and on the streets to insure that families may live in peace, safe at the same time from the abuses of power of the state and from the attacks and onslaughts of those who place themselves outside the law or take advantage of it to conceal crimes and escape the punishment of the law.

Support, encouragement and the climate of freedom that the state must create for the development of science, research, invention and technology.

Careful protection of national wealth--historical, artistic and archeological--as well as the effective and necessary balance of the ecology.

Restriction of the role of the state in the administration of essential services and the means and incentives required by the people in order that they may effectively assume the responsibilities, duties and enjoyment of the rights implicit in the concepts of political freedom and economic opportunity.

A suitable decrease in the excesses of gigantism, interventionism and management by the state, which in the past decades did not stop growing and worsening."

Support for the Northeast

"The problems afflicting the Northeast are old and well-known. What has been lacking for decades is the political decision to resolve them... Redeeming the land and fully incorporating the people of the Northeast to national progress is the greatest, the most serious and the most imperative national commitment. I intend to rescue them in the period 1985/1991. That is the solemn promise, the historical and sacred oath I now make before Brazil."

Domestic Market

"Incentives to production should be primarily guided by the objective of insuring a satisfactory and abundant supply of food and products destined for domestic well-being and consumption. However, a country such as Brazil cannot disdain the opportunities offered by international trade."

Foreign Market

"It is up to us to protect the prices of our exports on world markets, diversifying our lists of products and countries to which we export even more ..."

Employment and Taxes

"The promotion of work and full employment should be in keeping with a more equitable fiscal policy, something I intend to achieve by means of a daring and innovative tax reform. Transferring emphasis from collection of indirect taxes to the collection of direct taxes, with markedly different rates for products of general consumption and for luxury items ... And, particularly, it will be with more fairness in taxes on personal income, alleviating the burden of taxes on remuneration for work."

Economic Opening

" ... The policy of abolishing state management must be intensified and expanded. The state shall maintain ownership and control only of basic companies of essential infrastructure services ...

"The task of governing Brazil in the next presidential term includes the opening up of the economy. Companies and businessmen, large, medium and small, must feel free to compete within modern and civilized rules of the market ..."

Foreign Policy

"A country of well-defined Christian upbringing, Brazil is spiritually and culturally linked to the West. We want to coexist with all nations of the world but we want to do it with reciprocal respect for the independence, sovereignty, beliefs, values, principles and political and economic systems of each one.

"That is why we reject any form of colonialism and neocolonialism, as well as all types of intervention or interference by one nation in the internal affairs and business of another."

Social Action

"Priority of Welfare, to be attained through policies of education, public health and sanitation, nourishment, social security, housing, employment and wages.

"A man without work or without the chance to do what he knows how to do is a victim of society, in addition to representing an irrecoverable waste of life, energy and ability to contribute to human harmony and coexistence. My promise is that I shall work, and work so that all will have work."

Education and Health

"My government pledges to resolve the fundamental problems of education such as teaching our millions of illiterates to read and write; provide schools for the children who do not go to school; train, qualify and prepare the teachers ...

Programs such as school lunches and other forms of care for needy children are irrenunciabile duties of society. Their implementation is unpostponable...

Agricultural Policy

"To fight intransigently, in the first place and with equal vigor against inflation, stagnation and recession. The policies of the new government shall be aimed at resolving for once and for all the causes of imbalances, differences, injustices and inequalities...

"Within that picture, agriculture-livestock raising is the first, the most efficient and the quickest national alternative for lowering prices and insuring domestic supplies of food, energy and raw materials. Agroindustry, its natural complement, generates new jobs and suitable pay in the places of production itself. It encourages families to remain in the area in which they live, and to prosper there. In that way it relieves the pressure of those who are forced to live in a state close to poverty in the slums and in the periphery of the large cities.

"That is why I am decidedly going to support those who produce in the traditional regions. I am going to encourage men of courage and determination, who go into the opening of new agricultural frontiers, to the maximum. I am going to continue with the agrarian reform to give land to whoever can make it productive with his work. I am going to free the migrant workers from the humiliating conditions in which they are forced to live."

Fight against Patronage

"Accent on administration through fiscal justice, efficiency in collections, productivity of the government and its companies and austerity in state spending, with the elimination of patronage. In addition, and no less important, rigorous observance of constitutional and legal rules on honesty and good management of the budget, collections and public expenditures."

Foreign Debt

"The present phase of public indebtedness presents very serious and dangerous problems. Included, therefore, among the first tasks of the new government, is the renegotiation of our foreign debt in terms of periods, interests and payment deferrals ... We shall pay our debts, domestic and foreign, with the product of our labors, with the growth of our economy and as a result of our exports. Never, however, with the aggravation of the sacrifices of the children and the poor."

Punish Abuses

"The state shall carefully watch so as to prevent--or when necessary punish with exemplary vigor--every embezzlement, misuse or abuse of public trust by persons or institutions authorized to receive, keep, act as intermediaries, buy, sell or apply securities, bonds or papers."

8908

CSO: 3342/57

GALLUP POLL REVEALS 81 PERCENT FAVOR DIRECT ELECTIONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jan 84 p 5

[Text] The theory of direct elections for the Presidency of the Republic has been gaining support in public opinion since February 1980 and now nine out of 10 Brazilians, excluding those who did not express their preferences, favor the reestablishment of direct elections. This is what was confirmed by a Gallup Public Opinion Institute poll taken in December in 185 cities of 21 states, hearing 2,998 persons. According to the poll, 81 percent of the Brazilian population favors direct election, while only 10 percent chose the indirect system. Only nine percent of the population did not express an opinion.

The Gallup poll shows that between February 1980 and December 1983 the Brazilians who favor direct elections for the president of the republic increased from 63 to 81 percent, while those who favored indirect elections declined from 29 to 10 percent in the same period. Among the members of the PDS [Social Democratic Party] 75 percent favored popular vote. Even in the Northeast, traditional government stronghold, 80 percent of the population already expresses the desire to elect the successor to Figueiredo directly.

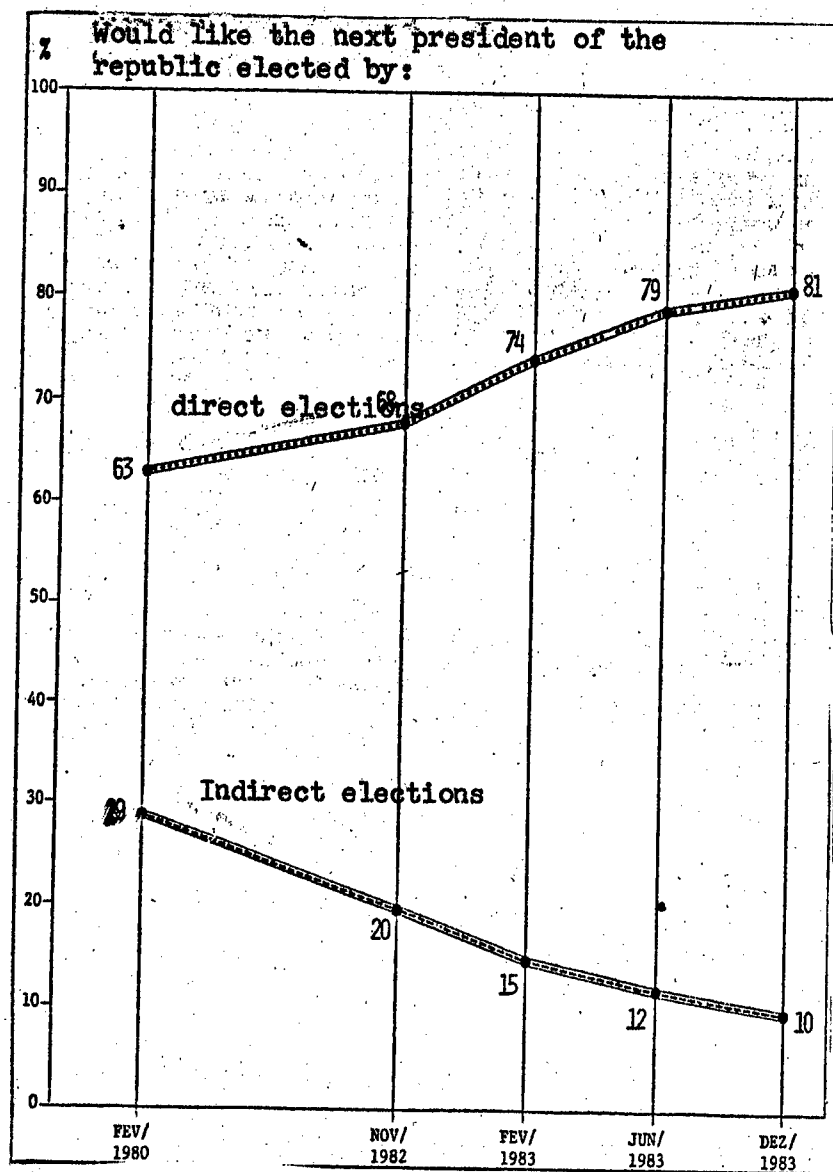
To those interviewed, Gallup asked the following question: "In your opinion should the next president be elected by direct elections with the vote of all Brazilian voters or through indirect elections with the vote of senators and deputies as has been done in past years?"

Upper Class Support

One of the surprises of the poll was the support of the "A" Class, which receives largest amounts of income, for the proposal of direct elections. In February 1980 only 40 percent of the Brazilian population included in that category favored indirect elections, while 53 percent were in favor of the direct system. Today, says the Gallup Poll, 82 percent of the population in Class A favors direct elections.

In Class B, the preferences for direct elections increased from 70 to 81 percent; 66 to 81 percent in Class C and in Class D, from 58 percent to 78 percent.

In the states which make up the southeastern part of the country (Sao Paulo, Rio de Janeiro, Minas Gerais and Espirito Santo), the proposal for direct elections is more consolidated and nine out of 10 who live in this region prefer the popular vote. In the remaining regions, the proportion of those favoring direct elections is slightly less.



Support of the Northeast

In the northeast, preference for direct elections increased from 63 percent in February 1980 to 80 percent in December last year. The election of governors by direct vote in November 1982 appears to have contributed in decisive form to increasing the support of the northeast population for the theory of direct elections for president of the republic, considering that it is the traditionally

most pro-government region of the country and gave the PDS an overwhelming victory in the last elections. In the north and central-west, opinion favoring direct elections reached 81 percent, declining to 79 percent in the southern part of the country.

The same trend is confirmed in the capitals of states, where 83 percent of the population advocates direct elections. This percentage falls slightly in the cities of up to 5,000 inhabitants (78 percent) and in those of 5,000 to 10,000 inhabitants (77 percent).

Since February 1980, the theory of direct elections has been obtaining growing support among the members of the five Brazilian parties. At the beginning of last year, 66 percent of the members of the PDS declared themselves in favor of direct elections, a percentage which increased to 75 percent in December. Among the members of the PMDB [Brazilian Democratic Movement Party], the supporters of direct elections increased from 83 to 87 percent; in the PT [Workers Party], from 87 percent to 90 percent; in the PDT [Democratic Workers Party] from 88 to 94 percent; and in the PTB [Brazilian Labor Party], from 77 to 86 percent.

Among the seven Brazilian states with the largest population, the largest percentages of opinion favoring direct elections were recorded in Sao Paulo (84 percent), Rio de Janeiro (85 percent), Parana (80 percent), and Pernambuco (also 80 percent). In Minas (74 percent) and Bahia (70 percent) were found the smallest percentages of preferences for the direct vote.

Among the Young and the Old

In February 1980 only 63 percent of the Brazilian population of 18 to 29 years-of-age favored direct elections for president of the republic. Last December this percentage already reached 82 percent. Among persons 30 to 49 years-of-age, preference for popular vote increased from 61 to 80 percent during that period. The same trend is observed, according to Gallup, among the population over 50 years-of-age. In February 1980, 66 percent of the persons in this age group advocated direct elections, while in December, popular vote was favored by 78 percent.

The Gallup Public Opinion Institute has been making this type of survey on voter preferences of election systems since 4 years ago, and since that time the number of persons who favor the election of the future president through direct voting has increased.

It was, however, beginning with the electoral campaign of 1980, particularly after the November elections of that year, that preference for direct elections for president increased in a more accentuated manner. And the trend is for an even greater increase as a result of the campaign for direct elections which the opposition parties are waging through the country with rallies in the capitals of states.

LABOR MINISTER SAYS UNEMPLOYMENT WILL CONTINUE THROUGH JUNE

No Improvement

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jan 84 p 31

[Text] Minister of Labor Murillo Macedo said yesterday in Rio that the problem of unemployment will continue throughout the first half of this year. "I do not have any hopes of improvement," he said, "because we shall continue with very adverse levels, for which reason my hopes are that everything will improve in the second half of the year."

His forecast on unemployment is based on the fact that the measures of monetary control adopted for the recovery of the Brazilian economy will give continuity to the recessive process until adjustments expected by government authorities take place.

As far as Murillo Macedo is concerned, unemployment is the direct result of the recession, for which reason he is against measures which could aggravate that recessive process. However, due to the present situation of the economy of the country, he believes it is necessary, and its inexistence would only be possible "if we had technical conditions for emerging from the recession."

In the opinion of the minister of labor, there is only one solution for extracting Brazil from the recession: return to production. However, for that proposal to become a reality he believes investment in production is vital, pointing out civil construction as the greatest generator of jobs, the one requiring fewer financial contributions and the fastest generator of manpower requirements.

As for unemployment, the minister of labor also considered it to be a natural process of the capitalist system, allied to recession, because it is a matter of a risk being run not only by the employer but by the employee. However, to prevent that risk from being assigned exclusively on the employer, Murillo Macedo advocated an understanding between the forces of capital and labor so that the "goose that lays the golden eggs, which is the company, will not be killed, because in that way no one is going to be able to enjoy any eggs."

Ten Million Unemployed

Rio de Janeiro JORNAL DO BRASIL in Portuguese 8 Jan 84 p 15

[Text] Brasilia--Brazil ended 1983 with more than 10 million unemployed, which means 22 percent unemployed and underemployed of an economically active population (PEA) of 45 million people. A study by the Planning Institute of the (SEPLAN) [Secretariat of Planning] asserts that if the government does not create emergency programs, Brazil will arrive at 1986 with approximately 14.5 million unemployed, not counting the so-called "discouraged", those who have given up and no longer look for work.

In 1978 the rate of unemployment was 12.76 percent of the economically active population, which was 5.6 million unemployed. In that period, according to the study, the rate was already one of the highest in the world in proportion to the population, but today, in order for the country to return to the employment rates of 1978, it would be necessary for the government to create 7,490,000 new jobs.

In order to reach the same ratio of unemployed in 1986 as in 1978, the Brazilian domestic product would have to show a growth per year of 14 percent in the next 3 years. The study also estimates that to reverse the trend and reach 1986 with the same rates of present underutilization of manpower, the economy would have to grow at an annual rate of 7 to 8 percent during the 84/86 period.

"The present 10 million unemployed who exist in Brazil are a part of the unpost-ponable social debt of the Brazilians, since included in that total are no fewer than 4 million workers who were directly affected by the retraction in economic activity of the 1981-83 period," says the study. As a solution, it suggests a priority policy of generation of jobs because reactivation of the economy, according to the technicians, which would be the most natural solution, is not in the plans of the government.

As a proportion of the work force, unemployment grew from 7.5 percent to 12.8 percent between the years 1978 and 1981 in the six metropolitan regions (Recife, Salvador, Belo Horizonte, Rio de Janeiro, Sao Paulo and Porto Alegre), and from 12.8 percent to 16.9 percent throughout Brazil. The projections for unemployment for the 3-year period 1983-86 indicate relative yearly rates of increase which are quite higher for the metropolitan areas than for Brazil as a whole.

As far as underemployment is concerned (odd job workers with income lower or equal to the minimum wage), the rates in Brazil are relatively higher than those of the metropolitan areas after 1978. That is due in part, according to SEPLAN technicians, to the prevalence in the metropolitan areas of typically capitalistic labor relations resulting from industrial growth, which diminishes the choices outside the organized sector.

"We must not forget that the style, conduction and objectives of economic policy in the present context have caused results which are exactly opposite from those we consider socially more just," complained the technicians and they warned about

the drastic effects that an increase in unemployment, the immediate result of this policy, is already having among the population. In the first place, there is the decline in the quality of life, particularly in the lower income group. In the second place, there is the excessive increase in infant mortality and contagious diseases, which the government will have to remedy with resources which would cost as much as a policy of employment.

Temporary Effect

While the minister of labor insistently asks for only an emergency policy of creating employment, the technicians responsible for the study advocate this policy and provide specific suggestions for its application. The special employment programs would have a temporary effect on the labor market but not in an objective manner on the causes which determined the decline in the level of employment so as not to go against the government's recession policy.

The state would contract the workers directly for the execution of tasks, payment for which could vary from one to two minimum wages, giving priority to the neediest people and to heads of family with the largest number of dependents. As far as the duration, given the emergency nature of its objectives, the technicians believe that it should be temporary, taking into account a probable reactivation of the economy further on.

Under normal conditions, funds could be obtained from the budget and from savings of the private sector (public bonds), resources from fiscal surpluses transferred to the monetary budget, which would be around 3 trillion cruzeiros, according to the study. Another suggested source for financing the program would be FINSOCIAL [expansion unknown] which in 1984 had 1.1 trillion cruzeiros.

On this point, the study agrees with a good part of the project suggested by the PMDB [Brazilian Democratic Movement Party] for an emergency job policy. It was precisely this last proposal that the economists of the PMDB--Celso Furtado, Maria de Conceicao Tavares, Joao Manoel Cardoso de Melo, and others--presented in December at the national party convention. The PMDB program advocates the creation of emergency programs for social projects and the transfer of 3 trillion cruzeiros from the fiscal budget to the detriment of payment of the domestic debt.

8908

CSO: 3342/57

STABILE SAYS CROP LOSSES NOT SIGNIFICANT; OTHER COMMENTS

Drought Damage

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jan 84 p 34

[Text] Minister of Agriculture Amaury Stabile said yesterday, after a meeting of two and one-half hours with the secretaries of agriculture of Sao Paulo, Parana, Santa Catarina and Rio Grande do Sul, that crop losses in the southern region as the result of the drought were not significant. The drought only affected certain pockets with the subsequent loss of productivity, according to Stabile, who maintains the forecast of the Ministry of Agriculture of the national production of grain at around 51 million tons, greater than that of last year (48 million tons).

Stabile denied that the pessimistic forecasts of a great loss are the results of speculative activities, justifying this by saying that reports in this respect are due to the lack of information and the "eagerness" of the farmer to obtain a good crop. The minister of agriculture repeated several times that "there was no loss of crops just a reduction in yield."

Claims

The secretaries of agriculture of the four southern states complained to the minister about the lack of resources in the banks for the granting of loans from the Federal Government for the sale of the harvest and they warned that the de-capitalized farmers will find difficulties in financing the next planting and will also be forced to place their crop on the market ahead of time at low prices favoring the speculators. They also requested a longer period for the granting of those loans and the adjustment of floor prices even after February.

Sao Paulo Secretary of Agriculture Nelso Mancini Nicolau told Stabile that the state suffered a loss of 5 percent in the yield of corn, whose harvest should be 3 million tons; a 20 percent loss in rice, with a harvest of 520,000 tons foreseen; a 3-percent loss in beans, with a harvest of 150,000 tons. The loss in soybeans was 7 percent and some 980,000 tons should be harvested, while 400 tons of cotton will be harvested, a product which suffered a loss of 6 percent. Total losses in Sao Paulo were approximately 450,000 tons.

Nicolau criticized the monetary policy applied to agriculture and the fact that agriculture is excessively aimed at exports, something which has made the small and medium-sized farms, which produce food impractical. "A general change in economy policy and a reformulation of the agricultural policy of the country is necessary," he declared. He also asked Stabile for greater attention to the livestock and milk industry.

Rio Grande do Sul Secretary of Agriculture Joao Salvador Souza Jardim said that the harvest of his state will be normal, with a harvest forecast of between 13 and 13.5 million tons of grain, even with the loss estimated at 10 percent in the production of corn. Secretary Mario Cavallazzi of Santa Catarina said that the drought did not affect his state.

Parana was one of the states most affected, with damage estimated at 133 billion cruzeiros by Secretary of Agriculture Claus Magno Germer. The harvest forecast for cotton fell from 600,000-650,000 tons to 575,000-615,000 tons; that of rice from 350,000-400,000 tons to 310,000-350,000 tons; corn, from 5.8-6.2 million tons to 5.3-5.9 million tons, and soybeans, from 4.6-4.8 million tons to 4.4-4.7 million tons.

Rain Came Too Late

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jan 84 p 34

[Text] The rains falling in several regions of the state since last Friday are not going to reverse the losses already confirmed in the harvests of corn, rice, soybeans, cotton, beans and other crops, losses which reach nearly 883,000 tons, according to the regional agricultural divisions. The damage already caused to crops during the drought is irreversible, according to technicians of the Sao Paulo Secretariat of Agriculture, for whom the losses could remain as they are this week only if the rains continue in the main areas of agricultural production, rains which began only lightly.

Yesterday the weather picture was not entirely favorable for agriculture. The National Meteorological Institute reported through its 7th District in Sao Paulo that the greatest precipitation in recent days has been primarily in the areas of the coast of Sao Paulo, Parana and Rio Grande do Sul. For today the forecast is cloudy skies but with rising temperatures, particularly in the southern part of the state. In Minas and Parana, the rain will be scattered, unlike in Rio Grande do Sul and Santa Catarina, where the weather is stable. According to the Institute, the most intense rainfall was recorded in Santos (89mm), Ubatuba (75.7 mm) and Iguape (75.7), areas which are not important from the agricultural point of view.

The network of weather stations of the Agronomical Institute of Campinas in the interior yesterday indicated the various points in the state where there is a shortfall of rain. Such is the case of Votuporanga, where the local station reported 2.6mm on Friday, 8mm on Saturday and 2mm the day before yesterday, rates which are considered very low. In Capao Bonito, in the region of Sorocaba, the total recorded between Sunday and yesterday was only 2.7mm. In

Mococa, near Ribeirao Preto, the sampling service of the institute recorded a total of 36mm in 4 days, which is also a low rainfall, although it alleviates the impact of the drought on crops. In Ribeirao Preto it rained only 3.7mm on Sunday and yesterday it was only cloudy.

The rain which has fallen in recent days in the interior is insignificant compared to the amounts normally seen during January and expected by farmers, according to evaluation by the technicians. The Institute of Agricultural Economy (IAE) has recorded 587.7mm as a state average during the 31 days of the month from 1974 and 1982. The technicians emphasized that although insufficient, the scant rain, together with the drop in temperature, is allowing the recovery of crops, at least temporarily, and preventing an even more tragic picture than that seen up to last week.

8908

CSO: 3342/57

MILITARY SUPPORTS UNRESTRICTED ARMS SALES; DIPLOMATS COMMENT

Political Ramifications

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Jan 84 p 5

[Text] Minister of Navy Maximiano da Fonseca (who until late afternoon yesterday had not yet read the order of the day by the minister of aeronautics) and the minister-chief of the armed forces staff, Brig Gen Waldir Vasconcellos, also agreed with Delio Jardim de Mattos that Brazil should sell weapons to whomever wants to buy them.

"I believe that we should sell to any country and ideology should not restrict our weapons trade," said Maximiano. He was supported in this by his colleague of the armed forces staff. As far as Waldir Vasconcellos is concerned "trade does not have an ideology," and thus Brazil could even sell weapons to South Africa. A reporter, amplifying the question, asked whether enemies could be included in that context. "We have no enemies," answered the minister-chief of the armed forces staff.

Minister Maximiano da Fonseca has already said that in the case of arms sales to countries with which Brazil does not have diplomatic relations, it should treat the matter in terms of foreign policy. "Only Itamaraty may decide, after hearing the president of the republic who is the commander of the armed forces."

Political Affairs

Maximiano would not comment on the political context of the order of the day and when they asked him what he thought about the platform revealed by presidential hopeful Paulo Maluf, he said that he had not read it either. He limited himself to saying that the armed forces would like a candidate who would also concern himself with them in his government program. "The armed forces will make their claims when one of those candidates is elected."

As far as preference for a candidate is concerned, concluded Maximiano: "The navy as an institution does not have a candidate. However, I as a Brazilian have my own candidate in mind and I will not reveal who he is so that they will not say later on that the military was responsible for the election of the future president. President Figueiredo did very well in leaving the coordination of the process."

Spokesman

The spokesman for the Presidency of the Republic, Carlos Atila, would not comment on the terms of the order of the day, saying only that it is couched in terms which are "consistent" with previous notes issued by the same ministry. Finally, he advised the newsmen to read the text "with a viewpoint of consistency."

No Sales to Pretoria

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Jan 84 p 5

[Text] Yesterday Itamaraty refused to make any comment on the order of the day by Brig Gen Delio Jardim de Mattos. Spokesman for the Ministry of Foreign Affairs Minister Bernardo Pericas obtained knowledge of the terms of the document and the interpretation given by the minister of Aeronautics from ESTADO.

Unofficially, some diplomats recalled that there is an explicit prohibition by the United Nations against the sale of arms to South Africa and that Brazil has usually complied with resolutions of that type. As far as Iran is concerned, the ban on the sale of arms is a decision for President Joao Figueiredo himself.

In no case will Brazil sell arms to South Africa, not only because of the UN decision but because that would compromise the entire African policy initiated during the administration of Gen Ernesto Geisel and which is being followed by the government of Gen Joao Figueiredo. Some diplomats recall that one of the bases for that policy is the "firm condemnation" of apartheid. The countries of Black Africa are always very attentive to positive steps any of its trade partners may take with respect to Pretoria.

Brazil has only one second secretary with the status of charge d'affairs as a representative before the South African Government, and in Brasilia the diplomats of South Africa are kept at a distance. Itamaraty is accustomed to describing its relations with Pretoria as "correct." Translated into diplomatic language, that means that there are relations but at the lowest possible level.

When Minister Saraiva Guerreiro visited five countries of Southern Africa, the president of Angola, Jose Eduardo dos Santos, requested that Brazil intercede with South Africa to resolve the problem of Namibia, territory occupied illegally by Pretoria. Guerreiro answered that relations with the South Africans "are very tenuous" and that under those conditions Brazil would have no success in that initiative. That statement by the foreign minister was a form of passing a message to Angola: Brazil is not interested in taking any step, even one possibly favorable to the countries of Black Africa, that will bring it closer to South Africa.

Iran

In the case of Iran, according to the analysis of diplomatic specialists, the possibilities are open to all types of cooperation with the single exception of the sale of arms. The government of Ayatollah Khomeini has already tried a few

steps in that respect but was discouraged by Itamaraty. Brazil traditionally sells arms to the enemy of Iran in the present war: Iraq. The Figueiredo Government has said that it does not want Brazil to appear in the status of a country which is selling weapons to two countries at war.

It is not the first time that doubts have arisen about the relationship between Minister Delio Jardim de Mattos and Itamaraty. In the episode about the Libyan aircraft, the minister of aeronautics, by coincidence, in an order of the day also referred to "irresponsible pragmatism." The term "responsible pragmatism" was the slogan used by the diplomacy of General Geisel and it is being followed by General Figueiredo. That is why it is believed he was making a criticism of the actions of Itamaraty in the episode.

8908

CSO: 3342/56

BRIEFS

VOLKS CONTRACT WITH IRAQ--Volkswagen of Brazil yesterday explained that the contract for the sale of 20,000 Passats to Iraq signed last Friday was already part of the order for 50,000 units of the model, in addition to spare parts, for a total value of \$300 million, signed at the beginning of 1983. What there was, according to the factory, was only an advance of the delivery period and not the sale of 20,000 additional units, according to an announcement made to the press by the industry Friday night. The original contract stipulated delivery of 50,000 units in 4 years. However, there was an advance in deliveries and last year alone the assembly plant exported 30,000 units to Iraq, with the order for 20,000 additional units formally signed last week. According to company sources, that advance "opens the prospects for new orders." With the export of 20,000 units in 6 months (the vehicles must be delivered by next July), Volkswagen will enlarge the technical assistance team it has in Iraq from 30 to 50 persons. The contract also stipulates the shipment of two additional tires per unit and all the cars will be equipped with air conditioning. An industry source reported that the Iraqis requested that the amount of the deal not be revealed. That source also added that up to the afternoon of Friday there was no indication of a contact with the Iraqi mission, which came to the country to participate in a meeting of the joint Brazil-Iraq Commission. The contact, however, took place late in the day. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jan 84 p 31] 8908

NO MAXIDEVALUATION FORESEEN--The government is not going to change its exchange policy. To overcome the value of the dollar on the European market, economic authorities will maintain two measures: continue making small, real, successive minidevaluations of the cruzeiro and maintain the credit-premium of the IPI [Manufactured Goods Tax] until 30 April 1985. That is what was said yesterday by a ranking source of the Ministry of Finance, reiterating the position already repeated by Minister Ernane Galvaes that the rate of exchange is in line with the conditions of the exchange market and the needs of exports. The IMF mission, which will come in February to prepare the program for the second year of the agreement, is going to discuss the exchange policy for this year. In the last letter of intention the Brazilian Government pledged to maintain a level of parity in the three indicators: inflation, monetary adjustment and exchange adjustment. On Friday, speaking to ESTADO, the minister of finance summarized the reasons why the government will not adopt a maxidevaluation of the cruzeiro: exports are going well; the balance of payments is solved for this year and, primarily, a devaluation of the cruzeiro would cause so many problems in the domestic area that it would unbalance a proper programing with the IMF [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jan 84 p 30] 8908

INDUSTRIAL PRODUCTION DOWN--In the 12 months prior to November 1983, industrial production declined 5.84 percent, according to statistics released yesterday by the IBGE (Brazilian Institute of Geography and Statistics) The performance was slightly worse than in the 12 months prior to October 1983, when industrial production declined 5.64 percent. Considering only the period from January through November 1983, the trend was the reverse. Industrial production declined less than in previous periods. The decline in the first 11 months of 1983 was 6.41 percent, as against 6.89 percent from January through October, and 7.27 percent in the first 9 months of 1983. The performance in November fell 1.65 percent from the performance in November 1982. October showed a decline of 3.58 percent in relation to October 1982, and production showed a 6.84-percent decline in September, compared to September 1982. The capital goods industry showed the greatest decline in activity, falling 20.26 percent in the 12 months prior to November 1983, and 21.43 percent from January through November 1983. Intermediate goods and consumer goods (durable and non-durable) also showed a sharp drop in the rate of activity in November. The mining sector was the only one to show a growth last year in relation to the previous year. It grew 12.42 percent in the 12 months prior to November 1983 and 12.9 percent in the period from January through November. [Excerpt] [Rio de Janeiro JORNAL DO BRASIL in Portuguese 14 Jan 84 p 17] 6362

CS0: 3342/58

MANUEL TRUCCO CRITICIZES UN HUMAN RIGHTS POSITION

Santiago TERCERA DE LA HORA in Spanish 3 Jan 84 p 5

[Text] Chile's permanent representative to the United Nations, Manuel Trucco, said yesterday that the discriminatory attitude of this organization in selecting only three countries in which to judge human rights "is a gross distortion, whose magnitude should not escape anyone."

"The only solution to be seen (for this discriminatory position) is to adopt an attitude of unconcern or boredom; this position, taken in what I have called the annual exercise of the United Nations, only serves to discredit that organization."

"Including only three American nations with a total of 24 million inhabitants, when there are almost 5 billion individuals populating this world; believing that only less than half of 1 percent is bothered by human rights problems, is a gross distortion of reality, whose magnitude should not escape anyone."

Trucco made these statements upon leaving the foreign ministry, where he had another meeting with the minister of foreign relations, Jaime del Valle, to analyze his recently completed assignment to the United Nations, and also to discuss his new mission, reportedly to be to the European Economic Community.

Patience and Serenity

Ambassador Trucco's mission covered a difficult period at the United Nations, where he worked intensively in an attempt to obtain better results for the Chilean cause in the area of human rights.

His experience in the international forum, as he said yesterday, has indicated to him that Chile should first of all remain patient and serene in order to establish its position within the organization.

"We have to seek agreements in things of interest to other countries. We have to cooperate in matters of a general nature, such as the law of the sea, in problems related to space and other areas, and especially in the area of economic cooperation with the Latin American countries."

"There are many things that must be done in order to dilute in some way what is an exclusively political focus."

A Report

If we look at only the problem of accusations about human rights violations, there have been almost no variations over the past 10 years, said the ambassador, in making a report on his tenure at the United Nations.

"If that were the case, and if we had to judge things only through votes on human rights issues, I believe there would have been ten changes [in the U.N. ambassadorship] during the past 10 years."

He indicated also that, in accordance with reports published in the press in recent days, the most outstanding points of our foreign policy are matters which have been handled in the United Nations, such as laws governing space, the law of the sea, the treatment of the issue of Antarctica, questions of an economic nature, and other political matters.

Pending Issues

Among the things which he would have liked to have achieved during his stay in New York is a complete vindication of the Chilean position at the United Nations.

"But since multilateral organizations are the sum of Chilean bilateral relations, from multilateral organizations we can only expect political decisions made by foreign governments at the highest levels, based on what they observe or believe they observe in reference to Chile's situation."

"I have explained this before; it depends more on situations of a domestic political nature in those countries than on the situation in Chile."

Money for UN Investigator

On another topic, Trucco spoke of the exaggeration of the United Nations' behavior in judging human rights in three countries this year: El Salvador, Guatemala, and Chile.

"It seems unlikely that a special investigator for Chile will use a budget of \$759,000, there being no possibility at all that this investigator could travel to Chile and incur such travel and meeting expenses."

"However, the special investigator for Guatemala and the special envoy of the secretary general to El Salvador have budgets of \$33,000 and \$39,000, respectively."

"I believe that this is, to speak bluntly, a scandal. It means that \$759,000 is being devoted to political activism, in which only those who are opponents of the government of Chile are being invited to speak, in various places throughout the world and in Europe."

Mr Trucco criticized this situation at the United Nations, and later the delegate from Morocco also did the same. The ambassador concluded yesterday by pointing out that perhaps very soon this situation will bring the problem of the way in which human rights are treated by the United Nations to a definitive crisis point.

7679

CSO: 3348/182

PRODUCTIVITY AKTIV REVIEWS PROBLEMS

Havana GRANMA in Spanish 21 Dec 83 pp 1, 3

[Article by Jose M. Norniella]

[Text] The purpose of the productivity aktivs is not to inform us of the causes of economic inefficiency in enterprises, but rather to eradicate them through specific measures, stated Julio Camacho Aguilera, a member of the Politburo and first secretary of the party in Havana, at the plenary session of the Provincial Aktiv in this capital city yesterday.

Camacho Aguilera's speech was part of a wideranging discussion of the factors that work against productivity in retail enterprises, almost all of which are operating at a loss in the province.

Several workers in these enterprises talked about their views and experiences regarding certain commercial operations that cause losses. Mention was made of the following cases: the bananas sold to retailers, the price of which includes the weight of the bunch stem; the household appliances under the CTC [Central Organization of Cuban Trade Unions]-CI plan, which to enterprises are slow-moving inventory on which they have to pay high bank interest; the payrolls that are not in keeping with the structure and scope of today's expanding enterprises; problems of low wages in some departments; the shortage of personnel and equipment for normal operations, and large inventories that are detrimental to financial goals.

Also cited were problems in beekeeping because of the late delivery of certain supplies, such as the lumber that arrives at year's end, when the honey harvesting period is over and it is useless to build hives. The enterprise loses almost a half million pesos because of this, it was claimed at the aktiv. The members of this same enterprise underscored their displeasure with the delays in resolving problems that are causing them production losses of 9 million pesos; the cause of the delays is that the channels for responses from higher organizations are too slow.

The producers of perfumes complained that the poor quality of containers is causing them serious problems with the State Quality Seal that one of their products has achieved and that if they want to produce high-quality items, their possibilities of boosting production are decreased because they would need more resources.

The producers of the containers also have problems with delays in the delivery of their supplies, which forced them to halt activity at the beginning of the year, with the resulting impact on enterprise costs, which are not in line with prices. They defended themselves saying that they are receiving a raw material that does not meet the required quality specifications and that they therefore cannot put out a better product.

Camacho Aguilera then said that all this would lead us to the conclusion that we would have to invite capitalist businessmen to the aktiv and blame them for the poor quality of some products. He stressed that each enterprise must tackle its own problems and solve them with the resources it has at hand, demanding that each decision-making level do what it is supposed to and making greater use of contracts and government arbitration.

Other problems raised had to do with the incorrect price of milk for the dairy industry, which began losing money after the price reform. The industry advocated that the quality of milk be a conditioning factor in the output of dairy farms, not the result of price differentials. In any event, the protein content should be included as a price indicator, because protein content has been declining in recent years, and more fresh milk is now needed to make a kilogram of cheese.

Sergio Vilalta, the head of the Economic Department of the Provincial Committee, opened the plenary session by reading the report summarizing the discussions at the six branch aktivs held previously.

The report says that cumulative commercial production as of October totaled 3.888 billion pesos, 99.1 percent of the goal. Output was only 33.4 million pesos short of the target as of that month.

Although commercial production was up almost 6 percent over last year, almost 81 percent of this rise was due to the increase in the average number of workers. Some 18,000 more workers were employed this year than last. The ratio between productivity and average wages was unfavorable.

Of the 339 production enterprises, 69 closed the year with losses, which were higher than the year before. Twelve of the enterprises accounted for 2/3 of the losses.

Forty-three enterprises had losses in commerce, three more than initially estimated. Thirteen restaurant enterprises recorded losses.

The report states that the low utilization of available capacity was a major factor in the decreased productivity of certain enterprises. All of the aktivs harshly criticized the shortcomings in organization and management and the lack of exacting standards, which along with the lack of initiative and creative caused an underutilization of operating capacities.

We have seen how a lack of monitoring in the production process has caused drops in productivity and led to a proliferation of bad habits that undermine work discipline and the socialist education of the workers.

The aktiv came out resolutely for a rational and efficient use of human resources and wages. In this regard mention was made of a construction enterprise that met its goal this year and made a profit for the first time because it cut back its payroll of indirect workers and coordinated its transportation equipment with its personnel. This enabled it to reduce downtime. It adjusted its trip cycles and saved on per diem allowances and other expenses.

Jorge Valdes, a member of the Central Committee and the second secretary of the party in the province, moderated the debate at the plenary session and summarized the aktiv, stating that the emphasis at work had to be placed on boosting productivity so that it plays a greater role in higher output and on the more rational use of human resources, which are scarce in Havana.

Taking part in the aktiv were 455 representatives of enterprises and establishments, secretaries of rank-and-file party organizations, enterprise directors, secretaries of union bureaus or sections, and other guests.

8743

CSO: 3248/343

SUGAR HARVEST INFORMATION CAMPAIGN AIMED AT POPULACE

Havana ANAP in Spanish Dec 83 p 7

[Article by Roberto Acosta Sosa: "Useful Experiences and Initiatives for the Upcoming Harvest"]

[Text] As Commander in Chief Fidel Castro has said, the sugar industry "was, is and will be for some time the country's number one industry and the first step in the development of our economy."

To guarantee increasing efficiency in the sugar industry, a program has been under way to modernize and expand facilities and to build new mills and derivatives plants. Moreover, the Cuban Communist Party has attached special importance to television, radio and press publicity so that the masses receive as much information as possible about this sector.

In this regard, it might be useful to highlight some of the more significant efforts put forth by the party's Provincial Committees during previous sugar harvests, so that they can be repeated.

For example, the political and cultural ceremonies organized at the mills to kick off the harvest, which are attended by the forces involved in the harvest, should be turned into major local events.

Wideranging advance publicity must be given to the startup in each zone or municipality, and this socioeconomic and political event must become a motive of celebration and festivities. Moreover, technical standards must be clearly and understandably made known from the beginning, so that they become a powerful mechanism for achieving the planned efficiency indices in manufacturing areas, in the manual and mechanized cutting brigades, in collection centers...

The same could be said of the daily harvest report, the most important points in which should be publicized so that in the hands of the workers it becomes a true labor weapon. The report should stress all indicators: milling levels, yield, cumulative output, fuel conservation, etc. It is of the utmost importance that these data are reported rapidly, so that goals are met.

Bulletin boards are an effective and easily made tool for mobilization and can be placed in any workplace, even in cutter camps, thus helping to keep all of the workers up-to-date on the harvest.

"Milling traffic lights," an innovative, economical and useful system, have been successfully set up at many mills. All that is needed to make them is plywood, light bulbs and pieces of cloth or panes of glass painted red, yellow and green. The color of the light that is on indicates how work is proceeding on the tasks aimed at insuring high, stable grinding levels.

The Work of the Mass Organizations

The murals must be kept up-to-date, so that they reflect the commitments of each enterprise and galvanize management and the masses.

In addition, they must highlight the positive and negative aspects of the agroindustrial process and the accomplishments of the worker groups, especially of the winners of the emulation checkups.

National and local holidays must be taken advantage of to spur the fulfillment of production commitments, but on the basis of concrete results and taking care not to lapse into dull propaganda and the repetition of rallying cries that mean nothing. This will enable the response to such demands to be gauged and assessed.

The press, especially GRANMA's editorials on the sugar harvest, must be analyzed and discussed in groups, giving rise to a movement of support for the pronouncements, commentaries or guidelines set forth in them. This will help to enhance the knowledge and raise the political level of the workers.

It is very beneficial to put national guidelines in the form of leaflets or other such formats.

Depending on their degree of responsibility and involvement in the harvest, the mass organizations should stage encounters, lightning meetings, assaults, group anniversaries and other activities that in one way or another arouse enthusiasm about production and emulation.

Ways of Communicating and Motivating

Provincial and municipal papers and radio stations must focus critically on the problems of the sugar harvest, such as high petroleum consumption or low yield. They must therefore go to the scene of these developments, gather opinions, analyze the causes in depth and reflect the workers' determination to help eradicate the shortcomings that have been detected.

It is impossible for the group of specialized journalists in the sector to cover all events on the scene. Consequently, it is vitally

important to give attention and encouragement to the comrades who serve as correspondents because their cooperation is decisive.

Their reports should be combined with the daily reports, the bulletins, the emulation results and other news of interest.

Radio coverage of harvest-related issues should follow a schedule that is as convenient as possible for workers in agriculture, industry and the other fields. The best idea is to survey the workers and select an ideal time for the program, which can also be rebroadcast by the base radio.

The most outstanding individual and group accomplishments are valuable material for the press and radio stations, especially for the base radio, and recognition of these accomplishments will serve as an example to others. They could also be publicized through mini-expositions, posters, billboards and other publicity media.

Radio and television are convenient sources of information at cane worker settlements and should be used even more, since all areas do not always receive enough newspapers.

Direct Propaganda

Although we are mentioning it last, direct propaganda is still the most effective means of motivating every last person in the harvest. The workers will be told about the need for and advantages of complying with the technical cutting standards, of hauling the cane according to schedule when it is still fresh, and, in a word, of doing everything that they can. We must never forget, though, that persuasion and information are the only valid methods in these cases.

National rallying cries, moreover, should be linked to the conditions in each enterprise, group or brigade, so that their message has a direct impact and fulfills its purpose. The same goes for local rallying cries, which complement and expand on the national ones or address points that the latter do not.

It is very useful to select press activists in cane-cutter and mechanized brigades. They are put in charge of distributing all of the information material they receive, in addition to organizing readings with commentaries.

Seminars attended by all of the participants in the harvest will help to delve further into issues of major interest and to exchange views about the content and handling of publicity for future campaigns.

8743

CSO: 3248/343

CARS, TRAVEL AMONG INCENTIVES OFFERED BY SNTA

Havana TRABAJADORES in Spanish 25 Nov 83 p 1

[Text] The National Trade Union of Sugar Industry Workers (SNTA) will give away 255 cars and 506 trips to socialist countries, plus other prizes, to the top workers in meeting the goals of the Socialist Emulation. A total of 2,648 additional prizes will be awarded this year under the plan, which since 1981 has complemented the traditional household appliances program of the Seven-Figure Movement.

The additional prizes also include 153 housing modules, 255 air conditioning units, 714 bedroom, living room and dining room sets, and 765 motorcycles of different varieties.

Ramon Diaz Soto, a member of the Executive Secretariat of the Sugar Union, reported that the incentives program would be strictly controlled this year. Thus, each worker seeking a prize will have to submit conclusive evidence of his truly outstanding efforts.

The awarding of the prizes will be optional, and the following are eligible to receive them: manual cane-cutters and brigades, operators and brigades in the mechanized cutting, operators of tractor loaders and haulers, truck drivers, and sugar industry workers involved in harvesting tasks.

Any worker who meets his quota can opt for any of the incentives in the program but can receive only one. The choice of a given prize facilitates decision-making, which is based on how successfully the applicant met his goal.

Those seeking one of these additional prizes cannot compete for any of the household appliances that are traditionally distributed through the Seven-Figure Movement.

Trips to socialist countries will also be offered, and workers will be able to vie for them whether or not they have been in the running for other prizes.

The Sugar Industry

The additional prizes will be awarded based on worker performance in the following criteria of the Special Harvest Emulation:

- a) Meeting or exceeding production or services goals at the workpost;
- b) Meeting the technical and quality goals established for the job in question;
- c) Having observed proper work discipline during the entire harvest period.

Manual and Mechanized Cutting, Loading and Hauling

- a) Best performance in meeting goals (programmed wages and actual wages);
- b) Work attendance (target percent);
- c) Strict fulfillment of technical goals in cane cutting, loading and hauling, in accordance with the activity in question. (Eraclides Barrero Perez)

8743

CSO: 3248/343

ECONOMIC PERFORMANCE IN 1983, PROSPECTS FOR RECOVERY VIEWED

Unemployment, Inflation Rate

Guayaquil EL UNIVERSO in Spanish 2 Jan 84 p 20

[Article by Manuel Maldonado]

[Text] AFP--Unemployment and an unprecedented rise in prices were the Ecuadorean people's main problems in 1983, as the scourge of inflation impoverished the masses.

The country was accustomed to inflation of between 15 and 20 percent. Last year, however, the prices of all items, especially those in the family shopping basket, skyrocketed, as inflation hit 63 percent as of September, an unprecedented rate in the nation's history.

Among the causes of this were a destructive winter, a harshly criticized fiscal and monetary policy and a stabilization plan that President Oswaldo Hurtado's administration had to accept to reschedule the country's \$4.5 billion foreign debt with international banks.

Price Increases

Fuel prices increased the most, more than 100 percent as a group, wreaking havoc with the finances of the lower classes.

Inflation was fueled by the measures that the government had to take to correct the serious imbalances in the external sector of the economy because of the excessive debts contracted with the international financial system.

The government devalued the sucre to make the dollar more expensive and thus discourage imports. It also banned imports of hundreds of items, placed duties on others and forced importers to make their purchases in installments so as to slow down the outflow of foreign exchange.

All of this boosted the cost of living. Rising prices, especially in industry, which absorbs close to 60 percent of total imports, caused

a severe recession in 1983; the country thus had "stagflation," a combination of economic stagnation and inordinate price increases.

Private Enterprise Points Finger

Ecuadorean private enterprise attributes all of these problems to the government's erroneous fiscal and monetary policy.

The increase in government spending from 28 billion sucres (\$1 billion) in 1979 to 107 billion (\$1.995 billion) in 1984 boosted the country's indebtedness from \$3.5 billion to \$7 billion during the same period.

The inflationary effects of loans in sucres and the impact that higher spending always has on prices led the government to pursue a recessionary monetary policy, which caused the private sector to seek loans overseas.

The 166 percent devaluation of the sucre in 1983 enormously increased the domestic currency payback cost of the \$1.6 billion in foreign loans that the private business sector obtained.

This caused serious imbalances in the finances of hundreds of companies and brought the entire economy to the brink of collapse.

Stabilization Plan

The country is carrying out a stabilization program imposed by the IMF. The program consists of daily minidevaluations to peg the sucre at a realistic level vis-a-vis the dollar, rising interest rates and intense pressure on the government to rein in budget policy.

Observers hope that the austerity program will yield positive results in the medium term. In the meantime, Ecuadoreans will have to keep their belts tightened.

Economic Outlook for 1984

Quito EL COMERCIO in Spanish 5 Jan 84 p A-11

[Text] Guayaquil, 4 Jan--"The economic outlook for 1984 is discouraging," economist Leonardo Vicuna Izquierdo said here. He is the vice rector of the University of Guayaquil and represents Ecuador's Polytechnical Universities and Schools on the National Development Council.

He went on to say that the "capitalist crisis and the recession will continue to restrict foreign trade and tighten international finances. The budget deficit and inflation will remain high. Devaluations will continue, and the terms for rescheduling our foreign debt will remain difficult."

He explained that the buying power of wages is eroding steadily and that new taxes have been announced. There is no plan of action to really stabilize the country's economy. With each day it becomes more urgent to tackle the crisis with a comprehensive approach that includes taking both emergency steps and action to surmount the structural obstacles to development. The action of organized labor is decisive in this situation.

He said that unemployment and underemployment have risen and that the gross domestic product, which grew by 1.4 percent in 1982, shrank by 3.3 percent in 1983. Compounding these factors was the flooding that destroyed much of the country's road infrastructure and caused farm production losses of some 640 million sucres.

He emphasized that the government's erratic economic policy, which has hurt the people, is dictated by the International Monetary Fund, whose pressures led to the passage of the ill-termed Economic Regulation and Government Spending Control Law. The par exchange rate was also altered under this policy. Furthermore, the policy has not been coordinated, as the Monetary Board has gone its way, the Finance Ministry and the Economic Front their way, and CONADE and the House of Representatives still another way.

Many basic projects have been halted and postponed, and fundamental reforms of the plan have been permanently tabled.

8743

CSO: 3348/221

CANDIDATES' PROFILES, NEW YEAR'S MESSAGES TO NATION

Seven Candidates Express Hopes

Guayaquil EL UNIVERSO in Spanish 1 Jan 84 pp 8, 14

[Text] Candidates for the presidency of the republic sent a New Year's message of prosperity for all Ecuadoreans.

They concurred on the need for the country to rediscover its great national goals so that the Ecuadorean people can live under better economic and social conditions.

As this issue went to press, we had not received messages from Dr Rodrigo Borja, Democratic Left candidate, or professor Manuel Salgado Tamayo, the socialist candidate.

The other seven candidates optimistically hope for victory at the ballot boxes on 29 January. Affirming their faith in democracy, they mainly hope that the sole winner will be the Ecuadorean people. They also want hope held firm in order to advance common causes and social peace based on justice as one of our greatest legacies.

Leon Febres Cordero, Candidate for the National Reconstruction Front

Engineer Leon Esteban Febres Cordero Ribadeneira, presidential candidate for the Social Christian Party and the National Reconstruction Front, was born in Guayaquil on 9 March 1931. He is the son of Agustin Febres Cordero Tyler, a native of Guayaquil, and Maria Ribadeneira Aguirre de Febres Cordero from Quito.

He is married to Eugenia Cordovez de Febres Cordero. They have four daughters: Maria Eugenia, wife of Dr Christian Bjarner; Maria Fernanda, wife of Giovanni Orlandini; Maria Liliana, wife of Gonzalo Dassum; and Maria Auxiliadora (Mariuxi), wife of Rafael Garcia.

His daughters have given him six grandchildren.

He received his primary and secondary education at the Colegio Salesiano Cristobal Colon and completed his secondary education at the Charlotte Hall Military Academy and the Mecersburg Academi [as published].

He received a mechanical engineering degree from the Stevens Institute of Technology. He has taken postgraduate courses in this specialty in the United States.

He has been general manager of Industrial Molinera, Sociedad Anonima San Luis and Sociedad Anonima San Adolfo.

He has served as president of Industria Cartonera Ecuatoriana, Papelera Nacional and Interamericana de Tejidos.

He was a representative to the 1966 Constitutional Assembly and a national senator from 1968 to 1970. He chaired the Economic and Financial Committee of the National Congress. He is now a national representative to the Congress. He was president of the Guayaquil Chamber of Industries and president of the Ecuadorean Federation of Chambers of Industries.

He has been a member of the Ecuadorean Social Christian Party since 1979 and is a Catholic.

Engineer Leon Febres Cordero sent the following message to the Ecuadorean people:

We know that this has not been a good year for the Ecuadorean people. The painful experience of these years must lead to deep reflection so that, in the future, we can seriously confront the difficult task of shaping an Ecuador where the sun shines on everyone and where honesty, experience and ability are indispensable factors for the social, economic and political work of the nation.

We must keep hope and unite to advance common causes.

For all my compatriots I wish a new year where faith and confidence will be reborn and where, along with national progress, there will be good fortune and success for everyone.

[Signed] Engineer Leon Febres Cordero Rivadeneira

Dr Francisco Huerta Montalvo, Democratic Party Candidate

He was born in Guayaquil on 18 June 1940 and is running for the presidency of the republic for the second time. Dr Francisco Huerta Montalvo studied at the Escuela Fiscal Rockefeller and then at the Colegio Americano and Colegio Aguirre Abad. He graduated from the Colegio Vicente Rocafuerte. He received a doctorate in medicine from the State University. He has been president of the FEUE [Federation of Ecuadorean University Students], mayor of Guayaquil, director of FEDESARROLLO [Education and Development Foundation], director of the Bank of Guayaquil and the head of the Liberal Party. He founded the party

he now leads--the Democratic Party--and was minister of health. He is married to a Quito woman, Amparo Ponce Navarro, and has two children, Pedro Jose and Mariela Tamara. The presidential candidate sent the following message to the country:

Dear fellow countryman:

A kind request from the newspaper EL UNIVERSO permits me, as the Democratic Party presidential candidate, to send you a New Year's message.

I do it in the hope that my thinking will help shed light on the future with optimism and hope.

The year that just ended has been hard; it could well be symbolized by the word crisis. Natural disasters and internal and external economic problems deeply affected each and every Ecuadorean, causing increased social tension, greater anguish and worse living conditions in the lower-income sectors and among those with no income at all. All of this naturally was accompanied by a sharp rise in the crime rate which has converted the topic of security into one of the most heartfelt needs.

However, Ecuador managed to maintain and consolidate its democratic process, demonstrating to the world its deep-rooted constitutionalist nature, its passion for human rights and its love for freedom.

We are very proud of this achievement, especially since we are certain that we, the Democratic Party, have aided in achieving this by acting with patriotic resolution.

We must strive to continue advancing in 1984. It cannot be denied that the preservation of social peace which we still enjoy is in danger. In spite of everything, social peace based on justice is one of our greatest legacies. "Peace is the work of Justice." The year 1984 must find us fighting valiantly, openly at war against hunger, disease, crime and ignorance--in other words, for justice.

In 1984 we must fight within to improve the living conditions of the poorest Ecuadoreans, guaranteeing them bread, potable water, sewerage, housing, schools--in other words, satisfaction of their vital needs.

We men and women of Ecuador must be united in a Great National Project to build the future. Hatred and selfishness must be banished. With love, we must go from I to we and from pessimism and anguish to renewed faith and hope because we base them on our own efforts.

The beginning of a new year might motivate you to become active joyfully, banishing fear. However if this is not sufficient cause for you to do this, think about a child, any child in any place on the earth. I am sure that this will be a compelling reason.

Dear compatriot: With all my heart, in my name and that of my family I wish you a prosperous new republic in a world of peace and justice.

Angel Duarte Valverde, CFP Candidate

Angel Duarte was born in Guayaquil on 29 October 1934 and has a brilliant student and professional record. He studied at the Colegio de los Hermanos Cristianos in Ibarra and then in Guayaquil. He received his secondary education at Colegio Vicente Rocafuerte where he won the highest number of student awards. He won oratorical competitions at the local, national and international level. He has been a secondary teacher and university professor at the School of Jurisprudence of State University (assistant dean) and at Universidad Catolica Santiago in Guayaquil (dean). He is the son of Ret Col Angel Duarte and Dr Bertha Valverde.

The CFP [Concentration of Popular Forces] candidate is running a nonaggression campaign. He is married to Graciela Pesantes Avecillas and has three children: Angel, Mariquita and Priscila. This is the first time he has run for president. In his New Year's message to the Ecuadoreans, he stated:

The Ecuadorean people stoically endured the worst crisis in Ecuador's republican history this past year.

It is superfluous to state--as we state now--that many, many decisions and positions of the national government as well as of individuals have unfortunately contributed to aggravate the very serious conditions of unemployment, hunger and poverty under which millions of men, women and children of our fatherland struggle.

However, this or any other time is not the time for fruitless mourning. We Ecuadoreans have always had and continue to have deep faith in our destiny. We take pride in going forward and always looking ahead.

This faith is based, on one hand, on our spirit of hard work and sacrifice and, on the other hand, on the unequivocal and extraordinary fact that Ecuador, like few countries in the world, has the best natural conditions for progress through the responsible management of its agricultural-livestock strength and a rational and systematic exploitation of its mining and fishing resources.

Therefore, despite those who state that Ecuador is on the verge of social and economic collapse, we repeat that our country has a great destiny and that we Ecuadoreans are going to build it--not rebuild it--from this very day. It is obvious that almost everything remains to be done in Ecuador.

However, the formidable social and economic transformations that must be made in our country within the democratic framework of the strictest respect for basic guarantees and freedoms can only be implemented if the rulers are honest and sensible and are not compromised--covertly or openly--by the very powerful economic pressure groups that have always manipulated the republic at their discretion and to their exclusive advantage. The rulers must also, of course, have the constant and vigorous support of the large popular masses, organized politically.

Our sincere and fervent hope is that the Ecuadorean people--with the intelligence, imagination and marvelous intuition that characterize them--choose their

best leaders at the ballot boxes in 1984, those who truly have always felt the anguish and pain of the underprivileged and have understood their frustrations, their grief and their dreams. Committed only to the people, they will loyally direct all their efforts and all their actions toward the well-being of 8 million Ecuadoreans.

We ask God from our heart that things be like this so that 1984 is the year when popular hope begins to take shape, a hope that basically consists of true social justice.

1 January 1984

[Signed] Angel Duarte

Julio C. Trujillo, Popular Democracy Candidate

Dr Julio Cesar Trujillo, candidate of the government party, Popular Democracy, is a native of Ibarra. His political career began in the Ecuadorean Conservative Party; he was its national director. He left it because of its internal leadership and founded the Progressive Conservative Party. This joined with Christian Democracy to form the Popular Democracy-Christian Democratic Union party.

A doctor of jurisprudence, he has been a professor at the Pontificia Universidad Catolica in Quito. He is married to Martha Troya. He was elected CFP legislator for Pichincha. There was an agreement with that party because Popular Democracy was not recognized in 1979. He left the CFP for his party after it was recognized.

Dr Julio Cesar Trujillo delivered the following New Year's message:

"I think that what is basic and important in the development of the Ecuadorean family is the formation of a permanently united family.

"My wife Martha Troya Jaramillo, my family and I can only hope basically in our government. If the people favor us with their vote, the family, society and the fatherland will achieve an in-depth, balanced organization of the families of my country.

"I believe that we 8 million Ecuadoreans will take advantage of the end of 1983 to forget everything negative that might have happened in our lives. We will embrace each other without distinction of race, religion or social position, forget grudges and put aside attitudes in order to strengthen our ties as Ecuadoreans and brothers. We must sincerely strive so that, once the internal structure of our hard-working country is strengthened in the eyes of the world, we will be a stable, economic and humane fatherland. We must have the objective that no matter who the winning candidate is, we can build a better, just, united and participatory fatherland beginning in 1984. I personally hope that my greeting reaches every Ecuadorean. I hope that they know that if I am the winner, I will be concerned as I have been until now with defending popular causes and being the authentic representative of a people who place their confidence in me day after day."

The Popular Democracy candidate will spend New Year's Eve with his wife and close family and will reopen his campaign 2 January in accord with the timetable established by the Politboro.

Jaime Aspiazu, Candidate for the Alfarist Radical Front

Jaime Aspiazu Seminario, candidate for the Alfarist Radical Front, was born in Guayaquil on 8 December 1936; he is now 53 years old [as published]. His parents are Miguel Aspiazu Carbo and Emma Aspiazu Seminario de Aspiazu, who is still alive.

He went to primary and secondary school in this city but went to a New York institute specializing in financial studies for his college education.

His second wife is Maria Mercedes Lasso de Aspiazu. They have one daughter, Maria Jose Aspiazu Lasso, 11 years old. He has three children from his first marriage: Maria Cecilia de Eguiguren, Maria Teresa de Paulson and Juan Carlos Aspiazu.

He has been a member of the Guayas Electoral Court, a municipal council member, a representative for Guayas Province, a national senator, minister of finance, an official of the Ministry of National Defense, governor of the IDB for Ecuador, director of the Securities Commission, president of the Litoral Chamber of Agriculture, general manager of the Banco de Fomento, president of Empresa Nacional de Cemento "Chimborazo" and manager of the Bank of Guayaquil for more than 9 years.

Aspiazu Seminario is also an executive of several enterprises involved in agricultural, livestock and fish production.

The presidential candidate for the Alfarist Radical Front, Jaime Aspiazu Seminario, said in his New Year's message:

"Fellow citizens: 1984 will be a year of difficult struggle for the moral and economic redemption of Ecuador. I believe that our country does have the human and material resources to achieve real progress. Therefore, throughout the campaign we have proposed a real platform of production as the only suitable way to beat inflation."

He added: "To achieve that objective, I dream of an Ecuador of peace and serenity, love and work. I also dream of the beginning of our government administration, seeking to dignify the life of the Ecuadorean with the fight for his integral freedom, to make economic and social equality reality and to protect the children, the helpless, the poor and the workers."

Finally, he noted: "On 29 January 1984 the Ecuadorean people must be the sole winner."

Jaime Hurtado G., MPD Candidate

Jaime Hurtado was born in Quininde, Esmeraldas Province, on 7 February 1937. He received his primary education at the Escuela 21 de Septiembre and his

secondary education at the Colegio 5 de Agosto in Esmeraldas. He graduated from the Colegio Particular Eloy Alfaro in Guayaquil.

The presidential candidate for the MPD [Democratic People's Movement] was a candidate for the vice presidency in 1978 but, in the end, did not run since the MPD had not yet been recognized as a political party. After this party was legalized, Hurtado was elected a national legislator. His long career of struggle is rooted in the university and labor sectors.

He is the son of the late Esteban Hurtado Quinonez and Pastora Gonzalez de Hurtado. He graduated as a lawyer from the School of Jurisprudence of State University in Guayaquil. He is married to Siria Angulo Alcivar and has three children: Pastora, 23 years old; Lenin, 20; and Fernanda, 16 years old. He resides in this city and is now the national director of the MPD.

The MPD presidential candidate, Atty Jaime Hurtado Gonzalez, delivered his New Year's message to the Ecuadorean people which we summarize below:

"I feel that 1983 has been one of the hardest years for the majority of the Ecuadoreans but it has also given us some success in the struggle and organization of the exploited."

He added: "The current electoral campaign reveals those successes of the people summarized in the support for the MPD policy and platform. This means that a large sector of the poor of our country is becoming aware of who its friends and enemies are."

Attorney Hurtado indicated that the problems of the Ecuadorean family, a result of the crisis we are going through, are over once and for all.

He stressed: "Everything will be achieved only through the efforts of the exploited. Therefore, before formally wishing you happiness and prosperity for 1984, I wish my people the greatest success on the hard road to build their own destiny. Without question, this will be expressed on 29 January 1984 when we defeat the traditional enemies of the people at the ballot boxes and open the way for the execution of our government program."

Concerning the MPD program, he said that culture, education, transportation, public health and scientific and technological development will merit attention. It will confront unemployment; incorporating hundreds of thousands of workers to highway and popular housing projects and the agricultural infrastructure which are indispensable to start up the economy. Also the democratic freedoms, the right to organize and the right to strike will be respected.

Finally, the only black presidential candidate made an appeal to the blacks, Indians, mestizos and poor of Ecuador to unite firmly to make the construction of a new fatherland a reality.

Rene Mauge, FADI Candidate

Dr Rene Jean Mauge Mosquera, FADI [Broad Front of the Left] presidential candidate, was born to choreographer Raymond Mauge Thoniel and Matilde Mosquera Yepez in Quito on 16 February 1938. He was the fourth of eight children.

He is married to Edy Erazo de Mauge and has two children: Raymond and Ana Maria Mauge Erazo. He received his primary education at Colegio San Luis Gonzaga in Cali, Colegio La Salle in Quito and Colegio Cristobal Colon in Guayaquil.

His secondary education was at Colegio Cristobal Colon and his advanced education at the University of Guayaquil where he received a degree as lawyer of the courts of the republic.

In 1957 he joined the Communist Party and in 1959 was named secretary general of the Communist Youth. He was also the founder and leader of URJE [Revolutionary Union of Ecuadorean Youth].

In 1964 he was vice president of the Guayaquil branch of the FEUE and later vice president of the national FEUE.

In 1965 he was a member of the Central Committee of the Communist Party of Ecuador.

In 1967 he helped form the UDP [People's Democratic Union] and was a candidate for council member in Guayaquil.

In 1978 he helped found the FADI and was nominated its candidate for the presidency of the republic.

In 1980 he was president of the UDP, today the FADI, Political Party No. 9 in the Supreme Electoral Court Register.

In 1981 he was secretary general of the Communist Party of Ecuador.

Teaching Experience

He has been a teacher at various secondary schools in Guayaquil since 1958.

In 1959 he won a competition for head professor of political and constitutional law at the University of Guayaquil and later at the School of Jurisprudence of the Universidad Laica Vicente Rocafuerte.

He was assistant dean of the School of Jurisprudence and Social Sciences of the Universidad Laica and director of the School for Social Workers of the Universidad Laica.

He was also the director of legal and social research for the School of Jurisprudence of the University of Guayaquil.

Other Positions

He has been a legal adviser to worker and peasant organizations, secretary of the Universidad Laica Vicente Rocafuerte and editor in chief of the weekly EL PUEBLO. He has participated in international events and congresses.

The Fourth UDP-FADI Congress held in August 1983 nominated him for the presidency of the nation for the second time.

In his New Year's message, Mauge said:

Ecuadoreans:

A year has come to an end when the crisis of the capitalist system that the country has endured pounded the urban and rural workers and the popular masses in general. This includes the middle sectors of the population which have seen their shaky living conditions become worse, their real wages reduced, their demands ignored and the bases for capitalist exploitation and the looting of our fatherland by monopolies and international financial capital expanded.

However, the year that has come to an end has also been a year of renewed and growing popular battles for urgent national demands to eliminate hunger, end unemployment, turn the land over to the person who works it, defend natural resources from monopolistic looting, free Ecuador from social insecurity, backwardness and neocolonial dependency and construct a society of social well-being and progress where democracy, freedom and national sovereignty are the real legacies of the Ecuadorean society, not merely statements never to be put into effect.

On the occasion of a new year, we want to express to you in our name, that of the FADI and all the candidates for the different positions to be elected on 29 January, our warmest greetings and most fervent desire that every Ecuadorean see his worthy personal and family aspirations satisfied in 1984.

Profile, Message from Rodrigo Borja

Guayaquil EL UNIVERSO in Spanish 2 Jan 84 p 7

[Text] In a message to the Ecuadorean people, presidential candidate Dr Rodrigo Borja Cevallos said that this past year had been very bad. However, the fate of Ecuador is in the hands of our people. He wished them the greatest well-being and happiness.

Dr Rodrigo Borja Cevallos is running for president for the second time. He was born in Quito 47 years ago. He went to primary and secondary school there and graduated with a doctorate in jurisprudence from Central University.

He was a legislator for the Liberal Party in 1962 and 1970. He later founded the Democratic Left Party and is its ideologist and leader. He was elected national legislator in 1979, a position he still holds.

He is married to Carmen Calisto and has four children: Gabriela, 14 years old; Maria del Carmen, 12; Rodrigo, 10; and Veronica, 8 years old. He is a political science professor at Central University.

Other personal data on the Democratic Left candidate include:

Degree in political science and doctorate in jurisprudence from Central University in Quito (1960);

University Merit Award (1960);

Award as top university graduate (1960);

President of the students of the School of Jurisprudence at Central University (1958);

Representative to the National Congress in 1962, 1970 and 1979;

Member of the Special Commission of Jurists named by the president of the republic to draw up a draft constitution for Ecuador (1966);

Political science professor at Central University (1963-1983);

Author of a treatise on "Political and Constitutional Law," 2 volumes, 624 pages, first and second edition, Edit. Casa de la Cultura, 1964 and 1971;

Author of the book "Socialismo Democratico," 1983;

Founder, ideologist and leader of the Democratic Left Party;

Democratic Left candidate for the presidency of the republic (1983); and

Presently national representative for the Democratic Left.

Other publications include:

Essay on "Diplomatic Asylum in America" published in REVISTA No. 5 of the Ecuadorean Institute on International Law, Quito, January 1961;

Essay on "Democracy in Latin America" given an award by the American Cultural Union of Argentina (1964);

"Youth and the Revolution" published in the Costa Rican magazine LECTURA Y DESARROLLO, January 1969; and

Essay on "Development of Ecuadorean Constitutional Law" published in the Year-book on Public Law of the Federal Republic of Germany, 1970.

Message

Dr Borja sent his New Year's message to our newspaper on time. For reasons beyond our control, it was not published yesterday.

The text is as follows:

This past year has been very bad for the Ecuadorean people. Poverty, unemployment and neglect are the results of four factors that coincided to produce the

crisis: the persistent errors of the government, the economic greed of the rightist groups, the inclement winter and the spreading wave of the world crisis. Our people have never before endured so many problems. However, we must not sit down in the road and cry about our misfortunes. We must continue forward, without looking back, through the effort and work of all and under the honest and firm leadership that the country needs.

I wish the greatest well-being and happiness to all my fellow countrymen in 1984.

The fate of Ecuador is, in any case, in the hands of our people.

[Signed] Rodrigo Borja

7717

CSO: 3348/222

RESERVE BANK REPORTS ECONOMIC IMPROVEMENT

San Salvador EL MUNDO in Spanish 20, 27 Dec 83

[20 Dec 83 p 18]

[Text] Alberto Benitez Bonilla, president of the Central Reserve Bank, presented a report on the national economic situation, pointing out that according to projections, 2 percent real growth is foreseen for the coming year.

The report ran as follows:

The situation of net reserves and the availability of foreign exchange improved at the end of 1983 compared with the previous year. Everything indicates that if an acceptable rate of production is maintained and foreign financing is granted as expected, the country will achieve a better level of economic growth next year.

The aforementioned may be inferred from the report on the national economic situation and the outlook for 1984 provided to the media by the president of the Central Reserve Bank during the gala in his honor at Christmas.

The report says:

General Aspects for 1983

On the basis of economic indicators, it may be said that economic activity in the country has begun to recover to a certain extent this year in contrast to the last 4 years.

The different productive sectors have also shown increases in their respective economic indicators, generally speaking, although it is reasonable to expect these increases to be modest.

The monthly average for the consumer price index for the first 10 months of 1983 increased by 12.8, which is slightly higher than the growth rate of the same index recorded for the same period in 1982. If this trend continues, this may mean a small increase in the inflation rate above the rate recorded in 1982.

However, with respect to international prices some encouraging signs have been glimpsed because the industrialized economies, especially the United States, have once again begun an economic recovery, while controlling inflation. Furthermore, oil prices have fallen and it is assumed that they will remain stable in the medium term. In addition, interest rates on the international markets have remained stable this year, and given the prospect for the inflation rate in the United States to continue falling, it is reasonable to expect the interest payments on our foreign debt to have absorbed significant amounts of our export income, thus limiting its alternate use for imported goods and services.

It is estimated that by the end of 1983, net international reserves will have improved notably compared with the previous year. There will have been a recovery representing approximately 450 million colons, since at the end of 1982 there was a deficit in the reserves of 200 million colons and at the end of this year there will be a surplus of 250 million colons.

This recovery is due principally to an increase in foreign exchange income from exports, financing and grants and loans from AID and other international financial institutions. At the same time, the improvement in net international reserves stems from the renegotiation of short, medium and long term foreign credit.

Regarding the performance of monetary and credit variables, the basic objective of the monetary authorities was to support economic activity and implement a reasonable expansion of liquidity in the financial system in order to avoid provoking undue pressure on prices and the level of net international reserves in the country. An examination of the components of that liquidity shows that expansion can be seen in almost all the variables, principally in deposits and mortgage certificates. This expansion is partially due to the improved remuneration of domestic savings produced in 1982 when the interest rate was changed in February of this year.

[27 Dec 83 p 14]

[Text] With regard to domestic credit in the financial system, it is estimated that that category will have increased by 639.2 million colons by the end of 1983, with an increase of 358.8 million colons in the private sector, a decrease of 88.9 million colons in the public financial institutions and an increase of 369.3 million colons in the nonfinancial public sector. The increase in credit to the private sector reflects the considerable resources that were channeled mainly to agricultural and livestock, industrial and construction sectors. The credit to the agricultural sector was channeled essentially to traditional export products as well as to basic grains, produce and other products. For these products, depending on the needs of the crop under consideration, lines of credit were granted for preparation, harvesting, pest control (rust) and even refinancing. There were various lines of credit for the industrial sector; among them were credit for structural working capital, credit from the Industrial Recovery Fund and credit for transportation (for repairing buses and importing spare parts). Special mention should be made of the creation of the Refinancing Plan for Credit Recipients in Arrears in the Financial System,

which is expected to assist various productive sectors that are having financial difficulties. To date, refinancing for more than 200 million colons has been granted. On the other hand, credit to the public sector increased by a relatively high amount owing to the role the state has had to play in a crisis such as the current one.

It is necessary to mention that the exchange policy of the BCR [Central Reserve Bank] and the banking system in general has been to continue to rationalize the use of foreign exchange with the objective of channeling it toward priority activities and avoiding capital flight. Also, the institutionalization of the black market in foreign exchange, which began in August 1982, has helped reduce the pressure on the official foreign exchange market and in 1983 it has been possible to expand the list of items that may be imported into the country. The results of this exchange policy are clear. There has been a substantial improvement in net international reserves and consequently, a recovery of the external value of our currency, which may be seen when there is a significant reduction of the U.S. [dollar] on the nonbanking market.

Outlook for 1984

Considering the short-term indicators, both of volume and financial, available to the Central Bank, the outlook for 1984 suggests 2 percent real growth. This may seem very optimistic, but it is based on 1983 indicators, which reflect the end of the downward trend that has been evident in the Salvadoran economy since 1979. Furthermore, there are higher expectations for the balance of payments owing to foreign exchange income from the principal traditional export products and to the expectation of adequate international financial assistance, mainly from institutions such as AID, IDB, the World Bank and foreign financing. These external resources would reinforce internal savings, which would make possible timely financial assistance for all the productive sectors.

12351

CSO: 3348/186

TAIWAN OFFERS INDUSTRIAL PLANT DEVELOPMENT

Guatemala City PRENSA LIBRE in Spanish 8 Jan 84 p 2

[Text] The government of the Republic of China has offered to provide technical cooperation to further Guatemala's industrial development, reported the embassy in a communique sent to our editorial staff.

The document states that technical consultation can be provided to any Guatemalan business, be it state-run or private, that wants to install a factory.

If the firm or association wants to carry out a particular project, the embassy will ask the Taipei government to send an expert or a team of technicians to the country to undertake a feasibility study.

"If the enterprise is state-run, China will underwrite the costs of the team of technicians that is sent to Guatemala."

If it is a private business, the applicant will pay the costs of the trip, but there will be no charge for the consultation.

The Taipei government's offer includes a marketing study in Guatemala as well as Central America, a study on the site of the plant, and studies of other requirements. "If necessary, we would also arrange visits to China," says the embassy, "to observe how a similar plant operates."

"In addition, if the Guatemalan firm wants to form a partnership with a Chinese company, the embassy will try to find a suitable firm that has experience in the production and marketing of the product."

With regard to financing, the embassy says that if the Guatemalan investor decides to buy a complete plant in China, under the so-called "turnkey" project, the Export-Import Bank of Taipei will discuss financing for the purchase, with the backing of any bank in the Guatemalan system.

"We will finance up to 80 percent of the total cost of the plant," the Chinese embassy goes on, "at an interest rate of 8.5 percent over a reasonable period, from 3 to 9 years. In sum, much of the cost of machinery and equipment will be loaned to the investor, who will be able to pay it back in installments when the plant has begun full-scale operations."

"The cooperation also includes the development of minerals, for example, petroleum, metals and non-metals."

FINANCIAL INSTITUTIONS WANT INCREASED AREA OF OPERATIONS

Guatemala City PRENSA LIBRE in Spanish 4 Jan 84 Economic-Financial Supplement
p 1

[Article by Roberto Rios]

[Text] The financial institutions of the country would like to expand their field of operations and be allowed to finance other productive activities beyond the agricultural, livestock and industrial sectors.

Sources close to those entities confirmed to the Economic-Financial Supplement that they are effectively limited exclusively to those sectors in their field of operations, but there are now many other activities that they could assist by providing credit.

The greatest obstacle to achieving that objectives, say reliable sources, is Decree Law 208, the Law on Private Finance Companies.

That decree stipulates that these institutions serve as financial intermediaries specializing in the transactions of Investment Banks, and promote the creation of productive enterprises by obtaining and channeling internal and external resources, both medium- and long-term.

These resources, according to the law, are to be invested in industrial, agricultural and livestock firms, either by directly purchasing stocks or shares, or indirectly, by extending credit for the organization, expansion, modification, transformation or merging of these entities, the objective always being to promote the development and diversification of production.

It is for this reason that the financial institutions are unable to provide financing in other areas where they would like to play a role, such as tourism, transportation, housing and construction, sectors which today have an equally important position in the Guatemalan economy as it continues to grow.

The finance companies, as investment banks, unlike commercial banks, can only grant medium- and long-term financing for specific projects that have been analyzed and studied ahead of time to determine the profitability of a new firm, either a corporation or a limited-liability company.

It is felt, then, that the decree in question is anachronistic, because 20 years after its passage our economy has developed considerably, and there is room to expand the field of operations of these institutions.

The demand for credit by the sectors that these financial entities could serve has been on the rise, and the number of credit consumers has been increasing as well.

According to statistics compiled by the Bank of Guatemala, the increase in the amount of credit provided by finance companies to the three sectors mentioned above has been truly astounding. In the past 5 years, it has grown as follows: in 1977, 35,127,000 quetzals; in 1978, 46,150,000 quetzals; in 1979, 55,216,000 quetzals; in 1980, 93,250,000 quetzals; in 1981, 186,803,000 quetzals; and in 1982, 275,659,000 quetzals.

In other words, the utilization of financing extended by finance corporations has risen steadily for the past 6 years, and is expected to continue its climb as economic conditions evolve in Guatemala.

Recently, agroindustry has been most in need of financing, since many private entrepreneurs have been making an effort to produce goods that can be processed with raw materials obtained in this country, and that have a market not only locally, but also internationally, and therefore are a source of foreign exchange.

The credit granted by these institutions is unlimited, since the amount is a function of the firm's capacity and the real backing it has to guarantee the loan.

The amount of financing extended by this kind of finance company ranges from 500 to 100,000 quetzals, to cite an example, but the important thing is the evaluation that is made of the proposed project, in terms of the market as well as potential profits and other considerations.

At present there is greater knowledge of the functioning and operation of this kind of investment bank, but there are still a large number of people working in productive activities who require credit but are still unaware of the operational mechanisms of these institutions, so it is believed that even more transactions could be carried out by these institutions if the public were more familiar with them.

More Than 600 Million Quetzals in Credit

According to available figures and the statistics provided by the Monetary Board, the country's finance companies as a whole have granted credit assistance to the industrial, agricultural and livestock sectors in the order of 692,205,000 quetzals since 1977.

Given these totals, it is believed in the financial sector that these institutions should play an increasingly important role in extending loans within the areas they are permitted to serve.

It is also felt that it would be regrettable if these entities were not allowed to promote or participate in new activities, which still fall within the industrial area but in a slightly larger sphere.

'ACCEPTABLE' REFORMS TO ELECTORAL LAW DEFINED

Guatemala City DIARIO EL GRAFICO in Spanish 8 Jan 84 p 27

[Text] Various political organizations expressed their astonishment this week at how obstinately the Supreme Electoral Court (TSE) is attempting to push through the draft of the electoral law that will govern the makeup of the future National Constituent Assembly.

In a press release this past Thursday the TSE announced that it had studied the various proposed amendments or modifications of the electoral bill that the court has drawn up and submitted to chief of state Gen Oscar Mejia Victores for passage into law.

The TSE stated that it considers the following changes "acceptable":

- a) Representatives can be less than 30 years old; a minimum age of 25 is regarded as reasonable.
- b) Substitute representatives should be on the same ticket as the representative causing the vacancy.
- c) Provisionally registered parties should be able to run candidates in every department of the republic, not just in the ones in which they have a party organization, and
- d) Since these are actually departmental, not national elections, it is unfair to take recognition away from the political parties that do not achieve a certain vote level.

After making the above concessions, which some committees have described as "a joke," the TSE got to the heart of the controversial issue of the makeup of the National Constituent Assembly.

"The tribunal is still opposed to the system of national lists for National Constituent Assembly candidates, because it excludes the departments of the republic. The combined system of district and national representatives is not appropriate either, because it is inadvisable for them to coexist in a single-chamber assembly, inasmuch

as disagreements over voting and conflicts as to the preponderance of one or the other group could arise," the tribunal states.

A Combined Constituent Assembly

With people talking about modernizing the nation's political system, the parties innovatively support the creation of a combined system of district and national representatives in forming the National Constituent Assembly, which will be elected this coming 1 July.

Their idea is that the district representatives would be the leaders of each community, the legitimate, genuine leaders, instead of the candidates from the capital who have traditionally been imposed on departments in the interior. We all remember examples of representatives "from Solola" who never set foot in Solola but were instead nominated by the leaders of a given party from their headquarters in the capital. A district representative could thus be a teacher from San Marcos, a peasant farmer leader or the town's favorite barber.

The combined assembly is complemented by the election of national representatives nominated by each of the parties. The assumption is that each party would put forth its finest men (jurists, political experts, sociologists and professionals with proven technical background) so that they could make valuable theoretical contributions to the nation's future basic laws.

There will thus be a balance between true grassroots representatives and an assembly of legislators well-suited to the job.

TSE Turns a Deaf Ear

Many political groups regard it as inexplicable that the justices on the Supreme Electoral Tribunal have turned a deaf ear to the proposed reforms of the controversial election bill.

They have warned that the entire structure of the move towards democracy in Guatemala is at stake in the future Electoral Law, at a time when the country is no longer in the mood for games.

The return to democracy is the main challenge facing the current regime, which also has to deal with the economic crisis and mounting unemployment, not to mention the pockets of antigovernment armed struggle all along northern Central America.

The structure of the future National Constituent Assembly and the quality of its members are vitally important in achieving a constitution consistent with current conditions in Guatemala.

CHURCH OFFICIAL DENIES CHARGES AGAINST MARYKNOLL PRIEST

Guatemala City PRENSA LIBRE in Spanish 24 Dec 83 p 22

[Text] Father Jacinto Aguado, the interim apostolic administrator in this city, yesterday denied the story that Donald Joseph Haren Pokie, an American priest, has links with rebel groups.

According to a bulletin from the Army Public Relations Office, Father Haren Pokie was detained when the fuse of an American-made fragmentation grenade was found in his car.

The bulletin adds that the priest was unable to give a reasonable explanation of how it got there.

Interviewed yesterday in Santa Elena, Peten, Reverend Aguado stated that the American priest had, in fact, been turned over to him at the Santa Elena Air Base.

"The fact is," he explained, "that no one can accuse Father Haren of having links with subversion, inasmuch as when he was detained, he was driving to the village of Palestina to say Mass.

"He has been in charge of La Libertad parish in this department for a few months. He is back at work now."

Official Press release

What follows is the press release issued by the Apostolic Administration in Peten in connection with the case of Father Haren Pokie.

It reads:

"I have the following statements to make as bishop of Peten concerning Bulletin No 277, of 22 December, of the Army Public Relations Office, the various interpretations of which have caused some confusion:

"1. The Incident

"On 22 December, Reverend Father Donald Joseph Haren Pokie, a Maryknoll priest who arrived in Peten 2 months ago to render his religious services, was driving to a town in the municipality of La Libertad along his regular pastoral route.

"During one of the searches that are often, in fact almost daily, conducted in Father Donald's pickup along the road, they found the fuse of a grenade (not a grenade, as one of the mass media reported).

"Father Donald was completely unaware that the fuse was in his vehicle and, therefore, had no explanation to give.

"Army personnel took Father Donald to the Santa Elena Air Base, where military authorities subsequently turned him over to the Apostolic Administration. He was not, properly speaking, arrested, as some mass media have reported.

"2. Explanation of the Incident

"The fuse was without question placed maliciously in the priest's vehicle. The unanswered questions are by whom and why. To harm Father Donald personally? To tarnish the Church's pastoral mission or to implicate it in subversive activities? To create a conflict between Church and State? To create a slanderous image of the Church?

"The only person who can answer these questions is the person who planted the fuse in the priest's vehicle, or the individuals who directed this manipulation.

"Unfortunately, these individuals are unknown, and it is impossible to ascertain their intentions.

"3. Conclusion

"The Apostolic Administration has confidence in the pastoral work of Reverend Father Donald and of all the priests and pastoral agents in Peten.

"Faithful to Christ and to the Church, the Apostolic Administration is engaged in intensive evangelization efforts independent of any ideology. The Gospel is what inspires its work.

"This incident points up the danger to an innocent citizen when, unbeknownst to him, an object is placed in his vehicle that could harm him, perhaps irreparably.

"Guatemala, 23 December 1983, Monsignor Jorge Mario Avila del Aguila, Bishop-Apostolic Administration of Peten."

GENERALS RIOS MONTT, LAUGERUD, OTHERS RETIRED

Guatemala City DIARIO EL GRAFICO in Spanish 31 Dec 83 p 4

[Article by Julio Roberto Rodas]

[Text] Guatemala City, 30 Dec--Ten ranking officers who held government posts in recent years were discharged in a formal and solemn military ceremony at the Matamoros Military Base, the army's general headquarters.

They include former defense ministers, former army chiefs of staff and former presidents of the republic. Also attending the ceremony were officers who currently hold high-level government posts, such as Col Rodolfo Lobos Zamora and Maj Gen Oscar Humberto Mejia Victores, the chief of state.

Mortar salvos were also fired to pay homage to the retiring generals for the services they rendered the country. The national anthem and the military anthem were played. Only two of the retiring officers attended the ceremony, one of whom was former President Efraín Ríos Montt.

Army, navy and air force commanders, as well as troops, were present, and discreet security measures were taken around the base.

The culmination of the ceremony came when the army charter was read. It specifies that all officers who henceforth hold government positions of leadership will be retired when their term of office ends.

We can logically conclude from this that events such as yesterday's will not happen again, that is to say, events at which so many ranking officers are discharged.

Ten Men Discharged

The names of the 10 retiring generals were read out loud.

The former presidents who were retired are Gens Efraín Ríos Montt, Kjell Laugerud García and Romeo Lucas García.

The former defense ministers who were mustered out are Gens Luis Rene Mendoza Palomo, Fausto David Rubio Coronado, Otto Spiegler Noriega and Leonel Vassaux Martinez.

The former army chiefs of staff are Gens Benedicto Lucas Garcia and Hector Lopez Fuentes. Finally, Gen Horacio Maldonado Schaad, a former member of the three-man junta and the ex-chief of government after the 23 March 1982 coup d'etat, also left the ranks of the military.

Although it was a solemn, formal ceremony, there was a pleasant atmosphere among the members of the military. The promotion of new army generals is part and parcel of the institution's charter, and we could therefore see a number of such promotions over the next few months or years.

The chief of state looked pleased after the ceremony, and in speaking to the press, Gen Efrain Rios Montt was calm and smiling.

The spokesman for the military, Col D'Jalma Dominguez, was also present at the ceremony. The previous day he had officially announced the time and date of yesterday's event.

Former President Gen Carlos Manuel Osorio was not among the retiring officers because he was discharged several years ago, shortly after his term as president concluded.

8743

CSO: 3248/347

COUNTRY SECTION

MEXICO

JAPANESE BUSINESSMAN ON COMPUTER INDUSTRY POSSIBILITIES

Mexico City EXCELSIOR in Spanish 8 Dec 83 Financial-Cultural Section pp 1, 6

[Article by Rodrigo Calvillo]

[Text] Tokyo, 7 Dec--Mexico has many of the features of a developed country and could therefore become a major center for the development of the computer industry. Mexico's proximity to the United States is an advantage, in addition to which it has a huge territory and a large, young and relatively well-educated population.

Katamitsu Kono, the general manager of the administrative division of the Center of International Cooperation for Computerization (CCIC), was interviewed by EXCELSIOR and noted that the center is concerned about possible future changes in Mexico's policy of promoting the computer industry.

We know, Kono indicated, that Mexico's priority in this industry is to achieve greater integration, to cut back on imports and to bolster exports, but we feel that for the moment it will be very difficult for Mexico to produce locally the giant computers for industrial use. Perhaps the best idea would be for it to produce personal computers locally and to concentrate on software.

Kono pointed out that the goal of the CCIC, which is composed of Japan's largest private computer companies, is to promote computerization in the developing countries, backed by their governments. As far as Mexico is concerned, he indicated, we know that the government has drawn up a strategy for the overall development of society in which computers will play a relatively important role in furthering productivity and efficiency. And although the Mexican Government will be playing a fundamental role in this process, we feel that the CCIC can cooperate.

Mexico has various advantages for the development of the computer industry, Kono said. Although there is a shortage of skilled personnel and of know-how to introduce computer systems, its territory is the third largest in Latin America and its population is abundant, young and well-trained. We think that in the near future many more people will be turning to computers, both in the public and the private sector.

The development possibilities in the short run, however, are relatively limited, he noted. The computer industry requires the parallel development of many companies in related areas, Kono pointed out. Therefore, in Asia, for example, Japan is the only country that has been able to fully integrate this industry, although there has been major technological development in neighboring countries in recent times.

One of the areas in which development would be possible for developing countries like Mexico is software, because it has to be geared to the peculiarities of each country and, moreover, is labor- not capital-intensive.

8743

CSO: 3248/355

NATIONAL DEFENSE MANEUVERS CENTERED IN CHIHUAHUA

Three Main Fronts

Mexico City EXCELSIOR in Spanish 25 Nov 83 pp 34-A, 35-A

[Article by Jesus M. Lozano]

[Text] General Headquarters of National Maneuvers, Chihuahua, Chihuahua, 24 Nov--This headquarters, which is planning and directing the defense of the country in these nationwide military maneuvers, has now issued orders to begin the major counterattack against the "enemy."

There are three main fronts. One is in the state of Jalisco, where the defenders (blue armband) are under the command of Gen Juan Felix Tapia Garcia, the commander of the 15th Military Zone.

The following units are functioning here: the "General Manuel M. Dieguez" Brigade, supported by paratroopers and aircraft under the command of Brig Manuel Lomeli Gamboa, the commander of the 13th Military Zone. The operation is located along the Barra de Navidad-Puerto Vallarta road.

Also present is the "General Felipe Angeles" Brigade, which also has air and paratrooper support and is under the orders of Maj Gen Vicente Herrera Brambila, the commander of the 17th Military Zone. The operation is being carried out in the Barra de Navidad-Autran de Navarro zone. A live ammunition exercise is under way there in the Tres Picos and Tomatlan area in Jalisco.

A "red" enemy has supposedly captured strategic points along the Jalisco coast very near Puerto Vallarta and has moved inland. The "blues," now organized and recovered from the initial surprise attack, are preparing to fight back, aided by troops from the 21st Military Zone, headquartered in Morelia, Michoacan, under the command of Maj Gen Carlos Cisneros Montes de Oca.

Live Ammunition Exercise

Meanwhile, the general headquarters in Chihuahua, where the defense staff has concentrated, is preparing a live ammunition exercise for tomorrow in the "General Francisco Villa" military field in Santa Gertrudis, Chihuahua. There is also a large stud farm there, in addition to terrain suitable for defense and far-removed from the centers of operation where "battle is being waged against the red enemy."

Commanding this general headquarters, until President De la Madrid arrives, is Gen Alfonso Hernandez Razo, the commander of the Fifth Military Zone.

It is hoped that the major exercise can be performed early tomorrow morning; it will include infantry, motorized cavalry and armored units, paratroopers and airlifted forces, supported by artillery, combat units and aircraft.

In Sonora, meanwhile, the "Alfa" army corps is operating along the Guaymas-Hermosillo route under the command of Lt Gen Francisco Quiroz Hermosillo, a staff member and commander of the Fourth Military Zone.

This corps is repelling the "attack" of the reds, who have supposedly established a beachhead in Guaymas.

Air Force Support

Its defense capability is provided by the "General Alvaro Obregon" Infantry Brigade under the command of Gen Joel Martinez Montero, the director of the National Defense College. It has the support of the air force and a battalion of paratroopers.

It also has the 45th Infantry Brigade, commanded by Maj Gen Rodrigo Wilfrido Montelongo Moreno, the director of the Superior War School, and strong support from the air force. This too is a live ammunition exercise.

Before all of these exercises got under way, however, an advance social services detachment arrived. Personnel from the Medical Military School, the Military Nurses School, health officers and dentists headed into the most remote areas of the highlands, where medical or social services very rarely reach, to offer assistance to the local inhabitants.

Thousands of consultations have been conducted; teeth have been extracted; babies have been delivered, and major surgery has even been performed at mobile hospitals.

From the observatory President De la Madrid will review the progress of these operations, which are designed to demonstrate the preparedness of the Mexican Army.

The same sort of exercises that are being carried out in these theaters of operations are under way simultaneously throughout the country in its 36 military zones.

Jalisco: Numbers Involved, Weapons Used

Mexico City EXCELSIOR in Spanish 5 Dec 83 p 5-A

[Article by Eduardo Chimely Ch]

[Text] Guadalajara, Jalisco, 4 Dec--The military exercises that have been conducted since 24 November in an area between the towns of Puerto Vallarta, Tomatlan and La Huerta concluded yesterday with "live ammunition" maneuvers in which 5,600 army troops took part. Also involved in the exercises were infantry troops, paratroopers and Mexican Air Force personnel in Pilatus and F-5 aircraft.

The report that "all is well" was communicated by National Defense Chief of Staff Gen Vinicio Santoyo at the conclusion of the military operations, which consisted of a confrontation with an "enemy" that had invaded the Mexican coast.

The maneuvers were monitored from the Acosta encampment in the municipality of Cabo Corrientes by General Santoyo; by Lt Gen Miguel Mendoza Marquez, the commander of the Mexican Air Force; by Maj Gen Juan Flores Tapia, the commander of the 15th Military Zone, and by other high-ranking military officers.

Some 5,600 members of the infantry, the Military College, artillery and motorized cavalry units, riflemen, paratroopers and fighter and transport plane personnel took part in this "live ammunition" maneuver.

Twelve 105-millimeter artillery pieces, twelve 81-millimeter mortars, 32 machine guns and 32 rocket launchers and military aircraft were used during these maneuvers.

The "invader" was defeated, according to the final report.

8743

CSO: 3248/356

BUSINESS LEADERS WARN OF DANGERS FROM ELECTORAL FRAUD

"Moral Renovation" Program at Stake

Mexico City EXCELSIOR in Spanish 7 Dec 83 pp 5-A, 30-A

[Article by Jaime Contreras Salcedo]

[Text] All Mexicans from every sector "must demand that the moral renovation become reality" since it is no longer possible to scoff at the ballot boxes "and then strengthen the municipalities." If President De la Madrid's resolute campaign is to be crystallized, "it must start with the primary recognition of the citizen's legitimate exercise of expressing his desire and will in elections to decide who will govern him. Otherwise, the amendments to Article 115 of the Constitution will be a dead letter."

The above was stated by Emilio Goicoechea Luna, president of CONCANACO [Confederation of National Chambers of Commerce]. He added that if the vote is not respected, there will not only be no moral renovation but no civic participation. This last "we citizens are forced not only to demand but to implant through legal channels."

The business leader revealed this in the Seminar on Municipal Reform organized by the CANACO [National Chamber of Commerce] of Naucalpan, Mexico State. He said--through its director, Raul Montero--that "only to the degree that the citizenry is really allowed to participate and make decisions can we state that Mexico is democratic in the full sense of the word." He stated:

"For this reason, we have so many hopes but, at the same time, so many fears. Much has been said about this. The rhetoric that (now) praises and applauds, that is the apologia (sic) for the free municipality, comes from the same people who have stifled it for years and years, denying it. This is a very peculiar position of the local leader but it becomes more obvious and impossible to hide each day."

He stated that "decentralization and true democratization of the municipality cannot be achieved with words alone." It is urgent and necessary "that deeds ratify the words."

He agreed with the presidential statements on moral renovation "but let us not make these statements mere rhetoric. Let us put them in practice so that,

by means of civic participation from students to businessmen--including workers, peasants and professionals--moral renovation becomes a reality and the amendments to Article 115 of the Constitution do not become a dead letter."

If there is democratic life in the municipality, it can also exist in the nation. If it does not exist in the municipality, "there will not be democracy in Mexico," warned Goicoechea. He observed that if this social cell is strong, "the massive emigration that we observe toward the center of the country or toward a few cities that threaten to absorb the population at the cost of a general imbalance in our territory will not be necessary."

He said that a real in-depth study of the amendments to our Constitution concerning municipal affairs is needed "in order to contribute our best effort to the improvement of the institutions." He reminded those present that the municipal governments have become "mere administrative appendices of the state governments and they repeat, on a lower scale, the same relationship of dependence that the states have with respect to the federation."

The CONCANACO leader called the constitutional amendments positive because they will give the municipal governments greater autonomy in economic matters. This "will free people whose problems are pending solution hundreds or thousands of kilometers away because they only receive crumbs of projects to directly benefit them."

"The new provisions change the process of economic privileges for the center of the country. Without any question, it will be necessary to motivate the governors to pay their taxes on time, to participate more actively in the life of their community, again taking an active part in the social life."

Finally he said that, by putting the constitutional amendments into effect in 1984, "the country expects them to be a serious and firm step toward a return to the origins of democratic life in the country....The democratic life must not be merely words but a way of life."

Possibility of Violence

Mexico City EXCELSIOR in Spanish 11 Dec 83 pp 4-A, 7-A

[Article by Jaime Contreras]

[Text] Facing the recent election frauds committed in different states in the interior of the country, "there could well be violence that will not be the fault of the one who patiently voted but of the one who did not respect it." Manuel J. Clouthier, former president of the CCE [Business Coordinating Council], gave this warning yesterday. He demanded--as "we have asked for 2 years"--imprisonment and the maximum sentence "for those in public administration who spent more than budgeted and used up the money of the people."

He was questioned at the Second DHIAC [Integral Human Development for Civic Action] Congress which calls itself a "political civic association." Clouthier revealed that if he had been the cause of negative or illegal actions in

Sinaloa, "they would have already put me away" (sic) after the November elections.

This man who is also leader of COPARMEX [Employers Confederation of the Mexican Republic] pointed out that the citizenry is already fully aware of the fraud attempted against its votes. "It will be possible to scoff at it or steal the votes once or twice but the people will have to make their decision felt and respected. There is no other way."

As to the handling of public funds, Clouthier del Rincon said that "what is coming out in Congress now is what we said 2 years ago." He said that British legislation states that if someone goes over the budget allocated to him, he must be imprisoned. "That is the same thing we again ask now, no matter how high the office."

The Sinaloa leader stated that the Mexicans are determined to have a "freer and more democratic" country. He warned that we will not end the crisis "if there is not more citizen participation."

He went back to his own idea that the adversity the nation is going through is not only economic but also "moral and political." He also explained that he has collaborated with the electoral process "because I exercise my right and obligation as a Mexican citizen."

Then he made an appeal to the news media to "investigate where the PRI [Institutional Revolutionary Party] or the Mexican Labor Party obtains resources to libel flawless people." He said that, at the central square in Mazatlan, Sinaloa, "there is a book with more than 50,000 signatures repudiating the fraud committed there."

Clouthier stated that the PAN [National Action Party] candidate for municipal president, Humberto Rice, "will create his own council there in Mazatlan, supported only by the masses." As to Culiacan "where it was not as open," he stated that the illegal actions of the PRI candidates were carried out in spite of the unification of all the parties "that did not betray their ideological postulates but united to defend the vote."

During his speech to the members of the DHIAC, Clouthier del Rincon indicated that Mexico had been committed for 35 years--when the UN Charter on Human Rights and Constitution were signed--to respect the vote. "Also no one will be forced to join any political party." Those international agreements also stipulate:

"The good name and prestige of a person will never be sullied. The governments have the obligation to supervise this," said the former business leader. He warned that this UN document "speaks of other things that evidently, even though we signed it, I think we have forgotten."

Clouthier said that this organizational charter of the top international organism fought for "the requirement that the peoples have self-determination and that the popular will be respected in elections held to choose their national leaders."

Finally, after detailing the fraudulent actions in the recent local elections in the state of Sinaloa, Manuel J. Clouthier accused the teachers--"those responsible for educating our children"--of being responsible for abusing the popular will. In spite of this, "the vote was gloriously (sic) in favor of the PAN."

7717.

CSO: 3248/337

OPPOSITION PARTIES COMPLAIN OF USELESS GRIEVANCE MACHINERY

Mexico City EXCELSIOR in Spanish 10 Dec 83 pp 4-A, 19-A

[Article by Angel Soriano]

[Excerpt] The legal resources through which the opposition parties can denounce violations and any type of irregularity--which were common--in the electoral processes were useless facing the election officials of the states where there were elections for municipal governments and local deputies at the end of the year. This constitutes a serious abuse of the popular will.

The opposition parties indicated the above during an evaluation of the elections in Sinaloa, Oaxaca, Puebla, Guerrero, Michoacan and Tamaulipas. They added that in the electoral plundering they were subjected to--basically the PAN [National Action Party] in Sinaloa and Puebla, the PSUM [Unified Socialist Party of Mexico] in Oaxaca and Guerrero and the PRT [Revolutionary Workers Party] and PST [Socialist Workers Party] in Tamaulipas and Michoacan--the PRI [Institutional Revolutionary Party] always had the complicity of the election officials. The public force was even used to attack the representatives of the opposition.

The political leaders of the opposition parties recognized that the crisis was a faithful ally as was the widespread discontent in the country because of corruption, unemployment and the crisis that strongly afflicts the underprivileged classes. Those in power in the last administration show off extravagances and insulting luxuries facing the poverty of the masses. They said that all this contributed to the fact that the people voted for the opposition.

The leaders of the PST, Rafael Aguilar Talamantes and Graco Ramirez, recognized that in many cases--like in Ensenada, Baja California Norte, and Soto la Marina, Guemez and Abasolo in Tamaulipas--they loaned their political party registration so that candidates of the people, supported by the people, could compete for popularly elected positions. Despite their popularity because of their honest public work and in spite of an insured victory, well trained election officials prevented an honest election.

Aguilar Talamantes indicated that very serious irregularities were committed in Tamaulipas. His party's representatives at the voting booths were moved

aside. Vote count certificates were altered. The location of voting booths was changed. Ballot boxes where the vote favored the PST were stolen. In short, every type of legalistic or violent maneuver was used to consummate the election fraud.

"Systems to Deny Victory"

Gonzalo Altamirano Dimas of the PAN indicated that after his party won in Chihuahua and Durango at the beginning of the year, the government party observed that the people's loss of confidence in the government was dangerous. Therefore, it activated its traditional systems to deny any more victories to the opposition.

In that way it snatched victory from the people who expressed themselves through the PAN in Culiacan, Mazatlan and Ahome, in Sinaloa, in the city of Puebla and in the municipalities of Tamaulipas and Guerrero. It activated the same warped systems in order not to recognize the resounding victories. By supporting candidates with roots and popularity, not only the PAN but the participants in the fight for popularly elected positions were the victims of slander campaigns and police persecution based on crimes invented to discredit them to the people.

He said that, despite this, the candidates came forward and the votes they received were overwhelming. The PRI kept using all the resources within its reach to change the votes. Altamirano stated that Humberto Rice in Mazatlan has fought to the end to make the vote respected but he has always run up against despotic officials ready to block the people's access to power.

The PAN spokesman who, as a member of the CEN [National Executive Committee] of the PAN, went to all the states where there were elections said that this situation sets a grave precedent in the political history of Mexico. Although there had been confidence that the political reform was a serious one, the alleged defeats of the opposition are nothing more than a black precedent for Mexico in its attempt to perfect democracy.

"Every Type of Trick"

Ricardo Pascoe, PRT leader, and Manuel Stephens, PSUM leader, said that every type of trick and chicanery and members of the police and the troops were used mainly in Guerrero and Oaxaca, in Alcozauca and Juchitan against the PSUM and in Tlaxiaco against the PRT to distort the election results.

Stephens indicated that, in Juchitan, the PRI used the purge of the voter registration lists to erase supporters of the COCEI [Labor, Peasant, Student Coalition of the Isthmus]-PSUM alliance and the impediment against voting unless on the registration list--in spite of having voter credentials--to insure its "victory."

In general, the political leaders said that no resource has been able to fight the victories of the people. In other words, the political reform has begun to go backward but, they indicated, this will never be permitted.

7717

CSO: 3248/340

BRIEFS

PSUM WARNING ON ELECTIONS--The PSUM [Unified Socialist Party of Mexico] said yesterday that the government--not the PRI [Institutional Revolutionary Party] --"will push the people to election violence that can degenerate into popular violence" if it persists in its desire to scoff at the popular will expressed at the ballot boxes. Meanwhile, the PAN [National Action Party] reported that a caravan of PAN members will arrive at the DF [Federal District] with election certificates in their hands to claim victories in Puebla, Tehuacan and Zinacatepec. At a press conference held at the PSUM, Valentin Campa, Othon Salazar, Manuel Stephens and Pablo Sandoval warned that they will not let their victories be snatched away on the eve of elections in Guerrero, "at Montana Roja--concretely in the municipalities of Tlapa and Alcozauca where there is no question about the PSUM strength." They stated that 90 to 95 percent of the electorate attended the campaign closing of their candidates for mayor of the two towns. In contrast, barely 300 persons came to the closing of the PRI candidate. The people are willing to make their vote count. If the government--"which we fight against, not the PRI"--insists on scoffing at the vote, it will push us to election violence which can spark popular violence, according to Stephens. [By Angel Soriano] [Excerpt] [Mexico City EXCELSIOR in Spanish 1 Dec 83 pp 4-A, 36-A] 7717

PRECEDENT-SETTING TAMAULIPAS ELECTORAL AGREEMENT--Ciudad Victoria, Tamps., 1 Dec--For the first time in the electoral history of the country, the competing political parties--PAN [National Action Party], PRI [Institutional Revolutionary Party], PSUM [Unified Socialist Party of Mexico], PST [Socialist Workers Party], PDM [Mexican Democratic Party] and PRT [Revolutionary Workers Party]--signed an agreement to guarantee the tranquillity, security and honesty of the elections that will be held in this state tomorrow. Procedures used mainly in federal elections will be used here. The PAN and the PST, supported by the PRI, proposed the agreement to the State Electoral Committee headed by chairman Enrique Villegas Zamilpa. He stated that, with the measures agreed on, the elections will be held within a framework of "absolute security, tranquillity and honesty with complete respect for the vote of the Tamaulipas people." Those measures established in the agreement require that the voters present their voter credentials and appear on the corresponding registration list in order to vote. Indelible ink will be used to guarantee that the citizen voted and the voter card will be punched once it is used. During the meeting to sign the agreement, the representatives of the PAN, PST, PSUM, PDM and PRT expressed their approval of those measures that will keep

the elections in the open and prevent irregularities. The PRI representative to the State Electoral Committee, professor Jose Manuel Mijares, expressed his party's complete support for the proposal of the representatives of the opposition. He indicated that the PRI is the first interested in absolute respect for the popular will. These measures adopted, in addition to those in the Federal Electoral Law--the use of indelible ink and punching the voter cards--are unprecedented in local elections in Tamaulipas. It is hoped that the electoral process will be an example in this state and that conflicts which could arise among the competing parties because of alleged irregularities will be avoided. [Excerpt] [Mexico City EXCELSIOR in Spanish 2 Dec 83 pp 4-A, 30-A] 7717

CSO: 3248/340

'EL FRONTON' INMATES ON SENDERIST PHILOSOPHY, GOALS, ACTS

Lima EL DIARIO MARKA in Spanish 16, 17 Dec 83

[Interview with a Communist political leader by Carlos Castro, at El Fronton Prison; date not specified]

[16 Dec 83 p 11]

[Text] The conservative press and even Leftists have described them as "demented." Since its Central Committee resolved to initiate an armed struggle in 1979, the Peruvian Communist Party, or "Sendero Luminoso" [Shining Path], is an obligatory topic of discussion at universities, in labor unions, political parties and anywhere else where politics is the center of conversation. The issue is whether to condemn or approve its actions. Three years after launching its war, the Sendero is still mobilized. For how long? Hard to predict. Perhaps, as Pablo Macera says: "Options like the 'Sendero Luminoso' will only be excluded if an overall program of radical changes is in progress." In a country like ours, where children nourish themselves on garbage intended for the pigs, where the infant mortality rate is constantly rising, where mothers have to prostitute themselves to care for their children, where unemployment and tuberculosis are increasing at vertiginous rates, the existence of the Sendero Luminoso is a logical phenomenon.

EL DIARIO has interviewed one of its political leaders at El Fronton. The following is part of that interview.

[Question] Three years after launching your struggle, in what phase is it? How much of what you proposed at your last Central Committee meeting has been achieved and what is coming now?

[Answer] In the first place, Comrade, the name of our organization is the Communist Party of Peru. The term Sendero Luminoso comes from a label our congress gave it: down Mariategui's shining path. In what phase is our party? In the one outlined in Comrade Gonzalo's strategy, in its third phase: that of support bases. We have achieved the first, which was the encirclement of the cities, then sabotage actions and now....

[Question] A Chinese tactic, or more specifically Vietnamese.

[Answer] Yes, actually part of it. It's only that Comrade Gonzalo has drawn conclusions from [the struggles of] other peoples and adapted them to our situation.

[Question] Support bases? What does that mean or what do they represent?

[Answer] They are zones in which the enemy (the Army and the police) cannot operate. They cannot even approach them; they are small states controlled and administered by the communities themselves through their organizations, but under the leadership of the party. For us this represents a historic advance and, while it is today a tiny seed, we hope that tomorrow it will grow into a gigantic tree that extends throughout the country.

[Question] The guerrillas call them liberated zones....

[Answer] The party prefers to refer to them in a different way because they perform various additional functions. Each of them is a small state in the birth of the new society that is to come into being during its first phase, involving several classes: workers, peasants, professional people and the petite bourgeoisie.

[Question] This is the first time the Sendero has spoken of "support bases" or "liberated zones." Do they really exist and, if so, how many are there, where are they to be found and how is life led inside them?

[Answer] For security reasons it's impossible to give you a figure or specific locations, but I can assure you that, as soon as a support base is established, the administrative bodies are created. An educational program is initiated that is based on instruction in the Spanish language, because of its universal nature, on the learning of the four mathematical operations: addition, subtraction, multiplication and division, and on a knowledge of our true situation. A universal literacy program is also being launched.

Killing Governors

[Question] One of the chief criticisms leveled at the Sendero, aside from its dogmatism and sectarianism, is that it resorts to terrorism to introduce its ideas. How can you justify the deaths of governors or mayors of small districts, who also constitute part of the people? How shall we interpret the deaths of peasants, attributed to your organization, when according to your strategy the new government will be founded on them along with the workers? Isn't there an irrational attitude in this action?

[Answer] Viewed from here, more with the heart than the head, the death of a governor of a remote district might seem to be senseless. But why don't you go and ask a person who lives in such a town that question and then you'll be able to understand that such an official, represented not only by a mayor or a governor, but also by a teacher, a priest or a policeman, was behaving badly. It's possible too that even the community itself may have participated in the execution.

[Question] You have turned yourselves into kinds of armed public prosecutors and judges who dictate who must die or not....

[Answer] No, it's not like that. You have to bear in mind how a revolution is structured. How it was conducted in Vietnam, for example....

[Question] Or what Pol Pot did.

[Answer] That's another story invented by the press. We are not disciples of Pol Pot; we are fighters in a revolution that is seeking to destroy this rotten, corrupt state in order to create a new, people's democratic state.

[Question] Is there a country today where such a state exists? Perhaps in China, Cuba, the Soviet Union or Albania?

[Answer] No, it doesn't exist yet anywhere....

[Question] How then do you plan to do it in Peru?

[Answer] The fact is that our revolution is based on Marxism, Leninism and Maoism, Comrade Gonzalo's guiding line of thinking. It is he who with his beacon of intelligence will see to it that the new government comes into being, one whose first phase will be a government with some bourgeois traits, but that later our new nation will arise, our communist fatherland.

[Question] But other countries' revolutions have also been based on Marxism and, in the case of China, on Maoism.

[Answer] At first, they didn't apply it correctly and then later there was no leader to carry it out like the one our revolution will have.

[Question] We were talking about the senseless deaths of governors and peasants.

[Answer] I told you that a revolution builds itself up in its initial phase by beginning with the local governments. This is what we're doing, sweeping out the local governments, ridding them of any trace of relation to the national government, which has begun to crumble; then we build a support base which the reactionary forces can no longer enter. After that will be the time for taking over the cities, the big cities, which will mark the dawn of our struggle.

[Question] Does that mean that what you today call "support bases" are encircling Ayacucho?

[Answer] That's a question I can't answer.

[Question] And how long do you figure it will be before you get to the point of taking over the big cities?

[Answer] That will depend on circumstances, on the progress we make with the support we continue to obtain from our people and on the strategy our leader invokes.

There Is No Gonzalo Cult

[Question] One of the main characteristics of the Blue Pavilion, El Fronton, is that "Comrade Gonzalo's" name appears in the most important places. It's on the bulletin board, most of the space on which is filled with messages dedicated "to his glory." One of these, for example, reads: "With a just line of action/Light of Gonzalo and a firm hand/Toward the victory/Of our armed people/Sure of ourselves we march." Then, when one of the political prisoners speaks during a debate, he does so saying "my greetings to the party and to chairman Gonzalo" and reaffirming "my obedience to his leadership." There is apparently a personality cult about Abimael Guzman. I asked the man I was interviewing whether he shared this attitude.

[Answer] It's something that has been invented by the press. Here, among the fighters, there is no kind of cult. What is happening — and this is what people don't want to understand or deliberately forget — is that in every revolution there is a chief, a leader, a guide, whose intelligence and wisdom enable him to assume the correct kind of leadership.

[Question] On the bulletin board, however, part of the space is occupied by poems dedicated to Gonzalo and the speeches begin with the reaffirmation of the speaker's "obedience" to the chairman of the party.

[Answer] As regards the poems, they are an expression of our fighters' identification with Comrade Gonzalo. And as concerns obedience, it's only natural for us to reaffirm it on every occasion as a principle of loyalty and fidelity.

Church and Army

[Question] What will happen when the confrontation is polarized even more than now, when the Army goes into combat with all of the logistic facilities and equipment it possesses? Do you feel that even then, under those circumstances, you can win?

[Answer] It's possible that the Army may hit us very hard. This figures among the possibilities and calculations we have considered, but it's also a fact that we will deal them hard blows and that it won't be easy for them to find us.

[Question] So it might still prove to be the case that you are not completely routed and it's possible to imagine that the fighting could last for several years, making your attainment of power improbable?

[Answer] That does not enter into our calculations. A revolution is engaged in to triumph and ours will do so. It doesn't matter what price we have to pay or how many lives we have to sacrifice. We have decided to pay the price so that tomorrow we will triumph.

[Question] Don't the innocent lives that fall by the wayside matter either?

[Answer] Our side won't be responsible for them, but a revolution does have its costs.

[Question] And what about the church, also the pillar of a government which, according to you, is crumbling.

[Answer] As long as it doesn't interfere with us, there will be no problems.

Mezich: a Fighter

[Question] Has the assertion that there may be differences between Abimael Guzman and Mezich, his lieutenant, ever slipped out? Are such conjectures true?

[Answer] I really don't know why you speculate about something that's inaccurate. In the first place, there's only one leader in our party: Comrade Gonzalo. Those who are coming to be known, including Comrade Mezich, are fighters. We're all fighters. And no one is any more important than anyone else.

[Question] But in any revolution the person who leads has greater status.

[Answer] Possibly, but I repeat that Mezich, as was the case with Comrade Edith, is just one more of our people's fighters and he's proud to be one.

[Question] Did you know that in Lima more than one of your colleagues at LA CATHOLICA remembers you.

[Answer] Yes, but I prefer not to put our conversation on a personal basis. (Tomorrow, Barrantes of the United Left: What the Sendero thinks.)

[17 Dec 83 p 4]

[Text] Today we conclude the series on El Fronton and the political prisoners confined there that EL DIARIO has been publishing. In this final chapter the interview with one of the Sendero leaders on the penal colony island focuses on the United Left (IU), the recent municipal elections, Alfonso Barrantes Lingan's victory, the chances of a coup, etc.

[Question] What does the Sendero really hope to achieve with its handling of the war and with a confrontation it is hard to see an end to in the short run?

[Answer] What we're trying to do is something very specific. As I pointed out before, we're fighting to create a new state, which in its first phase will be socialist in nature to later become communist.

[Question] But that's implicit in every revolutionary movement that declares itself to be Marxist.

[Answer] Of course, but how did they wind up in the end? Tied down, some converted into faithful representatives of Soviet revisionism and others kneeling before the International Monetary Fund without a chance of carrying out the promised revolution.

[Question] And with what method do you plan to succeed?

[Answer] With the conviction that to create a new state we must destroy the present one, eliminate its corrupt branches of government and that the people will take over the administration of the new state under the direction of the party.

[Question] Sounds apocalyptic.

[Answer] There's nothing apocalyptic about it. It's more in keeping with Marxism, Leninism and Maoism, which our chairman is correctly applying.

Nothing with IU

[Question] The IU, a political organization that represents the majority of the revolutionary parties that exist in our country, has spoken out against violence as a present-day course of action to achieve power. It has pointed out that now is not the time for that. And, in keeping with this policy, it has participated in the municipal elections, achieving a major victory which its leaders and impartial observers describe as a historic one. I ask you: Don't the IU's success and the results obtained on 13 November have any meaning for you?

[Answer] Look, we have to be very clear on this point. What's happening in our country at this time? A confrontation between two forces: on the one hand, the reaction with Belaunde at its head, including the Army, the political Right and the grand bourgeoisie and, on the other, the revolution with our party at its head and with the backing of the entire nation in arms. We are, therefore, living in a state of war, a war in which we are certain that victory will be ours.

[Question] But that's closing your eyes to a reality. The people, to whom you refer and who are essentially unarmed, have voted for the IU, voted for a change, but not through violence as you propose. At least not for the present.

[Answer] In the first place, how many abstentions were recorded during the elections?

[Question] According to the as yet not official figures, approximately 40 percent.

[Answer] O.K., and what happened with the voters? People went to the polls because they were forced to, because they had to, because if they didn't they would have had to pay a fine. Then, faced with the dilemma of voting, they of necessity chose the IU. They were left with no other alternative.

[Question] But your party called on them not to vote and will not stop being grateful that people agreed with it and placed their trust and hopes in the IU.

[Answer] It was the result of the confusion and the circumstances, but the same people who gave their votes to the IU will be disillusioned and soon realize their error.

[Question] Don't you feel — as has been maintained — that the election results were a defeat. Weren't they a rejection of the method applied by the Sendero in its policy to seize power?

[Answer] No, in no way. Essentially because, as far as our party is concerned, no matter what the results might have been, nothing is going to change the course of action we have set ourselves. We're at war and we're going to fight to the end. Our struggle is not based on what the IU does, nor on the results that may be obtained. They are of no importance to our party.

[Question] What position does the IU occupy in the war launched by the Sendero?

[Answer] It's on the reactionary bandwagon. They are legitimizing this rotten, corrupt state. They won't do anything to change it. What's more, they have assured us that they will defend it. Therefore, they are our enemies. But I'd like to make a distinction. Those who have jumped on the reactionary bandwagon are the IU leaders, not the masses who support them.

[Question] So for you Barrantes, Del Prado, Diez Canseco, Dammert, Ledesma and any other IU leader are reactionaries. Is that what you really think of them? Isn't your failure to recognize that IU leaders have a policy of involvement in the struggle, have been arrested and tortured by dictatorial regimes and are today fighting this government and the system from a standpoint that may be incorrect for you, but which is not for most Peruvians, an attitude that is rather sectarian and dogmatic?

[Answer] Those who are doing so are opposing the government only to gain access to the presidency, to Parliament in 1985 and to enjoy soft jobs in the government. They aren't going to change this corrupt system. On the contrary, they'll defend it. Maybe you haven't noticed that Parliament is a circus in which nothing is achieved to benefit the people. IU leaders are, therefore, opportunists.

[Question] Despite the fact that Hugo Blanco, a Trotskyite leader, has applied for membership in the IU?

[Answer] Blanco is just as opportunistic or more so than they. What's happening is that, isolated as he is, he has no political influence. So it suits him to join. There's no other reason for his application.

There Will Be No Dialogue

[Question] On different occasions leftist leaders — one of them was Ricardo Letts — have asked for a dialogue between the IU and the Sendero. Do you really believe that this could take place?

[Answer] No, there will positively not be a dialogue with IU leaders. We have totally different policies. Ours, under the leadership of chairman Gonzalo, is a policy of revolution. Theirs is one of reaction. Haven't they become the political right arm of Belaunde, who has the Army as a means of repression? Haven't Barrantes, the UDP [Popular Democratic Union] and the Red Fatherland called for a shutout against our party?

[Question] There will positively not be a dialogue?

[Answer] No, chairman Gonzalo himself has indicated that they (the IU leaders) are agents of the bourgeoisie and have infiltrated the worker movement to sow confusion in its struggle and keep the revolution from spreading. And as regards Letts' proposal, to accept it would be to demobilize our struggle at a time when the revolution has gotten underway, and no one is going to stop it. It's a river the course of which cannot be checked. And in conclusion I would say to you that, as far as the armed struggle is concerned, it's an issue that has been discussed for over 15 years. That's why there's nothing more to discuss.

Only Peasants?

[Question] Despite the time elapsed since your party declared that it would engage in an armed struggle, it is still basically composed of peasants and university students with a few professional staff people. Right here at El Fronton I've been able to observe that there are almost no workers. Why is it that up to now the Sendero has not been able to penetrate this important segment of the population?

[Answer] The reason is to be found in the action our party has initiated among the peasants of Ayacucho and especially among the poorest peasants. There has also been an intensive effort at the university level. But this does not mean that we don't rely on the presence of the workers. They are with us and in large numbers. At any rate it's an effort we will continue to emphasize because our revolution is a worker-peasant revolution with a large student contingent and also including the petite bourgeoisie since history has demonstrated to us that there are petits bourgeois who end up adopting a revolutionary position and, on the other hand, there are peasants who move in the opposite direction.

We Are Not Pinochetists

[Question] There can be no doubt that, as your actions become more extensive, the polarization between the government, the Army and the Sendero will continue to become more pronounced. In connection with this, I'd like to ask you whether what you are looking for isn't rather the presence in Peru of a Pinochet, which would from your standpoint permit you to create a more favorable climate for your revolution.

[Answer] That's something we are constantly being accused of. It's also a story invented by the reactionary press. We are not Pinochetists, nor are we in favor of the presence of a Pinochet, but, if that should happen, the people in arms, who are today fighting, would be victorious....

[Question] Isn't what you claim more of a subjective, overrated estimate if we consider the fact that not even you yourselves, whose numbers we have no idea of, are armed, much less so the people?

[Answer] When we started our war, they said that we were just a few. Then the government had to admit that we were much more than "a few." And how many are we today? How many of our fighters are at this time "provisional prisoners of war"? Then, as regards the latter, we are adopting security measures. For obvious reasons I can't tell you what they are. In conclusion, we have not been defeated and our revolution goes on, firmly based on Marxism, Leninism and Maoism, Comrade Gonzalo's guiding line of thinking.

Some final thoughts. The subject of the Sendero has not been exhausted with these few lines. Just as the struggle that has been initiated will not be swiftly concluded either. Furthermore, what chances of success do they have? Viewed so far, very few. And what can happen -- and in fact will happen -- is that the Sendero will continue to attract sympathizers from among a people frustrated and impotent in view of the way they are being attacked by the official apparatus, but it is rather improbable that this attraction will manage to be enough to guarantee them a victory. However, it is undeniable that they will continue to exist for many years to come. If there is something about the Senderists that impresses one, it is their conviction that they are doing the right thing, a faith for which they go on surrendering their lives and are determined to go on doing so. But the country is demanding that greater efforts be made to find a channel for a dialogue between the IU and the Sendero. This is a historical and revolutionary obligation.

11,466

GSO: 3348/212

END