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Latin America Report

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21 February 1984

LATIN AMERICA REPORT

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PETROLEUM SALES ACCOUNT FOR 67 PERCENT OF TOTAL EXPORTS

Guayaquil EL UNIVERSO in Spanish 30 Dec 83 p 2

[Text] (ANE)--Of all the national exports, 67 percent consist of petroleum, 14 percent are bananas, cacao and coffee (traditional products) and 9 percent are industrialized products.

Because of the drop in prices of processed cacao products, products of the sea and petroleum by-products, this year Ecuador's foreign trade was subjected to a virtual dependence on petroleum.

Petroleum

Between January and November, sales of crude oil and petroleum by-products totaled \$1.411 billion; in other words, 71 percent of the country's total exports.

The other 29 percent, equivalent to \$567 million, consists of a broad range of products, including raw materials and industrialized products.

These are the proportions:

71 percent: crude oil, petroleum by-products

29 percent: bananas, cacao, coffee, manila hemp fibers, fish, shellfish, lumber, processed cacao products, instant coffee, processed products of the sea, chemicals and pharmaceuticals, hats, petroleum by-products [sic], household electrical appliances, metal manufactures and others.

Up until 1978, exports of bananas, cacao and coffee alone accounted for 34 percent of the total exports. Their share has been declining.

Banana, Cacao and Coffee Exports

Years	Percentages
1978	34 percent
1979	23 percent

[continued]

Years	Percentages
1980	16 percent
1981	14 percent
1982	19 percent
1983	14 percent

2909

CSO: 3348/223

NEW EXPLORATION TREND STARTED IN 1983

Guayaquil EL UNIVERSO in Spanish 2 Jan 84 p 2

[Text] Quito--The international bidding to enable state or private enterprises to participate in contracts for rendering services for the exploration and exploitation of 11 hydrocarbon-producing blocks in the Amazon and coastal regions was one of the major events of the year in petroleum, causing the opening of a new era in Ecuador's hydrocarbon history.

Its importance lay primarily in the interest that this bidding evoked among the leading oil companies in the world and, secondly, in the fact that the country began a new phase in its hydrocarbon history, encouraging receptiveness toward foreign capital and technology.

The Ecuadorean type of contract put into effect for this bidding, on the one hand, reconciles the need for increasing the country's hydrocarbon reserves with the interests and expectations of the companies owning the capital and technology; and, on the other, eliminates the risk to the state, because it is assumed totally by the company rendering services.

New Era

This new era began on 13 June of last year, with the call for bidding on the 11 blocks, seven of which were located in the Amazon region, while the other four were situated offshore.

Signing up for the bidding were 25 companies from 10 countries, including the most well-known in the international area.

The companies are native to the United States, Canada, Brazil, the Netherlands, Spain, France, Japan, Great Britain, Italy and Nationalist China.

It should be noted that, on 17 October, the deadline for submitting the respective bids ended, with 11 companies making offers for four of the 11 blocks up for bids.

The consortium of firms consisting of Hispanica de Petroleo (Hispanoil) and the Esso company bid on the No 8 block in the Amazon region; three offers

were submitted for the No 15 block of the same region: the first associated with the consortium comprised of Conoco of Ecuador, Huski Oil International, Nomeco Latin American and Placid Oil Co of Ecuador; the second bid was submitted by Occidental Exploration and Production; and the third, by the consortium comprised of Hispanoil, Overseas Project Idemitsu Oil Development, Petrofina and Home Oil.

The Nos 1 and 2 blocks offshore were bid on by the Belco Petroleum Corporation.

Finally, the blocks were awarded, based on priority in negotiation, to the firms Hispanoil and Esso, in the No 8 bloc; Western, in the No 15; and Belco Petroleum in the Nos 1 and 2 offshore.

At the present time, the negotiation phase is under way with the aforementioned companies, and it is expected that the four contracts will be signed by the beginning of 1984, thereby initiating the exploratory work.

2909

CSO: 3348/223

BRIEFS

OIL REVENUE LOSSES--Ecuador will lose nearly 3.5 million sucres per day (over 1.2 billion sucres annually) following the reduction in the price of a barrel of its oil from \$28.20 to \$27.50, by the next quarter of this coming year. Press sources claimed that the price was cut to make Ecuadorean oil more competitive again at a time of an international over-supply that is pressuring prices heavily in a downward direction. The Ecuadorean State Petroleum Corporation (CEPE) opted for the reduction after finding it increasingly difficult to market its oil, to the point of having to keep nearly 1.5 million barrels stored on leased ships. When it failed to find purchasers at \$28.20, CEPE had to agree to reduce the price of a shipment of 375,000 barrels to the American company, Elot, to \$27.70. The \$0.70 decrease per barrel will reduce the oil revenue by \$61,600 per day, causing Ecuador losses amounting to 3.3 million sucres per day (at a parity of 55 sucres per dollar). If the new price is maintained throughout all of 1984, the oil revenue would be cut by 1.2366 billion sucres (at the same exchange rate), thus causing the state budget to undergo further imbalances. The minister of natural resources, Gustavo Galindo, has stated that OPEC might cut its production in order to raise prices. [Text] [Guayaquil EL UNIVERSO in Spanish 24 Dec 83 p 2] 2909

CSO: 3348/223

BRIEFS

OIL REVENUES--According to the Mexican Foreign Trade Institute, revenues from the oil sector for the period January-November 1983 amounted to \$14.74 billion, which represented 76.9 percent of all commercial exports. Crude oil sales amounted to \$13.72 billion, or 520 million barrels, with average sale of 1 million 556 barrels daily. These figures, however, represent a decrease of \$266 million, or 1.8 percent, over the same period last year. In addition, it was reported that the average price of the exported barrel of oil saw a \$2.25, or 7.9 percent, reduction during the same period, which represented \$1.17 billion. [Summary] [PA070147 Mexico City NOVEDADES in Spanish 21 Jan 84 pp 1, 14 PA]

CSO: 3248/392

RESUMPTION OF COLOMBIAN-VENEZUELAN TRADE FORESEEN

Bogota EL TIEMPO in Spanish 10 Jan 84 p 5-A

[Text] With the beginning of a new stage in Venezuela's political development, Colombia will be able to regain its trade status in Venezuelan markets, following the recovery of its neighboring country's monetary system, according to an announcement made by Development Minister Rodrigo Marin Bernal at a civic forum held in the city of Cucuta.

More than 40 percent of Colombia's minor exports in earlier years found their way into the Venezuelan market, but because of exchange problems in the neighboring country bilateral trade was discontinued, causing damage to the local economy.

"Colombia hopes to renew its trade relations with the neighboring country, since this is a natural outgrowth of the historical, economic, geographic and social ties, which unite that country with our territory," Minister Marin Bernal said after announcing that there will be a prompt renewal of trade relations with Venezuela.

The minister of economic development discussed the policies recently incorporated into the Border Statute, recalling the commitments which the regional governments have assumed for the distribution of resources, which will be invested in the commercial and industrial development of Colombia's border areas. At the same time he emphasized the considerable value which the new statute attaches to the border regions and districts as part of the economic recovery process.

With Venezuela

"I have said that this is a point of departure for reaching new horizons. And so I would like to reiterate with special emphasis; a point of departure which coincides with the beginning of a new political stage in the Republic of Venezuela. It may be presumed that this stage will commence and will be accompanied by decisions concerning new economic measures," the minister said.

Marin Bernal explained that whatever the content of these measures taken by the Venezuelan Government might be, the situation will tend to develop with greater clarity in the area of mutual trade, reiterating that Colombia anticipates the resumption of trade. Colombian trade with its neighboring country has been considerable, and will therefore be able to further the country's economic recovery process, a phenomenon which is expected to complement the recovery of the native markets in the other border regions of the country.

Progress on the Border

Concerning the new policies for the border, Minister Marin Bernal noted: "One of the more justified complaints which have arisen from the recent crisis addresses the lack of government investment which, traditionally, has failed to recognize the importance which the country ought to attach to the development of the border areas.

"In contrast to the attitude with which neighboring countries have met the commitment of executing infrastructure projects and promoting development projects in their respective areas, Colombia has inexplicably neglected this front which should have been given priority for unquestionable economic, political and strategic reasons."

He recalled that the national budget is expected to consider investments for the border areas amounting to at least 10 percent over the basic investment budget for each project.

He indicated that in order to cover the actual cost incurred by the allocations, the ministries and administrative departments are expected, as specified in the Border Statute, to give the required priority to the investments specified in the monthly expenditures agreements.

According to the minister's observations, these legal provisions are to signify, in the short run, a substantial increase in the investment budget for the border areas, and are expected to yield prompt and dynamic results in the distribution of public resources. Their number and the timeliness with which they are applied are expected to constitute an excellent incentive for development of the recipient regions and a solid support base conforming to the objective for the prompt and efficient reorganization of their economy, Minister Marin Bernal concluded.

CSO: 3348/249

PUBLIC DISORDERS SEEN AS POLITICALLY MOTIVATED

People's Courts vs Constitution

Buenos Aires LA NACION in Spanish 19 Jan 84 p 9

[Text] Once again, an ironclad law of history is being fulfilled: It is impossible to do things halfway. On 30 October, the country declared itself en masse in favor of a return to law. Fulfillment of the Constitution and the state of law were the promises of the candidate who received the "yes" from the citizenry. It should not be forgotten that, during the last week before the elections, the invasion by groups of the worst type recalled in Argentine civic existence in the functions of the Justicialist Party was seen as one of the factors that decisively aided the Radical victory. But now, with the government installed in power, after only 40 days, desires are being aroused that find the path of the law to be non-conducive to their plans and seem to be demanding different kinds of justice. In short: while the government is maintaining its decision that the constitutional order is the one suited to judge the past and those responsible for it, other groups are expressing a desire for the kind of justice inherent in the people's courts. A compromise between the two systems is impossible.

Gen Luciano Benjamin Menendez, summoned by the Commission for Constitutional Affairs to give an account of statements presumed to be offensive to the dignity of the entity, is an example of the first course of action. Those who smashed the windshield of his car and tried to attack him, as well as those who went to the doors of the courts to attack and insult the generals of the process summoned by the justice system, revealed that they prefer the second method. But a choice must be made between the two: Like parallels, they do not cut across each other and they do not have a single common point.

The Hill Is Steep

President Alfonsin's government did not give anyone time to meditate on strategies. During the first week, it had overwhelmed the public and the other political parties with a quantitatively and qualitatively large group of fundamental initiatives. But governing means climbing a steep hill, and in the case of present-day Argentina, it is extremely steep.

The concern of the interior minister is understandable. Antonio Troccoli, a man acknowledged in all political areas as one of the president's most skillful collaborators, is beginning to realize the difficulty of the effort. It is incumbent on him to deal with one of the main problems: the wave of disturbances and excesses, with action clearly aimed at proving that democracy lacks the resources to keep the country definitively on track within the channels of the law. There is unquestionably some black hand (as he recently stated) behind this orchestrated campaign. But it is up to the interior minister to discover and combat it; therein lies the problem.

Another sensitive point that is starting to demand more effort than was assumed relates to the decisions in the area of the judicial branch. The court was established without problems, but the agreements relating to the judges are more difficult. Senator Saadi wants to remove all the judges who served during the military government since 1976. The government has made it known that this is impossible. Furthermore, the proposals reaching the Senate disclose a broader intention and position that could have been presumed earlier. In this as in other critical matters, the Peronists show a lack of party homogeneity and of more or less effective leadership. Actually, a firm, consistent opposition would be better for the government party than a split opposition.

A great challenge is involved: doing justice with respect to the past, regardless of who was to blame; administering the crisis; and laying the foundations for the country's future development: all of this in conjunction with and within the course of the law, without people's courts, without (again) responding "to unmercifulness with unmercifulness," as the president so aptly put it. We are at a time when the government's capacity and the citizens' real maturity will have to be observed. For the first time after so many years, the minister faced with the greatest responsibilities would not appear to be the minister of economy, but rather the interior minister. Another ironclad law of history is being fulfilled: Politics goes ahead of the economy; because abroad also, from the bankers to the Holy See, they are watching how Argentina's main political issue is being resolved.

A Significant Meeting

Dr Fernando de la Rúa, senator representing the Federal Capital and former competitor in the internal election which was decided in favor of Alfonsín for the presidential candidacy, had a meeting with the president, in which many important issues were discussed, not all of which reached the public. De la Rúa admitted to his close associates that he intended to voice to the president both personal concern and that of the party over the widespread disturbances and the appearance of unequivocal signs of provocation, on the part of sectors clearly opposed to a democratization process. But he did not need to do so, he said, because Dr Alfonsín anticipated him. The same concern exists in the office of the chief executive.

Nevertheless, De la Rúa, a distinguished constitutionalist and lawyer by vocation and training, hesitated to call things by their real name. In fact, "repression" is not in itself a bad word. No one doubts the necessity for

repressing criminality, for repressing a disturbance or for repressing the street gangs which suddenly "by chance" (as they did not long ago with any excuse in the vicinity of the Obelisk) attack the artists at Mar del Plata, destroy cars and cause incidents without rhyme or reason. That is, precisely, legitimate repression; in other words, the kind dictated by the law. The repression of citizens' rights, of freedom of speech and of demonstration, or of the exercise of freedom for all lawful purposes, is the oppression of dictatorships, and has nothing in common with the repression that is carried out by security forces, the armed branch of the law to defend the law.

Alfonsin, Troccoli and De la Rúa are all concerned over the same problem. However, the dilemma is simple: either the Constitution prevails or the people's courts administer justice. There is no third way. Perhaps the difficulty lies in realizing that, at the present time, there may be marching together nostalgic admirers of the fascist regimes germane to any de facto government and the very subversive agitators who, starting in the 1970's, tried to submerge the country in the chaos of the people's guerrillas, to end up in the revolutions of the Latin American left. In the speech in honor of Illia (which the reader will find elsewhere in this edition) Alfonsin revealed that he understands the problem. And, something more important, he revealed that he is determined to deal with it.

Government Action Required

Buenos Aires LA PRENSA in Spanish 22 Jan 84 Sec 2 p 1

[Text] The president's remarks always arouse natural expectations among the citizens; because of the fact that they come from the one who holds the leadership of the state. That interest unquestionably heightens when the one making the remarks is in the first days of his term. Those reasons alone would have been sufficient to evoke public attention when it was officially announced that the chief executive would be the only speaker at the tribute planned to commemorate the image of Dr Arturo Illia.

But, in addition to this, the special circumstances that were occurring in the country contributed to it, prompted by the certainly spectacular direction taken by the judicial investigations of possible excesses in the antissubversive repression, in which high-ranking members of the military with prominent activity during the previous regime appeared to be involved. The disturbances on the streets and the spontaneous or planned incidents brought on by the former's presence in the halls of justice helped to create an uneasy atmosphere, which at times caused fear of the possibility that the consecutive upsets of order might jeopardize social peace and public calmness, with unforeseeable consequences for the stability of the institutions which have been restored with such difficulty.

Those who were expecting a categorical statement from the president, in view of these outbursts of anger, did not leave disappointed. In an admonishing tone, he warned severely against the action of minority sectors, which he combined in what he called the "drastic left" and the "sectarian right,"

reproaching them for their attempt to "establish a confrontation at this time of Argentina's recovery and hope, as if in a sinister mirror which showed us in time the beginnings that led us to a very serious national dilemma." His remarks were even more categorical and severe when he repudiated the position of those who shouted at the doors of the courts, whom he described as proponents of the justice of the people's courts and the firing squad, at odds with what befits the state of law.

Of course the severe verbal reprimand on which we are commenting is reassuring because it comes from the one who gave it. But, although necessary, perhaps a mere rhetorical condemnation is not sufficient, regardless of how lofty the position of the one making it may be. When public peace is jeopardized by the unruly, aggressive action of extremist groups that endangers the physical integrity of certain individuals, and when the established institutions are affronted, there is an underlying latent seed of violence that it is essential to repress. Mere admonitions, whether they come from the president himself, or from the authorities who are subordinate to him, who are expressing their repudiation for such drastic positions every day, will not suffice.

If the forcefulness with which the head of state expressed himself in his speech is advance notice that the disorder and lawlessness will be terminated, using for this purpose the legal expedients that are available, he will have discharged the prime obligation incumbent on him, which is to ensure the collective order and institutional stability. If, on the other hand, it is merely a warning, the appeal will be as futile as it is useless, because one cannot convince someone who does not want to be convinced. His references to the pressing need to have the government engage in a kind of democratic education or teaching are fitting, because it is true that democracy is learned from the very exercise thereof. But what is at stake here is essentially the threatened public order, without which no democratic system can work; and it cannot be restored with academic resources or professional teaching alone.

The sound public opinion in the country supports the well founded statements made by the head of state, for it could not do otherwise. But it anxiously aspires to their materialization in the everyday reality that the citizen must experience, because one cannot govern with words alone.

Repercussions in Congress

Buenos Aires LA NACION in Spanish 19 Jan 84 p 10

[Text] The incidents which occurred the day before yesterday when Gen Luciano Benjamin Menendez visited the Deputies' Commission on Constitutional Affairs had major repercussions in the congressional area, which were reflected in the most varied opinions and in widespread concern over the fact that the new constitutional government seems to be faced with an incipient wave of violence.

The views of senators and deputies obtained from blocs with very different political orientations ranged from condemnation of General Menendez for

appearing as he did before the aforementioned commission to extremely harsh criticism of the far left and the intelligence services, including a reminder of what had been caused in the country by Marxist subversion, and those who talked about crossfires and warned that justice is slow but must be allowed to operate. All those questioned unanimously agreed that the incidents in question were not a result of spontaneous demonstrations.

Warnings

Senator Ricardo Leconte (PAL-Corrientes) warned: "We are witnessing the strength of the violence in deeds," the origins of which cannot yet be determined; "but they come from those who do not share the desire for justice of the majority," and not long ago "they were part of the Marxist subversion which has already been defeated once."

Another senator, Eduardo Menem (PJ-La Rioja), also contributed great balance when it was time to express an opinion: "Is it the beginning of a wave of destabilizing violence? I hope it is the end. I realize that there are people who are grieved over what has occurred during recent years, but there are also small groups provoking violence. Justice is very slow; I found this out during 20 years of working in it; but it must be allowed to operate, because it is the only way. And everyone must understand this."

'Cross-Fires'

A few hours earlier, the president of the republic and the defense minister met with the Armed Forces staff, represented by Gen Julio Fernandez Torres, joint chief of staff; Gen Jorge Arguindegui, Army chief of staff; Adm Ramon Aroso, Navy chief of staff; and Brig Teodoro Walner, Air Force chief of staff.

At that meeting the unity of the Armed Forces regarding subversion was obvious, as was their concern over the wave of violence triggered by the first actions associated with those who acted in the repression.

On this topic, the Armed Forces and subversion, Senator Antonio Berhongaray (UCR-La Pampa), chairman of the National Defense Commission, denied that the military could have any connection with the recent acts of violence; and, on the contrary, claimed that what happened the day before yesterday was a result of "the cross-fire" among different sectors, despite which one could not talk about a revival of subversion.

Another Radical, Ricardo Lafferriere (Entre Rios), spoke of enemies of the country, stating: "The motive claimed could be anything, free marijuana, the approval or non-approval of a law, the price of theater tickets, the downfall of a soccer club, a judicial process or the statement of a member of the military quoted by Congress. Any incident is good and capable of being used for the strategic purpose: to downgrade the image of the state of law. Our response must be democracy and, if it is not enough, more democracy."

Alberto Melon (PJ-Buenos Aires) harshly reproved Menendez for appearing in uniform with a large number of guards and, from what one could observe, having

been on the scene of the incidents. He did not preclude the possibility that "the violence was provoked by the Army services and the extreme left," which was represented by more than one political party in the recent elections.

Among the government party members, Jose Bielicki (Buenos Aires) declared: "This is being arranged in an organized manner in advance. It involves the two extreme factions that existed, using their former action." And Federico Storani (Buenos Aires) definitely went much further in his statements, for he claimed: "Completely organized groups acted, with a particular political slogan. They are all those associated with the extreme left in the country, which has its voice in the socialist movement, in the Labor Party. All of them were repudiated, and buried by the people's votes in the elections of 30 October."

Youths Arrested

Buenos Aires LA NACION in Spanish 19 Jan 84 p 16

[Text] Mar del Plata--In a police operation carried out at dawn yesterday, 216 persons were arrested for being disorderly on a public thoroughfare, three of whom were carrying firearms and three others engaged in prostitution.

This announcement was made by the undersecretary of security of Buenos Aires Province, Hector Bertoncello, who added that work is under way to identify those being held, many of whom reside in other provinces and in the Federal Capital. The official also said that "there should never have been any mention of apathy among the security forces," because they have followed express instructions from the minister of government, Juan Portessi, who wanted to offer a period for reflection to the members of the alleged street gangs that have caused disturbances in the downtown section of the city during the past 2 weeks. He added: "When that period had elapsed, action was taken with the necessary forcefulness, but always without the bounds of the law. There was never any blind repression."

The Operation

The operation began with the arrest of youths who spend the night in tents, and it was extended to certain downtown corners and sites on the avenue where the instigators of riots are in the habit of congregating. According to Bertoncello, if necessary, reinforcements will be provided for the police personnel; adding that, during this season, the latter have worked intensively, arresting gangs of miscreants and discovering two homicides. He remarked: "The phenomenon of the street gangs is nothing new, although this year they appear more organized than ever; and although this may seem to be too much of a coincidence, it would be superstitious to think that the street gangs are trying to destabilize the government."

As for the incident of which the Mexican singer was a victim, it is thought to be possibly "an act based on a publicity stunt."

Those Arrested

La Plata--The majority of the 216 persons arrested were 18 and 19 years of age, although some children aged 13, 14, 15 and 16 were also included among them. Both age groups come from the Federal Capital and localities such as Lomas de Zamora, Merlo, Los Polvorines, Moreno, Avellaneda and this city. Others have their domiciles in Cordoba, Santa Fe and Corrientes.

Police sources told LA NACION that the procedure was carried out the night before last on San Martin and Colon Plazas, at Torreon del Monje, on the Casino walk and, primarily, in beach cabanas and at Punta Iglesias. Many of those arrested are white collar workers, others are students and a considerable number revealed that they lacked employment.

It was also found that approximately 10 or 15 percent have records, and one had his capture recommended. Some claimed to have arrived in Mar del Plata "by thumbing" and without money.

The officials queried cited the dangerous nature of three of those arrested, from whom weapons were seized. On the other hand, they claimed that the majority did not put up any resistance to the procedure. Finally, they did not preclude the active participation of those arrested in the acts of violence, disorders and thefts that have occurred at the beach resort, nor the possibility that some have been used for supposedly political purposes.

A Communique

In a communique issued by the local police, it was stated that the preventive function should be no means be interpreted as weakness or apathy, and that anyone who commits unlawful acts will be placed at the disposal of the justice system. It was warned that violation of the principle of authority emanating from the society itself, to which the police institution owes its existence and which it protects, will not be allowed.

2909

CSO: 3348/236

MANUFACTURING SECTOR TO BE GRANTED SPECIAL CREDITS, TAX RATES

Buenos Aires LA NACION in Spanish 21 Jan 84 p 12

[Text] The minister of economy told a delegation from the Foreign Trade Forum that preferential interest rates for industrial exports will be implemented as the banks acquire the necessary funds.

At the same time, Bernardo Grinspun announced that requests for payments for imports made in October, up to \$50,000, and imports made up to 20 November for not more than \$20,000 are now being put through. Those covered under ALADI [Latin American Integration Association] are almost up to date.

Grinspun received a delegation from that forum headed by Daniel Roel Mora yesterday.

Demands

During the meeting, the visitors told the minister of the urgent need to reinstate a number of tax and credit benefits for the industrial exporting sector. They had been reduced over the past 5 or 6 years.

They indicated that they had requested the immediate promulgation of the export contracts register in order to provide the necessary guarantee that their negotiations will be covered for unforeseen risks and that the equivalency in pesos at the time the foreign commitment is made will be maintained.

Reimbursements

They added that they had pointed out the inconsistency in the present system of reimbursements to Grinspun. The same benefit is granted, for example, for soda exports or exports of high technology industrial products.

They also felt that the rate of exchange is out of sync although they understand that this can be gradually corrected.

They felt that the current system of prefinancing exports should be done with regular bank funds and never act as a restriction for other operations between the bank and the enterprise. Also they said that they had asked for immediate action to promote exports of high value-added products since they feel that it is one of the best ways for the country to acquire foreign currency.

In Commerce

The first meeting of the new Foreign Trade Advisory Council was held yesterday. Ricardo Campero told the businessmen there that a system to promote industrial exports will be ready by the end of March. However, he warned that they must not expect reimbursements of 40 percent or financing for 10 years due to the limitations that the national situation imposes.

The commerce secretary also said that from now on the purchasing power of the state will be used to pressure promotion of our exports. In collaboration with the Ministry of Public Works and Services, all those areas whose projects will require imported parts are being identified in order to negotiate counterpart sales for the purchases the country will make.

Going back to the topic of industrial promotion, Campero indicated that it will only include the productions of regional economies and high value-added industrial products. Finally, the businessmen were told that all imports of indispensable supplies will be decided favorably if the indispensable need is proven.

7717

CSO: 3348/229

GRINSPUN OUTLINES CORRECTIVE ECONOMIC MEASURES

Buenos Aires LA NACION in Spanish 22 Jan 84 sec 3a p 1

[Interview with Dr Bernardo Grinspun, minister of economy, at his office:
"Grinspun Talks About His First Month"; date not specified]

[Excerpt] [Question] If it is all right with you, we are going to talk about the opinions that have been heard during the past month. Okay?

[Answer] Yes, whatever you like. I am at your service.

[Question] Good. It is said that the government does not have an economic policy. What would be your response?

[Answer] The first thing we must say is that we act based on a political plan, not an economic theory. We also must explain that we have economic objectives, strategies, instruments and measures. The president and I have stated the economic plan. There are instruments and concrete measures. It is not that we have no program; we know what we want. However, the plan is subject to contingencies; there are elements that cannot be quantified. For example, we cannot risk assumptions on how much will be collected under the moratorium, how revitalization will go, how much we could collect with greater economic activity and how much we will collect through stricter tax controls. We do not know whether the United States will manage to reduce its deficit--which would result in lower interest rates--or whether international prices will rise. If interest rates went down three points and prices rose 10 to 15 percent, we would not have any problems in the foreign sector.

[Question] Engineer Alsogaray stated that the program does not work.

[Answer] The government situation we received must be taken into account. We have 12 billion pesos in unpaid deliveries, another large sum in transit, a foreign debt of more than \$40 billion, \$8 billion due in 1982 and 1983 which has not been refinanced and overdue payments totaling \$2.7 billion. Commitments with the foreign sector will total \$20 billion as of 31 December 1984.

Also the budget was not made for this year, we have financing problems in the provinces, there is complete disorder in the state enterprises and taxes were not collected. There are problems in the pension funds. The inventory of raw

materials for industry is very low. Engineer Alsogaray is an intelligent man and should understand this situation. Only one month of government has elapsed.

[Question] Also Dr Setti of the Justicialist Party has made criticisms. He said that the policy is recessive and that it will limit the economic plan.

[Answer] Look, Alsogaray, Setti and Frigerio want everything liberated and nothing done. We have already experienced that in Argentina. It ended with massive "propping up."

[Question] The U.S. assistant secretary of the treasury indicated that there are three premises for Argentina to receive economic support from his country: fight inflation, control the monetary supply and open the economy. What can you tell us about this?

[Answer] We would like to see if the United States really can reduce its deficit. For our part, we are making efforts to reduce expenditures. We have announced the formation of an interministerial committee for the denationalization policy, we have frozen all job vacancies and we have limited expenditures for the first quarter to 40 percent. We are considering a restrictive monetary policy accompanied by the other economic variables.

[Question] About the economic opening....

[Answer] We would like to see that in the United States and the EEC. They ask us to increase exports and restrict imports while they pressure us in order to sell to us and restrict their own imports. There is nothing better than a reasonable policy of economic opening but first we must end the contradictions.

[Question] Back to the subject of denationalization. In your opinion, what would be denationalized?

[Answer] In my opinion, everything that does not involve the state's essential functions.

[Question] Involve the state's essential functions? What do you mean?

[Answer] Those that provide public services, exploit nonrenewable resources and monopolistic activities. However, this is very broad and must not be taken to extremes. For example, automotive transportation should not be under the state but the railroads should.

[Question] And peripheral denationalization?

[Answer] I do not think peripheral denationalization is effective. Experience shows that these contracts become more expensive than before.

[Question] But more efficient?

[Answer] I do not consider that. They are more expensive--for example, in the collection of waste products.

(At this point, Dr Grinspun's attention wandered. He took an envelope out of his desk drawer and cut the stamps off it with a pair of scissors. We asked if he collected stamps. No, he answered, they are for one of my sons who has an enormous collection.)

[Question] There are many criticisms of the tax reform. What can you tell us about this?

[Answer] This is not the in-depth reform; we are simply going to collect taxes now. We are going to be very strict about this.

[Question] But the estate tax....It is said that it is confiscatory.

[Answer] It is simply an advance on what they must pay.

[Question] It is also said that it is discouraging. The tax on agricultural and livestock inheritance deprives the sector of resources that could be invested to expand production.

[Answer] At this point, it is necessary to take resources from those who have the capacity. I do not believe that the cattlemen are the worse off nor is the agricultural-livestock sector itself. It is not possible to ask anything more from other sectors.

[Question] You spoke of a more in-depth tax reform.

[Answer] Yes, it will reduce the number of taxes and, later, reduce the rates. We will include tax evasion in penal legislation. We will be very hard on evaders. We are already fixing up the DGI [General Directorate of Taxation] computer which was not used. We will be very strict...but this will permit us to lower the rates later.

[Question] And the gasoline tax?

[Answer] It is another emergency measure; we had to do it.

[Question] Will the price continue increasing in relative terms?

[Answer] Not for a month.

[Question] And later?

[Answer] It will be necessary to see, for example, the result of the moratorium. Plans cannot be endangered.

[Question] What will happen with wages?

[Answer] You have seen this. They will increase in real terms. That is a promise.

[Question] There are also complaints about the price policy.

[Answer] What could we do? At the beginning of January, a monthly inflation rate of 30 percent was announced. In the last 3 months, inflation was about 20 percent per month. Through control we avoid hyperinflation and, with a flexible mechanism, we also avoid the danger of repressed inflation. There was no other way.

[Question] Is a price liberation planned?

[Answer] It has been from the very beginning. This is a system we studied before we took office. We felt we had to devise price liberation. When we have the monetary expansion and public expenditures under control, we will not have to worry about price controls. We want the market to set the prices. With the reduction of public expenditures, the monetary supply will be directed at the private sector. This will improve the entire system. It will make it possible to carry out a credit policy. It will improve real wages...and prices will go down in relationship.

[Question] The Argentine Industrial Union has indicated its concern about importing supplies. Will this problem be solved?

[Answer] Ask the downtown banks. There are plenty of openings for credit.

[Question] Now we are at the enterprises. The president of a large enterprise told me his concern because he assumed the UCR [Radical Civic Union] government was prejudiced against large enterprises. Is that true?

[Answer] Not at all. How was that prejudice shown in his opinion?

[Question] By official statements of support for small and medium industry to the exclusion of the large enterprises and with credit from BANADE [National Development Bank].

[Answer] Well, credit from BANADE which is falling apart would not cover the large enterprises. These already have 80 percent of the assets of that bank. We are transacting an IDB credit for supplies totaling \$150 million. The beneficiaries of that credit which we will surely have by March will obviously be the large enterprises. It cannot be said that we are prejudiced.

[Question] What about the foreign debt?

[Answer] We have managed to postpone this topic until 30 June. Meanwhile, we will prepare a solution that I believe is on the right track. I discussed this already with U.S. Treasury Secretary Donald Regan and with Volker. There are no major problems, just some legal obstacles which are surmountable. I have the solution for them.

[Question] And self-loans?

[Answer] Article No. 862 of the Civil Code states that when the debtor and creditor are the same person, the debt does not exist. We will merely comply with this and we will not give foreign currency to those in that situation.

[Question] How are you going to know?

[Answer] We have asked for information from the banks and they have said that they will give it to us. They will be asked about the guarantors of operations.

[Question] What will the government offer to Argentine capital abroad?

[Answer] Security, peace and order and the prospect that, between us, we will build a greater Argentina. Or are you referring to some incentive?

[Question] Yes, I was referring to that.

[Answer] No, we cannot reward them in any way. It would be unfair to those who remained. If that is what they want, they can keep their money there.

[Question] What can you tell us at the end of the first month of government?

[Answer] That we have a plan. That we have eased the danger of hyperinflation. That a long-term development program is being prepared. We cannot say more when the National Congress still has not approved the tax reform nor the budget. I repeat that when we say we have a plan, this means that we have objectives, strategies, instruments and measures.

Then the minister thanked us for the opportunity to make an examination that he said he had not yet had time to do. He added: "Everything will be done in accord with the austerity of this office."

7717

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INCIPIENT LABOR UNITY THREATENED BY INTERNAL DIVISIONS

Buenos Aires CLARIN in Spanish 16 Jan 84 p 12

[Article by Ruben Dukart: "Last Chance for Unity"; passages enclosed in slantlines printed in boldface]

[Text] Last week union leaders tried to provide an organized channel for continued rejection of the union reorganization bill drawn up by the government. They strived for "unity" to present the right image based on the postulates in their alternative proposal for normalization.

The bill proposed a maximum term of 120 days for union normalization. This deadline might not be met since divisions between the two unions appeared cyclically. /Saul Ubaldini/ and /Jorge Triaca/ shook hands in the Health Union last Tuesday. They obviously intended to take the initiative, wipe out the differences among the traditional leaders and overcome what they maintain is the inevitable slowness of organizations.

/However, their intention suffered a setback when the leader of the glass union, Jorge Lujan, called the agreement a "low blow" and questioned its possible unifying effects./ His barbs were openly aimed at Triaca; he criticized the unilateral decisions of the leader of the plastic union.

The situation deteriorated on Friday with a complete break between the two internal sectors of the /CGT [General Confederation of Labor]-Azopardo/. Although both groups held moderate positions under the military government, there were always minor differences which have increased recently.

The "dialogist" leadership was characterized by the quest for an agreement with the military authorities to permit preservation of the union structure and some professionalization of the union leadership.

The union reorganization bill drawn up by the UCR [Radical Civic Union] government caused a reflex action by the traditional leaders. It became a matter of overcoming formal differences to solidify action on a single front. /Triaca and Ubaldini symbolized the outward agreement. Even though it was admitted that differences existed, this strategy meant that those who differ will inevitably agree to the unity as they comprehend the loneliness of their positions./

They probably did not expect such a loud stand by "the 20" and felt that they would attend the plenary meeting on 25 January. It will elect the new temporary leadership of the united unions. /The idea was to leave the doors open so that all could unite. The stentorian position of Jorge Lujan's group really upset his peers./

/The CGT-RA maintained that it is an internal problem for Azopardo. While it criticized the divisive position of "the 20," it stated that the Azopardo members themselves must resolve the problem./ The Azopardo sector which agreed to the unity stated that the Azopardo quadripartite of secretaries general is an inefficient leadership system. /"You cannot negotiate a period on one side and a comma on the other."/

/The leadership committed to unity already stated that it will ask to hold its plenary meeting at the headquarters of the historic CGT/ at Azopardo 802. However, sources close to the Ministry of Labor omitted any reference to this. In strict truth, harsh criticisms of the union leadership continue in official circles. They said that /"heirs of the dictatorship"/ were leading the unions based on extended mandates.

Minister of Labor /Antonio Mucci/ and his cabinet continued to meet with leaders of different unions in exhausting sessions to explain the context of the bill. According to them, their organizations have not always had the opportunity to compete legally.

/"Equal opportunity for all, freedom and pluralism"/ is the motto in daily official dispatches. Discussion also continues in the Congress. Well-informed sources said that the union reorganization bill will be approved by the Chamber of Deputies in 10 or 12 days.

UCR Deputies

The UCR deputies met last Thursday with the liaison committee made up of leaders of the two union centrals that support a normalization proposal diametrically opposed to the official one. The labor groups know the hard work that awaits them to strengthen the legislators' position against the bill. Their arguments are mainly directed at the independent senators who will ultimately decide the issue.

/The UCR legislators maintain that there might be surprises for some representatives of Peronist provinces who confidently wait for the vote. They state that the bill will be approved and will immediately become law by being promulgated by the Executive Branch./

The Ministry of Labor simultaneously intervened in the Railway Union, setting aside the transitory committee, and replaced the administrator of the Construction Workers Union appointed by the military government a few days before the constitutional government took office.

In both cases internal conflicts continue and have worsened recently. The Ministry of Labor rejected any accusation of interference in the unions, maintaining that its position was based on the demands of the workers themselves.

The situation in the mechanical union is still not clear. The election timetable was rejected by the administration headed by Hector Villaveiran; that became public at the beginning of January. This is another difficult front for the union sector. The traditional leaders have been caught off guard by not knowing which way the wind blows.

/To some observers this difficult situation is only a symptom of an even more difficult situation which could have spectacular results. They emphatically state that the future law on social projects is the real basis of this struggle. The union reorganization bill constitutes the first moves in a fight in which the opening bell has not yet rung./

7717

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CHURCH VOICES OPINION ON PROPOSED LABOR REFORMS

Buenos Aires CLARIN in Spanish 2 Jan 84 p 3

[Passages enclosed in slantlines printed in boldface]

[Text] The /Catholic Church/ was asked by political and union leaders about the /union reorganization bill/ drawn up by the UCR [Radical Civic Union] government. It indicated that /"the workers have the right to give their professional associations the structure and organization they consider most suitable/ based on circumstances in order to defend and promote their legitimate rights and aspirations."

In a communique distributed by AICA [Argentine Catholic Information Agency], the church hierarchy maintained that "like many other rights, the right to associate as a union must be regulated by the government but /this regulation cannot curtail it or impose limiting detailed conditions/."

It also revealed that the workers must be allowed /"to freely determine"/ the characteristics of those **associations**, "including the choice of union plurality or unity without private or official pressure."

It warned: "Certainly a delicate problem could arise between these two possibilities: that is the imposition, in practice, of a single union by governmental grant of union responsibility to a single entity excluding all others."

The church hierarchy noted that "in any case, /the state must guarantee the free play of democracy which insures the expression, representation and action of different philosophies/."

According to AICA, the church hierarchy was answering the "many political and union leaders" who expressed a desire to learn the church's opinion on the union reorganization bill.

The religious authorities referred to the position taken by the church's Social Pastoral Team in August 1979.

They repeated that "the church does not intervene in technical matters which can legitimately admit different interpretations and applications."

However, they added that the desire to contribute to the unity of the Argentines and the legitimate aspirations of the workers made the church express its thoughts on the right to unionize.

The church hierarchy indicated that "the formation of union groups for any geographic area or any degree of organization constitutes the expression of a natural right of man: the right to associate."

It remarked: "Therefore, it cannot be ignored, denied or limited."

The church also emphasized that "professional associations should not participate in partisan politics."

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FOREIGN AFFAIRS SECTOR TO UNDERGO REVISIONS, SAYS ROUCO

Buenos Aires LA PRENSA in Spanish 7 Jan 84 pp 1, 10

[Article by J. Iglesias Rouco]

[Text] The dialogue between Gonzalez Bergez and Caputo on the Beagle negotiations has done nothing more than distract public opinion from the rather hasty action of San Martin Palace on different fronts, naturally including the Beagle issue, although on this point it will take a few months before the curtain falls on the final act.

On 11 January, Chile, Argentina and the Vatican will release simultaneous statements outlining the noteworthy progress recently made in the Rome talks and will mark -- if one can use the word -- the beginning of the final phase of negotiations that will conclude in two or three months (four at most), not with an agreement, as has been said, but with a treaty. At the end of this month, Caputo would reportedly go to Rome with the obvious purpose that his presence there -- and perhaps that of his Chilean colleague -- might underline the portentous nature of this new phase. We therefore know that some days ago, certain difficulties may have arisen with respect to the so-called "bioceanic" principle, or more precisely, the form or importance that will be given to such a principle in the treaty. Such difficulties, obviously brought in by Santiago, would perhaps be the direct result of the famous statements by Gonzalez Bergez concerning this controversial issue, later "corrected" by the foreign minister. However, it is not thought that they would be sufficient to interfere with the road toward a final understanding, whose basic suppositions have already been established. There will definitely be no "ocean of peace" or any area of joint exploitation, and the surrounding area 12 miles from the eastern islands of the Beagle Channel would, along with the Cape Horn meridian south of that island, form the line dividing the waters. Argentina would also have the right to navigate on certain Fuegian channels, without previous notice.

Other Significant Moves

But, as we said, this is not the only matter the government has on its hands in the field of foreign affairs, nor is it even, viewed on the whole, the most significant. Attention should be paid to the following action planned:

1) the official presentation of the bases of a new hemispheric policy to the international community. The first step in that direction will be taken by Caputo on 12 January at the meeting of Latin American foreign ministers in Quito, in the form of a perhaps brief -- and, we hope, not rhetorical -- speech in which Buenos Aires would express its hope that the continental territory will not become a scene of East-West confrontation which in recent months has assumed the dimensions of a veritable cold war, even worse than during the 1950's. Such a presentation will be completed by President Alfonsín at the beginning of February during the course of his announced visit to Venezuela.

2) in close connection with that general policy, Buenos Aires' approximation to the so-called Contadora group (Mexico, Panama, Venezuela and Colombia). An envoy of Caputo (Alconada, a relative of the minister) has reportedly already traveled to those countries, for the time being for the sole purpose of gathering information. However, following the news recently published in this column, the proposal was modified slightly and in a definitely positive way. Caputo's representative or another official will also go to the United States for the same purpose. To date, Washington has not concealed its reticence over the moves of the members of the Contadora group and that general idea motivating them, based on which the principle of nonintervention should be applied equally to the Soviet Union and the United States, without considering the fact that two different forms of intervention are occurring simultaneously in Central America: on the one hand, that of American nations such as the United States and even Cuba, if you will, and on the other hand, that of an extracontinental power such as the USSR, whose action situates the problem on the universal level, to a large extent outside the "habitat" and control of the American ensemble strictly speaking. Not without reason, Washington maintains that consequently, the attitude of the OAS or of the Contadora group toward the United States cannot be the same as that reserved for the USSR, since beyond the purely formal aspects, Moscow has its military base in Cuba, constituting a real means of Soviet penetration and dominion in Nicaragua and the Salvador guerrillas. In short, equal treatment for the Americans and the Soviets would mean the failure to recognize the "American" status of the United States and, in practice, leaving the continent free to Soviet manipulation, shirking Washington's "neutralization." It is not yet known exactly what the Alfonsín government thinks about this matter. In principle, its rapprochement with the Contadora group is inspired on the desire to promote a Latin America -- and consequently, an Argentina -- free from the cold war between the two superpowers, understanding that such a conflict shapes one of the main factors of destabilization of the hemisphere in general and its democratic regimes in particular. But would Alfonsín be willing, along with the other democratic governments in the region, to wage effective action against the totalitarian systems of Cuba and Nicaragua? Only with great difficulty, inasmuch as an offensive of that nature could also be viewed as a means of intervention. Furthermore, how can one put an end to the cold war in a specific area, a cold war whose origins, goals and potential -- not to mention its main protagonists -- completely escape the possibilities of any retort in the area?

North Korea

3) the rapid alienation of states that can only be labeled as extremist or even terrorist, such as Libya and North Korea. Just as we recently reported, several messengers from Pyongyang reportedly have made moves to restore relations with Buenos Aires, broken off by Argentina in 1975. A few days ago, North Korea is said to have sent such a proposal to the foreign minister indirectly. According to our sources, Caputo rejected the proposal and even reportedly recalled, as the reason for his rejection, the old ties of the North Korean regime with *Lopezreguismo*. It is highly likely that the current relations with Libya, promoted by civilian and military personages involved in "the trial" -- we know of an unusual letter from General Bignone to Colonel Qadhdhafi in which there is no death of invocations to Allah! -- will follow the same path.

4) negotiations with London over the Malvinas. From the very time Alfonsin took power and perhaps before, there was reportedly a series of secret contacts between both sides, which may perhaps have been the source -- if one may put it that way -- of the latest statements made by Mrs Thatcher favorable to the lifting of the British "zone of exclusion" in exchange for a formal cessation of hostilities by Buenos Aires.

However, from what we have learned from sources close to the president and San Martin Palace, there is still substantial doubt about the real intentions of Mrs Thatcher. For example, it is known that the message sent from London to Alfonsin was the work, not so much of the prime minister, but rather, of the Foreign office, for Mrs Thatcher evidently did not wish to send anything (when she finally yielded to the entreaties of her diplomats, she reportedly deleted paragraphs from the text drafted by the Foreign Office which she deemed too "warm").

Modernization of Diplomatic Structure

As one can see, the new Alfonsin Administration has set earnestly to work on the delicate foreign front and, with equal speed, on other vital areas of government. Except for the unknown factors that arise from its Central American its work generally seems to be moving in the right direction.

But as if that were not enough, Caputo has begun work on another problem: the technical operative failures of which our diplomacy has shown signs, with few exceptions. Many of the "political" ambassadors that will be named by the president will be the result of that failure, rather than of political reasons. Consequently, the government is analyzing several far-reaching reforms of the organization of San Martin Palace, which could even mean the transfer of a large part of the personnel (some 1,000 diplomats and administrative employees, without counting those abroad) to another building, so that the Palace may fulfill purely ceremonial purposes. We have learned that there has even been some thought given to a new home for Argentine diplomacy: the old IBM building, which the foreign minister is said to have visited.

INFLUENCE OF SOCIAL DEMOCRATS ON UCR'S FOREIGN POLICY VIEWED

Bahia Blanca LA NUEVA PROVINCIA in Spanish 17 Dec 83 p 2

[Article by Oscar Camilion: "The World's Pulse"]

[Excerpts] International partisan politics have begun to awaken a certain interest in Argentina recently. The issue of international social democracies has come into focus since Dr Alfonsin's victory. This is not surprising inasmuch as the restoration of a constitutional government in Argentina was a favorable opportunity for international political party organizations to take hold in a country from which they had been excluded, among other reasons because the long cycle of military rule coincided with the apogee of their activity in the world and especially Latin America.

The action of international social democrats and of Christian Democrats in Latin America corresponds with the relative decline of American influence in the region and the relative increase of the importance of Europe. It is obvious that the penetration of all kinds of European interests in Latin American economies demands a greater political presence and counsels solidarities to balance the positions of strength traditionally faithful to the United States. The greater world interdependency also presumes a plural presence of interests of different types, economic and ideological, for example, which in turn sustain one another.

There can be no doubt that one component in the action of these international parties is the promotion of democratic institutions and the defense of human rights. At times, such promotion obeys motives of domestic politics and constitutes a type of political escapism through which one can calm the uneasy consciences of those who hold leftist positions from comfortable chairs in Paris or Amsterdam cafes. Nevertheless, the ideal of democratic organization is not only sustained sincerely by many European politicians, but rather, forms an unavoidable element in the power struggle with the Soviet Union. Nor must this be confused with the principles inspiring American diplomacy, resolutely inclined to promote democracy, no matter what concessions may be imposed by certain strategic considerations.

In Argentina

To date, international democracies had not been successful in gaining a foothold in any of the larger Latin American countries. Occasional rapprochements

with social democrats do not conceal the totally autochthonous nature of the Institutional Revolutionary Party (PRI) of Mexico. In Brazil, neither the official nor the opposition parties have drawn close to the international parties, which in addition have been very cunning with the government of Brasilia, perhaps because its large-scale action is after the repressive phase of that government at the beginning of the 1970's. In Argentina, it is obvious that so far, the major parties have not maintained very intimate relations with any of the international parties.

It is therefore worthwhile to ask the question of whether, with the government of the Radical Civic Union (UCR), one can imagine that in Argentina one would have, not the inevitable increased presence of the international parties, for the reasons previously given, but rather, some form of identification with social democrats.

The simultaneous presence in Buenos Aires of Messrs Mauroy, Craxi, Gonzalez and Soares may or may not be interpreted as a coincidence, but there is no doubt that countries with social democratic governments have formed their delegations in a way that can only be contrasted with the attitude taken by conservative European governments. It is not certain that the latter look askance at the restoration of democracy in Argentina, but the socialists in the Mediterranean countries have obviously tried to underline their note of personal support. That would be the symbolic interpretation of the arrival of Mrs Papandreu heading the Greek delegation.

Nonetheless, one must not draw rash conclusions from all of this. The truth is that it is not quite clear what a "social democratic foreign policy" for the Argentine Republic would consist of. Social democracy is a political form of European capitalism. This was very visible when Helmut Schmidt headed the government of the Federal Republic of Germany and through him implicitly, the Socialist International, and it is equally true with the current predominance in it of Mitterrand's France. Mitterrand does not much resemble Leon Blum. After all, it is his government that is intervening in Chad and ordering reprisal bombings in Lebanon, which definitely constitute an action of "state terrorism" that would have difficulty fitting into any scheme of Argentine diplomacy.

In the field of specific diplomatic affairs, Gonzalez' Spain and Soares' Portugal have as their top priority entering the European Economic Community in which they would in turn defend agricultural policy positions similar to those of France -- that is, confronting Argentina's views on agricultural subsidies. In the current grave crisis affecting the European Economic Community, our country's positions coincide more with those of the Federal Republic of Germany, England and Holland -- in other words, those of the conservative countries, which are coincidentally the most solvent financially. At the same time, Craxi's Italy is under the eye of the IMF and could hardly constitute support for future Argentine financial discussions. The largest portion of our foreign debt with Europe is with creditors who are not citizens of countries with social democratic governments.

In practice, social democratic policies in Latin America have been aimed at encouraging groups and parties opposed to dictatorial military governments. The vanguard countries have therefore taken up positions which, in the final analysis, clash with American interests. Here, social democrats have been a consistent expression of European capitalism and its interests. Consequently, it is not easy to envision an Argentine diplomatic policy based on social democratic guidelines. For example, if it should consist of direct or indirect forms of destabilization of dictatorial or unorthodox democratic regimes in Latin America, such action would clearly help European interests, but it is not clear that it would do the same with Argentine interests. If we should choose such a path, experience would not be long in demonstrating that it is one thing to get along with political friends and quite another to promote specific national interests. It should not be forgotten that European social democracies are the expression of highly integrated societies in which the interests of all groups coincide in the final analysis. In Latin America, things are different and the necessary good relationship with social democrats, Christian democrats or the countries they govern should not be confused with a policy that, from conditions of underdevelopment, tries to imitate the line of action of big capitalist countries.

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CSO: 3348/179

BRIEFS

LEBANON TROOP WITHDRAWAL URGED--Argentina yesterday urged the withdrawal from Lebanon of "all foreign troops" and expressed its "profound concern" over the prolonged conflict going on in that country. Argentine Foreign Minister Dante Caputo met with Ambassador Edmong Khayat, representing Lebanese President Amin Gemayel in Buenos Aires, but the Ministry of Foreign Affairs released no information on the subjects discussed. A statement from the Foreign Ministry later said that "the Argentine Government, profoundly disturbed over the prolongation of the situation in Lebanon, is once again urging the withdrawal of all foreign troops from that country as soon as possible." [Text] [Buenos Aires CLARIN in Spanish 21 Dec 83 p 24] 11,464

CSO: 3348/179

BRIEFS

STEEL PRODUCTION, EXPORTS--The 12.9-percent growth in steel production in 1983, equal to 14.6 million metric tons, against 12.9 million metric tons in 1982, surpassed CONSIDER [National Council for Nonferrous Metals and Steel] projections. The 1983 slump in domestic market sales--which exceeded 20 percent and was further aggravated by the recession--forced the Brazilian steel mills to step up exports. This resulted in an inflow of \$1.2 billion in foreign currency, a 71-percent increase as compared to the 1982 figure. In volume, exports totaled 5 million metric tons, a 180-percent increase as compared to that of 1982. [Excerpts] [PY220140 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Jan 84 p 24 PY]

CAR SALES UP--The automobile industry sold 729,496 cars in 1983, a 5.5-percent increase as compared to 1982 sales. This figure was regarded as "satisfactory" by ANFAVEA [National Association of Automotive Vehicles Manufacturers] Chairman Andre Beer who anticipates a 3 to 5 percent increase for gross sales in 1984. Beer explained that the 1983 increase was due to the incentives (tax exemptions) granted for the purchase of alcohol-fueled taxis. [Excerpt] [Rio de Janeiro JORNAL DO BRASIL in Portuguese 7 Jan 84 p 1 PY]

EXPEDITION TO ANTARCTIC--Brasilia, 15 Jan (AFP)--The Brazilian oceanographic ship "Barao de Teffe," which is carrying out the Antarctic II operation, arrived in the Chilean Marsh base on Saturday. The members of the expedition, which left from Rio de Janeiro on 3 January headed by Professor Mario Cesar Figueiredo of the Sao Paulo University, will carry out research studies on the krill along with Chilean and Polish scientists. It will also carry out biological and geological studies and it will launch weather balloons. [Summary] [PY220128 Paris AFP in Spanish 1747 GMT 15 Jan 84 PY]

CSO: 3342/61

POLL SUGGESTS NEW LIBERALISM WILL WIN MIDTERM ELECTIONS

Bogota EL SIGLO in Spanish 3 Jan 84 p 3

[Article by Dario Hoyos Hoyos in the column "Brief Notes": "Galan Gains in 'Consumer's' Political Poll; Victory Predicted in Midterm Election"]

[Text] After a broad study through various opinion polls in capitals throughout the country, the well-known marketing firm "Consumer" just released data on the popularity of prominent Colombians beginning with the president of the republic himself. He continues to have a high level of acceptance from the people even though he has gone down a few points compared to another poll taken several months ago.

"Consumer" has prestige because it was almost 99 percent correct in Belisario Betancur's election. The most disconcerting result of this poll is that Luis Carlos Galan Sarmiento appears to be favored by a broad margin of popularity over his fellow liberal party members.

In an article published by the "Super" chain, Oscar Lombana Cadavid, president of "Consumer," said: "This poll leads me to believe, without any doubt, that there will be a sweeping victory for the New Liberalism in the coming midterm elections."

Belisario Betancur has 78 percent popular acceptance with 14 percent against him. About 8 percent had no opinion.

Luis Carlos Galan Sarmiento followed him with 67 percent in favor, 16 percent against and 17 percent with no opinion.

These two were followed in the order below:

Carlos Lleras Restrepo, 55 percent in favor, 23 percent against and 22 percent with no opinion.

Maria Eugenia Rojas de Moreno, 51 percent in favor, 19 percent against and 30 percent with no opinion.

Misael Pastrana Borrero, 49 percent in favor, 31 percent against and 20 percent with no opinion.

Rodrigo Lloreda Caicedo, 45 percent in favor, 13 percent against and 42 percent with no opinion.

Virgilio Barco Vargas, 42 percent in favor, 19 percent against and 61 percent with no opinion [as published].

Hernando Duran Dussan, 39 percent in favor, 19 percent against and 58 percent with no opinion [as published].

Augusto Ramirez Ocampo, 33 percent in favor, 11 percent against and 44 percent with no opinion [as published].

Alfonso Lopez Michelsen, 32 percent in favor, 54 percent against and 14 percent with no opinion.

Alvaro Gomez Hurtado, 31 percent in favor, 44 percent against and 25 percent with no opinion.

Otto Morales Benitez, 29 percent in favor, 8 percent against and 63 percent with no opinion.

Gen Fernando Landazabal Reyes, 29 percent in favor, 18 percent against and 53 percent with no opinion.

Also in this survey, 22 percent was in favor and 65 percent against former president Julio Cesar Turbay Ayala. The same thing was true of several of his political friends.

To a lesser degree, this also happened to Lopez' group. However, compared to earlier polls, the "comrade chief" seems to be gaining slightly in popularity.

Many interpretations have been given to the latest opinion poll by "Consumer."

Alvaro Gomez Hurtado, for example, still maintains the popularity indicated in a previous poll even though he has been in Washington since the beginning of 1983 and has not participated in national politics.

The popularity of Foreign Minister Rodrigo Lloreda could be based on the fact that he stays at the side of charismatic Dr Belisario Betancur. He also participates in activities that have created a good image like the Contadora Group, admission in the Movement of Nonaligned Countries and proper handling, in general, of the foreign policy.

Lloreda is also an intelligent, nice and reasonable politician.

Maria Eugenia Rojas de Moreno Diaz also has a good image. The policy of houses without an initial quota has given her good dividends in some public opinion sectors.

However, ANAPO [Popular National Alliance] as a party has been reduced to a minimum.

There are other important aspects of the survey:

About 78 percent accepts the present government administration, 17 percent disapproves of it and the remaining 5 percent is not informed about the situation.

Some 92 percent favors and 6 percent opposes the way Dr Belisario Betancur presents himself on television. The people like the language he uses which includes popular sayings and simple terms.

7717

CSO: 3348/231

FINANCE MINISTER ON 1983 ECONOMIC PERFORMANCE, 1984 OUTLOOK

Bogota EL TIEMPO in Spanish 9 Jan 84 pp 1-A, 8-A

[Article by Carlos Pineros]

[Text] The year 1983 saw a significant advance in the reordering of the economy, the introduction of adjustments, so that for 1984 the coast is already clear for the country to get to work and reactivate the economy, according to the report of Finance Minister Edgar Gutierrez Castro.

One of the packages of economic decisions with which the administration will begin is the issuance of decrees to reorganize public spending, in response to one of the most significant recommendations of the former Liberal finance ministers.

"I do not believe in economists or in politicians," responds Finance Minister Edgar Gutierrez to those who question the timeliness of the imposition of a tax system that will raise taxes during an economic recession.

"The strengthening of the government's financial instruments, supported by tax revenues, does not run counter to economic reactivation. The facts prove this: In 1983 the recession hit bottom and the recovery began; at the same time, revenues increased."

[Question] But, Mr Minister, there are still comments to the effect that the reactivation has not yet reached this country.

[Answer] Some politicians say that, but I think that is old hat.

Gutierrez Castro reflects, and when asked about his distrust of economists and politicians, he says, "Well, . . . yes, I do believe them but I am cautious around them."

These statements were heard during the press conference he called last week to provide an explanation of the scope of the new sales tax program, today known as the Value Added Tax (IVA).

Shortly before then, the minister had granted an interview to the economic editor of EL TIEMPO regarding the "satisfactory results," in his view, of

economic activity in 1983, despite the difficulties, and the "favorable prospects, the clear sailing ahead for 1984."

In his interview with the editor, Gutierrez Castro announced the possibility of the reform of the financial system's legislative structure being considered during the special congressional sessions to be called after the harvest elections.

He also revealed that the government is preparing a series of decrees to reorder public spending, in response to the clamor by the former Liberal finance ministers, as a fundamental step in the overall economic recovery.

Gutierrez Castro was asked about the fact that the lower yield of savings corporations and of the Upac system, as a result of the decline in inflation, could lead to the withdrawal of deposits and the transfer of those funds to other places, and thus the low-income housing policy could be jeopardized.

The minister warned that the government will not permit this, and announced that it will take all appropriate corrective measures to ensure that one of the administration's flagship programs, housing, will continue as planned.

The interview begins as the administrative changes in the Bank of Colombia are being implemented, and the minister observes that continued service is guaranteed, and customers have nothing to fear.

Then he presents a report on 1983:

Critical Beginning

"The development of the economy, as viewed from the beginning of the administration, was critical in 1983 because of various exceptional circumstances:

"In the first place, the international financial crisis, which particularly affected Latin America and reached Colombia early in the year, when international commercial banks had decided to suspend their operations with the entire region, without exception.

"The attitude of the bankers stemmed from serious problems that the most active borrower nations of Latin America, such as Mexico, Brazil, Argentina, Chile and Venezuela, had encountered in covering the debt service.

"The consequences of this crisis for Colombia focused on a sudden cutoff of all financial support for the principal productive sectors: electricity, mining and industry.

"Colombia did not provoke the crisis, but it was suffering the consequences. For the first time in many years, there was a net drain of financial capital from the country.

"A second element of the crisis was the paralysis of the international trade market as a result of the crisis in the industrialized countries. The flow of

exports was also interrupted suddenly as those markets shut down due to the slump in economic activity.

"In addition, two factors emerged to deepen the financial and commercial crisis in Colombia: on the one hand, the conflictive economic crisis in neighboring countries, which led Venezuela and Ecuador to decree massive devaluations; and on the other hand, the loss of Colombia's competitive edge because of the rise in inflation and production costs and the weakening in recent years of its real exchange rate.

"There was another element in the domestic crisis: the public financing front, eroded by the progressive weakening in recent years of the government's revenues. This problem translated into a sharp drop in the level of public investment. Also present was a general disorder in public spending.

"In sum, three elements: the decline in international financing, the drop in trade and the plummeting of government reserves and investments, all led to a severe shrinkage of overall aggregate demand in the economy, and therefore of the indices of productive activity and sales."

Redemption Strategy?

[Question] How did the government plan its strategy for dealing with this situation, and can any results be seen yet?

[Answer] Three kinds of complementary and consistent activity were chosen to work to develop the basic objectives: one, the reactivation of aggregate demand in the economy to restore vigor to the market and to productive sectors; two, to do this without spurring excessive inflation, but rather to attack inflationary expectations while taking aim at prices and costs.

In the area of international financing, Colombia launched a strategy designed to normalize its financial relations with the entire international banking system, despite the serious credibility crisis facing Latin America.

This task was undertaken with notable success, to the extent that international commercial banks have already normalized their financial transactions in the short, medium and long terms for this country.

Colombia is strictly complying with its external financing program, and is experiencing no problems in the priority credits that comprise the international financing program.

At the same time, banking and financial sectors, and all productive sectors, have been able to return to normalcy in their financial relations with the world, even though Latin America is still suffering from the same financial crisis as at the beginning of the year.

The capital account for the second half of the year, in contrast with the first half, is already showing positive signs. All multinational credit institutions, such as the World Bank, the Inter-American Development Bank and the International Monetary Fund, accepted the plan submitted by Colombia to

the Consultative Group in Paris, and progress is being made in loan negotiations, within the objectives and chronology proposed and agreed to in the Consultative Group.

Normalized Credit

[Question] But Mr Minister, it is said that not a single peso of the credits negotiated throughout 1983 has reached Colombia.

[Answer] Everything cannot be done overnight. Colombia broke the ice in international financing for Colombia. As I said, financial relations have been normalized, and there is a major mobilization so that objectives can be met and projects involving foreign credit can be carried out.

[Question] In various circles one hears pessimistic comments about the normalization of trade. The industrialized countries are concentrating their efforts on domestic recovery. Countries like Venezuela are undergoing the uncertainty of a change in government, and no one knows what will happen in the area of currency exchange.

[Answer] As for the normalization of trade relations, Colombia has been able to make a lot of progress thanks to the successful efforts on two fronts which have resulted to a notable improvement in the country's competitive position:

The success in the struggle against inflation has undeniably meant significant relief in terms of production costs, on the one hand, and the progressive and accelerated, but not traumatic, readjustment of the exchange rate has restored competitive conditions to national production that had been gone for several years, on the other hand.

Today, Colombian products are beginning to be inexpensive once again compared to the products of neighboring countries, and domestic supplies are available in areas that had generally relied on international trade.

Note that this has been achieved without upheavals in the exchange rate, without any movements that would stimulate undue inflationary pressures.

1984 Time of Renewal

[Question] There are those who feel the crisis will persist in 1984.

[Answer] For me, unequivocally, 1984 will be a time of renewal for the national economy, with more attractive conditions for national businessmen and producers to export. The coast is clear on the fiscal and financial front.

Domestic commerce and the rate of national economic activity have emerged from the stagnation that characterized them during the first half of 1983, due to the aforementioned problems.

A selective monetary policy of supporting key sectors and businesses of the economy has played a predominant role in all of this. This policy translated

into the establishment of special lines of credit, and support for activities clearly connected with leading sectors of production.

I should point out that the lines of credit, which started out with some \$70 billion, dropped to about \$40 million during the course of the year, without the monetary or inflationary disorder that many critics predicted when the lines of credit were instituted.

This monetary management was decisive in achieving the reactivation of many productive sectors, within a climate of monetary and financial stability. Clothing is being sold out, for example. Metalworking, iron and steel, paper, packaging, synthetic fibers, beer, construction materials and cement, among others, are showing encouraging signs of recovery.

But I want to stress what was done to confront the situation in an orderly manner: The third group of measures dealt with the fiscal sphere. The tax reform that was implemented at the beginning of the year when the economic emergency measures were put into effect was later ratified by Congress, after it was struck down by the Supreme Court of Justice.

I do not have the slightest doubt that if the problem had not been submitted to the Court, which rejected the heart of the reform, the economic reactivation process, rather than arriving in September, would have begun 4 to 6 months earlier.

In other words, the price the country paid for the delay in implementing the tax reform was a delay of nearly half a year in the entire reactivation process.

Afterwards, once the provisions were passed by Congress, there was an important clarification in the tax system, the scope of public spending, and the use of the indebtedness tool, which in my opinion would provide the great stimulus for the rescue of the economic system whose initial effects began to appear in the second half of 1983.

[Question] On the subject of taxes, Mr Minister, there is a latent fear that the imposition of the value added tax could run counter to the reactivation and . . .

[Answer] With the IVA we will introduce one more element of solvency and strength into the fiscal system. This will be one of the two basic pillars of the tax system, and such an element cannot run counter to the reactivation. The revenues to be collected during the first year are expected to be very modest. But we do expect the great impact of the tax reform to be felt in 1984.

Spending and Finance Controls

[Question] A lot of things were left by the wayside in 1983: financial reform, the public spending statute . . .

[Answer] It is possible that Congress may convene in some special sessions after the harvest elections to consider financial reform, which will be a keystone in the consolidation of the entire structure of the system, the protection of savers and customers, and the establishment of a channel for administering the financing required for the great development of the country in future years.

With regard to the public spending statute, that whole matter is being carefully studied. Perhaps in January some decrees will come out. Little by little we are putting order into spending, but more progress will be needed, and we are willing to work for it. The problem is, we have had a lot to do, and we must adhere to a strategy of priorities. But everything is aimed at achieving recovery with stability.

[Question] Won't the 22 percent increase in the minimum wage affect the program to cut inflation, prevent higher unemployment and stimulate the recovery?

[Answer] I would have preferred some other solution, rather than defining the wage revision within the limits we have set forth. I wish we had known at the time how the recovery of buying power could be achieved so effectively by combatting inflation so that wages could buy more, instead of imposing nominal raises that can lose their value. At any rate, we will not give up our goals, and there is nothing to indicate that inflation will be over 14 percent in 1984. There may be some regression in the achievement of other goals.

Savings for Housing Without Risk

[Question] It is conceivable that Upac savings may fall because their yield declines as the inflation rate subsides, and people will certainly look for greater yields in other investments.

[Answer] We are not going to permit the softening of the instruments of savings that are so essential to the low-income housing construction policy. We are watching carefully what happens, and if necessary, we will take the appropriate corrective measures. The low-income housing plan will continue, without a doubt and without a hitch.

[Question] Unemployment has climbed simultaneously with the reactivation announcements, when it is assumed that as long as the economy recovers, conditions for employment will be favorable also.

[Answer] There is a lag in the figures. If the National Administrative Department of Statistics (DANE) releases the latest indicators in December, it is to be expected that they will not correspond to what happened in December, but before then. And we all know that the recession bottomed out in the first half of the year. The situation is changing for the better, but because of the lag in statistics, we will see the indicators in a short time.

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CSO: 3348/228

DROP IN FOREIGN RESERVES CURBED; GOVERNMENT MEASURES CITED

Bogota EL ESPECTADOR in Spanish 4 Jan 84 p 3

[Text] The drop in foreign reserves, which amounted to over \$250 million a month up to September of last year, declined to \$113 million in October. During the first weeks of November, foreign reserves actually increased by \$19 million.

A report on the behavior of foreign reserves by the journal ESTRATEGIA ECONOMICA Y FINANCIERA, edited by former Minister of Finance Rodrigo Botero Montoya, states that the halt in the decline of foreign exchange resources is explained by the financial measures recently adopted by the government, including the ban on advance payment for imports, the authorization of a \$300-million quota for advance reimbursement for coffee exports and an increase in deposits required of travelers.

The report states that "as a result of the financial measures finally adopted by the government, the dizzying drop registered by foreign reserves was halted. After falling an average of over \$250 million a month in July, August and September, reserves dropped only \$113 million in October and during the first 22 days of November, actually increased by \$19 million."

Provisions

This change in the trend is due to a series of specific measures adopted by the government and commented upon in ESTRATEGIA in October.

Those measures include the ban on advance payments for imports, the authorization of a \$300-million quota for advance reimbursement for coffee exports, with a partial exchange guarantee, an appreciable increase in deposits required of travelers and the conclusion of negotiations for a \$220-million foreign loan.

These provisions point toward a change in attitude on the part of the government with respect to the handling of the foreign sector, which will serve, in short-range terms, to soften the drop lately registered by foreign reserves, while longer-range measures go into effect tending to seek a fundamental solution for the sector.

INCOMEX DIRECTOR ON EXPORTS, GOVERNMENT'S IMPORT POLICIES

Bogota EL SIGLO in Spanish 11 Jan 84 pp 1, 3

[Interview with Dr Gustavo Tobon, director of INCOMEX: "Exports Already Hit Bottom"; date and place not specified]

[Text] National exports rose about 7 percent in 1983 compared to the preceding year. However, everything indicates that exports had already hit bottom; therefore, we can expect this year to be one of recovery. Gustavo Tobon, director of INCOMEX [Foreign Trade Institute], said this yesterday when he announced the imminent issue of various regulations promulgating the Basic Foreign Trade Law.

Dr Tobon had the following dialogue with reporters from Caracol:

[Question] A new year begins with new strategies to encourage Colombian foreign trade. Dr Gustavo Tobon, director of INCOMEX, what are those new strategies for 1984?

[Answer] This year we begin a new Basic Foreign Trade Law, a law that will be developed in the next few days. We are working to issue decrees on Tax Reimbursement Certificates, trade, compensation and other topics like dumping and how to combat it. I believe these new forms that the basic law creates will definitely encourage exports this year.

Exports

[Question] As to exports, do you have the figures yet of how much Colombia really sold abroad in 1983?

[Answer] According to export records--it is very important to explain that these are INCOMEX records--the total for 1983 was \$2.787 billion. This means a 7-percent reduction compared to December 1982. This consists of coffee exports, \$1.526 billion, and other exports totaling \$1.261 billion. The second category went down 8 percent compared to 1982.

[Question] Why that 7-percent drop in exports?

[Answer] There are several explanations. I think perhaps the most important was the major decline in exports to neighboring countries and other Latin

American countries due to the economic crises. This reduction in 1983 was less than the drop between 1981 and 1982. We believe this might mean that we have hit bottom in declining exports and we should view 1984 optimistically as a year of recovery for exports. One reason is the different measures that have been taken. In President Betancur's administration, there have been two increases in the levels of Tax Savings Certificates and the new foreign trade figures.

Imports

[Question] Dr Tobon, let us go on to imports and the restrictive policy that Dr Betancur's government has applied in order to save foreign currency and preserve our reserves. More than a year after this policy went into effect, one might ask whether that savings in foreign currency has fully justified the sacrifice that so many businessmen have made.

[Answer] I think so because what we are doing is regulating imports. It was necessary to go to a different stage, a stage of austerity. Import certificates totaling about \$1.042 billion less than in 1982 were approved. This obviously has caused trauma and difficulties because it is not easy to adapt to a new way or a new import policy. This restrictive policy will continue. The impact of the policy of approving \$1.042 billion less than in 1982 will be felt mainly this year. In other words, there will be less pressure on the balance of payments and foreign currency. This impact will also be felt later because there are always some months between the approval of a certificate, the arrival of the imports covered by the certificate and payment in foreign currency for these goods.

Against Corruption

[Question] Dr Tobon, there is one aspect of this restrictive import policy that is somewhat delicate. One hears of many people who are surreptitiously getting licenses for prohibited products. What do you know about this?

[Answer] I have been very clear and this is a magnificent opportunity to repeat what I have said many times. Obviously import controls entail risks and one risk is corruption, immorality. There is another big risk, though; it is the people who let themselves be deceived by intermediaries who say it is necessary to pay money to have imports approved. They are frequently caught. We have presented formal accusations when we have found forged INCOMEX stamps. However, those who trust the intermediaries can possibly fall into forgery. This is important: it is not necessary to pay anything at all for the transaction. The policy is earnest, unequivocal and definitive. The people must not let themselves be deceived. Also anyone who hears rumors, has names or knows of such actions must have sufficient moral courage to denounce them so that those who are doing this can be prosecuted and punished. I am grateful for that question because I want to be very clear. We are going to fight any corruption that might exist in this sense. If there is something that cannot be imported, a product that cannot be imported, there is no reason to fall for an intermediary who says that it is necessary to pay for it or it is necessary to give money to some official.

7717

CSO: 3348/231

MINISTER OF DEVELOPMENT ANNOUNCES AID TO BORDER AREAS

Bogota EL TIEMPO in Spanish 7 Jan 84 p 4-C

[Article by Jaime Calderon]

[Text] Cucuta--Minister of Development Rodrigo Marin Bernal has announced that a complete change in the economic physiognomy of the border areas has resulted from President Belisario Betancur's statute, drawn up for their development. Marin Bernal said that the National Council for Economic and Social Policy (CONPES) will adopt the "National Program for Microenterprises" to consolidate those already in existence and to stimulate the creation of new, productive enterprises, fostered by the incentives generated by this program.

The development minister said that "in contrast to the attitude with which neighboring countries have met the commitment to execute infrastructure projects and to promote development plans in their own areas, Colombia has inexplicably neglected this front which should have been given priority for unquestionable economic, political and strategic reasons."

He advised that "the border statute institutes corrective mechanisms for this inadvisable omission and provides the government with the indispensable legal means to guarantee the border regions a minimum investment."

He noted that trade will continue to be an outstanding feature in the economic life of the border regions, but that within the context of lessening their dependence on neighboring countries, the Sena [expansion unknown--possibly Senate] will entitle the entrepreneurs of the sector to reorganize, so that foreign trade on the border can align itself with those demands which secure for it and for national production the comparative advantages which they need."

Commercial Sector

He anticipated support for the commercial sector from the National Securities Fund, while that program is underway, and noted that "the public entities and establishments on the national, departmental, intendancy, commissionership and municipal levels, when they receive the benefits and services of the program in the border regions, should give preference to those suppliers and fulfill the legal requisites and who--all other things being equal--have their principal business residence in the corresponding border areas.

Concerning the national development plan for the border areas, the minister explained that it will be adopted based on the regional development plans which the respective territorial entities are scheduled to formulate. "It is important to explain it here, precisely, allowing a thorough understanding concerning the role of the departments and municipalities, and the commitment which they have in the process of drafting the development plans," he noted.

He also made reference to the potential for industrial and agricultural development based on fiscal and tax incentives both for national as well as foreign capital in the border zones, and indicated that the special customs regulations which are scheduled to be issued to reduce tariffs on foreign capital "will be an indispensable complement to inducing investment for securing the benefits which the new statute authorizes."

CSO: 3348/256

DANE REPORTS HIGHEST UNEMPLOYMENT RATE IN 9 YEARS

Bogota EL TIEMPO in Spanish 3 Jan 84 p 12-A

[Text] The national unemployment index rose to 12.7 percent in December, the highest figure for the past 9 years, according to DANE [National Administrative Department of Statistics].

Bogota recorded the most alarming figures, rising from 8.9 percent in September to 11.3 percent in December.

While the number of new jobs available grew 3.1 percent, the number of those seeking employment increased 4.53 percent.

In Medellin, where there has been sustained high unemployment in recent months, the situation deteriorated even further, going from 16.1 to 16.7 percent during the period of comparison.

In Cali, unemployment dropped from 11.8 to 11.3 percent, while in Barranquilla, it remained practically steady: from 14.4 to 14.3 percent.

In general terms, the employment situation became complicated in 1983, when on one considers that in December 1982, the index was 8.9 percent and in December of 1983, it increased to 12.7 percent.

The four main cities taken into account to define the national index are: Bogota, where persons of working age but without jobs increased 4.3 points; Medellin, 3.7 points; Cali, 2.3 points; and Barranquilla, 4.2 percent.

The rate of participation -- persons over the age of 12 making up the economically active community -- increased from 53.2 to 56.5 percent between March and December 1983.

The unemployment rate is made up of the proportion of the economically active population without jobs.

The DANE report is as follows:

This report presents data from the latest household survey completed from 21 November to 2 December 1983 and in which the four main cities in the country were included: Bogota, Cali, Medellin and Barranquilla.

	1)	2)				
Ciudades	Total	Bogotá	Mede-	Cali	Barran-	
	14 ciuda	I	llín	I	quilla	
	des	I	I	I	I	I
1976	Marzo	11.2	9.4	14.0	13.8	12.4
	Junio	10.0	8.4	13.1	11.0	11.2
	Septiembre	10.4	8.8	13.3	12.6	10.7
	Diciembre	9.2	8.1	12.9	8.7	9.1
1977	Marzo	10.2	8.9	12.7	11.5	10.6
	Junio	9.8	7.8	15.5	10.0	8.8
	Septiembre	9.4	7.2	13.7	11.9	8.3
	Diciembre	8.0	6.5	11.4	8.4	7.3
1978	Marzo	9.9	9.0	12.7	10.6	8.2
	Junio					
	Septiembre	8.2	6.7	12.4	9.1	6.9
	Diciembre	8.4	6.3	12.9	9.6	7.1
1979	Marzo	9.5	6.5	15.5	11.8	8.6
	Junio	8.5	6.1	13.9	10.4	6.2
	Septiembre	9.0	7.5	12.6	11.0	5.8
	Diciembre	8.6	6.3	15.4	9.6	4.5
1980	Marzo	10.9	9.5	14.7	11.7	9.2
	Junio	9.3				
	Septiembre	9.4	6.8	15.7	10.8	7.8
	Diciembre	9.1	7.6	15.3	6.5	8.0
1981	Marzo	9.3	5.9	15.9	9.3	12.1
	Junio	8.5	4.9	14.9	9.0	11.9
	Septiembre	8.1	5.2	12.1	9.6	11.4
	Diciembre	7.1	5.8	9.2	7.2	8.9
1982	Marzo	9.6	8.5	12.6	9.7	9.3
	Junio	8.7	6.6	11.8	9.6	11.4
	Septiembre	9.3	6.7	14.8	9.9	10.2
	Diciembre	8.9	7.0	13.0	9.0	10.1
1983	Marzo	10.8	7.9	17.1	11.5	11.8
	Junio	12.2	9.4	18.2	11.8	14.8
	Septiembre	11.5	8.9	16.1	11.8	14.4
	Diciembre	12.7	11.3	16.7	11.3	14.3

Key:

1. Cities 2. Total, 4 cities 3. March, June, September, December

Seasonal Behavior

Period from December 1983 to September 1983

For all four main cities, the unemployment rate went from 11.5 to 12.7 percent during this period.

This phenomenon occurred despite an increase of 3.1 percent in the number of jobs available, due to the great increase in the number of those seeking jobs: 4.53 percent.

However, the behavior of the overall rates is to a great extent determined by Bogota's effect. The remaining cities have different behaviors.

In Bogota, the number of jobs generated increased by 5.21 percent but despite this fact and because of a great increase in the number of jobseekers (55.9 to 59.7 percent), there was an increase in the unemployment rate from 8.9 to 11.3 percent during the quarter.

Medellin showed a slight increase in the unemployment rate (16.1 to 16.7 percent), accompanied by a slight drop in the overall rate of participation (52.5 to 52 percent), meaning in the supply of labor, which indicates that in this city, despite less pressure from the amount of labor (possibly caused by the high rates of unemployment generally seen in Medellin), the employment situation continues to deteriorate.

For its part, Cali shows a slight drop in the unemployment rate (11.8 percent to 11.3 percent), despite the increased pressure from the amount of labor available (overall rate of participation going from 54.9 to 56.5 percent), indicating an improvement in employment in the city.

The job situation in Barranquilla stays practically unchanged, with an unemployment rate that went from 14.4 to 14.3 percent and an overall rate of participation remaining constant at 50.9 percent.

It can be concluded that Bogota is the city whose employment situation presents the greatest deterioration and given its share of the economically active population of the four cities considered together, it determines the overall rate for the four.

December 1983-March 1983

For this quarter, the four cities demonstrated that the December unemployment rate (12.7 percent) is the highest of the year.

This increase in the rate of unemployment in all four cities in December is contrary to the seasonal behavior typical of previous years, according to which the unemployment rates for the four cities increased in March, oscillated in June and September and dropped in December.

The sustained increase in the overall rate of participation throughout the year makes it possible to explain a large part of the increased unemployment by strong pressure from the high number of jobseekers (the rate of overall participation for the four cities went from 53.2 to 56.5 percent from March to December 1983).

Analysis

The analysis for the year by city presents the following important aspects:
1 -- Bogota is the city with the greatest increase in unemployment during the year, with its rate of unemployment increasing a total of 3.4 percentage points.

At the same time, it is the city whose rate of participation had the greatest increase during the year (5.6 points), indicating strong pressure from the amount of labor available.

This deterioration in the job situation in Bogota is greatly determined by the last quarter. For Bogota, this rise in the rate of unemployment in the last quarter cannot be considered atypical because it has been observed since 1980, but the degree of magnitude is unprecedented.

For Medellin and Cali, the unemployment rate is at a lower level than at the beginning of the year, with a slight improvement in the job situation. The overall rate of participation is constant in Medellin, but rises for Cali from March to December.

For Barranquilla, although the unemployment rate for the last quarter is greater than at the beginning of the year (14.3 percent compared with 11.8 percent), it is the lowest of the last three quarters.

At the same time, the overall rate of participation increased between June and September (49.6 to 50.9 percent) and remained constant for the last quarter, with a slight improvement toward the end of the year.

It should be emphasized that Barranquilla is the city which, after Medellin, presented the highest rates of unemployment.

December 1983-December 1982

In order to avoid seasonal effects, the rates of unemployment and participation for December 1983 are compared with the same month of the previous year.

During this period, there is a general deterioration in the job situation since rates for the four cities were 8.9 and 12.7 percent respectively.

For all cities, there are substantial increases in the unemployment rate: 4.3 points for Bogota; 3.7 points for Medellin; 2.3 points for Cali; and 4.2 points for Barranquilla.

For each city and for all four together, there was also an increase in overall rates of participation, which indicates greater pressure from the amount of labor available that could not be employed except partially by the production apparatus. The labor force in all four cities together increased 10.42 percent and the number of jobs generated increased 5.86 percent.

Four Other Cities

In Cucuta and Pereira both, the employment situation improved slightly between the months of June and December 1983, with the unemployment rates dropping from 10.3 to 9.6 percent in the first and from 14.6 to 13.8 percent in the second. The labor supply showed no variation in Cucuta, since its overall rate of participation remained unchanged at 48.6 percent. It rose in Pereira, due to the fact that its overall rate of participation went from 52.9 to 54 percent, point up some vigor in the absorption of employment, thus preventing an even more difficult situation on the labor market.

Comparing the months of December in 1982 and 1983, in Ibagué the unemployment rate dropped slightly from 10.2 to 9.8 percent, a situation in keeping with the small drop in overall participation from 51 to 50.6 percent. However, in Montería, unemployment increased from 10.9 to 12.4 percent, despite the small smaller number of jobseekers, with overall participation going from 54 to 51.9 percent.

Finally, when one considers a larger period, from December 1981 to December 1983 for the cities of Ibagué and Montería, and from June 1981 to December 1983 for Cucutá and Pereira, one sees a deterioration in the job situation in all cities, with their unemployment rates increasing 3.6 points in Ibagué, 3.9 points in Montería, 3.7 points in Cucutá and 5.2 points in Pereira, with variations in their overall participation of 4.6 and 3.2 points in Ibagué and Montería and .8 and 5.5 points in Cucutá and Pereira.

11,464

CSO: 3348/197

COST OF LIVING ROSE 16.7 PERCENT IN 1983

Bogota EL SIGLO in Spanish 3 Jan 84 pp 1, 3

[Text] The Colombian Government managed to fulfill one of its economic objectives in 1983: an increase in the cost of living of less than 20 percent in order to begin stable growth.

Alberto Schlesinger, director of the DANE [National Administrative Department of Statistics], reported that inflation went up 16.64 percent in 1983 compared to 24.03 percent in the previous year. This was the lowest in the last 11 years.

The government proposes to bring this rate down below 14 percent in 1984 and later down to 10 percent.

The official also revealed that the consumer price index showed a growth of 0.49 percent in December 1983. There was an increase of 0.79 percent for white-collar workers and 0.38 percent for blue-collar workers.

The products that had the greatest effect on the monthly price increase were: beans, vegetable oil for cooking, eggs, oranges and milk in Medellin.

The main articles whose prices went down compared to the previous month were: potatoes, green and ripe bananas, yucca, onion, tomato and cabbage.

For the Year

The cost of living went up 16.49 percent in 1983 for white-collar workers and 16.7 percent for blue-collar workers.

The director of DANE indicated that the foods group had a lower increase than in the past 4 years. However, he added that it grew more than the national total since the annual variation for that group was 17.22 percent compared to 16.64 percent for the total national index.

The food products that increased the most during the year were: prime beef, 23.07 percent; cooking oil, 22.9 percent; bread, 18.25 percent; eggs, 22.54 percent; pasteurized milk, 10.81 percent; top quality brown sugar, 35.46 percent; regular sugar, 28.87 percent; bananas, 22.76 percent; onions, 65.34

percent; chocolate, 25.32 percent; green bananas, 24.26 percent; ripe bananas, 26.29 percent; ground coffee, 22.41 percent; carrots, 33.23 percent; beans, 17.89 percent; and oranges, 41.38 percent.

Dr Schlesinger noted that, within the food sector, potatoes contributed most to the reduction in the index.

He pointed out that the level of inflation in 1983 was noticeably lower than in 1982 both for low-income families (blue-collar workers) as well as for middle-income families (white-collar workers) in the seven cities. One exception was middle-income families in Pasto where the price increase was almost the same both years.

Cities

The total accumulated index for 1983 by city showed the following percentage variations: Bogota, 16.38 percent; Medellin, 17.37 percent; Cali, 18.18 percent; Barranquilla, 15.14 percent; Bucaramanga, 14.22 percent; Manizales, 13.78 percent; and Pasto, 22.13 percent.

Increase in Miscellaneous Group

Concerning the effect on the annual change in the price index by each one of the four groups--food, housing, clothing and miscellaneous--DANE concluded:

The food group made up 52.84 percent. This was higher than in 1982 when it was 51.88 percent.

The housing group made the index go up the least since it went from 28.46 percent in 1982 to 23.43 percent in 1983. This was mainly due to favorable rent payments.

Clothing also had a lower effect on the increase in the index since it contributed 4.51 percent of the change in the index in 1982 and about 4.13 percent in 1983.

The miscellaneous group went from 15.14 percent to 19.6 percent.

7717

CSO: 3348/231

BANK OF THE REPUBLIC REPORTS EXCHANGE DEFICIT

Bogota EL ESPECTADOR in Spanish 11 Jan 84 p 8-A

[Text] In the first 11 months of 1983 exchange transactions yielded a deficit of \$1.743 billion, according to the Bank of the Republic in the last statement up to 30 November.

There was also a "negative balance of \$1.786 billion in the current account and a positive balance of \$43 million in capital transactions," according to the editorial notes of the REVISTA DEL BANCO DE LA REPUBLICA that was issued yesterday.

The level of foreign reserves was \$3.15 billion. The publication noted in its cross-section of accounts for last November: "It should be pointed out, however, that the current deficit reached \$11 million in this past month. This is significantly lower than the monthly average of \$178 million in the first 10 months of the year. This was basically due to the higher rate of payments for exports of goods, mainly coffee. At the same time, imports went down compared to the majority of the other months this year."

"Financing rose in October to \$62 million, meaning an increase of \$51 million in reserves for that month.

"Summarizing the 11 months, there was a decrease in revenue as well as in current expenditures compared to the same period in the last fiscal year. There was a bigger reduction in revenue leading to a larger deficit in this account.

"The revenue totaled \$3.247 billion, a reduction of \$683 million, while expenditures were \$5.033 billion, \$182 million lower. The reduction in the former mainly reflects the reduction in payments for minor exports which went from \$1.092 billion to \$847 million. It also reflects the drop in some service categories like tourism and personal services and yields from the investment of reserves abroad.

"The decline in this last category--\$277 million--can be explained by the reduction in the amount of reserves invested and the lower interest rates abroad this year.

"The above changes are partially compensated for by the larger payments for coffee exports this year. They reach \$1.454 billion compared to \$1.339 billion a year ago. The average international price in November per pound of /miscellaneous mild/ [in italics] was \$1.46. Compared to the \$1.38 recorded in November 1982, this means an increase of 5.8 percent. It can be seen that the upward trend which started in July 1983 has continued and even increased in October and November."

7717

CSO: 3348/231

COFFEE EXPORTS GENERATED MORE THAN \$1.5 BILLION IN 1983

Bogota EL ESPECTADOR in Spanish 4 Jan 84 p 7-A

[Text] Last year, Colombia exported 9.2 million bags of coffee, generating over \$1,575,000,000 in revenue, according to the National Federation of Coffee Growers. Exports in 1983 produced \$75 million more in foreign exchange than in 1982.

The Federation reported some of the most important figures of the Colombian coffee industry during the last 1983 fiscal year, which is different from the coffee year. The latter runs from September to August, not from January to December like the regular calendar year.

According to the 1983 regular calendar figures, production in 60-kilogram bags was 13.6 million.

Bulk coffee exports to countries belonging to the International Coffee Organization, the OIC, by the Federation totaled 4.3 million bags. Private exporters recorded 4,072,000 bags, meaning a total of 8.46 million bags.

To countries not belonging to the OIC, the National Federation of Coffee Growers sold 755,000 bags.

Total exports during the year were 9,215,000 bags.

The total amount of Colombian coffee used was 10,865,000 bags, which generated \$1,575,300,000 in foreign exchange through coffee exports. Operations of the National Federation of Coffee Growers produced \$820.3 million, while those of private exporters brought in \$755 million in foreign exchange.

The Federation also reported how much had been paid out for coffee purchases by that association, which totaled \$72,064,000,000. Coffee certificates in circulation on 31 December 1983 (face value) totaled \$20.58 billion, while coffee bonds in circulation on 31 December 1983 (face value) totaled \$4.69 billion.

The Federation also reported a price change for the purchase of Federation-type pergamino coffee inside the country (125-kilogram load) in January 1983, from \$12,100 in January 1983 to \$14,400 in December.

Compared with 1982, the following figures stand out: payments for coffee purchases by the National Federation of Coffee Growers, 1982, \$50.28 billion; 1983, \$72,064,000,000. Foreign exchange generated by coffee exports: \$1,505,000,000 and \$1,575,000,000.

"The previous figures show the great effort made by the coffee association during the year to finance the purchase of the coffee harvest, without resorting to emissions by the Bank of the Republic. The Federation of Coffee Growers paid out \$72,064,103,923, 44 percent more than the sum paid out for the same item in 1982.

"Total coffee exports in 1983 generated \$1,575,000,000 for the country in 1983, meaning \$75 million more than in 1982," the Federation noted.

11,464

CSO: 3348/197

PD CANDIDATE ON ECONOMY, ELECTORAL CAMPAIGN, OTHER ISSUES

Guayaquil EL UNIVERSO in Spanish 31 Dec 83 p 5

[Interview with Democratic Party presidential candidate Francisco Huerta Montalvo, in Guayaquil; date not specified]

[Text] The Democratic Party's [PD] candidate for the presidency of the republic, Dr Francisco Huerta Montalvo, analyzed various matters relating to the political, economic and social areas, specifying what his government's action would be in the realm of public works, education and health.

In his remarks, he claimed that confidence must be restored to the Ecuadorean population, providing food, housing and security to all classes of society.

He said that everything does not revolve around the financing for public works, but rather is contingent on the attainment of a better attitude toward work on every level, pooling the efforts on business firms, universities and the state.

He criticized the administration of Ecuadorean justice, and gave a reminder of the pope's proverb that without justice peace cannot be attained; while claiming that he would improve the conditions for the police, so that there will be more effective protection directed toward the rural and urban areas.

As for the rendering of medical services, he said that the Guayaquil Children's Hospital should start operating in its entirety, just as the Southern Hospital in Quito, the out-patient departments of which he had the pleasure of opening 2 years ago, is doing.

Matters Discussed

Following are the views of the presidential candidate, Dr. Francisco Huerta Montalvo, in response to the questions asked of him in this newspaper's editorial offices:

[Question] The economic policy to be applied by the new government is fundamental at this present time of crisis. What does the Democratic Party consider to be the basis of that policy?

[Answer] Essentially, we would deal with the problem of the economy with a new, strategy for development that would be less dependent on the production of

foreign exchange, and all the more so when the external sector is among the most critical ones. To be sure, this will require an enormous working effort, but it would not suffice to increase production alone; rather, we must determine what we shall produce and for whom we shall produce. Our development strategy is aimed at meeting the basic needs of the poorest Ecuadoreans, and one of those needs is their food basket, from which stems an essential government action aimed at recovering the agricultural area as a key area in Ecuador's development; a recovery that will also demand a major national effort to provide infrastructure to the country's rural areas, so that it will not be necessary for rural residents to migrate to the urban areas because of lack of services. Of course there are people who have emigrated to all the urban areas of Ecuador, forming the poverty belts and armies of unemployed. Policies must be devised for them to supply them with fundamental services: drinking water, sewerage and electric light, as well as generating productive employment. Our strategy is interactive in this regard, so that by bolstering the development of agriculture with local roads, for example, we shall also generate jobs. In dealing with the housing problem, we shall also generate jobs. In short, as we have said, it is a development strategy to offer Ecuadoreans health, food, housing, and education; and all this as a device for generating productive employment, with a major savings of foreign exchange, placing emphasis on the consumption of native raw material.

One point that we have been proposing is that of considering the trade balance in all our transactions; in other words, purchasing from those who purchase from us and, just as we have to pay a huge foreign debt, we must save the largest amount of foreign exchange. This will require a change in the strategy for industrial development, with very special heed taken to ensure that the transition toward a new strategy is carried out without detriment to the industrial equipment that we already have; because any business firm that goes bankrupt would be a loss of assets and a factor for unemployment.

[Question] What is your view of the road and economic infrastructure in this section of the country and other surrounding provinces?

[Answer] I do not need to imagine myself a Guayaquilan in my response, because I am a Guayaquilan, but there is no question that, insofar as the road infrastructure is concerned, for example, the republic begins in Imbabura and ends in Chimborazo; and furthermore, wherever we enter Guayas by land, the condition of the roads is catastrophic. But the same thing holds true for Esmeraldas, Los Rios, Manabi and El Oro, as well as Loja and Azuay, and of course the entire Amazon region. It will also be necessary to change the strategy to benefit new industrial enclave development which currently excludes Guayas and Pichincha, to exclude only Guayaquil and Quito, as cantons, and to allow for the installation of new industries in the other cantons of those two provinces.

[Question] And what is your priority project, that you would execute if elected?

[Answer] To me, the priority project for this region and also for other provinces in the country, consistent with the desire to benefit the agricultural area, is the development of the Guayas Basin. The Babahoyo Plan is part of the Guayas Basin project.

[Question] It is claimed that there are funds available, but that the agencies are not turning over studies and projects. Tell us your opinion.

[Answer] Unfortunately, there is another factor that we cannot fail to recognize, and CEDEGE [Study Commission for the Development of the Guayas Basin] is not exactly at fault; but sometimes a lack of money is not everything. There is a lack of operational capacity and even ability to plan projects in many of the sectional agencies throughout the republic, so that BEDE [Development Bank of Ecuador] has billions of sucres that are not being used; in other words, it is not all centralist bureaucratic work, but of course not denying that this obstacle is also present. The republic has many ills to correct, but it is not all administrative; because many problems which are not apparent have different origins, unfortunately including regionalism, corruption, poorly elected authorities and an inertia from which we must emerge.

[Question] The problem of the lack of beds for Guayas is worsening every day, and the same holds true for medicine. How could they be solved?

[Answer] Without contradicting the saying about fewer bricks and more vaccines, there is no question that in Guayas, and Guayaquil primarily, more beds are needed, essentially for pediatrics and maternity; hence we have begun the construction on the Guasmo mother and child center, and we have made an effort, such as it is, to open an out-patient department in the Children's Hospital, just as we opened the out-patient department for the districts of southern Quito that is opening completely on this very day. We hope that the minister of health will open completely the Children's Hospital of which he is still director, as soon as possible.

I insist that the main emphasis must continue to be placed on preventive medicine in the case of Guayaquil, providing 100 percent drinking water and sewerage, and increasing the inoculation campaigns that we have had occasion to step up. Obviously, good nutrition is a good preventive medicine; and what is happening to our people to a large extent proves that such good nutrition does not exist; which, in turn, proves the poor housing conditions and lack of employment. Hence, we can say that our plan is based on reality when it proposes food, housing and jobs as fundamental actions; and, of course, social peace, something that is not enjoyed at present by a great many residents of suburban districts and also in the downtown section of the city.

This proves that health is something that cannot be neglected, and although our ministry was severely criticized for political reasons, I believe that we have fulfilled our obligation on the technical level. We are certain that the current problems will be solved quickly, just like those associated with the disease of rabies, which also caused a great deal of difficulty.

[Question] What is your view of the election campaign?

[Answer] We believe that there is still a high degree of indecisiveness, which in turn reflects a great civic maturity among the electorate, which has

refused to let itself be overwhelmed by the flood of offers and which, rather, is viewing dispassionately the rainbow accompanying them; for example, one day, the cities are yellow, on another day, they are green, later they are orange, etc. But what the people decide on 29 January is something on which there is no room for speculation. For this reason, we are confining our offer to what we have stated, and we are waiting, confident of the people's wisdom.

I consider it important to have electoral education. I would say that, on 29 January, one must vote first in the first booth.

[Question] Will you maintain the policy of international openness started in 1979, and what is your opinion on the boundary issue?

[Answer] Obviously for some time, more exactly, since the beginning of democracy, Ecuador has been maintaining an international policy marked by great openness, particularly in the region. In this regard, without aspiring to continental leadership as a goal, we think that Ecuador's active, militant presence in Latin America's problems should continue; but then it is vital to start by putting our own house in order. And this requires seeking solutions to the conflict with Peru, to the point where we cease to live with an open wound that justifies not only exaggerated patriotic demagoguery, but also the arms race. We are convinced that our nations have a common destiny, which the border conflicts precisely are preventing us from fulfilling. We are not saying now how we shall solve the dispute, because that would be irresponsible, but it is vital to negotiate a solution; all the more so when we realize that borders are never eternal. But, by the same token, we must possess something, so that the dream of the great Latin American nation will cease to be merely that, a dream; so as to justify agreements such as the Puyango-Tumbes one, to develop the Amazon region jointly; to explore the gas in the gulf without pressure; so that our fishermen will not be subjected to humiliation; and so that there will be no danger of a conflict present every minute. In any event, any solution that may be reached would always have to be put to the decision of a plebiscite.

We back the action of the Contadora Group in the search for a political and not a military solution to the tensions in the fraternal Central American republics. We overtly condemn any attempt to intervene in those countries, but at the same time we reiterate our determination to guarantee pluralistic, democratic types of government.

[Question] What do you think of the constant invasions that are hemming in the country's leading cities, and internal security?

[Answer] Security is a new but vital issue, which must be based on a high degree of responsibility among those who have the capacity to engage in it, from the standpoint of the quality of the individuals who are given a weapon by the state, so as to avoid incidents as regrettable as those of the past few days. Furthermore, calmness does not result from the club and, as it has been written on the ring of Pius XII, there will be no peace so long as

there is no justice; and it is unquestionable that in order to progress toward justice, we need to be able to work in peace.

Serious efforts are being made in the jurisdictional branch of government so that the courts, for example, will cease to be bedrooms in which judgments rest, or to prevent political manipulation from besmirching legal decisions. Nevertheless, there is much progress to be made, beyond the rhetoric that has been decided upon recently. For example, in the case of the minors' courts, the number and distribution thereof are ridiculous, and they must necessarily be increased in order to serve their purposes.

Furthermore, in this respect we candidates cannot succumb to certain practices, such as engaging in campaigns in the Bahias, or putting on our tickets known land invaders, who have even been raised to the status of candidates, when because of their record they should, rather, be kept behind bars.

This is all the more so when they not only traffic in the people's anxiety, but also attempt to sell their political votes. This type of citizen does not appear on our tickets.

[Question] How do you view the problem of the constant educational reforms that they are attempting to impose?

[Answer] When we mention bread in our campaign offer, we are also thinking of education. Our concept is that education should be changed substantially in Ecuador, to become a constant process, based on attendance at a school, high school and university, which will also help in learning how to learn. This, of course, requires another educational reform that should shock the teachers, either because they do not want it or because they no longer believe in them. Therefore, the reform that we propose will not be merely for the teachers, but also with the teachers, like all our planning: participatory.

[Question] Based upon your observations abroad, what has impressed you most, and what could be applied in this country?

[Answer] It has often been said that there are no underdeveloped countries, but only under-administered ones; and, although we claim that administration is not everything, administrative reform is a key. In experience gained from other countries there is one fact that is worthwhile stressing: the need for a good relationship between business, the university and the state. Therein lies much of the reason for the development of many countries that I have visited, regardless of their political system. In business firms, we want to combine the factors of production; in the university, the factors of thinking; and in the state, the political factors. If any of the three are hostile to one another, there can be no development.

2909

CSO: 3348/220

POSSIBLE IMPLICATIONS OF ALLEGED ELECTORAL PACT ANALYZED

Quito EL COMERCIO in Spanish 4 Jan 84 p A-4

[Article by Alejandro Carrion: "The Notorious Document"]

[Text] I do not find it at all strange that three candidates (who feel related and will take part in the run-off election together) have consulted a foreign "electoral strategist." I believe that all the candidates have done the same thing, separately. Moreover, it is legitimate to do so. And the "strategist" has been good; the document is excellent as a diagnosis of the situation; the expert has a notable ability for summarizing complex realities.

The point that the three candidates should not fight among each other: a fundamental piece of advice; the point that they should concentrate on battling the candidacy of the opposing side: another fundamental piece of advice; and the point that they should publicize the government's correct actions, because one of the candidates is from the government party, so as to reduce the criticism of its administration: still another fundamental piece of advice. So, wherein lies the bad part of the document? The bad part lies in the fact that it advises a typical "dirty war," and it is in this respect that the document becomes an act against democracy, inasmuch as it is overtly aimed at poisoning the election campaign.

Under the Argentine dictatorship, fighting against the guerrillas was not what was bad; it was a fundamental obligation and it has been done by democratically irreproachable governments, such as that of Felipe Gonzalez in Spain. The bad part lies in the means used for that battle: kidnappings by night, torture, assassinations, heaps of corpses thrown into the river or the sea, or buried out in open places. This is the dirty war against the guerrillas that Alfonsin's democratic government is penalizing. There is no punishment for the battle against the guerrillas; there is punishment for the dirty manner of waging that war.

In the document from Dr Octavio Meza (his identity and his presence in the country must be established), what is reprehensible is the dirty war that he is planning against the Reconstruction Front candidacy, a war aimed at poisoning the electoral process; in other words, at creating a new, invalidly illegal

government, achieved by means of a corrupt election campaign. And it lies in forcing the government to intervene in the campaign, which is banned by the Constitution. If that unconstitutional act of intervention is committed, then the elections are invalidated by fraud, and the government resulting from them is irretrievably illegitimate.

There is nothing strange or bad about the fact that the president may start up the works projects that he has accomplished before leaving the government; but this very proper action must be carried out in July, when it can no longer have an impact on the elections. The fact that this is done in December, immediately before the first balloting, has the impact on the elections that the notorious document intends; and that is harmful, because it forces the voter toward the candidate of the party to which the president belongs. Similarly illegal is the propaganda claiming "democracy is advancing," aired on TV, because it subliminally introduces into the mind the notion that what has worked is not democracy, but rather popular democracy, in other words, the government party, and it is aimed at votes for that party's candidate. It is illegal because it violates the constitutional principle of non-intervention in the elections, and because it is being done with national funds, something that cannot be tolerated.

The discovery of the document, due to a chance oversight, is unquestionably favorable for Ecuadorean democracy because, even though its authenticity has not been fully proven, it will stop a series of procedures associated with a dirty war that are hinted at in it and that were being fully implemented. This will preserve the elections. There is no doubt that the guardian angel of Ecuadorean democracy caused the briefcase containing the document to be forgotten...cheating the one who found it of his reward, something which caused it suddenly to become general knowledge, a twofold coincidence that will necessitate the correction of procedures.

2909

CSO: 3348/220

FEBRES CORDERO ON NEED FOR SOCIAL JUSTICE, OTHER ISSUES

Guayaquil EL UNIVERSO in Spanish 2 Jan 84 p 4

[Text] Text of last night's televised address by engineer Leon Febres Cordero, the National Reconstruction Front's candidate for the presidency of the republic:

"Ecuadoreans:

"I consider it fitting on this first day of 1984 to convey to you my strong hope that we shall attain constructive gains during this new year, and leave behind as a painful, bitter experience the onslaughts of a near and immediate past that has, unfortunately, left a toll of pain and hunger for the majority sectors of this Ecuador of ours which we shall reconstruct with everyone's assistance.

"This first month of the new year is also the final one of the election campaign in which we have been participating with the backing of the vast majority of you. This has enabled us, despite all the efforts of the central government, the government-backed candidates and the extremist groups, to maintain our proposals for the country's benefit without impairment.

"With the support and at the request of vast independent sectors, unprecedented in Ecuadorean history, and under the auspices of a National Front of Parties including the most extensive ideological persuasions in our history, we are offering our fellow countrymen a position, upholding the nation's traditional values, that steadfastly seeks justice and prosperity for the Ecuadorean people.

Series of Falsehoods

"It would be worthwhile recalling with you the series of falsehoods intended to oppose the decision that Ecuadoreans have made to back our candidacies:

"They began by claiming that this was a leftist battle against the right, in an attempt to lead us back to eras that have gone by in our history. Unfortunately for them, no one agreed to be taken in by this, and our sincere statement that Ecuador is our party was received with enthusiasm and confidence that defeated the despicable proposal for division and confrontation that they were irresponsibly attempting.

"Whether right or left, work and experience are not the property of a group or party; integrity and ability are not anyone's to monopolize; they are virtues that enhance our people and solid grounds for our candidacies.

Victims of Their Claims

"In view of the failure of that ignoble weapon, they put forth that story about the millionaire campaign; and now they are the victims of their own claims: They have painted the streets, squares and walls with their colors; they are inundating television and the press with their publicity for really expensive campaigns, far exceeding the cost of ours, as is evident to all of you, who are neither blind nor deaf.

This Lie Could Not Succeed Either

"Then they said that our presence in the government would cause a polarization of ideas and the generation of terrorism and guerrillas; and they even dared to put on a stupid farce, with the complicity of known extremists and unknown museum thieves.

"They forgot that guerrillas come into existence as a result of hunger, as a response to chaos and as a repudiation of immorality; and that they themselves are precisely the ones who have led Ecuadoreans to hunger, who have been the leading participants in the most disgraceful deals and who have brought about distrust and dismay among all the sectors in the country.

"We are talking about work, we are talking about production, we are talking about plenty, integrity, confidence and justice; and those are not ingredients of either guerrillas or terrorism.

Campaign of Violence

"Then they orchestrated the campaign of violence, and engaged in disseminating their new discovery, echoing the government, namely, that our candidacy would produce violence, our members are armies wielding machine guns, bombs and cannons: a ridiculous lie that did not take long for the Ecuadorean people to discover, when they found that the same little group which was attacking us with rocks and bullets in Machala later went to Tulcan and attended our meeting in Cuenca, while a hail of flowers from balconies and sidewalks supported us as we went by, and kept alive the hope of better times that we are offering the people of our country.

"They will not be able to defeat us in this way or any other.

"Our campaign is peaceful and highly patriotic; the Ecuadorean people, rebellious and brave, but overflowing with goodness and generosity, are with us.

We Reject Violence

"We reject violence and we consider it our civic obligation to allow our opponents to carry out their elections peacefully; because we are

convinced that not only must democracy be preached, but it must also be experienced and practiced intensively, and that we all have the right to express our views, whether right or wrong, because our people by now have sufficient maturity to select their best course of action, free from pressure.

"Fellow countrymen, you may be sure that nothing will divert us from the line that we have marked out with you. We do not know what new trick they are planning for the days ahead, but that does not worry us either; because we can count on you to find them out and to unmask those who, in their impotence, have proven capable of regrettable and detestable attitudes.

Desperate, Sad Christmas

"What is unforgivable is the ingenuity with which they are attempting to deceive Ecuadoreans momentarily, making them think that the country's economic situation is improving, based on statements that are lacking in truthfulness and headlines which have ceased to deceive, even though they are repeated. We have just spent the most desperate and sad Christmas season in the country's history. I am not saying this; it is being said on the front pages and in articles in Ecuador's leading newspapers and by prominent writers. I am not saying this; it is being said by the increasingly higher prices of the products with which our people are fed; it is being said by the anxious, suffering woman in our country, who will not be deceived by false statements.

"Despite everything, we still have our nation, and we still have forces with which to defeat the continuism, with those who have already made the decision to support us and the group of those who have not yet decided on their vote, but who will cast it for what best suits the republic, because they too are Ecuadoreans and want what is best for their country.

Appeal for Unity

"We promise you that the victory on 29 January will begin a new era wherein, with great faith in our Ecuador, in our resources and in the Ecuadorean people, we shall wage the great battle to make a reality of our credo of countering want and the high cost of living, of reactivating the economy and agriculture, of educating and giving health to the largest possible number of Ecuadoreans, of dynamizing public services, and of investing in public works and housing, in order to achieve our people's prosperity."

2909

CSO: 3348/220

KEY 1983 FOREIGN POLICY ISSUES SURVEYED

Quito EL COMERCIO in Spanish 1 Jan 84 p 20

[Text] During the year now ended, Ecuadorean international policy was marked by dynamic activity both in the promotional area and in the desire to publicize in the outside world its view of the territorial problem that it has had for over a century and a half with the neighboring country to the south, namely, Peru.

The constant travel abroad by the president of the republic, Osvaldo Hurtado, and the foreign minister, Luis Valencia Rodriguez, has made it possible for Ecuador to be better known as a nation located on the South American continent, for interest in its problems to be evoked and for it to be viewed as an island of peace in contrast to the wave of violence noted in the neighboring countries.

Ecuador holds a prominent position in the area of constitutional restoration of democracy, and this has enabled it to play a major role at present in the forthcoming Latin American economic meeting, at which it is expected to carry out a series of measures to remedy the severe crisis besetting the region.

Owing to its team method of working, this foreign relations ministry is the only one maintaining a continuity of ideas and intentions relating to its international policy, and hence it has had an outstanding performance in several international organs based on its pluralistic policy.

Ecuador has diplomatic relations with about 67 countries on all continents, and with a dozen international agencies.

From a retrospective standpoint, the fundamental points in Ecuador's foreign policy as directed by the foreign ministry may be noted thusly:

Ecuador has expressed its position on the territorial problem with Peru in the following terms:

Ecuador will not cease to advocate a peaceful solution so long as the territorial problem with Peru exists, a problem caused when the nations emerged into independent life, and exacerbated by the forceful imposition and occupation of Ecuadorean territory by the Rio Protocol of 1942.

Therefore, Ecuador demands the recognition of its rights to the Amazon area, and has on several occasions reiterated that there cannot be any conditions associated with the negotiations that it wishes to hold with Peru, because they must deal with the total territorial problem as a whole, in its entirety and complexity, taking into account the origins thereof, and the legal entitlement backing Ecuador's rightful position.

Understanding and Assistance

It has also been pointed out that, for this purpose, Ecuador trusts that it has the understanding and assistance of all the countries on the continent, because the territorial problem has deeply affected the perpetuation of the fundamental principles governing coexistence among peoples.

For example, at the special ministerial meeting of the Coordinating Bureau of the Movement of Nonaligned Countries, held in Managua from 10 to 14 January 1983, and at the same movement's Seventh Summit Meeting, held at New Delhi from 7 to 12 March, Ecuador gave a reminder that, among the problems still awaiting a solution in America was the one existing between Ecuador and Peru, and reiterated the Ecuadorean position regarding it.

At the United Nations General Assembly, on 29 September of last year, President Hurtado recalled that problems still exist on the American continent which are a threat to peace, security, cooperation and development, as in the case of "the Amazon territorial claim made by Ecuador, which must be resolved for the good of the two nations that want to live in peace and to take the path toward a fruitful cooperation which would benefit both."

At the same international forum, Foreign Minister Luis Valencia Rodriguez also noted that Ecuador would not cease to demand a solution based on peace and justice to the Amazon territorial claim that it has made, one which constitutes its major international problem. In addition, at the Second Meeting of Foreign Ministers From the Amazon Countries, held at Cali on 8 December, in commenting on the territorial problem, he stated that Amazonia must be made an example of international cooperation, eradicating discord by means of peaceful, just and honorable understanding.

200 Miles

As for its position on the existence of the 200 miles of territorial waters, Ecuador has, throughout 15 years of efforts, attained recognition of its rights to sovereignty and jurisdiction over this marine distance, within the context of the provisions contained in the Santiago Declaration of South Pacific Nations.

After 9 years of negotiations, the final text of the United Nations Convention on the Law of the Sea was approved in New York in 1982, and the Final Memorandum of Action was signed subsequently in Jamaica. Ecuador signed the instrument, to continue its association with the negotiations that will be carried

out by the preparatory commission of the international authority for marine and ocean beds, in order to protect the rights of the nation.

According to the Convention on the Law of the Sea, the 200 miles have been divided into two zones: one with about 12 miles of traditional territorial waters, and another with 188 miles, comprising an exclusive economic zone in which the state sovereignly exercises all the rights and jurisdictions for exploration and exploitation of the natural resources, both living and mineral, which it will use for its own benefit.

The foreign ministry has requested of its Consulting Board the latter's view regarding the future steps that Ecuador should take concerning the Convention on the Law of the Sea.

This same state secretariat has engaged in constant activity in the international area for the purpose of procuring agreement on a community policy for the protection of tuna, for which it has promoted and participated in several meetings within the South Pacific area.

This agency, in which Colombia, Ecuador, Peru and Chile participate, has had its headquarters in Quito since January 1983, offering facilities for the activities of the Standing Commission on the South Pacific.

For several years, the geostationary orbit for satellites has been a topic of special concern to all the equatorial countries. The Ecuadorean policy in this regard has played a leading role in the defense of the legitimate rights of the group of equatorial countries.

At the regional administrative conference for planning the radio broadcasting service by satellite, for the second session, held on 17 July 1983, Ecuador confirmed its constant position in defense of its rights to the respective segments of the geostationary orbit for satellites associated with Ecuadorean continental and insular territory.

As a member of the Movement of Nonaligned Countries, Ecuador reiterated its commitment to support the role incumbent on its members with respect to the present international crisis, which has forced them to unite in order to attain their common goals and to arrive at a practical, democratic solution to their problems, so as to ensure the independence, freedom and equality of all peoples.

At the New Delhi meeting, Ecuador cited the need for the Movement to return to its fundamental principles and original intentions, as stipulated at the Belgrade summit in 1961, as the best guarantee of its unity and strength.

Central America

With regard to the Central American problem, the head of Ecuador's diplomatic service, Luis Valencia, stated at the last OAS meeting that this region's problems could not be solved through the military expedient. He noted that

the cause of the conflict is based on the unjust economic, political and social conditions prevailing in the region, and declared that the settlement of the conflict must include the right of all the Central American peoples to live in peace and to determine their own future in a sovereign manner, free from any foreign meddling or intervention, whatever excuse might be sought or whatever the context in which it might be carried out.

Valencia reiterated Ecuador's backing for the Contadora Group, in its efforts to seek a solution to the conflict.

Ecuador condemned the American military invasion of Grenada, because it was at odds with the basic principles of its traditional foreign policy.

At the OAS meeting, Valencia gave a reminder that Ecuador is upholding principles that are intimately bound to its own status as a free and sovereign state: the banning of the use of force in international relations; disavowal of territorial acquisitions or advantages of any other kind obtained through the use of force; respect for the sovereign equality of states and their territorial integrity, and non-intervention of any kind in their internal or external affairs; as well as the free determination of peoples.

Conference

The foreign ministry, in cooperation with other public agencies, is arranging all the details required for the success of the Latin American Conference that will be held in Quito from 9 to 14 January of next year.

On 11 February 1983, President Hurtado addressed an important request to the Executive and Permanent Secretaries of the Economic Commission for Latin America (ECLA) and the Latin American Economic System (SELA), aimed at having them prepare a group of proposals, enhanced with contributions from the other heads of state and government of Latin America and the Caribbean, which would constitute the basis for the region's response to the economic crisis.

The secretaries of the two regional agencies prepared the document requested by Ecuador and submitted it to the Ecuadorean chief executive last May, as well as to the personal representatives of the heads of state and government of the region's countries attending this function.

Subsequently, in Santo Domingo, another meeting was held by the personal representatives of the region's chief executives, for the purpose of discussing the document prepared by ECLA and SELA, and determining the course of action that should be followed. In his capacity as the author of this initiative, President Hurtado took part in that meeting.

After the Santo Domingo meeting had recommended to President Hurtado that he continue making his personal contribution to the culmination of this initiative, the Latin American Economic Conference was called which, after consultation by the region's governments, was set for 9-14 January.

Amazon Cooperation

Ecuador has been lending its entire cooperation to attain the goals proposed in the Amazon Cooperation Treaty, of which it is a party together with Bolivia, Brazil, Colombia, Guayana, Peru, Suriname and Venezuela.

The prime purpose of the treaty is, among other things, the expending of joint efforts and action by the contracting parties to foster the harmonious development of their respective Amazonian territories, with a view toward attaining equitable and mutually advantageous results, taking care to preserve the environment and to conserve and make rational use of the natural resources in those territories.

At the last meeting of foreign ministers of the Amazon region held in December, Valencia remarked that the development of the Amazon Basin must be founded upon two supporting elements: the sovereign right of the nations to use and take advantage of the natural resources contained in their respective Amazonian territories; and the adoption of the necessary policies for cooperation among them, so as to ensure the efficient, rational utilization of the vast resources that exist, protecting the environment without upsetting the ecological balance.

Presence and Voice

The visits made by both the head of state and the foreign minister of Ecuador have reaffirmed Ecuador's presence and voice in the world.

This year, President Hurtado visited the United States on two occasions: the first trip was made in April, and the second in September.

On his first visit, Hurtado's goal was to promote American investment in Ecuador, primarily in the oil area; and to bolster the joint Latin American effort to deal with the crisis being experienced by the nations of the region.

He met with the American president, Ronald Reagan, in Washington, and in New York with the major financial sector. Hurtado said that the efforts being made by Ecuador would not be sufficient if the industrialized countries and the private international banks did not cooperate to afford suitable economic assistance for the national efforts and people's sacrifices, so as to activate our economies again.

Subsequently (24-25 July), he went to Venezuela on the occasion of the bicentennial of the birth of the liberator Bolivar. At that time, two instruments were signed: the "Manifesto to the Peoples of America," containing a political message on the unity and solidarity of the Latin American peoples, and the declaration on regional integration entitled "For Us the Nation is America."

During the first days of August, President Hurtado visited Santo Domingo, on the occasion of the second meeting of personal representatives of heads of state to discuss the document prepared by SELA and ECLA.

At the end of September, Hurtado visited the United Nations, where he delivered an address analyzing the causes and effects of the crisis in the international economy, and the need for an intensification of the cooperation and understanding between the developed countries and the developing countries.

On 10 December, President Hurtado attended the ceremonies marking the assumption of command by the new Argentine president, Raul Alfonsin.

On 17 and 18 December, the Ecuadorean chief executive visited the cities of Santa Marta, Cartagena and Bogota, to attend the commemorative functions culminating the celebration of the bicentennial of the liberator's birth.

Moreover, Foreign Minister Valencia Rodriguez paid a visit for the first time to Asian countries: the Republic of Korea, the People's Republic of China and Japan, between 30 March and 5 April, where he expressed interest in economic and technical cooperation and also in the purchase of various Ecuadorean products, such as oil, bananas, coffee, processed lumber and insecticides.

Japan offered to cooperate in the training of professional fishermen in our country, in electrification and in the preservation of Ecuador's cultural heritage.

He also paid visits to Czechoslovakia, the German Democratic Republic and Bulgaria, with the same goals as those achieved in the Asian countries.

Ecuador also participated in the Sixth UNCTAD [United Nations Conference on Trade and Development], which took place in Belgrade during June of this year. Therefore, prior to this meeting, it attended two previous meetings: the one in Cartagena during February, to establish the basic criteria for Latin America, and the one in Buenos Aires during March and April, at which the statements of the three regions were included in a final document entitled "Buenos Aires Platform."

In Belgrade, the Group of 77 proposed an immediate reform of the International Monetary Fund, the World Bank and the regional banks; and the adoption of measures to guarantee the flow of additional funds to the developing countries.

The Sixth UNCTAD concluded with few recommendations, of limited scope.

2909

CSO: 3348/219

DEMOCRATIC ACTION PUBLISHES ELECTION PLATFORM

San Salvador EL DIARIO DE HOY in Spanish 6 Jan 84 p 29

[Text] Democratic Action [AD] is opening its campaign by publishing its political platform, aware that the solution for our country does not lie in one person or a group of persons, but rather in the general, determined action of an entire people. Before nominating particular persons, we have considered it our obligation to clearly define the government policy line, which we are announcing to the Salvadoran people through this medium.

1. Capacity

Democratic Action will govern on all levels with the country's most capable men and women, regardless of political causes. Unlike other parties which, when in power, closed their doors to the participation of citizens who did not belong to their ranks, our party, without detriment to the consistency of its action, will open them wide for the most capable individuals in El Salvador who will pursue the general welfare.

2. Integrity

But capacity is not enough. We should remember that "talent without uprightness is a scourge." To fight corruption on all levels is a prime, fundamental task of our party.

It has become fashionable to condemn corruption. Everyone, even the most corrupt, is talking now about eradicating corruption; but the people know who is who in our nation, and which ones can fulfill that task.

We declare war on corruption, and we are ready to use all the means provided by the new constitutional order, through the most forceful action of the Public Ministry, the Office of the Controller of Currency of the Republic, and the Investigating Committees of the Legislative Assembly and the Judicial Organ, starting with the example-setting action of an Executive Organ that is corruption-free. This is a vital action for the republic.

3. Strong Government

We have in mind an Executive Organ that is entirely disposed to deal with the complex national problems, with all the force that the law confers upon it; exactly the opposite of what the "Government of National Unity" represents.

4. Peace

We shall strive to achieve the pacification of the country and the restoration of social order without detriment to the military action that may be necessary for the defense of our free institutions; we shall seek a genuine, meaningful political openness and a really constructive dialog with all sectors of the country, seeking a political space for all Salvadorans within the framework of the Constitution.

5. Planning

We shall implement a suitable complete system for economic and fiscal planning that will ensure the effective coordination of the nation's productive efforts.

6. Reforms

Agrarian Reform:

Within the framework of the Constitution, we shall very decisively intensify the agrarian reform process on its operational, technical and credit-related levels, in order to make it a genuine success, in opposition to the interests attempting to reverse the process or demonstrate its inoperativeness.

Banking Reform:

We shall maintain the reform that has been carried out, hastening the process of expansion for private owners of the shares of stock in credit institutions, by the legal percentages.

We shall encourage the creation of private credit institutions with a capacity to establish a healthy competition with the national banks. We shall extend and speed up the financing, with emphasis on the most needy sectors.

Foreign Trade:

We shall revise the structure of the institutions responsible for foreign trade, in order to give greater representation to agricultural producers.

Administrative Reform:

In the battle against underdevelopment, we shall enact one of the most important reforms: administrative reform. This is another one of the fundamental goals in our program, and to achieve it we shall begin with the highest levels of the Executive Organ, seeking improved operativeness and responsibility, and a better division of labor among the various ministries. With the presence of a consistent, responsible and functional Executive Organ, the present Political Commission will obviously no longer have any reason to exist.

7. Judicial Organ

In accordance with the new constitutional provisions, we propose to strengthen quite vigorously the Judicial Organ, with the certainty that its independence and stability constitute the cornerstone of the democratic system of government, and the best antidote against the arbitrary conduct represented in such a sinister fashion by the nefarious death squads.

8. Human Rights

We shall enhance the value of human life. We do not want assassinations, nor missing persons, nor illegal arrests, nor tortured people nor abused people. It is our desire that some day soon we shall be able to live with equanimity and security within the framework of the law (which is called the state of law), and that human rights will have full force, effectiveness, and guarantees.

The effective functioning of the Division of Constitutional Affairs of the Supreme Court of Justice will become the best guarantee of human rights. The present multiplicity of human rights commissions is intolerable. We shall form a genuine Human Rights Commission representing all social and political sectors.

9. Armed Forces

The Armed Forces are established to defend the territory and to guarantee fulfillment of the laws and public security; nothing less, but nothing more. Giving them technology for the exclusive fulfillment of their goals is another fundamental task of our party.

10. The University of El Salvador

Contrary to the false promises of the past governments, we propose to open, as promptly as possible, the University of El Salvador, within the framework of a new organic law that will guarantee the fulfillment of its goals and its apolitical nature, and allow for the return to advanced studies of the thousands of students of small means who now lack access to university education.

11. Participation of Women

Cultural reasons have kept women excluded from their legitimate participation in the social, political and economic process. It is a goal of Democratic Action to recognize and make use of women's complete incorporation into all the activities associated with national life.

For this purpose, it will promote programs to help foster complete training for women, particularly among the less privileged social sectors. It will also fully implement the constitutional precept of women's equality before the law.

12. Unpopular Decrees

We shall oppose the extension of Decree 509. We shall make a technical revision of the new taxes and effectively control the increase in prices of basic consumer goods.

13. International Relations

We shall intensify our friendship with the democratic countries, and most particularly with those of the Central American area.

We shall reclaim the concept of national sovereignty in its complete sense.

We shall demonstrate our suitability for governing ourselves.

14. Trade Unions and Cooperatives

We propose to strengthen the free trade union movement in the urban and rural areas, and to expand and lend technical features to the cooperative associations.

15. Legal System

We shall strive to revise and update the existing legal system, and we shall carry out thorough investigations regarding the missing persons.

16. Health

The Ministry of Public Health will continue to develop strategies for primary care to bring health to all Salvadorans in the shortest possible time, placing special emphasis on the sectors which are most vulnerable, such as the rural areas and the fringe zones.

17. Education

We propose a special effort for literacy and a thorough revision of the educational programs, with a view toward accelerated national development.

We shall improve the bases for understanding with the teachers' union associations.

18. Economy

We shall strive to achieve public confidence and security, in order to increase both national and international investment.

We shall strengthen socially responsible small, medium and large private enterprise, making the benefits thereof reach all sectors of the nation.

We shall combat inflation and unemployment so that no Salvadoran will be without a job.

We shall increase national productivity, so as to attain a real economic recovery.

We shall intensify exports to traditional and non-traditional markets, progressing with determination toward the country's industrialization, without detriment to national agricultural production.

We shall offer our total support to agriculture and livestock raising, which are the indisputable foundations of our economy, promoting diversification in agriculture and livestock raising.

19. Public Works and Housing

The criminal destruction of our infrastructure imposes upon us an emergency task of reconstruction, which will take place preferably as part of an extensive but selective public works program which, instead of the lucrative "white elephants" built by the previous governments, will be aimed primarily at meeting the most urgent collective needs.

In line with the planned administrative reform, we propose to set up the current multiplicity of agencies engaged in housing in two major areas: the technical area, in the Autonomous Housing and Urban Development Commission; and the financial area, in a credit institution that will include all those now in existence, and will be duly represented on the Monetary Board.

20. Unity, National Supremacy and Patriotism

At the present time, when the country is struggling between its destruction and existence, and when the greatest unity should exist among the Salvadoran people, an irrational division is taking place among political parties, and a fragmentation that is dividing the Salvadoran people facing the common enemy: violence.

Our party considers the other political parties to be its adversaries, but not its enemies. In this regard, we call for the unity of the Salvadoran people to resolve our great conflict.

We shall at all times uphold the principle of national supremacy, whereby the lofty interests of the nation take precedence over party, group or personal interests.

The foregoing points in our platform may be summarized in the following terms which will always serve as our guide: capacity, integrity, patriotism.

San Salvador, 4 January 1984.

2909

CSO: 3248/351

COPREFA REPORTS ON DISSENSION WITHIN FPL

Three Factions Exchange Accusations

San Salvador LA PRENSA GRAFICA in Spanish 6 Jan 84 p 70

[Text] According to a COPREFA [Press Committee of the Armed Forces] report, underground organizations have been hurling harsh charges of fanaticism, opportunism and treason at each other in recent days.

The Armed Forces' official mouthpiece says that the situation among the subversive groups is confused at present and that the internal struggle for dominance among the ringleaders has been intensifying. The most serious charges are being leveled at Joaquin Villalobos, who is described as the head of the "petty bourgeoisie" that caused FPL [People's Liberation Forces] members to break off and found the Cayetano Carpio Revolutionary Workers Movement (MOR) and the Metropolitan Front.

The report says that the FPL are currently divided into three groups: the two abovementioned factions and a third that follows the orders of Villalobos, who appointed this group's new leaders even though they had not long been members of the organization.

The COPREFA press release reads as follows: "War of words among FPL factions. A harsh war of 'communiques' has been unleashed among the various hostile factions of the FPL. This reaffirms the quickening breakup of and struggle within the terrorist organization, which was weakened when many of its members deserted and formed the Salvador Cayetano Carpio Revolutionary Workers Movement (MOR) and when the so-called Metropolitan Front deserted as well."

"The various factions have attacked each other harshly in their communiques, leveling charges of fanaticism, opportunism and grudge-holding, as well as betrayal of the working class, influence of outside regimes and predominance of the 'petty bourgeoisie.'"

"In their current confused situation, which the public has learned of through a variety of sources, the original FPL are divided into three factions: the Carpio MOR, the faction that used to be the Metropolitan Front and the members who are still behind the new leaders appointed by Joaquin Villalobos."

"The continuous exchange of declarations, communiques, denunciations and disavowals among the factions of this extremist organization confirms the theory that the latest terrorist attacks have been designed primarily to downplay the acute internal crisis besetting the FMLN [Farabundo Marti National Liberation Front.] San Salvador, 5 January 1984"

Commanders Condemned as Traitors

San Salvador EL DIARIO DE HOY in Spanish 29 Dec 83 pp 2, 47

[Text] An FPL Central Committee document uncovered in recent hours discloses that seven guerrilla commanders who head the Metropolitan Front have been condemned to death, COPREFA reported yesterday.

The report adds that the committee, which is chaired by FPL Commander Leonel Gonzalez, has sentenced Commander "Ramiro" and six others to death.

"According to the document, these leaders committed the crime of betraying the supreme leadership and of conspiring against the Central Committee of the Marxist-Leninist organization," COPREFA says.

The military spokesmen noted that the document goes on to say that under the organization's bylaws, the seven dissident commanders "must be executed."

Based on international news reports, COPREFA is saying that a new situation has come to light within the divided FPL, which is one of the five groups in the FMLN.

It adds that the Metropolitan Front withdrew its recognition of the current leadership and proposed a return to the principles on which the organization was actually founded. It also accused the leadership of taking strategic steps without consulting the rank and file, such as the destruction of some party infrastructures, which led to a high level of militarization within the FPL and made the formation of the Revolutionary Council impossible over the past 3 years.

Moreover, COPREFA says, Joaquin Villalobos from the People's Revolutionary Army is a target of the Cayetano Carpio Revolutionary Workers Movement, which holds him mainly responsible for the split in the FPL because of the maneuvers that he engaged in to place Leonel Gonzalez at the head of the group and to remove several men who were confidants of Cayetano Carpio, among them Commander Salvador Guerra, who has been relegated to commander of harassment actions.

8743

CSO: 3248/350

VENEZUELAN, FRENCH HOUSING PROJECT AID DESCRIBED

San Salvador EL MUNDO in Spanish 30 Dec 83 p 2

[Text] The 927 housing units in the "Santa Emilia" Project in the city of San Miguel cost 18.9 million colones; the project is one of the accomplishments of the Social Fund for Housing.

The above was reported by the fund's president, Felix Osegueda Jimenez, who said that the project was executed by the companies "Construcen" and "Castaneda Vasquez" ahead of schedule and with magnificent quality.

In line with its policy of providing housing for its members who most need it, the fund has also undertaken projects in the department of Sonsonate. In the jurisdiction of "Balsamar" there it built 458 3-bedroom units (all of which have now been handed over) valued at 8.6 million colones, 7.6 million of which was contributed by the Venezuelan Investment Fund. This project was also executed by an efficient Salvadoran firm, it was reported.

The fund president also stated that during the year drawing to a close 24 families whose homes had been destroyed by storms had been relocated in the "Condominios Atlanta" development, which the fund built with aid from the Northwest Rotary Club and the French Government. A total of 240 families whose homes were destroyed by the September 1982 storms have been given assistance and have voluntarily become dues-paying members of the system.

"All of this was made possible thanks to the efforts of the government, private enterprise and the workers in general. In spite of the situation that we are all aware of, workers have been given jobs and homes have been handed over to a great many members, and it is our hope that in 1984 we can help even more families to have their own home."

8743

CSO: 3248/350

BRIEFS

CONVOY TO BELIZE--Mr Louis Boothe was accredited yesterday as Jamaica's first high commissioner to Belize. He presented a Letter of Introduction from Prime Minister Edward Seaga to Prime Minister George Price of Belize in Belmopan, the Belize capital. Mr Boothe, who is resident in Mexico City as Jamaica's Ambassador to Mexico, also called on the Governor-General of Belize, Dr Minita Gordon, and other notable persons in Belmopan, a press release from the Ministry of Foreign Affairs said. [Text] [Kingston THE DAILY GLEANER in English 10 Jan 84 p 2]

ELECTION PETITION--An election petition was filed in the Supreme Court on Monday by an elector in the West Central Kingston Constituency seeking a declaration that the election of Mr Derrick Smith, Jamaica Labour Party candidate, as a member of the House of Representatives for that constituency in the December 15 general election should be declared null and void because there was widespread impersonation of voters. In his petition, the elector is asking the court to declare the election in that constituency null and void so that a new election can be held. The petition was filed by Mr Keith Webster of 155 Church Street, Kingston, who is contending that Mr Smith's election was not in keeping with the Representation of the People's Act, in that there was widespread impersonation of voters. Mr Smith, a businessman, won with 4,415 votes over Mr V. G. Smith of the Republican Party who polled 54 votes. Attorney-at-law Mrs Shirley Playfair and John Junor and Co. filed the petition on behalf of Mr Webster. [Text] [Kingston THE DAILY GLEANER in English 11 Jan 84 p 1]

HOTELS ROW WITH GOVERNMENT--GLEANER Western Bureau--The President of the Jamaica Hotel and Tourist Association Mr Godfrey Dyer, has said that the Government's "wind-fall" and taxation on the hotel sector could seriously damage the tourist industry, and he has call on the Government to "leave the hotel sector alone." Speaking with the Bureau, Mr Dyer said that although the tourist industry was "still struggling," the forecast "could" be good if the hotel sector was treated on the same level as all other sector. "If that is done, I can see bright prospects for the hotel sector. I am aware of a few people who are planning to start hotels, but it is conditional that we be left alone and treated on the same level as everyone else," he said. The J.H.T.A. President said that the recent increase in petroleum prices would undoubtedly affect the hotel industry "probably not a major effect, but it will affect it to a certain extent." General hotel expenses, he said, would have to increase, "but with very astute management we will be able to overcome this problem." [Text] [Kingston THE DAILY GLEANER in English 11 Jan 84 p 2]

PRICE RISE FOR COCONUTS--The price of coconuts to growers has been increased from \$27 per unit to \$34 per unit. Of this amount, \$32 will be paid on delivery of coconuts to a copra factory and the remaining \$2 per unit will be paid as a bonus at the end of the year. The price of copra has also been increased. Grade 1 copra has moved from \$1,579.26 per ton to \$2,047.70 per ton. These increases became effective on Tuesday, January 3, 1984. The Minister of Agriculture, Dr Percival Broderick, in approving the new prices said that they have become necessary to meet the increased cost of production to farmers and copra manufacturers. The Minister noted that copra production had shown substantial improvement last year, and he hoped that this trend will continue. [Text] [Kingston THE DAILY GLEANER in English 7 Jan 84 p 7]

DISCIPLINARY REVIEW FOR FLETCHER--The National Executive Council of the People's National Party has decided to refer the matter of Senator Courtney Fletcher's acceptance of the appointment as a Senator in Parliament to the Disciplinary Committee of the Party. The N.E.C. meeting was called on Sunday last in Mandeville to deal with Mr. Fletcher's appointment, among other matters. According to the General Secretary of the P.N.P. Dr. Paul Robertson, Senator Fletcher life-member of the P.N.P. will be called upon at a later date to answer charges before the Disciplinary Committee. [Text] [Kingston THE DAILY GLEANER in English 14 Jan 84 p 1]

CSO: 3298/402

CTM SENATOR CLAIMS NATIVE RESISTANCE TO INVESTMENT

Mexico City UNOMASUNO in Spanish 9 Dec 83 p 5

[Text] The CTM [Confederation of Mexican Workers] Senator Jose Ramirez Camero affirmed yesterday that industrialists and merchants have benefitted excessively from the economic crisis and have not reinvested their profits in the country. He said that the workers were concerned about not only the nation's economic situation but also the concessions the government is making to businessmen. The lawmaker warned that, "taking advantage of the crisis," foreign capitalists "are trying to infiltrate our country and attack our sovereignty and independence."

Speaking in the Senate, Ramirez Camero said that the government's resource to foreign credits signifies not only an economic recovery, but also that the private initiative on which the government had relied to put an end to the crisis "did not collaborate," just as it did not in connection with the Solidarity Agreement and other measures to put an end to the crisis.

The lawmaker from Durango pointed out that "businessmen continue to fail the government; they continue to be the servants of multinational companies and try to put all conceivable obstacles against change in our country."

In Ramirez Camero's view, "in these difficult moments that Mexico is experiencing, businessmen should sacrifice not their capital but, rather, the excessive advantages they have obtained because of the crisis, and they have the heavy responsibility of maintaining the level of employment, since the government has made great concessions to them and given them advantages such as they had never had before."

These advantages, said the member of the CTM board of directors, have not been translated into a solution to the country's serious problems. He added that "in trying to resolve the social problem, the government has spared neither effort nor any kind of aid to business, but the latter's response is still lacking."

With regard to the usefulness of the Foreign Investment Law to slow down the penetration of foreign capital, he acknowledged that this law "is adequately capable" of protecting national interests, but warned that, "taking advantage of the crisis, the industrialists have tried to get a series of unwritten concessions, and the government ought to prevent this. There is a law that

protects our country and our sovereignty adequately, and they should adapt their ways to its terms."

The interview with Ramirez Gamero, which began with the subject of the new credits the country will get, allowed the CTM leader to establish the facts that the present government will not incur excessive debts and that it has the ability to repay, and he pointed out these things are both signs of economic recovery and an inducement to international banks to make loans.

The labor senator declared that labor was worried about the high level of indebtedness, but he expressed confidence that, at this time, a development strategy benefitting the majority of the people would be followed and economic plans fulfilled.

When asked for his opinion on the possibility of bringing Jose Lopez Portillo to trial for his conduct as president, especially for excessive expansion of the public debt, Ramirez Gamero excused himself from replying, because "this is a subject to be dealt with exclusively by the Chamber of Deputies."

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CSO: 3248/337

OPPOSITION PARTIES BLAMED FOR CHIAPAS LAND INVASIONS

Tuxtla Gutierrez LA VOZ DEL SURESTE in Spanish 2 Dec 83 p 4

[Article by Ernesto B. Sarmiento C.]

[Text] Speaking on behalf of the State Committee of the Independent Peasants Central Organization (CCI), Felipe Villanueva Mendez, a local leader of the group, claimed that opposition parties are to blame for the invasions of small farms that have been taking place in the state.

The invasions have been going on since the term of Manuel Velasco Suarez (1970-1976), and since then they have been promoted by the Popular Socialist Party, the Unified Socialist Party of Mexico and the Socialist Workers Party.

Villanueva Mendez was interviewed in his office and asked to give his opinion about this problem, which is most serious in the municipalities of Simojovel, Huitiupan, El Bosque, Carranza, etc.

He added that the small farmers should assert their rights and evict the squatters in whatever way they can, as long as they are occupying their land illegally.

Presidential Resolutions Unenforced

The state CCI leader also reported that the Chiapas farmers' main problem was that many presidential resolutions are not being enforced; others were tight money, the lack of suitable roads to get their crops to market and the absence of public utilities such as electricity for their communities.

He also indicated that the CCI would revamp its regional leadership in early 1984 and that the new leaders would have to devote themselves to solving the problems of their people.

CCI Subject to PRI Bylaws

In conclusion, the secretary general of the CCI noted that it is the second largest peasant organization belonging to the PRI, after the National Peasant Confederation, and that it is subject to the bylaws of that party. "For this reason we do not advocate invasions of Chiapas farms."

ONETIME COMMUNIST YOUTH MEMBER TO ASSUME OFFICE FOR PRI

Mexico City PROCESO in Spanish No 371 12 Dec 83 pp 33-34

[Article by Gerardo Galarza]

[Text] The banners unfurled by the Lazaro Cardenas administration (independent development, an honorable foreign policy, agrarian reform, the equitable distribution of wealth and the harnessing of natural resources for the nation's benefit) are still flying, and only "a person who really works for these goals is entitled to say that he holds these banners in his hands," says Dr Roberto Robles Garnica, the former secretary general of government in the state of Michoacan.

[Question] And who on the national level can say that?

[Answer] Well, we have a foreign policy that is a source of pride for those of us who believe in the Cardenas philosophy.

Thirty-three years after having headed up a student strike at the National Polytechnic Institute (IPN) and 30 years after having been suspended as a member of the Communist Youth (JC) branch of the Mexican Communist Party (PCM), which was run by Dionisio Encinas, Roberto Garnica will be taking over the post of mayor of Morelia as a member of PRI.

In 1950, Robles Garnica was in his sixth year of rural medicine at the IPN and was the leader of the National Federation of Technical Students (FNET). He led a strike demanding a charter for the IPN, the construction of dormitories for students from the provinces, a halt to the use of "billyclubs" against students (their use had begun, but "more often in UNAM" [National Autonomous University of Mexico]) and academic improvements such as laboratories and an expanded faculty.

He recalls:

"It was a typical strike for those days, very formal, very business-like. Everything was put to a vote and everyone took part. There was respect for the school buildings and property; no one broke a single window. There was a great deal of integrity, even though Father Lambert, the coach of the American-football team, stirred up his players against

the FNET. But even the violence was low-key. Weapons were never used, and no one ever suffered more than minor wounds in the confrontations. It was the McCarthy era, and we were branded communists. Yet we had an advantage: we were regular students, and the football players were 'fossils.' It was a clean movement that lasted a month and achieved its main objectives, such as the dormitory, which was the focus of the movement."

[Question] Were you a member of the PCM?

[Answer] I was a member of Communist Youth, the youth branch of the PCM.

[Question] And you went to jail because of it.

[Answer] Yes, but after the strike. In one of the many fights I was beaten up by the football players. I was held at a police station. I think it was the mounted police, because there were horses there. I was kept there for 12 hours and then let go; I wasn't even questioned. The police weren't so brutal with the students, who were more restrained too.

In 1956, what the polytechnic students accomplished in 1950 was destroyed. At the request of the industrialist Alejo Peralta, who was then the principal of the IPN, the army broke into the dormitory and evicted the 1,000 students living there. Peralta closed it down.

[Question] And how was it that a former Communist Youth activist became a PRI candidate?

[Answer] I joined the PRI in 1963. I was working in Matehuala, San Luis Potosi as a rural physician for the Ixtlan and Candelilla region, and a group of friends invited me. I found that my life as a rural physician squared with my concern about social problems and PRI's Declaration of Principles.

[Question] Did you feel any pangs of conscience in moving from the PCM to PRI?

[Answer] I stopped belonging to the JC in 1953. There was a misunderstanding. They suspended me without explanation. I felt that it was unfair because I was loyal and it was a thrill to be involved. I believed in what I was doing. The situation was not clear. There was an incident between students and police in Tacuba Square, and I was told that I was to blame, that I had done nothing to prevent the confrontation. We were students and we liked to be contrary and debate everything, and that bothered the leaders of the PCM and JC. I had no party affiliation for 10 years, and so I joined PRI under clear conditions and with no pangs of conscience.

[Question] But PRI's Declaration of Principles is one thing and PRI's practices are another...

[Answer] I try to maintain consistency between what I think and what I do, making no concessions. I've never had to make any. PRI is an alliance of forces, and there are progressive-thinking people with whom I have common ground. When Cuauhtemoc Cardenas invited me to become secretary general of government in Michoacan, I had no problems. He is a PRI member whose actions are consonant with his party, and it is very easy to work with him.

[Question] So the PRI of Cuauhtemoc Cardenas is not the same as the PRI of Antonio Toledo Corro, Martinez Dominguez or Flores Tapia, for example?

[Answer] There are differences of opinion in PRI. It is an alliance of forces in which there are many viewpoints, in which many things can be agreed on and others cannot. Each person chooses. In my case, I chose a fine PRI member who does things correctly and well.

[Question] What do you disagree with?

[Answer] I am against voter fraud and corruption among high-level officials whom PRI got into power.

[Question] Doesn't it bother you to belong to the same party as Senator Barragan Camacho, who has been publicly accused of corruption?

[Answer] No, because his problems do not affect me. An honest member is not affected by the problems of a corrupt member, whoever he may be.

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CSO: 3248/354

CHIAPAS SQUATTERS REFUSE TO MOVE

Tuxtla Gutierrez LA VOZ DEL SURESTE in Spanish 3 Dec 83 p 2

[Text] Simojovel, Chiapas--Peasant farmers from the towns of Jocolchen and La Pimienta, who have illegally occupied the "Jesus Maria" and "San Antonio" farms, have refused, in the presence of the authorities, to return them to their lawful owners, even though they had agreed to do so at a meeting with the state attorney general.

Last Wednesday, Cesar Molina Zenteno, representing the State Attorney General's Office, and a leader from the League of Agrarian Communities arrived in this municipality to witness the surrender of the aforementioned land.

To their great surprise, however, the squatters, armed with clubs, rocks, pistols and shotguns, blocked their way, and a small farm owner who had accompanied the authorities was cravenly beaten up. He was a young man from the "Rio Blanco" farm, which has also been occupied.

The authorities had no choice but to turn back, because the peasants did not yield, even though they tried to convince them that what they were doing was illegal and that their leaders had made an agreement.

One of the squatters replied that "we're not going to leave here because these lands are ours now." Another said that they would talk to the state governor on the seventh to reach an agreement.

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CSO: 3248/353

TAPACHULA LAND SEIZURES

Tuxtla Gutierrez LA VOZ DEL SURESTE in Spanish 2 Dec 83 p 5

[Text] Tapachula, Chiapas--The peasant farmers of the Union Mexicana ejido in this municipality have charged that their lands have been invaded by a group of workers who were previously employed on a farm that was encumbered and awarded to them by presidential resolution.

Gaspar Sanchez Rivas, the chairman of the ejido commission, noted that the 21 members of the ejido community now have only 169 hectares to farm. This is insufficient to support their families, and thus several years ago they began petitioning for more land, which they secured through legal channels.

The peasant farmer leader went on to say that when the owner of the farm, Dr Jorge Aceves, found out that his land was going to be expropriated, he incited his workers to take it over illegally. They are currently making use of the coffee harvests and exploiting softwood trees.

"We have even filed judicial complaints against the invaders, but they have not been acted on," he said.

He indicated that a committee would be traveling to the state capital to ask Governor Castellanos Dominguez to intervene directly, as they are confident that he will resolve their problem.

8743

CSO: 3248/353

PSUM BEING USED TO DETRIMENT OF CHIAPAS EJIDO

Tuxtla Gutierrez LA VOZ DEL SURESTE in Spanish 4 Nov 83 p 1

[Article by Conchita Izet]

[Text] Candido Perez Martinez, an adviser to the National Coordinating Association of Indigenous Peoples, has charged that the municipal president of San Cristobal Las Casas, Daniel Rojas Sarmiento, has been paying off the members of the PSUM [Unified Socialist Party of Mexico] who have gotten involved in the problem at San Felipe Ecatepec to prevent the ejido farmers from recovering their plots. These plots are now in the possession of several private farmers who have built luxurious homes on the land belonging to the ejido.

Perez Martinez charged that the private farmers, in an unholy alliance with the mayor, have distributed more than 2 million pesos among the PSUM members so that they will serve as strikebreakers. The situation could have dire consequences.

Perez Martinez pointed out that the commissioner of community property, Cesareo Vazquez Perez, and several ejido directors would meet soon with the agrarian authorities and with the secretary general of government to seek ways of resolving the land tenure problem. This problem could get worse because, as we know, they are considering making San Felipe a district of San Cristobal, which would abolish ejido rights.

This, Perez Martinez asserted, would be disastrous for the ejido members, who would thus be hard put to recover their lands.

This problem must be tackled immediately. Bringing in outsiders could lead to violence. Decisive, law-abiding action must be taken. Those who are in the right should be acknowledged as such, even if it adversely affects the interests of bosses and politicians who have built mansions on ejido lands. These lands were no doubt purchased, and as far as we know, notarial certificates do exist. But those who bought the land must also know that ejido plots are not for sale.

The next move is up to the governmental authorities.

GOVERNMENT INTERVENTION IN LAND INVASION CASES SOUGHT

Tuxtla Gutierrez LA VOZ DEL SURESTE in Spanish 10 Nov 83 p 2

[Text] Simojovel, Chiapas--Owners of 128 farms that have been occupied for more than 4 years by members of the PSUM [Unified Socialist Party of Mexico] and the PST [Socialist Workers Party] have once again called on the authorities to intervene and resolve the problem.

Several small farmers have approached our office to ask for help and to complain that the Agrarian Reform authorities are still negligent and apathetic about tackling a problem that has kept them in a state of anguish and uneasiness.

They pointed out that their lands were invaded as long as 4 and as recently as 1½ years ago, during which time the invaders have made off with both their furniture and their coffee production.

They stated that the Indian farmers have been harvesting the coffee and then selling it at a loss. Proof of this, they said, was that groups of Indians are going around with bags selling coffee from door to door or are falling prey to swindlers.

They also reasserted that uneasiness still reigns in the region and that the government has, nevertheless, refused to become involved. The indifference with which the authorities are viewing the problem "annoys us," because the impression is that "they are afraid" to enforce the law.

They asserted that the lands that have been invaded are, in fact, small plots to which they have title and which, moreover, are their only property. They explained that since their farms were occupied many have been living with relatives or renting homes, which is unjust and "a violation of our rights."

They have therefore called on Governor Castellanos Dominguez once again to resolve the problem once and for all, inasmuch as several of them are prepared to recover their property even if they have to risk their lives.

BRIEFS

DEFENSE SECRETARY SEES TRANQUIL NATION--Gen Juan Arevalo Gardoqui, secretary of national defense, declared that Mexico is living in a climate of peace and tranquillity, and for this reason he rules out the possibility of intervention by the Mexican army in the system of government. The major general arrived at the local [Tijuana] airport at 11:55 a.m. aboard a twin-engine aircraft registered under number B-120001, accompanied by several officers and family members, and let it be known that he would remain in the area for 48 hours. He also indicated that his visit was part of a series of visits he was making to each of the country's 33 military zones. Arevalo Gardoqui said that Mexico enjoys a climate of peace and tranquillity because we have a great leader, President Miguel de la Madrid. The official was received by Gen Maurilio Falcon and a group of military men from Baja California, as well as by the commander of the second military zone; afterwards, he adjourned to Ensenada. [Text] [Mexico City EXCELSIOR in Spanish 30 Dec 83 p 5-A] 12336

CSO: 3248/337

BRIEFS

INFLATION DECLINES IN 1983--The Planning Ministry has announced that in 1983 inflation went down to 2-3 percent. In 1981 inflation was between 4 and 5 percent. According to the ministry, the decrease reflects a similar trend in the U.S. economy. [Summary] [Panama City MATUTINO in Spanish 11 Jan 84 pp 1, 8a PA]

DEFICIT FOREIGN DEBT FIGURES--The Comptroller General has reported that Panama ended fiscal year 1983 with a deficit of \$260 million and \$3 billion in foreign debt. He reported that in 1983 the nation incurred additional expenses and that revenue was less than had been expected. [Summary] [Panama City LA PRENSA in Spanish 12 Jan 84 p 8c PA]

CSO: 3248/368

ALVA ORLANDINI ON CHINA TRIP, MUNICIPAL ELECTION RESULTS

Lima OIGA in Spanish 19 Dec 83 pp 23-25

[Interview with AP Secretary General Javier Alva Orlandini by Uri Ben Schmucl, on 16 December 1983; location not specified]

[Text] For an hour on Friday, Javier Alva Orlandini held a dialog with OIGA at his residence. He discussed his trip to the People's Republic of China and current local issues. On the following pages we offer a brief summary of the interview with the second vice president of the republic and secretary general of Popular Action[AP].

[Question] Before dealing with national political issues, let's talk about your visit to the People's Republic of China. What experiences do you consider it possible to take as an example from the Chinese model of society to be applied here in Peru?

[Answer] The trip to China was very useful to me, enabling me to have a broader and different perspective on a reality that had to be learned personally and directly. China has been an extremely backward country, and in some respects I think it still is. The transformation being made in Chinese society is slow, because obviously any goal is curtailed by the vast number of the population, exceeding billions of persons. Based on the design of the economic development plan that they have devised, the Chinese hope to attain an annual per capita income of \$1,000 within 30 years, which is low in comparison with that of other developing countries. For example, Peru has a per capita income of nearly \$900 per year. Industrially, however, China is achieving some significant goals, and there is also development in the agricultural area. In addition, the concern given by China to train children and adolescents artistically and culturally is praiseworthy. Nevertheless, along with the progress, one notes that ancestral customs still exist. For example, the farm products are taken to the consumption centers in the cities and towns on wagons hauled by men and women. This proves that the development is slow and that the process will take a long time. But I think that some features of the Chinese model could be considered very seriously for our situation, particularly the use of technology for land cultivation. Of course, my view is partial, because we had only 10 days to visit China, obviously an insufficient length of time to become thoroughly familiar with such a vast country.

[Question] The wire services reported that the Chinese Government took advantage of your visit to obtain clarification regarding Shining Path. Is that correct?

[Answer] Yes, the day after my arrival in China, the president of that People's Republic expressly told me that China is opposed to the acts of violence being perpetrated by Shining Path, and that such acts are reprehensible, because they are counterrevolutionary.

[Question] Some international political analysts think that your visit to the People's Republic of China helped to clear up a "blunder" committed by you when you visited Taiwan, something that caused deterioration in Peruvian-Chinese relations. What is your opinion?

[Answer] My visit to Taiwan was not official in nature and, besides, I have a right to visit any place in the world without red tape. The relations between Peru and the People's Republic of China should not have undergone any deterioration as a result of my trip to Taiwan. I don't need anyone's permission to travel to any part of the world, not even from the Congress of Peru, of which I am a member.

[Question] Now, moving on to national issues, I would like to obtain from you an analysis that is the most self-critical possible regarding the election results of 13 November.

[Answer] These matters must be viewed with equanimity and candor. The defeat that Popular Action suffered is encouraging, because the people voted against the economic crisis besetting the country and also against the economic policy that has not attained the goals that were proposed.

[Question] Sincerely, did you think that the defeat was going to be of such magnitude?

[Answer] We had hoped that the results would not be so bad. Nevertheless, to receive approximately 20 percent of the vote on the national level means that AP has sizable popular support, even under the worst circumstances confronting the country in its entire history.

[Question] But the decline in the electoral numbers is obvious. Now, the government's spokesmen can no longer base their arguments on the 46 percent of the vote received in May 1980.

[Answer] The 46 percent attained in 1980 gave AP a mandate for 5 years, and that mandate remains unchangeable. The Peruvian people have not voted against Peru's international policy, nor against the full effectiveness of human rights in our country, nor against the construction of housing or highways. They have voted essentially against the economic policy.

[Question] No one in his right mind could question the legitimacy of this government; that is not what we are discussing. The question was aimed in

a different direction: Up until the elections, some government spokesmen were wielding like a mallet the famous 46 percent of 1980 to detract any importance from the criticism, particularly concerning the economic leadership. Now, that argument is no longer valid. But I wanted to ask you, to what extent are you responsible for Popular Action's electoral setback? I am asking you because you are AP's secretary general.

[Answer] I shall respond to your comment first. I have been and still am critical of the economic policy, because I think that AP should, primarily, seek to eliminate hunger among the popular masses. Those who have arrogantly claimed that, based on the May 1980 results, they could act in the government disregarding the people's desires have not been leaders of the party, or in any event, they have not interpreted AP's view. Insofar as your question is concerned, I would answer you by saying that I am responsible, and I do not evade any responsibility, for AP's political leadership; but I am not responsible for the leadership of the economy and finance sector. Furthermore, on the Friday after the municipal elections, at the convention of departmental secretaries general, there was unanimous approval for disagreement with AP on the economic leadership, and it was agreed that the economic crisis was the essential factor for the meager results of 13 November.

[Question] The fact is that the members of AP have always voted in the chambers in favor of the economic measures proposed by the executive branch. But let's drop that. Don't the election results warrant a change in the economic leadership and its substance?

[Answer] The country's economic policy has been readjusted in some instances. For example, a little over 2 years ago, a group of my friends who are economists made a series of suggestions for economic policy, through a report that OIGA published in part, and that in my opinion should be updated again. In that report it was suggested that there by a programing of the rate of exchange which Dr Ulloa did not implement. It has just been implemented during the past few months, and after that the rate of devaluation and inflation declined. If, 2 years ago, when that measure was suggested, it had been implemented, wouldn't the results of the economic policy have been different? We would have to ask the economists to give their opinion.

As for the minister of economy's remaining in office, in the first place I must stress that it was an act of real patriotism for Rodriguez Pastor to leave the position that he had in the United States to come to Peru and render his services to the nation in a troublesome and difficult post. His actions to refinance and reprogram the payments on Peru's foreign debt have been quite successful, but he certainly has not had success in many areas of economic management. I believe that it is now essential to have a change in persons and methods, so that there will be changes in the cabinet; changes prompted not only by reasons of a personal nature, but also because the government must be attuned to the people's needs.

[Question] Changes in which ministries besides that of economy?

[Answer] I decline to respond, because it would not be courteous. If I am asked by the president, I shall give my opinion and that of the party.

[Question] In another area: The manner in which Lurigancho's attempt to escape ended has brought up an issue that OIGA has cited repeatedly: the need to create a new police entity following the dismissal of those currently in existence. What do you think?

[Answer] It is very difficult to actually dismiss the police forces, but I think that some readjustments in the police commands are essential. There are very frequent instances wherein corruption or abuse on the part of members of the police forces is discovered. Those who do not show a professional capacity or ethical suitability must be eliminated without any second thoughts.

[Question] Now that you have mentioned suitability, recently, in the view of observers, the members of Congress have behaved in a very improper manner, thereby harming the image of a representative institution. In a country in which democracy is just being consolidated, shouldn't the Congress behave with more composure?

[Answer] The Congress is a representative institution of the nation and, unfortunately, it is our nature to act in a slightly unstable manner. Some congressmen do not want to work; there is a great deal of absenteeism, particularly among the deputies; and I am of the opinion that the Congress should improve its performance during the next legislature.

[Question] What could you say about what happened to the Law on Compensation Limits which, according to some analysts, assumed the features of an operetta?

[Answer] I was out of the country when that law was debated; it has obviously undergone a series of setbacks. The issue has not been exhaustively treated, and should be subjected to consideration, because the economy of a country cannot be based on the exploitation of the worker.

[Question] And what is your comment on the political aspect?

[Answer] Well, there have been marches and countermarches.

[Question] Doesn't that mean anything to you: the fact that, after 3 and a half years of government, this kind of lack of coordination should occur?

[Answer] I beg your pardon, there was no lack of coordination, but merely a lack of study and decisions regarding the problems.

[Question] How would you describe the battle among AP congressmen during the approval of the 1984 budget? PPC [Popular Christian Party] had to summon their attention, because it didn't know whom to support, the Alvists or the Ulloists.

[Answer] Those are totally irrelevant incidents, There were differences even among the members of PPC, who are six senators and nine deputies--I don't

mean to say that there are hardly any. Before summoning our attention, PPC should make an examination of conscience.

[Question] PPC is not the government, and AP is. And the least that can be asked of members of the same party is consistency.

[Answer] Democratic parties usually give their members freedom within certain limits. Furthermore, in the example that you have mentioned, there was no risk, because the opposition had withdrawn.

[Question] Well, what is AP's future from now on, after the election defeat?

[Answer] It has been a difficult but perhaps necessary lesson, teaching those who exercise governmental functions to act with consideration for the people's interests. The lesson of 13 November must be used to advantage by the party. We shall have to reorganize AP from the ground up. Starting next year, there will be a replacement of the leading cadres, starting with the district committees and ending in the middle of the year with the election of a new National Plenary that will be able to face the 1985 elections. I really believe that AP has received a very useful jolt, and if it is necessary for heads to roll, it will be done during the next few months. Popular Action must clean up its own ranks. We shall apply more discipline, to prevent the existence of snipers.

2909

CSO: 3348/238

SHINING PATH MOVING TO JUNGLE; TRAFFICKING LINK REPORTED

Lima OIGA in Spanish 26 Dec 83 pp 13-16

[Article by Fernando Flores Araoz and Victor Torres]

[Text] Pressured by the police forces, which are stepping up their anti-subversive campaign, the terrorists of Sendero Luminoso [Shining Path] are falling back so that they can regroup and seek unprotected areas where they can carry out their attacks with impunity, toward the mountain peaks of the departments of Ayacucho, Junin and Cusco. The provinces of La Mar, Satipo and La Convencion, respectively, are the regions where Sendero Luminoso is now concentrating most of its guerrilla actions.

Thus, given the turn of events and the results of the struggle, the high jungle is once again becoming the principal theater of operations, as it was during the guerrilla warfare of 1965, with Lobaton and Velando.

Sendero's movements toward the northeast and east, after its longstanding occupation of the "liberated zones" of Huanta and Huamanga (Ayacucho), Andahuaylas (Apurimac) and Acobamba (Huancavelica), give the impression that the borders of the "National Emergency Zone" may be modified or expanded soon.

The evidence and reports gathered by OIGA in Huamanga and in the high jungle of Ayacucho, Junin and Cusco provide good reason to believe that the greatest concentration of Sendero forces, perhaps its general headquarters, may be in the Ene Valley or the immediate vicinity. From there the forces probably travel by river and also make night marches through the tangled jungle of the area, both to the north--Junin--and to the south--Cusco. This is the opinion of the military command of the Emergency Zone, which is now developing a series of operations to "comb" the new setting of the anti-subversive war, without giving up its ironfisted control over Huamanga, Huanta and Andahuaylas.

Five recent terrorist attacks would seem to confirm what until a short time ago was merely a military working hypothesis: a) the ambush of the Peruvian Investigative Police (PIP) patrol under the command of Capt Dextre, at a spot along the Ene river 5 minutes by river from Quiteni (Satipo province), carried out by Sendero members and drug traffickers together, costing the lives of 10 PIP officers; b) the attack on the Cahuide Social Interest Agricultural Association (SAIS) in the department of Junin; c) the assault against Raida

Llimpi in the town of Tambo in the province of La Mar, Ayacucho; d) the murder of a captain in the Army Corps of Engineers near the camp at Pichari, north of San Francisco along the border between Ayacucho and Cusco; and f) [as published] the murder of Civil Guard (GC) Corp Pedro Palomino Meneses, 5 kilometers from San Miguel, capital of the province of La Mar.

In all of these events, some more than others, the link between drug traffickers and terrorists is obvious, confirming the idea that the two organizations have a pact, either express or implied.

Sendero Luminoso is reportedly receiving arms from Colombian drug traffickers; the weapons supposedly are brought to the jungle on board small planes that land at secret airports. It is rumored that in the San Francisco area, six 45 mm submachine guns with "dum-dum" bullets were seized. But the bulk of the weapons have not surfaced yet, which supports reports obtained by OIGA that Sendero is now organizing in earnest a Peoples Army at its training camps high in the mountains. Even the patron saint's name is mentioned; the complete name is the Mao Tse Tung Peoples Army.

Heart of Peru Lawless

On Sunday the 19th, at 0700 hours, we boarded the Air Force helicopter piloted by Lt Giusti at the Ayacucho Airport. OIGA had sent us on a special assignment to accompany Army Col Julio Carbajal D'Angelo, assistant to Gen Clemente Noel, chief of the Military-Political Command of the Emergency Zone. Carbajal will be promoted to brigadier general as of next 1 January, and will continue to serve the nation in Huancayo.

Our first objective was to reach San Francisco, whence the PIP that was ambushed near Quiteni had departed. In addition to the lead helicopter in which we were traveling, two other "Twin Bell" helicopters had been dispatched, with Air Force Lts Ortiz and Gonzalez at the controls. A combined Investigative Police-Republican Guard (GR) patrol was to be transported from San Francisco to Quiteni. The mission assigned to these forces was--or is--to find the still missing bodies of the eight ill-fated PIP patrol members who were ambushed by narco-terrorists, and to pursue the culprits.

We crossed the mountain range. The cold was bone-chilling: the helicopters are equipped with artillery, and the emplacement of the machine guns made it necessary to leave two relatively large openings through which the frigid wind of the puna invaded the interior of the helicopter. We had to climb to 15,000 or 16,000 feet to conquer the proud, towering peaks of the Andes. After the summit, the last spurs of the mountain range descended gently to the verdant mantle of the high jungle. Reddish-brown snakes--the rivers--cut a serpentine path through the monotonous stretch of vegetation. After flying for 40 minutes, we landed at San Francisco, located on the banks of the Apurimac, which later joins the Mantaro to form the Ene River.

San Francisco

Armed with an FAL [expansion unknown] submachine gun, as soon as the helicopter stopped Col Carbajal jumped to the ground. "This is a dangerous area," he

told us. Republican guards and PIP detectives guarded the runway. The mobilization struck us as excessive, but hours later we learned that we were wrong; the combined GR-PIP patrol that had spent the night in San Francisco had been practically unable to sleep, as snipers with long-range weapons serenaded them with bullets, shooting at the windows of the hotel where they were staying. In San Francisco, the epitome of lawlessness in Peru, the narco-terrorists appear to be in charge. The tiny Civil Guard and Republican Guard contingents are powerless to maintain public order.

A small town boasting an impressive iron bridge, San Francisco has a few elegant 3- or 4-story buildings. The air smells of coca and, naturally, of cacao.

In just 10 minutes the operation was launched, having been coordinated previously in Ayacucho. In two trips the three helicopters transported the patrol (for obvious reasons we will not reveal the number of troops).

"Drug Traffickers' Recreation Center"

The trip to Quiteni, near the place where Capt Dextre's PIP patrol was trapped, took about 30 minutes. During the flight, we could look down and see several secret airports that obviously do not appear on the maps. We also saw coca plantations, hidden in strategic places by the dense growth of the surrounding vegetation. The only building on the coca plantations would be a rustic shack inhabited by the caretaker.

When we landed at the small airport at Quiteni, the policemen leaped catlike to the ground, weapons at the ready, and immediately crouched down. The narco-terrorists might give them a none too friendly "reception." But nothing happened, fortunately.

Quiteni looked like a bombed-out town, as if a war had taken place there. "Grandma" Campos, who with her little 4-year-old daughter constituted the only inhabitants of the place, told us that 2 days earlier, a group of about 30 men had come in the night and burned and sacked the town. The residents had fled to the mountains. The attack appeared to be a reprisal because Capt Dextre's patrol had been given food and shelter in Quiteni.

"Grandma" Campos confirmed the military command's suspicions and Col Carbal's hypothesis: Drug traffickers and Sendero Luminoso terrorists are working hand in glove in that area.

Quiteni was a sort of recreation and entertainment center for the Peruvian and Colombian drug traffickers. They had everything there: beer, refrigerators, Brazilian gas stoves, mechanical games, prostitutes mainly from Satipo and neighboring areas. They even played bingo, with tempting prizes, amid orgiastic gatherings awash in liquor and the added stimulation of drugs. Across the Ene River from Quiteni is Santo Domingo, where there is also a secret airport, recently discovered. Santo Domingo is the market where Colombians go to buy drugs. As in Polvos Azules or in the peddler-filled streets of Lima, the merchandise is on display on the ground. The Colombians

dip their index fingers in the product to taste it and determine its quality. Then comes the haggling over price and quantity.

Unholy Alliance

All signs indicate that Dextre and his patrol were ambushed by Colombian and Peruvian drug traffickers backed up by terrorists. The locals all agree on that fact.

Why would a drug trafficker join forces with the Sendero guerrillas?

The alliance is advantageous to both sides. Terrorist activities divert scarce police resources toward the task of repressing them, leaving plenty of maneuvering room for drug traffickers, who are fully aware of this situation. The Sendero terrorists, on the other hand—like Fidel Castro, the evidence indicates—feel that drugs which are exported primarily to the United States, via Colombia, serve to undermine moral values and destroy the youth of that capitalist country, in other words, the future of the system.

Will the combined PIP-GR patrol be successful in its mission of finding the perpetrators of the ambush and locating the remains of the missing policemen? The task appears difficult, if not impossible. There is not a soul left in Quiteni and the immediate vicinity, except for Grandma Campos and her daughter. The narco-terrorists are safely ensconced, and will reappear when the waters are calmer. The patrol, which is to stay in the area 8 to 10 days, will return to its base of operations. Then the coast will be clear again, and Quiteni and neighboring areas will resume the wild life of coca, dollars and violence. Unless a contingent is deployed in the area permanently.

We left the patrol at Quiteni and returned by helicopter to San Francisco. From there we went to Luisiana, the estate of Populist Deputy Parodi that was burned down last July. He does have a GR detachment to guard his property. The garrison was set up shortly after the incident, and since then the guards have been completely abandoned by their command. They do not receive any food supplies, they have not been relieved during the entire period, and the radio they have works late, badly or never.

After an excellent "mess" at the headquarters of the Army Corps of Engineers in Pichari, we finally returned to Ayacucho, to the city of Huamanga. This was our third attempt to penetrate the Andean massif, and our nerves were shattered.

Sendero Revenge

At 0500 hours on Wednesday, 7 December, there was a knock on the door of Raida Llimpi, a humble resident of the town of Tambo, in the province of La Mar, Ayacucho.

When she opened the door, two 15- or 16-year-olds unknown to anyone in town said, "Let's go upstairs and talk."

Mrs Llimpi, the mother of three children, answered, "What do I have to talk about upstairs? If you want to talk, let's do it right here."

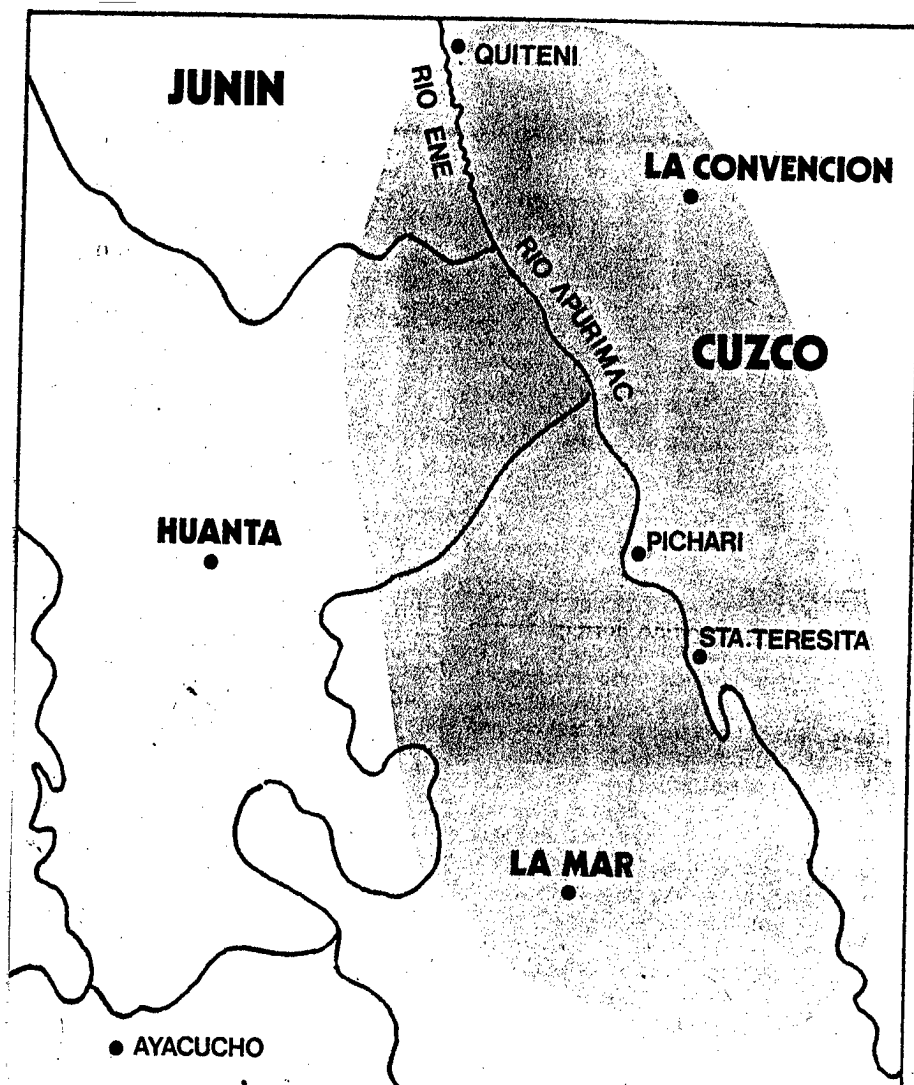
There was no more conversation. The Sendero youths' only response was to fire four blasts, three of which hit Mrs Llimpi's face and head and one her right hand. She slumped to the floor, and the terrorists left her for dead. Miraculously, however, the bullets that had penetrated her face and head had not snuffed out her life.

OIGA talked with Raida Llimpi in Ayacucho Hospital, and she told us her saga.

Why did they shoot her? Mrs Llimpi sells food in Tambo, and on some occasions members of the police forces bought her products. Sendero assaulted her as a reprisal for this. This is just one of many similar cases that have taken place in the strife-torn National Emergency zone.

"I am afraid of the terrorists. . . I don't know why they attack ordinary people who must work for a living," Mrs Llimpi told OIGA.

This is just one more example of the wave of terror that has been unleashed by Sendero Luminoso in the center of the country. One more case that obviously did not merit the attention of the so-called "defenders" of human rights--Diez Canseco and company--who can only protest on behalf of alleged terrorists and against "brutal police repression."



The anti-subversive action led by Gen Noel in Ayacucho has forced Sendero Luminoso to retreat to the high jungle of La Mar and Satipo. The map shows the principal area of Sendero operations.

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CSO: 3348/226

ISSUE OF TOBAGO'S STATUS FLARES; CHARGES EXCHANGED

Robinson-Chambers Talks

Port-of-Spain TRINIDAD GUARDIAN in English 20 Dec 83 p 1

[Article by Norris Solomon]

[Text] MR. A.N.R. ROBINSON Chairman of the Tobago House of Assembly will hold talks today with Prime Minister George Chambers on financial arrangements between Central Government and the Tobago House of Assembly.

Prime Minister Chambers agreed to meet Mr Robinson for the talks following a letter from the Assembly Chairman who claims that there is an extremely critical financial situation in Tobago owing "to inadequate funding to meet wages and related expenditures during the Christmas season."

In a Press conference yesterday at the Holiday Inn Hotel in Port of Spain, Mr. Robinson said that although a number of matters were agreed to when the Assembly held talks with the Prime Minister and other Government Ministers in July, the matters were not implemented and the situation relating to the operations of the Assembly remained the same.

The situation was such, he said, that he saw "trouble very serious trouble." He said that the Assembly was convinced that if the situation continued as it was at present there was going to be violent confrontation "which we do not want."

Mr. Robinson said that he had invited Opposition Leader, Rep. Basdeo Panday, the leader of the Organisation for National Reconstruction, Mr Karl Hudson-Phillips, and the Chairman of Tapia House Movement Mr Michael Harris, to visit Tobago on Thursday to discuss the matter.

Caribbean Issue

He said the Assembly intended to make the situation relating to Tobago a Caribbean issue and it was proposed that Assembly members should make a tour in the new year of Caribbean states to inform Caribbean people of the situation in Tobago and to seek support for Tobago's position.

Mr. Robinson said: "The current crisis arises from the fact that the allocation principally in respect of maintenance of roads and for wages has not been adequate for 1983.

"As a result wages for daily paid workers may not be paid for Christmas."

The workers must be paid, he said, and if he had to demonstrate he would do so.

Giving details of allocations called for, Mr Robinson said that at the end of 1982 the Assembly submitted estimates for \$46.6 million and it did not take into account the Joint Industrial Council Agreement. The Ministry of Finance awarded \$48.9 million, but then the Assembly submitted revised figures of \$56.5 million which took into account the JIC agreement.

The amount approved by Government was \$49 million, a difference of \$7 million, he said.

"The figure in issue is \$7 million, he said.

Mr. Robinson said that the Assembly's figures were challenged and it was claimed that the Assembly employed more people than in 1981, but that was not correct; new people employed were mainly for operating and driving equipment and the amount was very small.

The Assembly Chairman said while the Tobago House of Assembly Act had envisaged the establishment of a fund, what had in fact been done was to set up a system of direct control by the Ministry of Finance.

"It is a not a crisis of the Tobago House of Assembly," he said, "it is a crisis of the Ministry of Finance ... they are in control of the situation and they ignore the Tobago House of Assembly completely."

Mr Robinson, who was flanked by Dr Jeff Davidson and Mr. Hochoy Charles, two Assembly members during the Press conference said that while the Ministry bypassed the Tobago House of Assembly and dealt with the staff, they were seeking to make the Tobago House of Assembly responsible for the mess.

"We see signs that the purpose of the Ministry of Finance is to discard the Democratic institutions in Tobago and to use arbitrary power," Mr. Robinson said.

Referring to development programme and long term funds, Mr Robinson said he felt that one of the principal reasons for the "crisis" was the removal of control from Parliament of finances and putting it under the Ministry of Finance in long term funds.

Mr. Robinson said that over the period 1972 to 1981 the development programme for the whole of Trinidad and Tobago was \$11 billion while the amount from that for Tobago was only \$81 million over the ten years.

He asked: "If you are one country and your population is four per cent of the population as a whole and you are only permitted one per cent of the development expenditure ... what is the position?"

He said, too, that in Trinidad there was a great deal of private investment and nothing of the sort went on in Tobago.

Mr. Robinson said that Government was creating an economic desert and holding that up as a model for Caribbean unity.

"We have felt that this lip service of Caribbean unity was only a matter of prestige and to make a play on the international scene. "But the principal does not exist domestically," he said.

Report on Discussions

Port-of-Spain TRINIDAD GUARDIAN in English 21 Dec 83 p 1

[Text]

THE MINISTRY of Finance is making efforts to pay wages to daily paid workers in Tobago on the scheduled date for payment before year's end.

Following talks yesterday between Prime Minister George Chambers and Mr. Frank Robinson, Chairman of the Tobago House of Assembly, staff of the Ministry and of the Tobago House of Assembly (THA) were ironing out issues relating to the payments.

Discussions lasted for about one hour yesterday and a government official explained afterwards that the Ministry of Finance "will try to find the amount of about \$7 million to pay the workers."

The THA had complained that because of cuts in estimates there was a shortage creating a crisis for payments to workers for the Christmas season.

Last night, Mr. Robinson said he could not state when the payments would be made, but following the talks with Mr. Chambers it was expected that the payments would be made by the date due. He said the Prime Minister had instructed that work begin immediately on making arrangements even if overtime work was necessary by the staffs of the Ministry and the Assembly to make the arrange-

ments.

Mr. Robinson said that while the matter relating to payments for the workers were discussed, he was still deeply disturbed that very profound and critical issues were still outstanding.

He said "I do not anticipate any release in the tension existing at this time until these issues raised in his letter to the Prime Minister have been satisfactorily resolved."

A lot of matters were still outstanding, he said, and so long as they remain so there were bound to be continuing crises.

With Mr. Chambers yesterday were Senator Anthony Jaccson, Minister in the Ministry of Finance and Planning; Mr. Frank Barsotti, Permanent Secretary; Mr. Vishnu Dean Maharaj, Comptroller of Accounts, and Mr. Basil Cozier, Director of Budgets.

With Mr. Robinson were members of the House of Assembly Dr. Jeff Davidson, Mr. Hochoy Charles, Ms. Pamela Nicholson parliamentary representative for Tobago East; Mr. Stanford Callender, leader of the Opposition PNM in the House of Assembly; Mr. Clarence Warner, acting Clerk of the THA, Mr. Alfred Gray, president of the Tobago Branch of NUGFW and other members of the staff of THA.

Tobago PNM Position

Port-of-Spain TRINIDAD GUARDIAN in English 22 Dec 83 p 13

[Text] THE LEADER of the PNM Opposition in the Tobago House of Assembly, Mr. Stanford Callender, said on Tuesday that he was hopeful that whatever was decided at Tuesday's meeting between Prime Minister George Chambers and Mr. A.N.R. Robinson, Chairman of the Tobago House of Assembly, would be in the interest of the "innocent workers involved in Tobago.

He said that the PNM members in the Assembly were not prepared to support Mr. Robinson in certain statements he had made against Central Government and the Minister of Finance.

He said that it was wrong to state that the PNM members had given full support to the statements made.

Explaining the position of the PNM members in the Assembly, he said that all the members agreed that there was a crisis and they considered seriously the effects on the daily-paid workers.

The Innocent

They considered that the problems were beyond the Tobago House of Assembly and the view was that the only alternative was to have discussions with the Minister of Finance to try and resolve the unpleasant circumstances that developed. They had agreed that there was a crisis and innocent people would suffer.

Assemblyman Callender said he was convinced that when the matter was resolved, it might be revealed that there might be certain irregularities with respect to the increase in the labour force.

He explained that he had filed several questions relating to projects funded under the development fund but they were not placed on the order paper of the House of Assembly.

On the Team

Assemblyman Callender, member for Plymouth-Whim, said he had pointed out in a question that Government had allocated \$54 million to the Tobago House of Assembly for roads and bridges and he called for the Chairman to state how much had been allocated to improve the streets of Plymouth and what work was undertaken in 1983. The question had not been placed on the order paper.

He said there were about six other questions he had filed which were not placed on the order paper.

Assemblyman Callender was one of the members of the Tobago House of Assembly team in talks with the Prime Minister on Tuesday.

Port-of-Spain EXPRESS in English 23 Dec 83 p 40

[Text] SCARBOROUGH--THE leaders of the National Alliance and the Organisation for the National Reconstruction yesterday pledged solidarity with the people of Tobago for the decolonisation of the sister-island.

Following talks here yesterday with Tobago House of Assembly Chairman A.N.R. Robinson, Basdeo Panday, Karl Kudson Phillips, Michael Harris and Suruj Rambachan agreed that the fundamental issue plaguing the people of Tobago was one of decolonisation.

Yesterday's meeting was at the invitation of Robinson as Tobago continues to experience a crisis of government with the Assembly claiming to be hamstrung by the central government.

Tobago 'Blackmail' Charge

Port-of-Spain TRINIDAD GUARDIAN in English 24 Dec 83 p 1

[Text]

SENATOR ANTHONY Jacelon, Minister in the Ministry of Finance, has accused the Tobago House of Assembly of blackmailing the Central Government by the employment of more daily-paid workers than are provided for in its annual vote.

Speaking on a GBU television programme on Thursday night, Senator Jacelon said that THA Chairman A.N.R. Robinson was using the workers of Tobago "as pawns in a power play."

The Minister said the THA went on hiring workers after their Road Maintenance vote had expired because they knew that in the final analysis the Central Government would have to pay the bill.

"If you're in a grocery and you find you don't have enough money, then you can always put back some items on the shelf. But you cannot ask workers to take back their labour. Once the work is done, it has to be paid for," Sen. Jacelon explained.

The Minister said the first time he knew about any "financial crisis" in the Tobago House of Assembly was when he read about it in the Press.

Mr. Jacelon told the Guardian yesterday that the THA had applied for supplementary funds for wages last July but the application was being processed as there were a number of questions raised in the Ministry of Finance.

The Finance Advisory Committee in the Ministry had considered the request but was unable to support it because of a number of factors.

GROWING EXPENDITURE

For example, the THA did not provide information about the permanent and regular cadre of daily-paid workers employed. The com-

mittee also expressed its concern to the THA over the inordinate growth in expenditure under the various votes. The Committee, said Mr. Jacelon, felt that this was the result of unauthorised expansion in the labour force over the period of the Assembly's existence.

The committee also noted that the THA's failure to heed advice to reduce on its overtime expenditure which, to a large extent, was controllable.

Actual expenditure by the THA on maintenance of roads in 1982 for wages and overtime was \$28,966,000 and \$2,585,000 respectively. The provision for 1983 is wages \$35,126,000 and overtime \$1,534,747.

The Assembly explained that part of the reasons for heavy expenditure under this item was due to repairs to the Crown Point Airport runway. The Ministry of Finance, however, pointed out that provision for repairs to the runway had been made under Relief of Unemployment.

Senator Jacelon said the first time that Prime Minister George Chambers knew of any financial crisis in Tobago was when he received a letter from Mr. Robinson a few weeks ago.

As a result of a meeting between Mr. Chambers and Mr. Robinson, it was agreed to release \$8.3 million to

the THA to pay daily paid workers for the rest of the year.

'MISCHIEVOUS'

Yesterday, Mr. Robinson described as false, malicious and exceedingly mischievous, the charge of blackmail levelled at the Assembly by Senator Jacelon.

"How can the Minister possibly charge the Assembly with creating the issue at Christmas when the application for supplemental funds had been made to his ministry since June, 1983?" asked Mr. Robinson.

"So disrespectful is the Minister, and so anxious is he to incriminate the democratically elected repre-

sentatives of the people of Tobago, said the Assembly chairman, "that he has forgotten that among them are four of his own party members who supported the letter to the Prime Minister, and approved of its terms," he added.

The Chairman said he did not wish to comment at this time on obvious use of public servants in the State-owned electronic media for purposes of political propaganda.

Mr. Robinson promised a more detailed reply to the Minister after the Christmas holidays, and took the opportunity of wishing the Minister a happy Christmas and a more successful new year.

GUARDIAN Warning

Port-of-Spain TRINIDAD GUARDIAN in English 28 Dec 83 p 8

[Editorial]

[Text]

IF, as many believe, the ultimate objective of Mr. A.N.R. Robinson and his DAC colleagues is to govern an independent Tobago, then they are surely employing the correct strategy, however dishonest it may be.

The game plan would require DAC leaders to seize every opportunity to alienate the feeling of Tobagonians, to create an embattled mentality among them and, when they believe the time is ripe, to provoke a crisis that would hopefully ignite a popular movement for liberation from the "oppressive" government in Port-of-Spain.

Increasingly, the rhetoric and the tactics of those who lead the Tobago House of Assembly seem to fit into such a divisive scenario. Last week, for example, Mr. Robinson, after suddenly declaring a financial crisis in the sister isle, declared: "If the situation continues, there is going to be violence. And there is no doubt that this government will have no compunction to have army and police shoot down Tobagonians."

Violence between the two islands of our unitary state exists only in the minds of Mr.

Robinson and his DAC colleagues who, for their own purposes, may want to incite Tobagonians into that kind of protest.

Whatever the motives of the DAC leadership, however, it has become clear that the stormy and contentious life which the THA has led since its inception no longer springs from differing interpretations of the Act but, in fact, has escalated into an irreconcilable political conflict.

In this context, it now seems a forlorn hope that there will ever be a smooth working relationship between the THA and the central government.

The portents appear ominous and we feel the time has come to warn those who may be playing games with the destiny of Tobago to shift their personal ambitions into neutral for a while and carefully consider the final and irrevocable outcome, for it is the people of Tobago who will suffer the most should the island decide to breakaway from Trinidad.

Perhaps the main underlying problem in this unhappy state of affairs is the apparent inability of Mr. Robinson, once the heir-apparent to Dr. Williams, to

accept the fact that the THA, despite its advanced status, is still another local government body and not a vehicle for obtaining full internal self government for Tobago. There is still only one Ministry of Finance in the country and it is not as yet under the control of the DAC or the THA.

The political purpose and propriety of members of a local government body taking their problems to other Caribbean countries to win their support escape us, but Mr. Robinson feels compelled to take this action, so untenable in his view has the THA's situation become. In that case, Chairman Assam may want to follow suit for St. George East, Chairman Rambachan for St. Patrick, Chairman Seuchand for Caroni and so on.

UNAUTHORISED

Also, the DAC may also be credited for setting an interesting precedent for other local government bodies.

Instead of adhering to admonitions for tighter budgeting and control of expenditure in a period of income decline, they can exhaust their votes before year end by an unauthorised increase in employment and then cry "financial crisis" when the crunch inevitably comes.

According to Senator Jacelon, this is what the Assembly has done, employing an additional 187 drivers and loaders without the approval of the CPO. The Minister calls it blackmail.

While it is true that the THA had applied for supplementary funds in June, the record shows that the Clerk's memorandum required extensive clarification when it was examined by the Budget Division and the Finance Advisory Committee. ment of the accounts.

As a former Minister of Finance, Mr. Robinson should not have found these accounting procedures too bewildering. Worse yet to accuse officials of the Finance Ministry of perpetrating a "gigantic fraud."

Tobago Criticism of Funding

Port-of-Spain EXPRESS in English 28 Dec 83 p 32

[Article by Compton Delph]

[Text]

TOBAGO is Trinidad's "Third World" in the order of national development, and what the country needs is its own "North-South Dialogue" and the initiation of a "new economic order."

This point is made forcefully in a note on the 1984 Estimates of the Tobago House of Assembly which envisages a total expenditure of \$527,724,402.

Of this total, \$323,010,106 is earmarked for the island's development programme, with the remaining \$204,714,296 to meet recurrent expenditure for the year.

The "Note on the Budget" which was prepared by the Assembly's financial experts,

preparatory to talks with the Ministry of Finance, stated that "infrastructure development in Tobago is still in a very rudimentary stage."

Many of the development projects in Tobago, it stressed, "have been planned over 20 years ago, some as far back as in 1956. This programme is therefore

on a 20-year lag and lucidly illustrates the lack of development thrust in Tobago."

The document stressed that during the years 1972 to 1983, the proportion of national development allocation to Tobago has fluctuated between one to six per cent, averaging two and a half per cent over the period.

"The Assembly is concerned that this low level of investment should not continue," stated the document, and in drafting the 1984 Budget took that fact into consideration.

Other factors taken into account are the "physical separation of the island from Trinidad which gives rise to the isolation from the principal national growth centres which acts as a disincentive to prospective investors; and the absence of the multiplier effect of expenditure and investments (private and public) made in Trinidad."

The low level of investment, said the Assembly's planners, has restricted opportunities for employment and career fulfilment.

"This situation fosters a Tobago to Trinidad 'drift' which has served to maintain a static low population of

40,000 in Tobago."

There has been no population growth in Tobago for the whole of the 20th century, said the document, producing a "negative dynamism in that Tobago presents a small market to private investors, and the allocation of public funds which apparently have traditionally been based on population did not assist in reversing the trend. This in turn fosters a human resource drift to Trinidad in search of development opportunities. The cycle of non-growth is therefore perpetuated," the document stressed.

The 1984 development expenditure, therefore, has placed emphasis on the need to expand the island's productive output in agriculture, fishing and manufacturing sectors.

It also stressed the development of the island's infrastructure—water, electricity, telecommunications, roads and ports.

The document finally warned: "Arbitrary budgetary cuts without due regard for the linkages between sectors of the programme would militate against this concerted effort to generate new economic realities in the nation."

Chambers Promise of Talks

Port-of-Spain EXPRESS in English 28 Dec 83 p 32

[Text]

DISCUSSIONS "before year-end" on the Tobago House of Assembly half-billion dollar 1984 budget were promised last week by Prime Minister George Chambers who is also Minister of Finance.

And when he and the Chairman of the House of the Assembly

ANR Robinson meet today for a session of the National Economic Planning Commission it is expected that a firm date will be fixed.

Talks last week Tuesday between Chambers and a delegation from the Assembly led by Robinson concentrated on solving a financial crisis which

faced the Assembly.

Agreement was reached for the Finance Ministry to release supplemental funds of \$8.3 million so that the Assembly could pay wages for the rest of the year.

But still to be discussed in detail is the Assembly's 1984 Budget which, in keeping with the law, was submitted to the ministry at the end of last June.

Since then, a team of ministry officials went to Tobago for preliminary discussions on

the Budget. But those talks were aborted after, it is reported, Chairman Robinson objected to "arbitrary cuts" proposed by the ministry.

Since then, no further discussions on the Budget have taken place and last week Chambers promised that they will be held before year-end.

"I will expect him to say something when we meet in Port of Spain tomorrow," Robinson said yesterday.

Assembly Labor Force Issue

Port-of-Spain TRINIDAD GUARDIAN in English 29 Dec 83 p 1

[Article by Norris Solomon]

[Text] THE TOBAGO House of Assembly increased its labour force by 189 workers this year over the 1981 figure without the necessary approval, according to sources close to the Ministry of Finance and Planning.

The Tobago House of Assembly recently complained of a "financial crisis" in the sister isle. But the Ministry of Finance, which eventually released \$8.3 million to the THA for payment of wages, explained that discussions had been going on relating to the unauthorised employment of labour and spending of funds since mid-year.

A source close to the Ministry explained that the matter began in June when the Assembly sought supplementary funds totalling \$6.4 million of which the major amount required was for maintenance of roads amounting to \$4.4 million.

On July 22, following the request which was examined by the Budget Division of the Ministry and considered by the Finance Advisory Committee, the attention of the Clerk of the Assembly was drawn to the absence of information, and concern was expressed over growth in expenditure and failure of the Assembly to heed advice to reduce overtime expenditure.

About two weeks later, on August 3, the Clerk of the Assembly replied giving additional explanations. However, the clerk was advised that the information was still not satisfactory.

The Ministry pointed out that the details of permanent and regular workers were not given and what was required was the number of workers the Assembly took over in 1981 and the number of permanent and regular workers in 1983.

At the end of September the Clerk supplied information on the work force but it was not related to the provisions in the estimates and the Budget Division could not accept it.

Ministry sources explained that at a meeting on October 26 between officials of the Ministry of Finance and a Tobago House of Assembly team headed by the acting Clerk of the Assembly, the request for funds and wages were discussed.

It was observed then that the overall increase in the labour force was 189 for which there was no approval.

The increase was identified in areas such as maintenance to roads and buildings where drivers and operators were recruited to operate additional vehicles, tourism development and sport and youth affairs.

A meeting was held on November 30 between the Assembly and the Budget Division to finalise the matter.

The Ministry source pointed out that from discussions at the meeting, it was established that the additional funds being sought by the Assembly arose in part from charging to the recurrent vote expenditure which properly fell under the Relief of Unemployment Vote and the Development Programme.

According to the source, the Assembly was requested to identify the funds which properly fell under the two votes and apply for the necessary releases to permit adjustment of the accounts.

Difficult Exercise

The Assembly advised then that the exercise was difficult but would be pursued.

The Assembly was also advised to apply to the Chief Personnel Officer for approval for the additional persons employed.

It was pointed out too that while the meeting of the Budget Division and Assembly officials was taking place, the Director of Budgets met with Mr Hochoy Charles, a member of the Assembly, to outline the position the Budget Division was taking.

On December 7 the Director of Budgets met the Clerk of the Assembly to reiterate the position and urged that efforts be made to finalise the matter.

Earlier this year, it was also pointed out, following the 1983 Budget, the Permanent Secretary in the Ministry of Finance and Planning sent a memorandum to all Permanent Secretaries and Heads of Departments aimed at achieving budgetary objectives and called for cost reduction programmes.

He called for measures to exercise control over the growth of the Public Service.

DESPITE GOVERNMENT PLANS, TOBAGO SAID TO HAVE WATER CRISIS

Outline of Government Measures

Port-of-Spain TRINIDAD GUARDIAN in English 22 Dec 83 p 12

[Text] THE MINISTER of Public Utilities and National Transportation Senator John Eckstein, outlined plans to the tune of several million dollars for the improvement of the water supply in Tobago in short, medium and long-term measures.

Senator Eckstein made his statement in the House of Representatives on Monday. He spoke of the three distribution areas in the island--the southwest region which includes Scarborough and Crown Point, the Windward region including Roxborough and Charlotteville, and the rural region including Castara and Bloody Bay.

In the southwest region, served by three sources, there is a supply of 2.7 million gallons per day (mgd) and a demand of 4.2 mgd--a deficit of 1.55 mgd. To bridge the gap, in the short term, a project at Government Farm due for completion in February, would cost \$537,000.

Qyarrying Problem

At Courland, the Ministry is carrying out physical work to deal with the problem of turbidity caused by illegal quarrying upstream of the intake. This was expected to be completed by February, 1985, at the cost of over \$2 million. Some \$1.43 million was expected to be spent at Hillsborough to refurbish the filters on the plant.

According to the Minister, to bring water into the Crown Point area, the water and Serwage Authority will be running two transmission pipelines, one from Bon Accord to Crown Point which will be finished by February 1984 at a cost of \$1.5 million; another from Harmony Hall to Badhill, with work beginning in 1984.

In the medium term, in 1985-1986, the deficit is expected to grow as development takes place and no new supply is developed, but in the long term, this will be corrected with the construction of the Richmond Water Works to consist of a treatment plant, impounding reservoir, transmission mains and storage reservoirs.

The project is expected to come on stream in 1990 and produce five mgd. Award of a contract for pre-feasibility study is expected to be made by mid-January.

Ready by 1985

In the Windward region, there is a supply of 0.48 mgd, a demand of 0.8 mgd, and a deficit of 0.32 mgd. In the short there will be the construction of the King's Bay water treatment works to yield 0.4 mgd and to cost \$2.5 million. Once again the Richmond water supply scheme is expected to help the problem in the long term.

WASA has no short-term plans for problems in the rural region which has a demand of 0.440 mgd, a supply of 0.209 mgd and a deficit of 0.23 mgd.

In the medium term there will be the development and improvement of an existing supply source at Craighall where plans are being made to build a 0.5 mgd water treatment plant. The plant is expected to cost \$4 million and should be completed by the end of 1985.

A water treatment plant producing 0.4 mgd is expected to be constructed at Little Englishman's Bay at a cost of \$2.5 million in an effort to develop additional sources of supply. This should be completed by 1985 by which time it is expected that the rural areas will have an adequate water supply.

The Minister gave the assurance that a determined effort is being made to improve the water situation in Tobago.

Tobago MP's Disagreement

Port-of-Spain SUNDAY EXPRESS in English 25 Dec 83 p 3

[Article by Compton Delph]

[Text] **TOBAGO IS in the grip of the most serious water crisis in its entire history. The situation is so serious, said Pam Nicholson, Member of Parliament for Tobago East, that the very lives of the people are threatened.**

There is not a single area in Tobago today that receives an adequate supply of water, she said. Most of them have not had water for weeks.

And she blames the situation on the mismanagement and inefficiency of the Water and Sewerage Authority in the island. "There is a complete managerial breakdown of WASA in Tobago?" she charged. "And not until we in Tobago, the House of Assembly, are given the full responsibility for water in Tobago will the situation improve," she stated.

Two Fridays ago Nicholson raised the matter in Parliament as one of urgent public importance and referred to a statement by Minister of Public Utilities John Eckstein in which he said that there

had been improvements to the water distribution in the island.

The Tobago MP said that anyone who lived in Tobago would know that the Minister was wrong ... that he had been misled by WASA officials in Trinidad. She also challenged an earlier statement by the Public Utilities Commission which, she said, had attempted to defend WASA's performance in Tobago following severe criticism of its operations by Hochoy Charles, Secretary for Infrastructure at the Assembly, published in the SUNDAY EXPRESS.

Both the Minister and the PUC, she said, had claimed that there had been an improvement in the water supply in the southwestern region of the island where most of the tourist hotels are. Yet, she said, on December 5, Tobago hoteliers complained, (again reported in an exclusive EXPRESS story), that if the water situation does not improve they may be

forced to close by March next year.

So while officials in Trinidad were saying one thing, the people who lived and worked in Tobago were experiencing something completely different, she said.

"The lack of water is the single most serious problem facing the hotels," she quoted from the EXPRESS interview with Charles Solomon, Manager of the State-owned Crown Reef Hotel. "At the moment, the average week's supply from WASA amounts to just about two days of our needs?" Solomon had said.

If the hotels are indeed to close down, said Nicholson, hundreds of Tobagonians will be out of jobs in an island where unemployment is already very high.

But it was not only the hotels which are affected by the critical water shortage, she said. Villagers throughout the island have to turn to rivers and ravines for their water supply, opening themselves to the threat of disease, and particularly, the dreaded typhoid.

Even the education of Tobago's children was being gravely affected by the serious water shortage now being experienced, said Nicholson. For during the last term, almost every school in the island has had to close, at one time or another, for several half-days because there was no water for the children to drink.

One child, she said, was struck down and seriously injured crossing the highway to go in search of a drink of water. Yet, she had heard the Prime Minister, she said, boasting about the sound infrastructure of Trinidad and Tobago when he spoke about the country's position of advantage to make use of the American Caribbean Basin Initiative.

"Clearly, the Prime Minister was not talking about Tobago," Nicholson told the SUNDAY EXPRESS in an interview last week. "And that is the trouble with the Government: they do not think about Tobago. As far as they are concerned, the country starts and ends with Trinidad."

Nicholson said that she had invited John Eckstein, the Minister of Public Utilities responsible for WASA to visit Tobago to see the situation for himself.

Eckstein, she said, had promised to do so, but not only did not show up on the appointed day, but did not even have the courtesy to inform her that he could not and would not be coming.

Eckstein, she said, said the PUC had tried to fine the poor water supply upon the turn of the water source at Courland which supplies the hotel area. But there is no way that the Courland supply can be as turbid as the muddy Caroni source and yet Trinidad continues to enjoy a good supply from that source.

What was wrong with Courland, she said, was the archaic system of clarifying the water at its source, and this was due to the inefficiency and mismanagement of WASA in Tobago.

That inefficiency, she said, turned into corruption when it came to the question of truck-borne water in the island. She charged that the ordinary people of Tobago were being denied even this service, for it was a case of WASA taking water to "special homes" only.

As a Member of Parliament, she said, WASA apparently had

decided that hers was one of those "special homes" deserving of a truck-borne supply.

Why come to my home and drain them dry, she said. "I told them that the people of the street cannot get water, do not want any."

Nicholson said that the water situation on the island today demands that "the Minister of Public Utilities come to Tobago immediately with a top-level team of technicians."

But the final and only satisfactory solution to Tobago's water problem would be for the Tobago House of Assembly to be given the responsibility for water in the island.

"We feel very strongly in Tobago that WASA should be the responsibility of the House of Assembly and Law-making no bones about that," she said. "We believe very strongly that WASA must be in the hands of Tobagonians. The time has come when the Tobagonian must be given a fair chance to manage his own affairs."

Meanwhile, most of Tobago faces a waterless Christmas.