

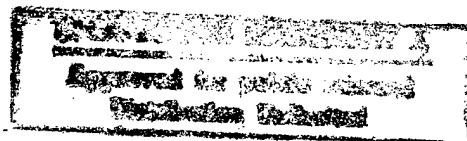
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Latin America Report

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20 October 1982

LATIN AMERICA REPORT

No. 2591

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SITUATION IN OIL INDUSTRY, CAUSES EXPLAINED

Buenos Aires LA NACION in Spanish 12 Sep 82 sec 3 p 1

[Article by Dr Salvador Carbo, director of CADIPSA, the Argentine national petroleum enterprise]

[Text] The current proliferation of statements and charges in the courts about oil drilling contracts, the alleged bankruptcy of YPF [Government Oil Deposits], and the state firm's price policy toward its contractors, all mixed up systematically with half-truths, have caused some confusion in the mind of the public, which does not have full information on this issue. For this reason, it is imperative to try to clear up the matter.

Oil Production

Argentina produces approximately 28 million cubic meters of oil a year. The production comes from YPF fields, and to a very small extent, from the so-called "concessions," which are those oilfields governed by the Mining Code, granted to private parties before 1935. Of the production from the YPF fields, about 33 percent is handled through oil leasing arrangements.

The oil produced by private companies--most of whose capital is Argentine--is delivered to YPF, which pays a price for each cubic meter it receives. The oil does not belong to the producing companies, which can not dispose of it; they are required to turn it over to the state firm.

Imports

On the subject of imports, recent figures are deceptive, since imports are practically nonexistent. The recession that Argentina is going through now has caused imports to remain very low in comparison with imports in non-recessionary periods in Argentina.

Gas Production

YPF or its contractors provide the total Argentine production of gas, which they turn over to State Gas. In 1981 8.24 billion cubic meters were injected in the gas pipeline; this is 60 percent of the gas extracted. The gas used in oil production and consumed in the fields amounts to 17 percent. 21 percent is vented. This is the equivalent of 8,145 cubic meters of oil a day, and means that gas with a value of \$600 million a year, at the international price, is lost in the air.

YPF's Prices and Status

While on the subject of hydrocarbon production, it is of interest to point out the distortion existing in Argentina in the fuel prices paid by the public and by industry. From 1970 until the present, fuel prices have risen only 10 percent in real terms, while the international price has increased 10 times. This shows that succeeding government administrations have maintained a price policy totally out of touch with the reality of the world market, simply postponing problems which will appear sooner or later.

On this issue of price distortion, we should mention one aspect that has been widely discussed recently: the status of YPF and its alleged "bankruptcy."

The characteristics of a state enterprise such as YPF, which is involved in all phases of petroleum activity, caused it to be transformed, starting in the early 1940s, into an instrument for economic policy. One essential function was to combat inflation by keeping fuel prices artificially low. YPF thus became entangled in a vicious circle. On one hand, it had to maintain oil production by itself and its contractors, in order not to have to spend currency on imports, and on the other hand, it had to sell at very low prices, even lower than its production costs.

The deficit thus created was balanced by borrowing. So there is not a state of bankruptcy looming ahead for YPF now; the present situation is simply a variant of what all our governments have always done with YPF.

The "Price Effect"

As in other industries, in the production of hydrocarbons there is a "price effect." This means that with higher prices, there is more investment, and with more investment, there is more

oil and gas. In the opposite case, at low prices there is not enough investment, and production declines.

There are many examples illustrating this price effect on oil production. One of these is President Reagan's resolution on 28 January 1981, lifting the price controls prevailing in the United States on crude petroleum. The domestic price controls in the United States, as the president pointed out, had created restrictions on the local production of oil, lowered its potential, increased the consumption of energy derived from petroleum, and worsened the deficit in the balance of payments, thus endangering the economic security of the United States, because of its dependence on oil produced by the OPEC nations.

The recovery brought about by the consequent price increase was immense. From 62,000 wells drilled in 1980, this figure rose to 80,000 wells drilled in 1980, and it is estimated that this year the number of wells drilled may amount to slightly less than 90,000. Furthermore, the number of drilling rigs in use increased from 2,200 in 1980 to 3,900 this year.

Another example of this "price effect" can be found in Argentina. In 1979, in a resolution issued by the ministry of energy, the price of oil produced in the old concessions of the Mining Code was unfrozen for the domestic market. This led to a substantial price increase. The result was that from December 1979 to December 1981, production from these fields increased by 62.67 percent.

Contracts Being Renegotiated

In 1976 YPF invited Argentine companies to bid on areas it considered marginal because of their small size, their condition, or because operating these fields would entail investments that YPF was not prepared to make. The fields bid upon now produce only 18 percent of the nation's production, excluding the production of the old concessions. Participation of the private sector in production increased from 25 percent to 33 percent.

As a result of the distortion in the Argentine economy in recent years, the contractors' price deteriorated, as the adjustment formulas used in the bids did not reflect the increased costs of producing hydrocarbons.

In order to handle this situation, the contractors took action over 2 years ago to try to remedy this great price discrepancy.

The government officials, given the complexity of this issue, as the contracts differ among themselves, decided to plan to promulgate a decree setting forth general guidelines applicable to all the contracts.

In the first place, this decree should provide for a new adjustment formula that would cover in a more precise way the variations in costs and which, applied to the prices stipulated in each contract, would make them more equitable.

In addition, in order to make use of the price effect explained earlier, it should be established that all the "new or surplus oil" would have a higher price, perhaps equivalent in pesos to US \$120 in April, and which at this time, in that currency, would not amount to half of the international price, which is US \$200 CIF La Plata.

The "new or surplus oil" of a field is that oil which exceeds the expected production as a direct consequence of investments in wells or infrastructure made by the contractor after a given date. If no investments are made, there is no new oil.

This means that, if the decree is promulgated, the contractors would receive a suitable price for the oil they obtain with investments made until now. This would be determined by a more precise adjustment formula which, in general terms, would not exceed in pesos US \$50; this is less than 25 percent of the international price.

In addition, if the contractors do invest in the future by increasing production, the "new oil" would receive a price less than half the international price, but that will of course depend on their actually making such investments.

Based on this system, the "new or surplus oil" would have a price of interest to the YPF contractors. Through the "price effect," this would generate investments in the sector which would bring about an increase in production, not to mention the undeniable snowballing effect of the industrial and service activities generated by oil in areas of undeniable geopolitical interest.

Reasons Why This Problem Should Be Solved

Every day there are comments made in all sectors of the nation about the need for an economic recovery. For a given increase in the rate of growth, a corresponding increased consumption

of hydrocarbons is needed. If there were an economic recovery and an increased consumption of petroleum and gas with little domestic production, the weight of what would have to be imported on the balance of payments would be enormous and would hold back our development, not to mention what would happen if the increase in the Argentine gross domestic product came at the same time as a conflict in the Middle East which would further increase the international oil price.

During the period from 1974 to 1978 we imported 3 million cubic meters a year. If we take each of these years as a period of normal economic activity, or if that level is considered normal in the future, we would have to pay \$600 million each year for that amount of crude.

Argentina's vulnerability in this area, combined with our huge foreign debt, do not enable us to indulge in romantic political digressions that would put off dealing with the problem of oil production and adopting standards such as those discussed here. These measures would not totally solve our problems, but they would be a step taken in the right direction and would produce relatively rapid results.

7679

CSO: 3010/2324

FUEL PRICES UP 12 PERCENT

Buenos Aires CLARIN in Spanish 4 Sep 82 p 11

[Text] Fuel prices will increase at midnight today by an average of 12 percent. State Gas rates are also being adjusted by 12 percent.

"The adjustments being made at this time do not include the rates of the other public services. Changes in these rates will be temporarily delayed until the studies designed to integrate these rates within the current economic policy are completed," the minister of public works and services said yesterday.

New Prices

	Former Price	Current Price	Percent
Super	6,700	7,400	+ 10.4
Regular	5,750	6,400	+ 11.1
Gasoil	3,600	4,100	+ 13.8
Kerosene	3,600	4,100	+ 13.8
Diesel fuel	2,160	2,440	+ 13.0
Fuel oil (kg)	1,296	1,470	+ 13.4

With this increase in fuel prices, which takes effect today, the price of super gasoline will rise to 7,400 pesos per liter. This is a 10.4 percent increase over the former price; regular gasoline will cost 6,400 pesos, an 11.1 percent increase. Gasoil and kerosene will have an increase of 13.8 percent, with the new prices set at 4,100 pesos per liter. Diesel fuel will cost 2,440 pesos, a 13 percent increase, and fuel oil will cost 1,970 pesos, a 13.4 percent adjustment.

Second Increase

So far this year regular gasoline has increased in price 86 percent; the prices of super have increased by 78 percent; gas-oil, 55 percent; kerosene, 55 percent; diesel fuel, 70 percent; and fuel oil, 76 percent.

This is the second increase in the past 2 weeks in the sales price of diesel fuel and fuel oil. The earlier adjustment amounted to 8 percent.

In a press release, the ministry of public works and services indicated that the increases taking effect today "do not cover the operating costs of the state enterprises to the extent they should." This discrepancy, it was added, occurs because of the elimination of "the application of excessively high increases that have a negative impact on the rate of inflation."

The rate structures for the other public services (telephones, gas supply, water and sanitation, electricity, and postal service) will be discussed by the ministry of public works and services and the ministry of the economy when Jorge Wehbe returns from the International Monetary Fund meeting. It was also learned that the 12 percent fuel price increase was suggested by the finance minister, who opposed the increases proposed by the MOSP [ministry of public works and services], which ranged from 15 to 18 percent.

7679

CSO: 3010/2324

ENGINEERS MEET ON BASIN INTEGRATION PROPOSAL

Buenos Aires LA PRENSA in Spanish 12 Sep 82 p 5

[Text] During the annual convention of the UPADI [Pan-American Union of Engineers Associations] which was held in San Juan, Puerto Rico, some significant resolutions concerning legislative, technical, political, and administrative matters were approved.

Chairing the deliberations was the president of the organization, Pablo R. Gorostiaga of Argentina. Leaders of the convention were Guillermo Godreau of Puerto Rico and Vicente F. Ottado of Argentina, along with Mateo Trevio G. of Mexico.

As an exception, it was agreed that Argentina will be the headquarters of the organization until 1988, even though the regulations stipulate a maximum period of 4 years, and Argentina became the host country at the 1980 convention.

River Basins

A commission composed of the engineering associations involved was set up to conduct a study of the integration of the South American river basins, such as the Orinoco, the Amazon, and the Plata.

These groups will use as a basis for their work the study done by the Multinational Projects Promotion Office of UPADI in Venezuela, which has the support of the Peruvian commission, headed by the president of that country, architect Fernando Belaunde Terry.

On technical matters a commission was appointed, consisting of the engineers Ottado of Argentina; Jose A. Serrato of Uruguay; and Luis F. Meyer of Paraguay. This group is to offer

suggestions and proposals for the next meeting of the UPADI board of directors, to be held in Santo Domingo in April 1983.

"Gold Plumb Line" Award

At the proposal of Mr Ottado, the "Gold Plumb Line" award was awarded to the engineer Jorge Alessandri, former president of Chile, for his action in support of inter-American solidarity.

The next convention of the organization will be held in 1984 in Caracas, Venezuela.

7679

CSO: 3010/2324

TYPES OF ENERGY, MAJOR USERS DESCRIBED

Havana BOHEMIA in Spanish 17 Sep 82 No 38 p 34

[Excerpts] According to the most serious and reliable statistics, the percentages of energy sources utilization in Cuba are as follows:

<u>Source</u>	<u>Percent</u>
--Crude oil	38
--Oil derivatives	27
--Sugarcane bagasse	23
--Others	12

Of this total, imported resources make up 60 percent; therefore, domestic resources make up 40 percent. Direct consumption of energy by Cuban sectors of the economy are as follows

<u>Source</u>	<u>Percent</u>
--Industry	59
--Construction	4
--Transportation	15
--Agricultural-Livestock	7
--Community and Social Services	23
--All other sectors	4

Obviously an energy conservation policy should set priorities in rational use, first of all, and along with that, savings in the industrial sector.

CSO: 3242/72

BRIEFS

PRICE INCREASE OF HEAVY FUEL--Caracas, 9 Sep (EFE)--The price of heavy fuel exported by Venezuela will be increased by 50 cents per barrel as of 11 September. This announcement was made by Acting Mines and Energy Minister Jose Ignacio Moreno Leon, who added that the increase conforms to the circumstances in the contractual and spot markets. He explained that there has been a price readjustment in the New York market and, based on this, the Venezuelan oil industry has decided to increase export prices by 50 cents. This new adjustment of prices is the sixth made by Venezuela so far this year. [Excerpt] [PA111801 Madrid EFE in Spanish 0415 GMT 10 Sep 82]

CSO: 3348/26

FECAMCO DEFINES SUPPORT FOR CENTRAL AMERICAN PRIVATE SECTOR

San Salvador LA PRENSA GRAFICA in Spanish 27 Aug 82 pp 3, 63

[Text] The Federation of Chambers of Commerce of the Central American Isthmus (FECAMCO) has studied the important role of free enterprise on the Central American isthmus, and has expressed concern for increasing intervention in economic activity by some governments.

At a recent meeting in Managua, Nicaragua, FECAMCO came out in support of private initiative on the isthmus.

The communique released on this subject reads as follows:

"At the latest meeting of the Federation of Chambers of Commerce of the Central American Isthmus and Panama (FECAMCO), held in the city of Managua, Nicaragua, one of the principal items on the agenda was the role of private enterprise in the economic life of nations.

"Due to the trends that officials are trying to impose in some of our countries, the resolution passed by FECAMCO takes on a unique perspective. Its text is as follows:

"The Federation of Chambers of Commerce of the Central American Isthmus, made up of the Chambers of Commerce of Guatemala; the Chamber of Commerce, Industries and Agriculture of Panama; the Chamber of Commerce and Industry of El Salvador; the Chamber of Commerce and Industries of Tegucigalpa; the Chamber of Commerce of Nicaragua; and the Chamber of Commerce of Costa Rica, having met in the city of Managua, capital of the Republic of Nicaragua, on 20 August 1982, declares: First: its conviction that the economic development and social and political progress of the peoples of the Central American isthmus can be achieved only within a system whereby the state, as guardian and promotor of the general interests, respects and encourages private enterprise. Private, free and competitive efforts guarantee economic efficiency.

"Second: its absolute conviction that the rights to private ownership, to free association, movement and expression, form the principal foundation for the achievement of the highest degree of human satisfaction, without discriminating on the basis of economic condition, religion, sex, race or any other natural difference.

"Third: its profound concern for the increasing intervention in economic activity by some governments of the countries of the Central American isthmus, in a trend toward eliminating the private sector from such activity.

"As a consequence, it respectfully urges the governments of the Central American countries to reconsider their policies of intervening in commerce and production, and to adopt measures to allow for a vigorous private enterprise that will contribute most efficiently to the economic and social development of these countries."

8926

CSO: 3248/44

EL SALVADOR, HONDURAS SIGN FREE TRADE AGREEMENT

San Salvador LA PRENSA GRAFICA in Spanish 25 Aug 82 pp 3, 9

[Text] As of 1 September the Bilateral Free Trade Treaty will become effective. The document was signed yesterday noon by the ministers from El Salvador and Honduras, Dr Jose Manuel Pacas Castro and Gustavo Alfaro, respectively, in El Amatillo, on the border between the two countries.

The treaty has three categories for the purposes of its application: 1) Products for free trade; 2) Products subject to special duties; and 3) Products that will be subject to quantitative controls and specific quotas.

Before going to the designated site, El Amatillo, Dr Pacas Castro gave a press conference at which he explained how El Salvador and Honduras have taken a double step toward strengthening the Central American Common Market, which in the last 13 years has undergone one of the worst periods of its history.

He indicated that above all there is a spirit of confidence in the economic sectors of the Central American region, because the productive sectors participate in the development of the economy, and this entails the creation of new sources of employment in all spheres of the region's labor market.

Foreign Reserves

Discussing the matter of foreign reserves, the minister said that the lack of such currency for imports and exports is a very serious problem, but positive steps have been taken. One example is the parallel market, which will operate on an ad hoc basis rather than permanently, to reach normalcy in the short term.

He also mentioned the creation of new lines of long-term credit to help all those engaged in productive activities, commerce and development initiatives.

He stated that "we are not magicians, or anything of the sort. Thus, we cannot manufacture dollars, but we are practical, and can adapt to our country's situation. We are seeking adequate solutions to the problem."

Investment

In answer to another question regarding the possibility of opening up avenues for international (and of course national) investment, he stated that such investment is welcome at any time, and those who would like to invest are invited to do so with assurances that they will be successful, particularly after the current circumstances have been overcome.

He stressed that investment by Salvadorans as well as foreigners, from any part of the world, is needed to reactivate the national economy.

Damage to Economy

He noted with regret the considerable damage that has been done to the national economy because of the destruction of sources of employment, public and private services, and industrial, commercial and banking enterprises, as well as electricity and water services, highways, bridges, etc.

He referred specifically to the suffering of the residents of eastern El Salvador, particularly those of the city of San Miguel, where terrorist groups have cut off energy supplies for long periods and have caused other damages.

8926

CSO: 3248/44

COUNTRY SECTION

ANTIGUA AND BARBUDA

BRIEFS

DIPLOMATIC TIES WITH JAPAN--St Johns, Antigua, 5 Oct, CANA--Antigua and Barbuda today established formal diplomatic ties with Japan at ambassadorial level. An official statement said the ambassadors would have non-resident accreditation. [Text] [FL052225 Bridgetown CANA in English 1845 GMT 5 Oct 82]

CSO: 3298/1114

WHEAT PROSPECTS, ECONOMIC IMPLICATIONS VIEWED

Situation Outlined

Buenos Aires CONVICCION in Spanish 4 Sep 82 pp 8-9

[Article by Juan Carlos Capurro]

[Text] In March of this year then Agriculture Minister Raul Salabarren said: "The production of grains and oilseeds this season will be around 35 million tons, for the second consecutive year."

As of March too, authorized and, we would add, alarmed spokesmen were stressing that along with the harvest would come the foreign creditors, mainly private banks, to submit their bills for the servicing of our foreign debt, which, as we all now know, totals \$40 billion. Of this amount between \$5 and \$7 billion (no one knows exactly how much) is interest.

It has been repeatedly stated that the harvest would cover the debt servicing in its entirety.

Now that a few days have passed since our Economy Ministry authorities discussed the matter overseas, it behooves us to carefully review the harvest situation.

One: The exportable surplus this year is supposed to total 20 million tons. If Salabarren's prediction is borne out, this season's harvest will approximate last season's, 35.8 million tons.

Two: So far we do not know how many hectares of acreage there are. If we take the statistics from the previous season (which is supposedly comparable to this one), about 16.8 million would be grain and 4.3 million oilseeds. The total is thus just 2 percent below the all-time record of the 1938/39 season, which hit 21.5 million hectares.

Three: The trend in international prices has been downward. The price of wheat (FOB, Gulf of Mexico) was \$191.10 in January 1981. By December it had dropped to \$174. The price this February was \$173 a ton and \$152.40 in May.

Four: This trend also applies to the prices paid to Argentine growers. Whereas in constant values the price of wheat was \$29.72 in 1960, by 1980 it had dropped to \$26.54. Two decades ago the average price of corn was \$26.54, but by 1980, in constant dollars, it brought in \$20.20.

Not even soybeans were immune to this downward trend. A relatively new crop in our country, its considerable profit-making ability on world markets led to intensive production. The 1972 price was \$54.06; in 1980 it was \$29.90.

The trend is similar for all grains.

Five: The industrialized countries quickly came to grips with this trend. The United States, for example, boosted its profit margin per hectare. Its output thus rose from 65 million to 367 million tons, a jump of 600 percent.

Six: Argentina has also produced more. Over the same period used in the above case of the United States (46 years), Argentine output climbed from 22.4 million tons (the 1934/35 record) to 36 million (1980/81), an increase of 60.7 percent.

Seven: The world production of grains this year is estimated at 445 million tons, 8 million fewer than expected. Nevertheless, the opening stocks in the case of wheat had supply and demand in balance.

Eight: Domestic grain sales dropped 14.8 percent in June, an annualized rate of 36 percent. Growers are withholding their supplies and waiting for the current dollar exchange rate, which they consider unfavorable, to be adjusted. They feel that there should be no export holdbacks. They hope that all this will be changed soon.

Nine: Eleven million tons of grain have been exported so far. This tends to confirm the predictions of 20 million tons of exports.

Ten: If we multiply the average of the above world prices (FOB Mexico), \$180, by the potential harvest total, we get \$3.6 billion. This would not be enough to cover interest payments.

Eleven: As we mentioned, the United States has had to boost its cropping efficiency by 600 percent to offset the downward trend in prices. This, in turn, had widened the gap (given its greater output) between our two countries. The United States, which always guarantees a market for its crops, has thus assured itself of a steady source of earnings.

Argentina, in contrast, has not boosted productivity to the same extent. It has, in fact, increased acreage (see point two), but not per hectare yields, as the United States has. Our proportional increase is thus 10 times smaller than it ought to be.

Twelve: The United States' exportable surplus has increased to the same extent as its production. But this has been largely due to the poor harvests in countries that, like that Soviet Union, will require 46 million tons of grains this year. Such needs are probably only temporary.

Adding up all these factors yields the following result: interest on the foreign debt will continue to increase; crop prices (in the future too) will not rise as much as interest payments, inasmuch as the trend here is downward; since output is not increasing as much as necessary to generate a steady inflow of foreign exchange, the gap between farm prices and debt financing will widen.

The situation will worsen if the USSR's overall demand drops, because the United States, with its greater output, will try to fill its quota at our country's expense.

One final thought: If the harvest does not cover interest payments on our debt this year and if future harvests bring in even less foreign exchange (in constant values) to pay future bills, then how will we pay off our debt?

Our farms certainly won't.

Wheat Acreage Up

Buenos Aires LA NACION in Spanish 26 Sep 82 p 8

[Editorial: "Larger Wheat Crop"]

[Text] The first batch of wheat harvested in Formosa, in the far northern part of the growing region, was sold recently in this capital. This seems unusual, because we know that most wheat crops have just been planted. In any event, however, it is noteworthy as evidence of the crop's expanded acreage, which spreads weather-related risks around and lengthens its period of availability.

We already know that this season's wheat acreage is 14 percent greater than last season's. Acreages are also up for other winter crops, albeit to a lesser extent.

As the secretary of agriculture and livestock pointed out, total farm acreage stands at 23 million hectares, which bodes well for good harvests and expanded exports. Unfortunately, we cannot point to a comparable expansion, or even a leveling off, of the livestock herd. As was highlighted recently, it diminished again last year. With its vigorous technological development, agriculture has displaced cattle raising from our most fertile regions, and this has not been offset by regional developments in the northern and western parts of the country.

It is very important to increase wheat production, because the supplies from previous crop years have not met consumption and export needs. Last year exports were suspended right after the harvest, in early January, and this has happened in previous years as well, the only difference being the exact date. Wheat shortages have thus precluded certain transactions, as shown by the meager sales of the product to Brazil, a natural market, which has just concluded an agreement with Canada.

A recent trade mission to China also made it clear that we do not produce enough wheat to comply with our trade agreement with that country. Other countries that wanted to buy wheat were unable to do so, and when so many Latin American countries agreed to purchase Argentine surpluses, during the Falkland Islands war, once again our wheat stocks were depleted. It is true that in recent years a large part of Argentine sales went to the eager Soviet market, in the wake of the U.S. embargo; in fact, three-fourths of our exports bore that destination, for strictly commercial reasons. It is also true that world markets are highly competitive at the moment and that in real terms prices have declined. Yet it has been years since our country has had problems of surpluses; on the contrary, its problems have had to do with tight supplies.

Argentina's sales account for a small portion of the total world market. As we have said, our sales go mainly to the Soviet Union, which purchased 19 million tons during the recent 1981/82 season. China bought 12 million tons; the countries of Eastern Europe, which are anxious to expand trade with us, purchased 6 million, and so forth. In the wake of our decided and necessary tilt towards Latin American markets, we will have to have a sufficient supply of items like wheat available.

The acreage has been increased under proper weather conditions, and better varieties of seeds are being used. We cannot be as optimistic, however, about the availability and price of fertilizers and insecticides. In spite of the government's special regulation to avoid problems in importing agricultural chemicals, the market has been characterized by a number of abnormalities. But the major obstacle and source of uncertainty is surely the trend towards exchange conditions that are not at all advantageous to farm exports and that tend to create discouraging relationships between commodities and the inputs needed for their necessary expansion.

Record Wheat Crop Predicted

Buenos Aires CONVICCION in Spanish 24 Sep 82 p 12

[Text] The secretary of agriculture and livestock, Victor Hugo Santirso, has asserted that "it is not true that there is a major recession in farming," adding that "at the moment the fine grain acreage is more than a million hectares above last year's."

"Our estimate of 7.4 million hectares of wheat is the highest in the last 40 years," he went on to say, asserting that this situation "could be repeated in the acreage of coarse grains, which could total 23 million hectares, a very high figure for the country."

The agriculture and livestock secretary also felt that "with a little bit of luck as far as the weather is concerned, we could have sizable exportable surpluses."

"If I were to analyze the overall situation in the farm sector," the secretary added, "I would say that it is better than last year, inasmuch as borrowing is down sharply." With regard to the prices that producers are going to receive, he cautioned that "current world prices are the lowest in 30 years."

With respect to the tight livestock supplies, which caused the recent jump in meat prices, Santirso pointed out that this situation would last until 1985, but "this does not mean that there are going to be marked shortages until then."

Santirso stressed yesterday that "the meat situation is a source of concern because it is a problem of livestock supplies, and at the moment the only way to reverse this is to be patient and wait for the herd to expand again or to boost the animals' weight."

"The animals that we are eating at present were born in 1980," he asserted, adding that "the animals that are being born now won't be available to consumers until 1985. The biological cycles just cannot be shortened."

"This is not a problem of withholding or profiteering; it is a problem of livestock shortages," the secretary stressed, denying that ceiling prices could be set in Liniers because "this has been shown to be a bad idea."

In conclusion, he asserted that the system of controls that has been established "will enable us to keep exporting and to provide for domestic consumption of around 65 kilograms a year per inhabitant."

Girardi

Livestock Secretary Emilio Girardi reported that meat exports to Egypt and Algeria, which had been suspended by the Executive Committee of the Meat-Packing Industry, have been resumed.

The beef exports were supposed to have gone out between the 10th and 15th of this month, to Russia and Israel as well. The exports held back at that time totaled 17,210 tons, priced at \$28,586,740.

The secretary pointed out that the decision had been made after a talk with industry officials.

Girardi added that various solutions to the companies' financial problems are under study at the moment, and he stated that now "is the ideal time to alter marketing structures so as to cut costs for the industry and for consumers alike."

FAA Congress

Buenos Aires LA NACION in Spanish 24 Sep 82 p 12

[Text] Rosario (Special correspondent)--More than 1,200 delegates and special guests filled the Circulo Theater in this city yesterday for the opening session of the 70th Regular Annual Congress of the Argentine Agrarian Federation (FAA).

In attendance were leaders of the main political parties and officials of farm organizations and of the provincial government.

Representing Governor Casis was the agriculture minister of Santa Fe, Carlos Ordano, who spoke briefly. Also addressing the session were Francisco Rigal, the undersecretary of agriculture in Cordoba; Monsignor Atilano Vidal, the capitular vicar of the Rosario archdiocese, and the president of the FACA [Argentine Federation of Agricultural Cooperatives], Mr Miguel Martinez Prieto, in addition to the head of the FAA, Humberto Volando, who delivered a lengthy piece of oratory.

Volando's Speech

Humberto Volando began by talking about the federation's 70-year history but then quickly shifted to harsh comments about economic and political developments in recent years, touching on issues such as the foreign debt, the liquidation of stocks, the tax burden and the political opening.

He said that "in talking about aggression, we must not forget that it is also economic aggression not to heed the just demands of the thousands of individuals who have been plunged into debt by the Process's financial policies, just as it is aggression to place workers and profiteers on an equal footing."

In denouncing the record of former Minister Jose Martinez de Hoz, he pointed out that as a result of his policies, "our production machine has become increasingly smaller and isolated. Wool and cotton producers ought to be subsidized to alleviate their poverty; dairy products are less expensive when imported; wines, juices and canned goods from Cuyo are not being exported; it's better to buy mate from our neighbors; the European Common Market has closed its doors to our beef; growing potatoes is a risky business; almost all countries except us are fishing successfully off our coasts, and grains and oilseeds are readily exported but they have this minor drawback: they lose money for the growers."

"The Insanity of Indexing"

"Speculation and usury have destroyed everything in their path," Volando stated. "The insanity of indexing and so-called decontrolled interest rates are still with us, in spite of harsh criticism of them, as the government refuses to come to the aid of their victims."

He went on to say that the government should end its "arbitrary handling of the exchange rate," that it should set "import tariffs that provide sound protection for domestic activities" and that "the tax system cannot continue to be regressive and inflationary."

After referring to the decrease in the livestock herd ("there are 10 million fewer head than in 1977"), he stated that the controls on meat consumption "are a mistake. Instead of cutting consumption, output should be increased, but so far we have not seen anything encouraging in this regard."

With regard to the suspension of red meat exports, Volando cautioned that the country runs the risk of losing its good name if it fails to meet its commitments. He felt that if the Argentine Corporation of Meat Producers had been in operation, it would have taken charge of these transactions, even if they meant losses.

The FAA president also voiced his total opposition to a standby credit to pay off the overseas loans coming due, saying that "we cannot allow the IMF's apologists to tie us to the cart of international usury."

He concluded his marathon speech, which lasted a bit more than 1½ hours, with a reference to the role of young people in the forthcoming institutional process and with an apology that "too many things are happening, and I could not cut my address short." Volando's speech met with prolonged applause, which left little doubt about his reelection.

8743

CSO: 3348/5

BRIEFS

IDB CALLS ON JAPAN FOR MORE FUNDS--Bridgetown, Barbados, 2 Oct, CANA--President of the Inter-American Development Bank (IDB) Antonio Ortiza Mena, has called on Japan to make more financial and capital resources available to Latin America, according to an IDB release received here. He said without these resources, Latin America's ability to import goods from Japan and other industrial nations will be "severely limited." Speaking at the inaugural session of the second Latin America-Japan business cooperation symposium held in Tokyo, Japan, he said, "The trade relations between our two areas have been characterized by a rapid expansion of Japanese exports to Latin America and a much slower increase in Japanese imports from our region, as a consequence, Latin America's trade deficit with Japan has been rising. He said that by 1981, Japan's exports to Latin America were valued at 10.5 billion dollars (U.S.) while Japanese imports from Latin America reached 6.3 billion dollars (U.S.), resulting in a record trade deficit of 4.2 billion dollars. The bank president suggested that Government of Japan look into Latin America's external financing requirements for the next 10 years to ascertain which sectors and projects would most benefit from financing provided by Japan. [Excerpt] [FL021845 Bridgetown CANA in English 1808 GMT 2 Oct 82]

NEW COMMONWEALTH ASSISTANT SECRETARY--Bridgetown, Barbados, 6 Oct, CANA--Manmohan Malhoutra, an Indian international civil servant, has been appointed assistant secretary-general of the Commonwealth, a release from the British High Commission here said today. Mr Malhoutra succeeds Professor Khan Murshid of Bangladesh. [FL062300 Bridgetown CANA in English 1737 GMT 6 Oct 82]

CSO: 3298/1111

PRIME MINISTER GEORGE PRICE MEETS PRESS

Belize City THE SUNDAY TIMES in English 26 Sep 82 pp 1, 3

[Text] Members of the local and foreign press attended a press conference given by Prime Minister George Price in Belmopan on the eve of Independence Day.

The Prime Minister, who answered questions formulated both in English and Spanish, was accompanied at the press conference by the Deputy Prime Minister, Hon. CLB Rogers.

Mr Price told the newspeople that commodity prices have decreased and that the flow of trade for Belize has slowed. He noted that the situation could have been more difficult if we were not an independent nation. He said that because of our membership in International Monetary Institutions such as the World Bank and the International Monetary Fund, we are now benefiting from international assistance to developing countries.

Asked what specifically Belize is seeking from the International monetary Fund, the Prime Minister said his government is seeking assistance to overcome a current cash flow problem. He explained that this can be done by the transfer of money to increase the funds of the Monetary Authority of Belize to compensate for the loss in export earnings because of low prices of sugar and citrus. He said the exact sum of money is now being negotiated.

To a question on the conditions for making this money available to Belize, Mr Price explained that the International Monetary Fund will only set out conditions when the sum is very large.

He said his government will also seek assistance from the World Bank for development programmes to include such projects as a deeper sea port, a longer runway for the International Airport, more rural electrification and improvements to the banana, rice and citrus industries.

The Prime Minister also spoke of his government's plans to take Belize out of this severe financial crisis. These plans, he said, call for an increase in the production of commodities for the local and export markets. He said there is a need to improve the infrastructure and channel more capital into statutory boards.

He was also questioned on the Guatemalan claim to Belize.

He said the new Guatemalan government of General Efraín Ríos Montt had rejected the Heads of Agreement as a basis for a negotiated settlement. As a result, he said, Government has increased activities to consolidate Belize's position in the international community. And he expressed the hope that in time Guatemala will recognize Belize's independence and cooperate in a spirit of friendship.

CSO: 3298/1110

UGWU'S PRESS RELEASE CRITICIZES ECONOMIC POLICY

Belize City THE BEACON in English 18 Sep 82 p 5

[Text] The United General Workers Union (U.G.W.U.) in a press release dated September 14th has stated that although Belize will be celebrating the first anniversary of its political independence on September 21st, 1982, there is really no cause for celebration as far as the working class of Belize is concerned.

The UGWU considers that despite the fact that political independence provided the opportunity for the transfer of power to Belizean workers for their economic advancement and liberation, real power and economic gains have been consolidated in the hands of the multinationals and the small business community.

According to the UGWU, the root cause of the lot of the Belizean working class having fallen further is that the present economic policy which was devised before political independence remains unchanged. It also blames "mismanagement of private and public enterprises, corruption, the employment of inefficient local and foreign managers with an anti-worker outlook, the employment of alien manual workers in place of Belizeans, and the diversion of profits and surplus resources by multinationals and local firms to foreign banks and ventures."

The union's release also states that unemployment, economic hardships and intimidation of workers by employers have never been so great since the depression of the 1930's and the days of the devaluation. Nevertheless, the working class of Belize is being ordered to make supreme sacrifices to get the economy back on its feet.

The UGWU says this is not impossible for the Belizean workers; however, certain conditions must be met. These include a comprehensive strategy devised by all labour unions which will then be discussed with the Government and the business community in order to formulate a rational economic policy that will pay attention to the plight of Belizean workers and the economy; the strengthening and enforcing of labour laws, laws requiring firms to reinvest their profits in Belize and in non-traditional enterprises; among others.

The press release from the United General Workers Union, once the largest and most powerful labour union in Belize and reputed to have leftist tendencies, ends thus: "Let the first anniversary of our political independence serve as an occasion for the working class to reaffirm its commitments to economic liberation and social justice."

BRIEFS

PRICE ON PRIVY COUNCIL--Prime Minister George Price has been appointed a member of Her Majesty's Most Honourable Privy Council. The appointment was announced by Belize House after it was approved by Her Majesty, Queen Elizabeth the Second. The Prime Minister will be formally appointed at a meeting of the Privy Council on the 27th of October after which he will be referred to as the Right Honourable. Until the 18th century, the Privy Council was the chief source of executive power under the British Constitution. As a system of Cabinet Government developed however, the Privy Council became less permanent, and many powers were transferred to the Cabinet and much of its work handed over to the newly created governments. Presently the main function of the Privy Council is to advise the Queen to approve the grant of Royal Charters and on the issue of Royal proclamations. [Text] [Belize City BELIZE SUNDAY TIMES in English 26 Sep 82]

CSO: 3298/1110

UNDECIDED VOTERS COULD SWING SAO PAULO ELECTION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Sep 82 p 4

[Text] Franco Montoro and Reynaldo de Barros are the two candidates who most attract the attention of a very special group of Sao Paulo voters: the undecided. In all the polls that have been conducted on the popularity of the candidates for governor of Sao Paulo, the percentage of voters who still do not know for whom to vote has even surpassed the figures for the favorite candidates. Thus, depending on where its preference leans, that group could decide the election.

The poll of O ESTADO and the Globo Network, conducted by the Research Department of O ESTADO DE SAO PAULO, analyzed that sector of the electorate and discovered that, besides the preference for Montoro and Reynaldo, many still do not know how to vote, being unaware of the linkage of votes, while the majority still maintains its original indecision.

In the whole state of Sao Paulo, of the total number of voters classified as "undecided," more than half (55 percent) still does not know for whom to vote. In Greater Sao Paulo, that figure is 47 percent, rising to 55 percent in the interior and reaching 58 percent in the capital.

Of the remaining 45 percent who have already decided, however, 14 percent would have their votes invalidated, the majority (13 percent) because they are unaware of the linkage of votes established by law, which compels the voter to vote for candidates of a single party (the other 1 percent is comprised of voters who announced their option to voluntarily invalidate their votes). Besides those, 1 percent of the voters who were formerly undecided said that they are going to cast blank ballots in the November elections.

Franco Montoro obtained 12 percent of the votes of the undecided, against 11 percent for Reynaldo de Barros, but the two candidates were hurt by the voters' unawareness regarding vote-linkage. Of the 18 percent of the votes obtained by Montoro, 6 percent would be invalidated by error in linkage; the same would occur with 3 percent of the 14 percent of the votes obtained by Reynaldo de Barros.

Luis Ignacio da Silva obtained 6 percent of the votes, only 4 percent of which would be valid; and Janio Quadros obtained 5 percent, only 3 percent of which

would be valid. In both cases, the invalidation would also be due to error in linkage. The indications of preference for Roge Ferreira were less than 1 percent and, therefore, were not taken into account in tabulating the results.

Observing the results divided by Capital, Greater Sao Paulo and the Interior, only small changes are noted. The figures for invalidation by incorrect linkage decrease in the Capital (9 percent), rising in Greater Sao Paulo (14 percent) and in the Interior (15 percent). Franco Montoro's position is strengthened in Greater Sao Paulo (14 percent), while Reynaldo de Barros sees his percentages drop in the Capital (9 percent) and in Greater Sao Paulo (8 percent), marking an increase in the Interior (12 percent). Unlike Reynaldo, Luis Ignacio da Silva obtains higher percentages in the Capital (8 percent) and in Greater Sao Paulo (6 percent), dropping in the interior (2 percent).

Linkage

Besides the indecision of many voters, another problem that the candidates are going to face will be that of linkage of votes. Many voters, even among those who have already decided on a candidate, remain unaware of the mandatory linkage and could, thus, have their votes invalidated on 15 November.

According to the poll conducted by the survey department of O ESTADO DE SAO Paulo, although the unawareness regarding linkage affects about half of the electorate, more or less homogeneously, it is more pronounced among women and among the youngest and oldest voters.

In the division between the sexes, 56 percent of the men and 44 percent of the women would have their votes considered valid. Among the different age groups, the figures for the proportion of valid votes would be: 18 to 24 years, 47 percent; 25 to 44 years, 53 percent; and 45 years and over, 50 percent.

When those figures are specified by regions of the state, the changes are small. Among the men, the Capital together with the region of Aracatuba-Presidente Prudente shows the highest figure of valid votes, with 63 percent; while Campinas shows the lowest figure, with 43 percent.

Among the women, the exception is the region of Aracatuba-Presidente Prudente, with 52 percent, the only one with figures higher than 50 percent. And here also, Campinas has the lowest figure, with only 41 percent.

In the division by age, some of the figures obtained are quite divergent compared to the average. In the 18 to 24 year bracket, Aracatuba-Presidente Prudente, with 67 percent, and the Capital, with 55 percent, obtain the highest figures; with Campinas getting 26 percent, and Greater Sao Paulo only 19 percent, the lowest percentages of valid votes.

The 25 to 44 year bracket has a more homogeneous distribution, with both the Capital and the region of Sao Jose do Rio Preto-Ribeirao Preto, obtaining the highest figures, with 56 percent; and Campinas the lowest, with 44 percent.

Among the oldest voters, 45 years and over, Aracatuba-Presidente Prudente once again shows the highest figure, with 67 percent, while Greater Sao Paulo has the lowest, with only 27 percent.

The valid votes were also calculated in relation to the voter density of the municipalities, revealing that only in those that have up to 10,000 voters did the number of valid votes exceed 51 percent, the minimum number that the law establishes in order that an election may not be annulled.

Composition of the Sample
(percentage)

	<u>Total</u>	<u>Capital</u>	<u>Greater Sao Paulo</u>	<u>Interior</u>
Sex:				
Male	50	49	51	50
Female	50	51	49	50
Age:				
18-24 years	18	18	19	17
24-44 years	50	52	54	48
45 or over	32	30	27	35
Position in Family:				
Head	40	39	40	40
Housewife	41	40	38	42
Son or daughter	16	17	18	15
Other	<u>3</u>	<u>4</u>	<u>4</u>	<u>3</u>
Base: Total interviews	(2,004)	(665)	(300)	(1,039)

Homogeneity of Votes in the Home
(percentage)

	<u>Total</u>	<u>Capital</u>	<u>Greater Sao Paulo</u>	<u>Interior</u>
Households whose voters:				
Vote for the same candidates	49	49	50	49
Vote for different candidates	15	17	14	13
Could not say	<u>36</u>	<u>34</u>	<u>36</u>	<u>38</u>
Base: Total interviews	(2,004)	(665)	(300)	(1,039)

Proportion of Valid Votes by Region of State
(percentage)

<u>Regions</u>	<u>Sex</u>		<u>Age</u>		
	<u>Men</u>	<u>Women</u>	<u>18-24</u>	<u>25-44</u>	<u>45-over</u>
Total	56	44	47	53	50
Capital	63	48	55	56	53
Greater Sao Paulo	51	49	19	54	27
Sorocoba/Marilia/Bauru	52	47	48	52	45
Aracatuba/Presidente Prudente	63	52	67	49	67
Vale do Paraiba/Coast	54	47	50	53	47
Campinas	43	41	26	44	46
Sao Jose do Rio Preto/ Ribeirao Preto	<u>53</u>	<u>45</u>	<u>31</u>	<u>56</u>	<u>48</u>
Base: Total interviews	(1,001)	(1,003)	(358)	(1,003)	(643)

Trend of the Undecided
(percent)

<u>Total</u>		<u>Capital</u>		<u>Greater Sao Paulo</u>		<u>Interior</u>	
<u>Valid</u>	<u>Recvd</u>	<u>Valid</u>	<u>Recvd</u>	<u>Valid</u>	<u>Recvd</u>	<u>Valid</u>	<u>Recvd</u>

For whom would those who
said they had no definite
name for any office vote:

Franco Montoro	12	18	12	14	14	21	12	19
Reynaldo de Barros	11	14	9	13	8	12	12	16
Roge Ferreira	*	*	--	--	1	1	*	1
Luis I. Lula da Silva	4	6	8	9	6	7	2	4
Janio Quadros	3	5	3	5	5	7	3	4
Invalidated by choice	1	1	1	1	3	3	*	*
Blank	1	1	*	*	2	2	1	1
Does not know	55	55	58	58	47	47	55	55
Invalidated by linkage	<u>13</u>		<u>9</u>		<u>14</u>		<u>15</u>	

Base: Interviewees who stated
stated--in answer to the pre-
vious question--that they did
not have any definite name
for any elected office

(1,066) (351) (138) (577)

* less than 1 percent
--not mentioned

Proportion of Valid Votes by Voter Density
Interior of the State

	<u>Total (of D)</u>
Municipalities that have:	
Up to 5,000 voters	61
5,001 to 10,000 voters	54
10,001 to 50,000 voters	53
Over 50,000 voters	<u>47</u>
Base: Total interviews in the interior	(1,039)

Total Number of Voters in the Home
(percent)

<u>Number of voters in the home</u>	<u>Total</u>	<u>Capital</u>	<u>Greater Sao Paulo</u>	<u>Interior</u>
1	9	8	11	9
2	47	51	40	48
3	20	20	24	19
4	13	11	14	13
5	6	6	6	5
6 or more	<u>5</u>	<u>4</u>	<u>5</u>	<u>6</u>
Base: Total interviewed	(2,004)	(665)	(300)	(1,039)

Source for all data: Research Department of the newspaper O ESTADO DE SAO PAULO.

8711

CSO: 3342/4

ELECTION CODE RESTRICTING CAMPAIGN SPENDING PUBLISHED

Brasilia CORREIO BRAZILIENSE in Portuguese 12 Sep 82 p 3

[Text] The secretary general of the Social Democratic Party (PDS), Deputy Prisco Viana, distributed to all the municipal and regional committees of his party a memorandum containing a summary of the principal restrictions of the election code pertaining to campaign spending and election publicity. As is obvious, the guidance is valid for all the parties despite the fact that in certain aspects--especially those pertaining to campaign spending--it is not being complied with by anybody.

According to the election code, the limitation on the expenditures of each candidate is set by his party based on the resources in the party fund and the donations of physical persons, which cannot exceed 200 minimum wages. The penalty for violators includes annulment of elected office. In practice, no candidate is naive enough to suppose that he can be elected for less than 50 million cruzeiros. In any case, following is the memorandum distributed by the secretariat general of the PDS to its campaign members:

1. All election publicity is conducted on the responsibility of the parties or the substates and paid by them and "they will be held accountable for the excesses practiced by their candidates and members."

For that reason, the party must organize campaign publicity committees comprised of three to five members, at the state level and in the municipalities which will be responsible for application of the financial resources allocated for publicity during the election campaign.

Those committees will be comprised of party members who are not candidates for elective office, one of them being the treasurer, designated at the time of the formation of the committee. In municipalities of more than 1 million inhabitants, each zone directorate will have a committee.

The campaign publicity committees will be registered with the Superior Electoral Court if they are state committees, and with the election judges if they are municipal committees. Registration will be requested by the special delegate of the party or substate.

2. The law establishes that no candidate for elective office, under penalty of having his candidacy registration annulled, can individually make any election expenditure but must process all expenditures through the parties or committees. They will set the spending limits for each candidate according to the type of election: governor, senator, federal deputy, state deputy, mayor and councilman. He is also not permitted to receive from [party] members contributions and assistance above the amounts established in the statutes. The Organic Law on Parties permits physical persons to donate up to 200 times the highest minimum wage and that amount can be deducted from gross income for income tax purposes.

Once the amounts that each candidate can spend in promoting his candidacy are set, the party will report the limits established to the Regional Electoral Court.

3. The parties cannot receive money or assistance that can be calculated in money terms, including advertising, from any foreign person or organization; from a public official or agency (exempting from that ban the resources from the Party Fund); direct or indirect assistance or contribution, including advertising, from independent agencies, public enterprises, public service concessionaires, joint-economy corporations and foundations maintained with funds from public treasures. They also cannot receive assistance from profit-making private companies, professional associations or unions. All assistance received by the parties for the election campaign will have to be cited with the indication of its source.

All funds handled by the party for the election campaign will be recorded with documentation that shows the receipt and expenditure of the money, for later rendering of accounts to be made to the Electoral Courts. The leaders of the party and of the campaign publicity committees, including the treasurers, will be responsible for compliance with these requirements and will be held criminally responsible for any possible irregularities.

The rendering of accounts will be made at the end of the campaign and the confirming documents will be retained for a period of 5 years.

The campaign funds will be mandatorily deposited in the Bank of Brazil, Federal and state savings banks or joint-economy banking corporations.

Interparty inspection committees will also be formed, comprised of six members from each party, to be notified to the Regional Electoral Court or the electoral judges by the regional or municipal directorates [of the parties], as the case may be, within 30 days before the election. After the election, the party committees must within 30 days send a rendering of accounts to the interparty committee, which will examine it and send a report to the Regional Electoral Court.

4. The holding of any election campaign activity, including marches, rallies and other public activities, will not depend on a license from the police. With regard to rallies, the municipal authority establishes the sites where that type of meeting must be held. In that case, in programming the rally,

the party "must advise the police authorities at least 24 hours before it is to be held." In the event that there is no previously established site for the rally, "or if it is impossible or difficult to hold the election campaign activity in it, or there is a request for designation of another site," the police authorities must be advised 72 hours in advance. "In any of those cases, within the next 24 hours, the police authorities must designate an ample, easily accessible site so that the meeting will not be made impossible or thwarted."

Radio and TV Publicity

Paid radio and television advertising will not be permitted after 14 September. Beginning on 15 September, free campaign publicity will begin over those stations under the supervision of the electoral court.

The programs will be recorded and the recordings will be kept for a period of 20 days for stations up to 1 kilowatt, and 30 days for the others. Following are the rules to be observed for radio and television advertising:

1. In the advertisement, the parties will limit themselves to mentioning the party, the curriculum and registration number of the candidates in the Electoral Court as well as transmitting their photographs on television; they can also announce the time and site of rallies.
2. Different still photographs of the same candidate may be projected in sequence or simultaneously.
3. The candidate may be photographed in the clothing or with the instruments indicative of his profession.
4. The background of the photographs will be neutral and will not contain scenes of any kind; it can only show the party symbol or acronym, the candidate's number and the municipality in which he is running.
5. The campaign publicity time schedule will be divided into 5-minute periods and previously announced.
6. The campaign publicity schedule designated for each party will be divided in equal parts among their sublates.
7. The regional directorate of each party will name a three-member committee to direct and supervise election campaign publicity by radio and television in the state and in each municipality."

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CSO: 3342/4

PT ANNOUNCES THAT SOCIALISM IS ITS MAIN GOAL

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Sep 82 p 4

[Text] In revealing its "Economic Program Plan" yesterday, the Workers Party (PT), through its national leadership, announced that the basic objective of the organization is to establish socialism in the country because it considers that "the only way to resolve the economic and social impasses in an effective manner." In the document, the PT states that it does not harbor "any illusion that socialism can be established immediately," and for that reason it presents "proposals that in the short term may contribute to improving the living conditions of the Brazilian people."

One of those proposals is the overall renegotiation of the foreign debt to set amortization terms and interest rates compatible with the growth of our economy and satisfaction of the basic needs of the people. That renegotiation presupposes the following basic points: that it be conducted by a democratic government with authentic popular support; that a policy of industrial reorientation be formulated at the same time, with clearly defined priorities for the development of sectors that produce popular consumption goods, which will permit the replacement of imports and the generation of foreign exchange. The PT believes that payment of the service on the debt should be made with the foreign exchange obtained not through the reduction of domestic consumption but through the generation of exportable surpluses obtained by an increase of production.

In the document, the national executive leadership also considers basic, in addition to unemployment-wage, the adoption of a policy that will put an end to unemployment. For that purpose, it proposes among other measures the adoption of the 40-hour workday without a reduction in wages; the immediate expansion of public services of a social nature; increasing the occupation of agriculture by making land accessible to all who want to work it; the concentration of subsidized credits in the industrial sectors that absorb more manpower and which produce popular consumer goods.

The Workers Party wants the minimum wage to be unified in the country and immediately readjusted by 55 percent to recover its real value. According to the PT, that is one of the main short-term measures suggested in its economic program plan for the purpose of beginning the redistribution of income in Brazil.

Nevertheless, the party states that "until the workers gain greater participation in the power structure, they are not likely to be able to expand their participation in income." Thus, it considers it essential to strengthen the bargaining power of the wage-earners through a broad change in the union structure which will insure the autonomy of union organizations and complete freedom to use its instruments of struggle; the full right to strike; the stability of employment; and the formation of a central union confederation in the country.

The PT also supports a movable wage scale with automatic readjustments whenever prices have risen 10 percent; an incentive for production and a subsidy for essential public consumption. To combat the high cost of living, the Workers Party supports the adoption of the following measures: expansion of free health services; free education at all levels, and expansion of the school lunch program; abolition of water and sewerage charges for low-income families; institution of the workers pass in the city transportation system (50 percent discount for the unemployed and for those who earn up to three minimum wages).

Recognizing that its proposals cannot become feasible simply by wishing it, and declaring that they require funds that can be obtained by a radical change in the Brazilian fiscal system, "that is unfair, regressive and concentrating," the Workers Party is fighting for modification of the fiscal model. And it proposes the gradual abolition of indirect taxes, exemption for essential consumer goods; a progressive rate according to the amount of profits; elimination of untaxable profit except for that originating from the direct labor of the declarer, from which the Service Time Surety Fund is exempt; additional taxation on unused urban property; adoption of a tax on reclaimed land; and new taxes on large inheritances and luxury products.

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CSO: 3342/4

PLANNING MINISTER GRANTS INTERVIEW IN LONDON

PY081704 Sao Paulo Radio Bandeirantes Network in Spanish 1000 GMT 8 Oct 82

[Text2 Minister Delfim Neto is concluding his trip to the United States, Europe and Japan. In London he agreed to an interview with correspondent (Alberto Tammer). He said that Brazil has adjusted itself to the crisis and that it is continuously growing and winning the confidence of bankers.

[Begin (Tamer) relay from London] Good morning, listeners. Minister Neto, who will return today to Brazil after a lengthy trip through the United States, Japan and France, will make an assessment of what has been done and achieved so far in the international financing market for Brazil. Minister, you are now speaking to Radio Bandeirantes listeners.

[Neto] Well, I really think that there is nothing new to tell your listeners, because we have been reporting practically everything about what is being done on a daily basis. During this trip we talked to government and bank officials of these countries we visited, seeking to establish a program for 1983. Brazil continues to enjoy the confidence of those governments and bankers, and we are going to fulfill our commitments. As I said before, Brazil will continue sailing along and functioning in a world in crisis. We will continue growing, to a smaller extent perhaps, but growing.

[Question] Minister, yesterday you told Brazilian reporters here in London that the financial market is returning to normal. What is the situation of this market for Brazil?

[Answer] It is in fact returning to normal. After the crisis in Poland, after the Malvinas conflict, after the problem in Mexico and after the meeting of the IMF, the market indeed became rather tight. But today, fortunately, I have the impression that the market is again functioning, and I believe it is rapidly returning to normal. In some places it is developing more rapidly, but in all places it is, in fact, returning to normal. I think the people have understood that regardless of the difficulties, the world is not going to end and that it is not possible to stop the world. So, little by little, the markets are back to normal.

[Question] One more question, Minister. Can we remain calm, then, that the year will close with a debt of \$3 or \$4 billion?

[Answer] I think so. I have great confidence that we will close this year as we closed all other years. Brazil is adjusting itself to a world problem, to a worldwide crisis, a crisis not only in the Western countries, but in countries behind the Iron Curtain and the PRC as well. Brazil is adjusting itself to this problem and will probably survive, and not only survive, but continue growing. [end relay]

CSO: 3342/11

U.S. SAID TO ATTACH GREAT IMPORTANCE TO BRAZILIAN ECONOMY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Sep 82 p 3

[Editorial: "The Political Renegotiation With the United States"]

[Text] The prominence which the U.S. press gave to the speech delivered by President Joao Baptists Figueiredo in the UN General Assembly, much greater than that given on the occasion of his last official visit to Washington, certainly reflects the importance that is being attached to Brazil on the international scene, where a serious crisis is taking shape occasioned by the economic evolution of the developing countries. The U.S. press undoubtedly reflects the attitude adopted by the Reagan administration. That was clearly evidenced in the meeting between President Figueiredo and Secretary of State George Schulz during the president's recent trip. Even the fact that Minister Antonio Delfim Netto delayed his trip to Japan at the insistence of the president of the republic, in order to meet with Secretary George Schulz, emphasizes the importance that was attached to the resumption of direct talks between the governments of the two countries.

As our Washington correspondent pointed out, the Reagan administration is convinced that the whole world market depends on how Brazil handles its situation in the next few years. It is not a Brazilian expression of boastfulness but a statement made by a U.S. State Department official. It can be understood by taking into account the seriousness of the economic crisis through which the Third World and especially the Latin American countries are passing.

Suffice it to cite the international economic news of recent days, which mentions the difficulties encountered by countries such as Mexico, Argentina, Bolivia, Ecuador, Chile, and even Cuba, to show the seriousness of the situation, which cannot be resolved within the framework of the present international organizations, nor, as President Figueiredo well pointed out in his speech, without a radical reform of the world economic order.

It should not be ignored that at the present time, the international financial community has its eyes turned toward Brazil, a country that could well be one of the next to join the rank of debtors unable to honor their commitments. It is recognized, however, that Brazil is in a clearly singular position that cannot be compared to that of other countries. There is no doubt that the

foreign debt is very high but it is easy for our government to show where the funds were applied: the dollars were transformed into Itaipu; into the Steel Plan; into the Carajas Railroad; etc. It must be admitted that some mistakes were made in establishing the priority projects and that sometimes we did not apply the foreign funds well, as for example in the nuclear program, in Acominas and in the Steel Railway. Nevertheless, the funds were not delivered to extravagant projects such as the congressional palace or some presidential residence. In that aspect, Brazil serves as a model inasmuch as it used the foreign funds to expand its economic area.

It can also be taken as an example for having ably administered its foreign debt, which reveals a reassuring profile for its creditors. In a general way, it followed a realistic exchange policy, with the exception of the brief episode of 1980, at the same time that it kept its economy open to foreign capital under the terms of legislation that has not been changed since 1953. The integrity in the conduct of monetary policy can also be taken as a model, even though it has to be recognized that there is an excessive deficit in the public sector stemming from too broad a state intervention, even though it has had the inspiration to execute major projects.

But, despite all of that solid infrastructure of its economic policy, Brazil is facing serious difficulties the surmounting of which does not depend only on its own initiative. It is the victim of the rise in interest rates in the world market, of protectionism and the drop in commodity prices.

While, in a certain way, Brazil is the model of conduct in its economic policy, it is, on the other hand, a striking example of the difficulties that face the developing countries in the current framework of the world economy. To find a solution for Brazil would certainly be equivalent to taking a good step in the direction of the solution of the problems of the other countries.

Today our country has to face not simply an economic problem but rather a political problem that we can try to resolve in a spirit of collaboration with the industrialized nations, and in particular with the United States. Our relations with the Washington government have deteriorated to some degree in recent years and even the men in the State Department admitted that Brazil was excessively "tested." It is necessary to resume a frank dialog with Washington, with men who can understand Brazil's role in this Herculean task of emerging from underdevelopment. That will not be done in the framework of institutions such as the International Monetary Fund (IMF), the World Bank and the GATT, which were created in a quite different period; or at least, not without a radical reform of those institutions. It will be necessary to forget some complaints in order to seek concrete solutions with a partner unique in its responsibilities toward the rest of the world. Renegotiation of the foreign debt presupposes a political renegotiation, which can even make renegotiation of the debt itself unnecessary. That is the meaning that can be ascribed to a new phase in relations between Brazil and the United States.

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CSO: 3342/4

BRAZILIAN ANTARCTIC COMMISSION BEGINS MEETING 7 OCTOBER

PY081716 Brasilia Domestic Service in Portuguese 2200 GMT 7 Oct 82

[Text] Foreign Minister Saraiva Guerreiro today in Brasilia opened the first meeting of the National Commission for Antarctic Affairs (?CONANTAR). On this occasion he asserted that the Brazilian Antarctic program represents a legitimate national aspiration and that the country's interest in participating in the exploration of that continent is not something new.

According to the foreign minister, Brazil delayed drawing up its project for the exploration of the Antarctic because the government's goals to promote or speed up the economic and social development of the country had absorbed all available resources. However, it must be taken into account that the activities that will be carried out on the Antarctic continent strictly comply with the permanent goals of the Brazilian nation.

Acknowledging the validity and authority of the Antarctic treaty, he pointed out that signing of that international agreement in 1975 was the path taken to determine the Brazilian participation on that continent.

This first meeting of (?CONANTAR) today was held to install the representatives of several organizations which make up the commission as well as to approve the draft regulations which will then be submitted to the president of the republic.

CSO: 3342/11

BRIEFS

MR-8 ACTIVITIES IN SAO PAULO--Members of the youth wing of the Social Democratic Party (PDS) of Sao Paulo, among them Alexandre Inojosa, presented a long document to President Figueiredo at Congonhas Airport before his departure last night. The document, signed by Hamilton G. P. Mendes, president of the Araraquara Union of Secondary Students, accused the 8 of October Revolutionary Movement (MR-8) of involvement with the discharged president of the Sao Paulo Brazilian Democratic Movement Party (PMDB), Deputy Mario Covas. The document states that MR-8 is preparing an armed revolution in Brazil and cites Mario Covas by name as "coordinator" of that movement "with guidance from Cuba." Some of the youths who presented the document are the same ones who during President Figueiredo's last visit to Sao Paulo presented themselves as leaders of student organizations at a ceremony on joining the PDS. Hamilton states in one of the passages in his letter that "the information we were receiving was that the weapons would come from Cuba and later, already working and controlling the PMDB Youth, we participated in meetings with Mario Covas, a great instigator of our proposals, who was called 'coordinator' by the youth comrades, many of them minors." [Text] [Sao Paulo FOLHA DE SAO PAULO in Portuguese 16 Sep 82 p 7] 8711

CSO: 3342/4

COUNTRY SECTION
COUNTRY SECTION

COSTA RICA

POLEMICS CONTINUE BETWEEN PVP, MRP

PVP Statement

San Jose LA NACION in Spanish 6 Sep 82 p 20A

[Statement by the Publicity Committee of the PVP [Popular Vanguard Party [Costa Rican Communist Party]]: "Union of the People Has Its Roots in the Conscience of the People"; published as reply to the MRP [People's Revolutionary Movement] in ongoing polemic between the two parties]

[Text] The Costa Rican people are very cognizant of the activity of our PVP. At this time of acute crisis, we are working untiringly to promote the organization, the struggle and the unity of the workers in the face of the poundings being dealt them by the privileged classes, by those who profit by burdening the people with the heavy costs of price rises, speculation, taxes and so many other injustices.

The Costa Rican people are aware of our commitment to the struggle for peace in Central America. At a time when the bellicose forces in the United States are threatening to ignite this region and are seeking to pressure our country into an irresponsible policy toward Nicaragua, our party has risen to the challenge and taken its place in the struggle for peace, against the imperialist aggression.

We have denounced the anti-people policies of the present government, its inability to resolve the crisis, and its obeisance to the Reagan government and to the International Monetary Fund.

The unity of all the popular sectors against the unjust measures of the government and the privileged classes has been a constant in our policy line.

We have put our effort into the task of awakening the awareness of the people to the ideas that were put forth by Union of the People in the last electoral campaign, the justification of which has been borne out by the exacerbation of the crisis in the first months of government by those who hold sway over the PLN [National Liberation Party].

Union of the People presents itself in the minds of thousands of Costa Ricans, including many who did not vote for us, as the party of truth and of hope in a broader and more powerful unity, capable of opening the way for a government of the people, of justice and of true democracy.

It was to be expected that there would be unleashed against our party and against Union of the People the furies of the government, the employers associations, the media at the service of the big millionaires, and, of course, the agencies of imperialism. When we struggle for increased wages and against the high cost of living, they call us conspirators; when we raise our voices for peace in Central America, they call us fifth columnists; when we denounce the privileges of the foreign companies and the oligarchy, they say we are promoting the struggle between the rich and the poor so as to halt production.

But the attack has come also from another flank. The MRP suddenly occupied the front pages of the press by announcing the alleged demise of Union of the People and launching the most insulting attacks against our PVP. The deputy who won his seat in the Legislative Assembly through Union of the People, with no effort whatever on the part of his own organization, began on the very day he assumed his official functions, to distance himself from the coalition that had elected him.

The MRP is fully within its rights to renounce the principles of Marxism-Leninism, even though this contravenes the by-laws approved by its most recent congress, according to which that organization bases "all its action on the sovereign and independent application, according to the circumstances of our country, of scientific socialism or Marxism-Leninism."

Our differences with the MRP do not stem from its renunciation of Marxism-Leninism. We have never made it a condition to anyone wishing to struggle together with us that they must share our ideology, as is attested by the alliance we struck with Dr Calderon Guardia and with Monsignor Sanabria and which can be attested to by many members of the PLN and followers of Calderon among the people, who in specific struggles have marched recently and are marching today alongside militants of the PVP.

But the MRP, blinded by the constant failures of its constant shifts, is seeking to chalk up points by making of our party the center of its attacks. And not only our party, but also Union of the People as a whole.

It is clear to all that the MRP has broken with Union of the People, that it has detached itself from the coalition that put its secretary general into the Legislative Assembly, that it has turned its back on its constituents.

Now, as part of a base maneuver, it declares the demise of Union of the People and immediately places conditions for remaining in the coalition it says no longer exists.

In an official statement by the Policy Committee of the MRP, published in the 1 September issue of LA NACION, it says:

"It is clear to us from the aforesaid that Union of the People has exhausted its potential for carrying out its role as the agglutinant front of popular and democratic forces."

After this affirmation, what meaning can there be in the MRP's continued presence in Union of the People?

The mockery underlying this contradiction is clearly explained in an official MRP document which reveals the tactic it is using to withdraw from Union of the People without appearing to withdraw. It says:

"Union of the People must not and cannot be the base from which a proposed revolutionary alternative is to proceed, because it is an exhausted alliance from a tactical standpoint (without the potential, that is, for being an instrument for the agglutination of forces) and hence one with no strategic future. There is, however, an electoral constituency that opted for Union of the People, that has hopes for it, and that must be taken into account in the handling of our policy toward Union of the People, because it is certain that in the minds of a large part of this constituency Union of the People may not yet be exhausted. From a political standpoint, it is not advisable that we appear to be administering the coup de grace to this alliance; it would not be right to hand down a decision from on high, in a bureaucratic manner and by decree, that Union of the People is no longer a viable instrument; this could disillusion those of the grassroots of the people who still do not have a clear view of this; this would operate to the advantage of the hegemonic force in the alliance; it would present a weak flank to the attacks of the enemy and would have other negative political repercussions from an international standpoint."

These are the true colors of the MRP. It breaks with Union of the People but wants to appear not to be breaking.

Everyone is entitled to switch as he pleases, and even to make a tactical game of it, but we will never shirk our duty to denounce tactics aimed at destroying the unity of the democratic and popular forces.

Union of the People is not merely an agreement among parties. Union of the People is rooted in the conscience and the heart of the most advanced sectors of the Costa Rican people, of thousands of men and women who are struggling today against the anti-people policy of the government of the big millionaires. There, in the day-to-day struggles against all kinds of injustices, lies the potential of Union of the People. This potential will not be weakened by the detachment of a small group.

Publicity Committee
Popular Vanguard Party

MRP Reply

San Jose LA NACION in Spanish 12 Sep 82 p 23A

[Statement by the Political Committee of the MRP [People's Revolutionary Movement]: "With Union of the People YES, with hegemonism and sectarianism NO"; published as reply to PVP [Popular Vanguard Party [Costa Rican Communist Party]] statement of 6 September]

[Text] We would prefer to devote the expenditure of time and money being forced on us by the PVP's press sallies to doing battle with the enemies of Justice and social progress. We have no alternative, however, because of the importance of the affirmations contained in them.

Another clear demonstration of the hegemonic sickness afflicting those who are presently making the decisions in the PVP is the statement by the "Publicity Committee" of that party that appeared in the 6 September issue of LA NACION.

There is no other possible interpretation of the unilateral conclusion arrived in that statement. Based on sentences and paragraphs taken from documents and statements by us and quoted out of context, as is the custom of those who have no interest in clarifying matters but rather in arriving at predetermined conclusions, it is "decreed"--we assume by someone other than the PVP Publicity Committee--that the MRP has broken with Union of the People.

Those who have read, objectively and without prejudgement, our public statement of 1 September must be astonished that anyone could arrive at such conclusions based on what was said therein. Those who are familiar with the complete text and the prior analysis that gave origin to the paragraph the PVP Publicity Committee cites from an internal MRP document must also find strange the interpretation given to that paragraph by that committee.

The PVP Publicity Committee's statement says that "It is clear to all that the MRP has broken with Union of the People." The question is "Who, for that committee, is 'all?'" Because, as far as we know, these conclusions are not shared by other than those who are presently running the PVP and who, through a systematic effort at defamation, have tried to convince their rank and file, and the sectors over which they hold sway, of the "rightness" of their conclusions.

Furthermore, there is a need to clarify which Union of the People is the one being referred to by the PVP Publicity Committee, since it would seem--and the recent profuse propagandistic campaign would appear to confirm this--that in the latter's view, Union of the People and the PVP are being considered as one and the same thing.

In view of the obviously preclusive and hegemonic statements by those who are presently making the decisions in the PVP, we feel compelled to shed light on some of the realities of the coalition, so that the people can judge.

Between the culmination of the electoral proceedings and 1 September, on which date a meeting took place that was reported in the press, that is, over a period of 7 long months, there had not been a single meeting of Union of the People's National Policy Directorate, the coalition's coordination and management body. Our insistence that this situation be rectified never met with any attention on the part of those who are presently running the PVP. The fact that the MRP as well as the PSC [Costa Rican Socialist Party] were questioning Arnaldo Ferreto's continuing his 4 years of leadership of Union of the People's Legislative Assembly contingent, and were advocating instead a rotational formula, met with a total loss of interest on the part of the PVP in coordinating the parliamentary effort. This party refused at all times to discuss and coordinate the efforts aimed at giving the PSC representation in the Legislative Assembly and acted in an absolutely unilateral manner.

These are a few of the examples--and there are more--that tell us that the coalition is not moving forward; that Union of the People has reached a point at which a correction is essential.

Our insistence on clarifying in the public mind that there is no coordination within the Legislative Assembly and that there can therefore be no speaking in the name of Union of the People, as had been agreed by the three forces, is now being taken as a persistent effort on our part to withdraw from Union of the People.

What were we expected to do? Agree that the PVP could use, whenever it felt like doing so, the name and image of Union of the People for its partisan actions?

What then is the true situation?

/The MRP has not broken with Union of the People; what it has done is break with an untenable situation that has led the coalition into this crisis. This situation has its origin in the fact that the underlying principles and objectives on which the coalition was erected have been distorted by the hegemonistic and sectarian action of those who are presently running the PVP. It is against those distortions and mistakes that the MRP is taking a stand. Not against Union of the People, nor against any one of its forces./ [This entire paragraph in boldface]

The MRP is affirming that the damage caused by those distortions and mistakes has brought Union of the People to a point where it can no longer fulfill its function as the agglutinant of new forces; and that is why we say it has become weakened.

But we also think that, overcoming its important limitations, Union of the People can serve as a fulcrum for imparting leverage to the effort to unite new forces and build a broad political front that responds to the needs of the people's struggle, bringing together all the nation's democratic, progressive and revolutionary sectors and political persuasions.

This is the aim of the conditions we set forth in our statement of 1 September and now reiterate:

1. That the Union of the People's National Policy Directorate effectively become its coordinating body;
2. That the commitments made to it be fulfilled;
3. That the political independence of each force be respected;
4. That the ideological struggle be pursued within a framework of mutual respect, beginning with a cessation of the defamation campaign being waged against the MRP.

The MRP is ready to meet and discuss at any time; it has already stated this and reaffirms it today. No one can take upon himself the right to interpret as he sees fit our political aim and posit us as having said what we have not said and as having done what we have not done.

In revolutionary policy, there is no place for simplifications; life teaches us that things are not merely white or black, but rather that there is a multiplicity of shadings that must be taken into account.

Those who are presently making the decisions in the PVP appear to have chosen the easy road, the road of simplifications; this mistake stems from their dogmatism. This road leads neither to the truth nor to a proper response to concrete situations. This error appears to manifesting itself in this case. /Yes, the MRP is different from the PVP; yes, the MRP has its own interpretation of the national reality; yes, the MRP act sovereignly in accordance with that interpretation; yes, the MRP has its own international policy line./ **[This passage in boldface]**. But we ask of you, friends, who are presently running the PVP, do not simplify things so much and do not interpret these truths so narrowly and shortsightedly, because, by so doing, you lose your way and do not understand anything.

For our part, we will always strive against anything that hinders, damages or blocks the march of the most advanced and soundly based forces of the people toward unity as a way of pursuing, with chances of victory, the struggle against dependency and injustice and for a more democratic and freer New Republic. This is a duty and a right we shall not renounce.

On a different order of things, we must add a word: There are those who think they are always right, simply because they have posited themselves as being this way or that. They feel it suffices to cast to the four winds fervent adherence to a doctrine to achieve, by virtue of that action, faith, purity, wisdom and representativeness. This is proper and explainable in some religious sects. There are those who, acting thus, have ended up climbing on to the last car of the train of social change at the last minute or being left standing on the station platform. We are certain that overcoming these distortions would open up possibilities for a substantial contribution to revolutionary transformation in Costa Rica. The MRP is not hallmarking itself, nor is it presuming itself enlightened.

The MRP brings together universal progressive and revolutionary thought, beginning with the contribution being made to it by the eminent thinkers of our own country and Our America, and recognizes the full validity of the fundamental principles of scientific socialism, which it applies sovereignly and independently to our own reality. To "denounce" this, as does the Publicity Committee of the PVP in an idiotic "accusal," is an act of stupidity.

Political Committee
People's Revolutionary Movement

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REVOLUTION IN LATIN AMERICA, CARIBBEAN DESCRIBED

Havana CUBA SOCIALISTA in Spanish Jun 82 No 3 pp 86-102

[Text of talk entitled "Notes About the Revolution in Latin America and the Caribbean," given on 26 April 1982 at the international conference on theory entitled "General and Particular Characteristics of the Revolutionary Process in Latin America," by Antonio Diaz-Ruiz Soto, head of the Internal Education Department of the Central Committee of the Communist Party of Cuba]

[Text] REVISTA INTERNACIONAL has taken the fortunate step of choosing our country as the location of the International Conference on Theory entitled "General and Particular Characteristics of the Revolutionary Processes in Latin America and the Caribbean [title as published]."

We want to issue our warmest greetings to the delegations that have come and to stress our desire that a very rigorous analysis be made of the content and the ways in which the peoples of this continent and their political vanguards are carrying out the struggle for national independence, democracy, and socialism.

This conference on theory assumes particular importance because Latin America and the Caribbean are in great turmoil owing to the profound political changes that have occurred and that are expected.

As we move through the program, theoretical positions will surely be taken that inspire analysis, and experiences will be described that enrich our revolutionary praxis.

The revolutionary struggle in Latin America and the Caribbean is a part of the worldwide revolutionary process and strikingly confirms the trend toward social progress that is taking place in our era of transition from capitalism to socialism.

The proletarian and national liberation revolutions demonstrate the universal content of the present stage in history. In Latin America and the Caribbean, the general laws of those processes corroborate the shared, basically anti-imperialist thrust and the historic momentum of socialism, despite the particular characteristics that each country exhibits.

The countries of our continent are today the scene of a new revolutionary flux that, while not total, affects every people in our region in one way or another.

The accumulation of so much injustice and domination with no way out are threatening to break the restraints of the system of oppression, and, as a result, the masses are performing acts of heroism in confronting their age-old enemies.

"Our party's first congress drew attention to the crisis troubling U.S. foreign policy, as well as the unavoidable contradiction between North American imperialism and the interests of the countries of Latin America and the Caribbean."¹

We might wonder why there is such a noble expression of the revolutionary struggle on the continent, especially in Central America and the Caribbean, and what factors have operated as detonators or the explosion.

Valuable studies performed by Marxist scientists and non-Marxists who work from realistic positions show that the critical socioeconomic situation in which our peoples live is the result of the unjust neocolonialist conditions imposed by the imperialists. Underdevelopment; the dependent structure, which halts any economic progress; the multinationals, which steal and plunder national wealth, are the elements intrinsic to our region's economy. Combined with a political structure where the power is illegally held, in most countries, by antipopular governments and bloody dictatorships, they make up the picture that gives rise to dissent and rebellion among the masses.

In the main report at the Second Congress, Comrade Fidel Castro said, "The awakening of the people has become more fearful than anything thought up by the oppressors to subjugate them. They have to be blind not to see it. The more domestic tyranny, the more imperialist oppression, the more rebellion!"² Certainly, that is the dialectic that typifies our hemisphere's situation. There is a single reality, and that is that violent confrontation between the Latin-American and Caribbean peoples with their neighbor to the north is the outgrowth of the brutal policy of pillaging to which our countries are subjected by the imperialist monopolies.

In recent years, the region has experienced an increase in direct investment of private capital from the United States. Whereas the 1973 level of investment was on the order of \$16.4 billion, by 1979 it had risen to \$24.368 billion. The Yankee monopolies take over one-fifth of the entire region's GDP and one-third of earnings from exports. The total amount taken away amply surpasses the flow of new investment.

Affecting the imbalance in foreign trade, the orientation of the market toward the United States is a sign of the ongoing worsening of the trade balance. The region's countries annually lose, through trade with the United States, over \$15 billion, a situation that is becoming more serious with the policy of discrimination in trade that favors only multinationals.

The bonds of dependence have enabled the United States to transfer to the battered Latin American economies the negative effects of the monetary/financial crisis affecting the entire capitalist system.

The vast external debt contracted by the Latin American and Caribbean countries is one of the significant indicators of the crisis affecting their economies.

In one of its latest reports, ECLA noted that in 1979 the debt of the region's non-petroleum-producing countries reached \$143 billion; and it is predicted that by the end of this year it will exceed \$300 billion. It is a debt that economically overwhelms our countries, is practically unbearable, and grows each year at a rate that we could consider galloping. There are countries that have so little foreign exchange that they openly declare their inability to import products with as high a priority as medicines.

The crisis of economic neocolonialism is manifested in a distorted economy, retarded development, meager growth, burdensome indebtedness, a higher cost of servicing the external debt, a persistent trade imbalance, and a marked worsening of the terms of trade, with dramatic sociopolitical consequences. In the region's countries, unemployment within the active labor force is 46 percent. Added to that are illiteracy, the high infant mortality rate, undernourishment, lack of cultural training, poor health, and the isolation of numerous minority ethnic groups.

Despite the efforts of the working masses of Latin America and the Caribbean, the transformation of the product of their work into astronomical profits remitted abroad is something that contrasts with their gradual impoverishment. In Central America and the Caribbean, foreign capital extracts \$2.24 in profits for every dollar invested. Although it is customarily asserted that most of the countries in the region are in a half-capitalist state of development, what is clear is that the level of poverty and misery is rising.

The gradual process of economic dependence and its effects have been the determinant cause of the present intensification of the political struggle on the continent. All the formulas tried by the imperialists to ameliorate this situation of economic disaster and postpone rebellion by the masses have failed utterly.

After the triumph of the Cuban Revolution and the Bay of Pigs fiasco--which, as Fidel has said, made the peoples of the continent a little more free--the imperialists tried out the reformist variant of the Alliance for Progress in order to set it up in opposition to the Cuban Revolution. Its disastrous ending is known by everyone. In over two decades of feverish efforts to destroy the image of real socialism in Cuba, the Yankee imperialists and their Latin-American partners have tried to use different formulas to ameliorate the serious economic situation plaguing these people.

Neither the prescriptions of developmentism, nor the reactionary, anti-worker pseudoscience of the so-called Chicago School, nor the latest bright idea of economic interventionism outlined in the Reagan plan for Central America and the Caribbean has resolved, nor will it be able to resolve, the crisis affecting the region's dependent economies, much less the drastic political repercussions. The reformist, interventionist policy has not been able to offer a valid solution to the serious evils troubling Latin American societies, nor to dull the desire of the people of our region for liberty.

The struggle against the common enemy invigorates the revolutionary spirit of the popular masses; and particularly significant is the growing presence of members of important social and political groups that, aside from ideological, philosophical, and religious differences, make up a broad social base of thorough democratic, anti-imperialist inspiration.

The expansion of the Latin American revolution is the response of the revolutionary masses to the imperialists' present crisis on this continent. Fidel Castro said, "... It isn't easy for the imperialists to dominate in their old Latin-American Backyard. . . . The fact that there's a rise in our lands of revolutionary movements advocating national liberation with a high social content and that the level of mass movement in several countries is climbing shows that the system of imperialist and oligarchic domination in the region is suffering from an increasingly severe crisis. It also reveals the growing maturity reached by the movement of workers, peasants, young people, women, and other popular groups, which already have numerous expert vanguard leaders."³

The imperialist crisis in our region does not involve only the economic sphere, based on dependence and its sequel, underdevelopment, but also embraces the spiritual, political, ideological, and moral spheres.

The bankruptcy of liberal bourgeois thought is a part of the imperialist ideological crisis. It is a well-known story how the ideologists of Pan-Americanism and their version of representative democracy attempted to strip the Latin American labor movement of its true essence and turn it from its course.

In Latin American countries, anticommunism has been the myth used by big capital's ideologists and politicians to dull the peoples' consciousness and conceal the true nature of the social injustices spawned by the disgraceful capitalist system. On grounds of opposing the expansion of communism, reactionary oligarchies have supported counterinsurgency programs intended to beat down any worthy revolutionary effort and to suppress any manifestation of protest by the popular masses.

Some objective politicians in the region who do not share our ideological views have expressed the opinion that blaming communism for revolutionary outbreaks in Latin America is a childish pretext lacking all seriousness.

The imperialists' aggressive conduct regarding the international communist movement, which is comparable only to the days of McCarthyism, is a symptom of the severe bourgeois ideological crisis, specifically among North Americans, who do not even have a response in the realm of ideas to counteract the inevitable loss of their political and ideological space among the continent's countries, considered by them to be bulwarks of their "representative democracy" and of their brand-new "Pan-American system."

It is an undeniable fact that the anti-imperialist sentiment is spreading and even reaching those liberal groups that, from positions as mediators, tried in their day to deny the revolution its due. This process of raising the anti-imperialist consciousness, made to take root and extended, is an appreciable subjective factor that makes possible greater, more effective unity in the revolutionary movement.

The Cuban Revolution not only proved to be a deep crack in the "firm unity of the system" but also the beginning of a conceptual crisis for Yankee ideology, which had been very carefully worked out to shackle the continent's peoples. The triumph and successes of real socialism in Cuba demolished the myths of alleged "ideological incompatibility" and the so-called "boundary of foreign ideologies"

and demonstrated convincingly that the ideas of Marx, Engels, and Lenin have a totally universal nature.

The economic, political, social, ideological, and moral crisis that characterizes imperialist domination on the continent has reached the point where a confrontation of the peoples with their domestic and foreign oppressors is a historically inevitable fact.

Today the imperialists are faced with a process of irreversible changes, of political violence, of the extension of the class struggle to ethnic groups that, like the Indians, had been virtually isolated from the revolutionary task.

The solidity of the Cuban Revolution; the advance and deepening of the revolutions in Nicaragua and Grenada; the heroic, tenacious struggle of Salvadoran and Guatemalan guerrillas; the rise of the strikers' movement; and the growth of the antifascist forces are graphic, meaningful evidence that we are witnessing a phase in which the change in the balance of strength in the region is preventing the imperialists from treating our people as mere neocolonial appendages. The revolution in Latin America has ceased being a possibility, becoming a reality.

Meeting here at such a turbulent time, discussing ideas and opinions on a theoretical/political level, analyzing the working class' strategy and tactics in its struggle against capital will enable us to be better prepared to act to achieve greater political consciousness among our peoples and will make it possible to raise the pitch of the struggle against imperialism. We must continue to pursue our objectives of fighting for political democracy, the overthrow of the bloody, fascistic tyrannies, and the triumph of democratic/revolutionary views that bring us closer to further national and social changes.

In the journey toward those strategic objectives, the battle for unity among all potentially revolutionary forces is particularly important. Experience throughout the world, and especially the revolutionary struggle in Latin America, has taught us that unified action is possible only through serious, thorough work with the groups and classes that are likely to become allies of the working class and to march with them in the struggle against domination by the oligarchies allied with the imperialists, and for peace, democracy, and socialism. The statement issued at the Conference of Communist Parties of Latin America and the Caribbean, held in Havana, said, "In their determination to contribute with all their resolve to the growth of the revolutionary process in Latin America, the communist parties consider it essential to spread their political influence and that of the ideas of Marxism-Leninism among the masses, especially within the working class and its labor organizations; to grow among the farm workers, confederations, agrarian associations, and other groups; to strengthen ideological work among the middle classes in the city and the country; to make further advances among students, professionals, intellectuals, and technically trained people, thus becoming a mass body capable of attaining decisive influence in the political life of each of our lands."⁴ In the areas where these basic premises of rebellion and antioligarchic, anti-imperialist spirit have been established, where a revolutionary situation has been created, unity of revolutionary leadership is a sine qua non of success.

The most recent experience, that of the Nicaraguan people, provides a clear lesson concerning unity as a premise; "That broad national unity, which even made it possible to create a Latin American and international anti-interventionist bloc, was possible because of the spread of revolutionary warfare, which went on as the FSLN [Sandinist National Liberation Front] succeeded in adding to its leadership increasing representation of the working and popular masses. This phenomenon led the other leftist and progressive groups in the country to ally themselves with the Sandinists and to accept their leadership."⁵

During the course of this scientific conference, we will often deal with this crucial problem of unity. We have a basic Leninist theory for discussion of it, and we believe that you have rich, valuable experience that can deepen the theoretical and practical approach to the issue.

The communist parties and the other revolutionary parties and organizations in Latin America and the Caribbean advocate the broadest possible alliance of social groups and classes that favor revolution, economic and political change, or any transformation of the power structure that reduces or eliminates the complete dominance by the multinational companies and sets defense of patriotic, revolutionary nationalism above the imperialists' and their domestic allies' policy of exploitation.

The creation of broad anti-imperialist, democratic front does not mean postponing struggle on the classic fronts in which the cardinal problem of taking political power is settled. Revolution has a universal nature, one that is at the same time varied in form; it does not arise as an isolated act, but as a process having general characteristics that presupposes the possibility of different paths and different phases of achievement. Various political groups are involved in the democratic, anti-imperialist, antioligarchic front, depending on each country's own particular characteristics; but in every case there should be an awareness that the fundamental link in its growth is the working class. In class warfare, the proletariat has found natural, strategic allies, which has enabled it to resist reaction's attacks and to make both democracy and revolution in their most radical forms advance.

In a situation of democratic expansion, not participating in a broad front fighting imperialism and ignoring political conditions to act in isolation exclusively for the strategic interests of the working class means losing political perspective. The independence of the proletarian party is produced--as Lenin believed--not by a separation of the democratic movement represented by other population groups and classes, but by the organization's ability to invest common activity with proletarian views.

Participation by segments of the nation's bourgeoisie adds an important element to the struggle. There is a historical reality in the emergence of "... segments of the Latin American bourgeoisie, which, owing to the conflict of its interests with those of the imperialists, is taking positions that are close to those of the proletariat, the peasants, and other noncapitalist classes, in the struggle against the imperialists and for the attainment of economic independence and complete national sovereignty."⁶

It must be made clear that this bourgeoisie, although it combines with the proletariat and other revolutionary classes under the democratic/bourgeois banner, can no longer head the struggle in the capacity of the leading class. Historically the Latin American bourgeoisie has exhausted its opportunities to take charge of revolutionary processes on our continent; but that does not mean that, under certain circumstances, it cannot play a constructive role in the revolution. Also obvious is the notable participation of many people from the middle classes, which have grown so much because of the rise of highly bureaucratic government administrative apparatuses and owing to the expansion of services in general. Participation by the middle classes in the political activity of revolutionary leftist parties and organizations has contributed to giving the struggle greater breadth, linking the interests of this important social group with those of the working and peasant classes.

The strategic alliance between Marxists and Christians is another element of great political significance. This fact shows that the class essence of the struggle against the common enemy does not change, even when conflicting ideological positions are involved. Poverty and exploitation do not make distinctions between communists and religious people in our oppressed, underdeveloped countries.

The entry of religious people into the class struggle and their express vocation for interpreting Marxism demonstrate the politization achieved in those segments of the "Third World" middle and lower clergy, who understand the need to change the situation of social injustice and economic and political oppression that our peoples are suffering.

At the same time, no less important is the role played by patriotic military men who adopt an honorable, sincere attitude rather than the false bourgeois concept of apolitical professionalism in the military. They have advocated profound political and social changes, leading important popular movements seeking restoration of national sovereignty.

Speaking of the premise of unity, Fidel Castro said, "... In Latin America, we have to carry out a policy of far-reaching unity with all the forces aware of the objective situation of exploitation in which our continent has lived. We mustn't hope that it is an advanced, superadvanced, or Marxist consciousness. Today, a nationalist consciousness is useful; a progressive consciousness is useful."⁷

That unity is most important and urgently needed where fascism has suppressed the last vestige of democracy. The antifascist combatant on our continent seeks the cooperation of all political forces, of all social groups, of all the people, in a platform of antifascist collaboration and in favor of the restarting of the flow of democracy-- at a level that presupposes the struggle against imperialism, the genuine progenitor of fascism--guided by a strategy for the conquest of political power.

The Latin-American fascist regimes constitute one of the last possibilities for imperialist power, put into practice to spoil or prevent revolution where it has broken out and can break out. Utilizing the chauvinist, genocidal nature and repressive intentions of some military bureaucratic regimes, the imperialists are openly playing the fascist card.

Closely linked with the alliance of classes is dealings with political organizations that, while not Marxist-Leninist, contain large numbers of people from the working and middle classes of society. In the specific Latin-American situation, it is interesting to analyze the role of these organizations, especially that of the social democrats. We think that despite the profound ideological differences that separate us from the social democrats it would be an error and politically myopic not to have this force, where feasible, for the waging of the democratic, anti-imperialist struggle.

Like the Socialist International, the Latin-American social democrats have spoken out against the region's military and fascist tyrannies and have strongly condemned the harmful policies of the United States and its multinationals, which are despoiling and strangling the Latin American and Caribbean economies. Recently they have lent their backing and support to a negotiated political solution to the drama unfolding in Central America and the Caribbean. Although we mustn't forget that this political movement is not homogeneous and that its parties' conduct is at times contradictory and inconsistent with its general political line, it is clear that it potentially can contribute--as occurred in the case of Nicaragua--to a change in the balance of political power favoring the democratic revolutionary struggle and in defense of the sovereignty and independence of our countries, which are threatened by the United States' interventionist policy.

Considering the realities of our continent, I think that the opinion expressed on the matter by Comrade Fidel Castro is still valid: "Despite the well-known ideological differences separating Marxist-Leninist revolutionaries from social democrats, when we look at the immediate future, when we speak of present historical conditions, participation by social democrats and the conversion to social democracy of former bourgeois and oligarchic parties in Latin America are positive. They enlarge the forces and the field of struggle against U.S. imperialist domination of Latin America. At the same time, social democratic propaganda contributes to the sociopolitical awakening of the masses where the Marxist-Leninist message is completely repressed."⁸

Added to the situation in the continent already discussed is the fact that some governments, particularly in the strongest countries--those most highly developed in the region--do not want to serve as the imperialist policy's handymen and are fighting to achieve greater independence of action in international affairs. Examples of this are the prominent role played by Mexico and the stance adopted by Brazil. These positions have been strengthened by the region-wide opposition of the people to Yankee intervention. In that regard, the struggle against U.S. hegemonic policy is expanding qualitatively, involving peoples and governments.

Our agenda also includes an essential factor in political strategy: the ways and forms in which the revolutionary process is realized. It is not idle to insist on the Leninist thesis that the ways of carrying out the revolutionary struggle are determined by the specific conditions of each process and that it is up to each people's vanguard to find and try out the ways and methods that are best suited to their realities. We firmly believe that, given the general conditions on the continent--unending imperialist intervention, a distorted, dependent structure, and the existence of numerous discredited police states whose basic function is to repress the masses--the most likely path for revolutionary action

is armed struggle. However, that does not negate other paths, nor the wealth of shapes that those processes may take. A problem so closely linked with our course of events will no doubt be of general interest throughout the conference.

In conclusion, I want to specifically mention a phenomenon that will certainly be an integral part of our discussion and that, although it is not an essentially different factor, is indeed a new manifestation of the decadence of the capitalist system and its most highly developed center, the United States. I am speaking of the present U.S. administration.

Since it came to power, there has been a serious deterioration of the policy of peaceful coexistence and detente, a worsening of international relations, and an increase of sites of tension in the world. These endanger the achievements of the policy of peace carried forward, with great effort and dedication, by the socialist countries--led by the Soviet Union--and the progressive peoples and governments, in the interest of the highest goals of humanity and social development.

When he assumed the presidency of the United States, Reagan revealed his reactionary political plans for Latin America and the Caribbean. The plans announced in the propagandistic din of his campaign platform have been implemented, cynically and brutally, in an official anti-Latin American policy.

The revolutionary situation in our continent marks the peoples of Central America and the Caribbean as the center of decisive battles against reaction. It has been said very correctly that this region has become one of the seats of greatest tension and that it seriously threatens world peace. El Salvador, Guatemala, Nicaragua, Grenada, and Cuba are attracting worldwide attention. In this region, two polarized positions have been adopted: political negotiation and military intervention.

The immediate background of the situation lies in the shockwaves from the revolutions in Nicaragua and Grenada and the spreading insurrection in El Salvador and Guatemala. Events are unequivocally demonstrating the historic course that our peoples will follow and how the imperialists are continuing to lose political influence, which confirms the general trend of our era of anti-imperialist revolutions and socialist orientation.

How have the imperialists reacted in the face of this historic reality, and how is the Reagan administration acting to prevent the loss of its continental hegemony?

The Reagan team's political point of view regarding Latin America and the Caribbean is influenced by a reactionary vision of international policy, which developed out of the severe crisis suffered by U.S. foreign policy in Vietnam--called the Vietnam syndrome--and because of criticism by ultraconservatives of all U.S. policy in recent decades. It is a return to many of the formulas adopted during the postwar period, with a hope of recovering U.S. hegemony and of restoring it to the level it occupied during those years.

At the present time, our Marxist-Leninist parties and their ideological apparatuses must carefully study the ultraconservative movement that has developed in U.S. political and academic circles.

We are witnessing a decline in North American political thought. North American society's general crisis, with its economy in virtual retreat, galloping inflation, unemployment exceeding that recorded during the economic crisis of 1974-1975, the political incompetence of leaders and their citizens' widespread sense of social insecurity mark a period of decadence that is also reflected in foreign policy, characterized by a "political irrationality" that had been thought to be outgrown.

Reagan's policy for Latin America and the Caribbean has that haughty, arrogant tone whose short-term objective is to destroy all revolutionaries and to yoke all our peoples to the imperialist policy.

In 1976, the ideologues of Yankee neofascism formed a so-called committee on the "present danger," and they encourage the most sinister ideological laboratories to outline and manage the new anticommunist crusade; they include what is called the Santa Fe Committee. Located within a truly apocalyptic historical frame of reference, they assert that we are on the verge of World War III. Thus, on the basis of that delirious theoretical view, they suggest using nuclear intimidation against the USSR and the world socialist system, and, when the time comes, a nuclear first strike in the European Theater to "destroy socialism in its own cradle." In Latin America and the Caribbean, they propose, with unheard-of cynicism, an open policy of subversion and destabilization, blackmail and threats, and, with total contempt for the will of our peoples, military intervention, for which they have the collaboration of the pro-imperialist government and the discredited instrument of the Inter-American Reciprocal Assistance Treaty (TIAR).

The Santa Fe Committee was allotted the planning of the ultraconservative policy for Latin America and the Caribbean. Its document proves that this region is a part of the present administration's global anticommunist strategy. It makes the security of the United States depend almost entirely on the political positions of those countries, and, through a revival of the philosophy of geographic fatalism, it insures that in a hypothetical conflict of the United States with the other powers--a clear allusion to the USSR--the Central American and Caribbean subregion will be the Achilles heel of Yankee security.

"War, and not peace, is the rule governing international affairs," the Santa Fe Committee aberrantly asserts. At a time when all progressive humanity is calling for peace and when the working masses of all latitudes are advocating a necessary, immediate return to the policy of coexistence, these ideologues are maintaining that detente is death.

That explains why the present U.S. administration refuses to discuss a negotiated political solution in Central America and the Caribbean and, in the face of the international isolation of its stance, continues to threaten Nicaragua with attack, El Salvador with intervention, and our homeland with a total blockade.

The favorite theoretical notion of anticommunist politologs is the alleged "extraterritoriality of communism" and its incongruence with the letter and the spirit of western civilization. In a clumsy attack on the Soviet Union, which they represent as to blame for all our peoples' misfortunes, they state that the

"United States is being set aside in the Caribbean and Central America because of the sophisticated, but brutal, actions of an extracontinental power that manipulates its client states. The Soviet Union is attempting to become stronger in the Western Hemisphere, and the United States should remedy this situation."

The aggressive policy is accompanied by an enormous propaganda machine employing lies and distortions of the sort Goebbels used.

They want to ignore the objective laws of history, accusing the inevitable national liberation processes of unacceptable "exportation of international terrorism," as if someone could prevent the outbreak of revolutions, which are so uncontrollable ". . . like a pregnant whale's giving birth."⁹

Any objective, realistic analysis should reveal that, in our lands, the social explosions stem basically from imperialist oppression. Despite its defense of the capitalist system, the Socialist International referred, in its recent meeting in Bonn, to the unjust structures of dependence and political oppression and the need to change them to achieve stability, peace, and progress in the region.

Echoing that is international public opinion, which decries the adventurist nature of Washington's foreign policy.

Along with the international solidarity awakened by the cause of Nicaragua, El Salvador, Grenada, and Cuba, sensible voices are being heard from numerous progressive segments of North American society itself and its Congress, resolutely opposing "Vietnamization of the Salvadoran conflict." If we analyze the international reaction and add to it the rejection of Reagan's domestic and foreign policy expressed, according to a poll, by over 60 percent of U.S. citizens, in addition to the well-known differences with European allies and the reservations of most Latin-American governments on finding themselves involved in a plan for Yankee intervention in the region, we will understand how the policy outlined by the Santa Fe Committee advisers and representatives of the "New Right" is not only bound to fail but is also thoroughly anti-North American because it is against the interests of that people.

From this scientific platform we reaffirm our party's principles in terms of supporting any fair solution, any attempt at political negotiation, that is inspired by the noble objectives of peace and sovereignty for the peoples of the hemisphere and the world.

The leadership of the Communist Party of Cuba has been very clear when setting forth the unchangeable principles of our revolution; "We warn, with great determination, that no threat, no blackmail, no ultimatum will ever be accepted."

"Our enemies do not frighten us with the clatter of their weapons, their arrogant statements, and their vulgar campaigns of lies. There is no way they will ever bring us to our knees, and if they dare to attack us, they are going to find an entire people here prepared and eager to fight from house to house, factory to factory, and to defend every inch of our land with Spartan valor.

"Nor do we think only of the dangers that may await Cuba. We are a part of humanity, and we have cast our lot with the peoples, with the workers, and with the poor of the entire earth."¹⁰

FOOTNOTES

1. "Main Report," Second Congress of the Communist Party of Cuba, Havana, Editora Política, 1980, p 146.
2. Ibid., p 160.
3. Ibid., p 148.
4. "Statement from the Conference of Communist Parties of Latin America and the Caribbean," Havana, Ediciones Políticas, 1975, p 69.
5. B. Arce, "Nicaragua: revolution," CUBA SOCIALISTA magazine, No 1, Havana, 1981, pp 101-102.
6. "Statement ..." op. cit., p 56.
7. F. Castro, Conversation with students at the University of Concepcion, Chile, 18 November 1971, "Cuba-Chile," Havana, Ediciones Políticas, 1972, p 269.
8. "Main Report..." op. cit. p 150.
9. F. Castro, Speech given at the opening of the 68th Conference of the Interparliamentary Union, in Havana, 15 September 1981, "68th Conference of the Interparliamentary Union," Havana, Editora Política, 1981, p 33.
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CENTRAL AMERICAN POLITICAL SITUATION DESCRIBED

Havana PRISMA LATINOAMERICANO in Spanish Aug 82 pp 34-40

[Article by Francisco Urizarri: "Central America - Facing Reality - Against Archaic Structures Ruling It Despotically"]

Plundered for centuries, economically underdeveloped, in a poverty that becomes more humiliating each day, battered by nature, forgotten, Central America is standing up today fighting, in a struggle against archaic structures that are ruling it despotically.

Over one-half of its adult population illiterate; galloping inflation; 30 percent unemployed and a similar number underemployed: these are some indicators of the explosive social situation in the isthmus.

Add to that an external debt of nearly \$8 billion, which represents 150 percent of the value of its annual exports and points toward a clear reality: the impossibility of paying it off.

While 120 of every 1,000 children born alive die before their first birthday, millions are devoted to the purchase of arms for repression and luxury items for the pleasure of a minority.

The differences between the wealthy Central American and the poor one are enormous. Whereas 70 percent of the population lives on less than \$100 a year--a meager sum that only enables them to delay their death--5 percent travels to Europe and the United States, squanders large amounts of money and lives in luxurious homes.

A recent study by the Economic Commission for Latin America (ECLA) indicates that 8.5 million Central Americans live in conditions of extreme poverty and 12 million lack decent housing. That is, 80 percent of their houses have a dirt floor, have no running water, are unhealthy, and shelter five people or more per dwelling.

How can they escape the old reality of exploitation and injustice that prevails on the isthmus if in 1981 alone \$1.2 billion in capital fled, attracted by high interest rates, the result of a U.S. fiscal and monetary policy intended to palliate its own crisis?

How can they remedy the political, economic, and social turmoil racking Central America if the decline in their buying power is an affront to reason and morality:

rising prices for the manufactures they import, while the value of their raw materials falls inexorably?

ECLA experts estimate that the countries in the region will need some \$5 billion during the next 5 years to restore the vitality their economies had 5 years ago.

What is Ronald Reagan's administration offering those nations that have traditionally been plundered by big capital from the developed capitalist countries? The \$233 million allotted to El Salvador, Honduras, and Costa Rica under the vaunted Caribbean Basin Initiative (CBI) are a joke, which is made worse by the fact that a large percentage is intended for the purchase of arms, military training, and security funds.

Today Central America needs a massive inflow of grant money to finance strategic projects involving energy, transport, infrastructure, and industrial and agricultural production, not crumbs intended to make it still more dependent on the developed countries and the multinationals, primarily North American ones, as a Nicaraguan statement in the United Nations charged.

This sketch about Central America is only a pale reflection of the reality those peoples are experiencing. The nuances, the variants, the hunger, the fighting, and the repression enrich, or rather aggravate--day by day--the situation in the region.

A brief look at those countries seems appropriate for bringing us closer to a region that the Reagan government has tried to take over in its struggle against communism. In particular, the area reflects that government's contempt for the peoples of Latin America, which was clearly demonstrated with its complete support of the British colonialists in their crusade against Argentina in the Malvinas Islands: Let us take a look at:

Guatemala: Terror in the North

After 27 years of military terror in Guatemala, some 85,000 deaths attributable to military regimes do not represent the end of a phase, for the evils continue with the new group in power, which it attained through a coup d'etat on 23 March.

Fighting corruption, speaking of nationalism, and establishing pseudo-peace in the cities have been the "democratic" moves made by the military, led by Gen Efraín Ríos Montt--self-proclaimed president of the republic--to disguise a face that is hard--if not impossible--to conceal.

Reality quickly reared its head, the mask fell away, and repression--perhaps more brutal--remained, extending throughout the countryside. There have been brutal murders and burning of crops and homes in the northern and western parts of the country, the center of operations of the people's guerrillas and the location of the most militant protests by peasants.

The growth of the revolutionary process in Guatemala has two images, depending on the point of view. To the reactionary right, the military, and reactionary groups now in power in Washington, its causes lie in Cuban/Soviet efforts to subvert "democracy" in the region.

To the objective, honorable observer, the roots of these struggle lie in injustice and exploitation, poverty, corrupt governments, meddling, and a decline in sovereignty. The figures are eloquent.

In Guatemala, 2.1 percent of the population (the very wealthy) owns 72.2 percent of the land, whereas the very poor, 92.4 percent, have only 21.8 percent.

In 1980, 34.3 percent of the inhabitants were unemployed and 52 percent, underemployed. Some 50 percent of Guatemalans receive an average of \$81 a year on which to live badly.

The figure of 1 physician for every 25,000 inhabitants does not reflect the reality of rural areas, where millions of people have never been to a clinic or received medicine.

Ninety of every thousand children born alive die before their first birthday, a number that rises to 200 per thousand before the age of 4. Of children below the age of 5, 82 percent suffer from severe nutritional problems.

A Guatemalan's life expectancy is 52 years, far below the over-70 in the leading developed countries. This is not surprising, for 80 percent of the population consumes fewer calories than the minimum necessary to live (2,236).

The chief causes of death are intestinal diseases, flu, pneumonia, bronchitis, vitamin deficiency, anemia, and nutritional deficiencies.

According to official figures, there is a deficit of 1 million dwellings in the country, which affects 68 percent of the population.

Of Guatemalans over the age of 15, 63 percent cannot read or write, but in rural areas the percentages rise to 90 and above.

With some 7.2 million inhabitants in its 108,900 square kilometers, Guatemala is a wealthy country, with oil reserves estimated at 24 billion barrels and agricultural production that in 1980 contributed 28 percent of the gross domestic product.

In 1981, inflation reached 30 percent with an alarming escalation of prices of basic necessities. The economy grew only 1 percent.

In view of this social situation, in which those who suffer most are Mayan Indians, who make up 55 percent of Guatemalans, it is not venturesome to think that this underprivileged population would try to bring about structural changes although they might not be to the liking of the small ruling group and its allies abroad.

It is thus that in the last 2 years the people's armed struggle has grown, and there has been an increase in revolutionary actions, attacks on military and government facilities, and on plantation-owners' lands and equipment.

This year, Guatemalan National Revolutionary Unity (URNG) was formed out of the four most important politico-military organizations: the Poor People's Guerrilla Army, the Rebel Armed Forces, the Organization of the People in Arms, and the Guatemalan Labor Party.

The process of coordination of guerrilla operations is growing gradually in the face of a well-equipped army of 22,000 men and a numerically superior paramilitary force composed of former soldiers and mercenaries paid by the regime.

The present U.S. Government, prevented at first from supplying weapons to Guatemala owing to a congressional suspension of aid, rescinded the measure in April and immediately allocated millions of dollars to strengthen the military regime.

The 13,000 deaths--most of them victims of bullets or torture--that occurred in 1981, plus some 5,000 so far this year, reduce Guatemalans' options, which are increasingly between the sword and the wall, between revolution and death.

El Salvador: In Search of Lost Power

In mid-1979, the Salvadoran social crisis was so grave that the assistant secretary of state for inter-American affairs during the period, Viron P. Vaky, visited that country seven times within a few weeks. Results: a coup d'etat, reforms to try to reduce tension, and, in time, a flood of millions of dollars in arms to attempt to crush the people's struggle.

In spite of its relatively high state of agricultural development, El Salvador is one of the hungriest countries in the world, owing to the unbalanced distribution system, in which 5 percent of the population receives 40 percent of the income.

Over 120 children of thousand born alive die before the age of 1. Of those who survive, 70 percent suffer from malnutrition, which is chronic in 50 percent of them.

The health situation is chaotic: There are 3.1 physicians, 3.2 nurses, and 14.7 beds for every 10,000 inhabitants, with the aggravating factor that several hospitals were militarized and closed to the populace.

Of every 100 school-age children, 40 are enrolled, 20 complete primary school, and 10 continue into secondary school.

The present repression and closing of schools and of the National University have made the situation worse.

In a population of 4.8 million, 80 percent lack drinking water, electricity, and sanitary facilities; the housing deficit exceeds 600,000 dwellings; 2.5 million peasants live in straw huts with dirt floors, if they have the good fortune not to be among the nearly 20,000 rural poor murdered by the regime's security forces.

Added to this is the alarming economic situation, for the government treasury is empty, and over \$3 billion in capital has fled abroad.

Some 170 factories have gone bankrupt and closed their doors; others have been destroyed in the struggle. Unemployment far exceeds 30 percent, as does inflation.

The trade deficit in 1981 was \$570 million. Production of coffee, cotton, and sugar fell 25, 38, and 30 percent, respectively, in the past 2 years.

The economy had a negative balance of 9 percent in 1980 and 9.5 percent in 1981, despite the hundreds of millions of dollars provided by the United States and international financial organizations.

Some 300,000 Salvadorans have left the country to take refuge in other Central American countries, in Mexico, and in the United States. An additional 200,000 have suffered uprooting within the country.

In 2 and 1/2 years, about 40,000 people have been killed by the Army, security forces, and paramilitary bands.

Amid this critical situation, an armed popular movement developed that, despite tactical reverses, succeeded in making its presence felt in large areas of the countryside and in resisting over 50 major military operations directed by U.S. officers serving as "advisers."

Especially notable actions by the guerrilla fighters, who are demonstrating their combat skills, are the blowing-up of the strategic Golden Bridge, which crosses the Lempa River to link the eastern third of the country with the rest of it, and the destruction of 24 airplanes and helicopters at the Ilopango airbase in the capital itself.

U.S. military aid has risen from \$5 million in 1980 to \$35 million in 1981, and \$81 million in 1982. The figure for the fiscal year beginning 1 October is \$181.3 million, which does not include another \$35 million for economic projects related to security under the Caribbean Basin Initiative (CBI).

Among the military equipment received recently are 10 HH-43 (Huey) helicopters, A-37 fighterbombers, 4 O-2A reconnaissance planes, communications apparatus, trucks, power plants, M-16 rifles, mortars, bazookas, ammunition and grenades.

This year, 1,600 soldiers and officers received training for 14 weeks at Fort Bragg and Fort Benning, in the United States. It is the first time such a large group of foreign soldiers is being trained on U.S. soil.

The military failures in El Salvador and the need to erase an image tainted through mass repression led to an election that, although successful for the militant, ultraconservative right, was riddled with fraud which increased the number of ballots allegedly issued from 700,000 to 1.3 million, the objective being to make the election appear to be a severe defeat for the guerrilla forces.

The big losers in the voting were the Christian Democrats and the United States, who expecting a crushing victory for the political group that had shared power with the military for the past 2 years and was the coauthor of the "reformism with repression" instituted in the smallest Central American country.

The victory of the most conservative groups, which gained control of 36 of the 60 seats in the Constituent Assembly, created new problems for Washington, which were aggravated by the legislature's decision to suspend "for one harvest" an

agrarian decree, number 207, that made it possible for tenant farmers to become owners of the land they worked after a complicated process.

Of some 150,000 Salvadoran farm workers with possibilities of being covered by the decree, only 30,000 received title or were in the process of doing so; many of these were members of organizations that supported the regime, or were former foremen.

However, following suspension of the decree, and even before then, right after the election, many landowners who had been affected by agrarian reform returned from their voluntary exile in Miami and set about evicting the peasants. Soon, over 15,000 peasants had been stripped of the land they were working.

Although there has been an effort to conceal these facts, little by little word has been spreading about the high number of evictions, with resultant discontent.

The forces of the Farabundo Marti Front for National Liberation (FMLN), which embraces five political/military organizations, and the Revolutionary Democratic Front (FDR), formed by various parties and people's organizations, are carrying out the armed, political, and diplomatic struggle. At the same time, they are trying to establish negotiations to achieve the changes needed in the country at a lower social cost than that of the virtual civil war taking place there.

Nonetheless, the U.S. Government, in a dominant position, has repeatedly refused, along with its clients, to support the working out of a political solution to the Salvadoran crisis.

And it is the same people who, during the war in Vietnam, managed the repression, the genocide, and the bombing of Indochinese countries from a secret room in the U.S. Embassy in Cambodia, as in the case of Thomas Enders, who are now in charge of U.S. policy in El Salvador.

The peace initiatives put forward by Mexico, Nicaragua, the Socialist International, Panama, and other governments and organizations have been received with cold indifference by Washington, which is increasing its military aid to the regime in order to bring about defeat of the guerrillas by means of arms, an achievement that daily experience demonstrates to be a difficult one.

In its ambition to turn back the clock of history and present the United States once more as the international policeman whose decisions are law, the present administration cannot envision the muscle the people can flex when they are fighting for liberation. As a result, although Washington may continue to seek its lost power in Central America, in El Salvador's case it will not find it.

Honduras: Contain, Attack

Honduras is, perhaps, the most pathetic case in Central America. The role assigned to this country in U.S. geopolitics is that of becoming a wall to contain the revolutionary ideas blowing out of the south (Nicaragua) and the southwest (El Salvador).

For the second-poorest country in the Western Hemisphere (Per capita income is \$400 per year), however, the responsibility is too much. For that it receives massive amount of military aid as well as advisers from the United States and other Latin-American regimes.

A country of 3.2 million, with a population increasing at 3.4 percent annually, Honduras has an external debt of nearly \$1 trillion, a current account deficit for last year of \$324 million and a trade deficit of \$210 million.

During the past 18 months, its reserves declined by \$150 million; the flight of capital is on the order of \$500 million, and the rate of growth of the economy in 1981 was practically 0 (0.3 percent).

Honduras has a budget deficit of \$200 million, half of which has still not been financed, and monetary reserves are only \$200 million and are falling.

Of an economically active population of 1 million, some 264,000 are unemployed and a half-million are underemployed. That is, the unemployment rate is 25 percent, and that for underemployment, 50 percent.

Inflation in this nation has reached 20 percent, according to official figures, but observers consider it to be above 30 percent.

The infant mortality rate is 132 per 1,000 live births. School enrollment of school-age children is 83 percent, but in 1981 76 percent dropped out.

The official figure for illiteracy is 40.5 percent, although bodies specializing in statistics place the figure at 54 percent.

Only 17.2 percent of children of mid-level-school age attended classes last year.

Amid this social crisis, the liberal government of Roberto Suazo Cordova, which took office after nearly 18 years of military rule, faces a complex situation, which it is resolving, as was to be expected, by turning itself over entirely to those holding the power behind the throne: the junta of colonels (led by a general) and the U.S. Government.

The liberal economic policy was dictated from the U.S. Embassy, which openly exercises authority in Honduras, by means of a document called "Reaganomics."

The Suazo government's first months were marked by numerous social problems, including occupation of lands, workers' protests about the creation of new taxes on sales and income, wage demands, and opposition to firings in the public and private sectors.

The regime reduced current expenditures in the national budget by 10 percent, encouraged foreign investment, and redirected bank credit to the private sector.

Many analysts agree that rarely in Honduran history has a civilian government turned itself over to Washington and the military so thoroughly. They attribute it to the local bourgeoisie's terror at political events in neighboring countries.

There is no less fear in the hearts of the armed forces, which are trying to purify their ranks after some disputes that led to the dispatching of Col Leonidas Torres Arias and Col Hubert Bodden to diplomatic posts in Argentina and Taiwan, respectively.

U.S. pressure, on the one hand, and the concentration of conservatives at high levels in the military, on the other, favor plans for subversion in Nicaragua and El Salvador.

On Honduran territory there are 17 encampments and some 4,000 former Somoquist guardsmen trained by U.S. and Latin-American officers as well as some 2,000 Miskito Indians being trained by Honduran officers, all of them located near the Nicaraguan border.

At the same time, troops trained by green berets are patrolling the El Salvadoran border and carrying out joint operations with that country's Army in an attempt to eliminate the forces of the Farabundo Marti Front fighting in border areas.

The United States increased military aid to Honduras from \$2.3 million in 1979 to \$10.7 million in 1982, excluding sales of arms, which this year will account for \$12 million.

At present, the Reagan administration has in Honduras a base for aggression against Nicaragua, including harassment, armed incursions, propaganda, and sabotage. It can serve as a base for counterrevolutionary transmitters and for any other measure tending to destabilize the Sandinist people's revolution.

Talks between Managua and Tegucigalpa have not succeeded in achieving a much-wanted reduction of tension along their common border, continually crossed by armed bands encamped in Honduras that cause death and destruction in Nicaragua with the express support of the neighboring country's Army.

Nicaragua: the Example

Ever since the Sandinist triumph in July 1979, the most reactionary circles in Washington and Central America have viewed the young revolution as a "disturbing" element for their interests, and they have declared total war on it.

Encouraged by the Reagan administration, aggression against Nicaragua has been gradually increasing, having now reached a critical level.

The Nicaraguan revolution has advanced in the face of numerous problems and is now showing a favorable balance in many areas, in contrast with its neighbors.

The reduction of the rate of illiteracy from 57 percent to 13 percent has been especially important. The 1979 infant mortality rate of over 100 per 1,000 live births has been cut in half. Unemployment fell to 17 percent in 1981. That same year, inflation declined to 23.9 percent in comparison with 35.3 percent for the previous year.

In 1981, the gross domestic product rose 8.7 percent, the highest increase in Latin America, according to ECLA figures.

Medicine now reaches nearly every corner of the country, and thousands of new teachers are carrying education to the most remote parts of Nicaragua.

The farming sector contributed 70 percent of the total value of exports. About 100,000 hectares of land have been distributed through agrarian reform; farming cooperatives are spreading throughout the country; and modern farming units are administered by the government on land confiscated from Anastasio Somoza and his circle.

However, Nicaragua is a country battered by adversity: first, the earthquake that destroyed the center of Managua in 1972; then, the effects of the war of liberation, and, in May of this year, torrential downpours that wiped out thousands of dwellings, caused around 100 deaths, damaged or destroyed 43 bridges, harmed products ready to be exported, ruined land prepared for sowing and crops ready to be harvested, which represents some \$200 million lost, misery, and grief.

It has been necessary to change economic and social plans for 1982, although the largest allocations continue to be for education, health, the farm sector, and industry.

Aid received from abroad is still insufficient. The country's situation requires greater solidarity, in accordance with the numerous disasters they have suffered.

At the same time, the Sandinist government has had to take care of defense. A so-called "global plan" to attack the revolution from several flanks, conceived and financed by the United States, is intended to destabilize and, as a last resort, to overthrow Sandinism.

North American spy planes and ships violate Nicaraguan waters and airspace. In the Atlantic and the Pacific, in the north and the south, aggression by the United States or its lackeys has increased during the past 2 years.

Over 6,000 former Somozist guardsmen and misled Miskitos are training in Honduras, and some 1,500 counterrevolutionaries are doing the same in Costa Rica, not to mention 600 more in the United States.

In the face of threats of intervention, people's organizations are growing and improving their work. The labor unions, the farmworkers' groups, the Sandinist Defense Committees, the women, the children, and different associations are making support of the revolution and increased production their primary objectives.

Nicaragua has a difficult situation with its balance of payments because of the low prices paid for its export products and the high cost of manufactured goods and other articles purchased abroad. In 1981, it exported goods valued at \$503 million and imported goods costing \$995 million. The figures for this year are still uncertain because of the damage done to agriculture by the rain.

In May, representatives of the government obtained over \$150 million in credits from the socialist countries and a similar amount from the European capitalist camp. Geothermal and energy projects are being given priority.

Three years after their victory, led by the Sandinist National Liberation Front, the Nicaraguan people are advancing slowly but resolutely amid a mountain of problems. Just as its war of liberation was praised abroad yesterday, the efforts of this combative nation are lauded today.

Meanwhile, the government is trying to normalize its relations with the United States on a level of equality and respect for sovereignty, of self-determination and noninterference in the internal affairs of another government; but although Washington does not formally deny the need for negotiations, in reality it appears that it does not intend to engage in them, according to Sandinist leaders.

Costa Rica: Pressure

On taking office on 8 May, the new government headed by Luis Alberto Monge found a country in total bankruptcy.

With inflation the previous year at 65 percent--some sources say 100 percent--with neither foreign exchange holdings nor credits, the currency devalued from 8.6 colones per dollar in September 1980 to 47 per dollar in March 1982, pressured by the International Monetary Fund, the United States, the local right, and the Central American situation, the new government is trying to make the Costa Rican people pay for the crisis.

In the first 4 months of this year alone, the cost of living rose 30 percent.

There are 100,000 unemployed workers, which represents 12 percent of the country's work force.

Whereas it was once a showcase of representative democracy (called the Switzerland of Central America), today numerous strikes reflect the misery swooping down on a population that for years lived in relative abundance.

Wages no longer provide a living, repression is increasing with the creation of new police agencies, and Costa Rican territory is being used to prepare attacks on neighboring Nicaragua.

With an external debt exceeding \$4 billion and no ability to pay it owing to the low prices paid for its export products, primarily coffee, Costa Rica is totally in the hands of financial institutions and its debtors (as published).

The multinationals are obtaining profits exceeding \$100 million. The workers' organizations are denouncing tax exemptions given those firms.

Washington is taking advantage of this opportunity and promising \$70 million under the Caribbean Basin Initiative while exerting pressure on the Monge government to play an effective role against the Sandinist revolution.

Very recently, charges have been made that five Nicaraguan counterrevolutionary groups are moving about in Costa Rican territory; with a total of 1,500 men, they are preparing to attack Nicaragua.

Meanwhile, the conviction is growing among these people, within their working class, that the evils tormenting the country call for radical remedies.

The resources that Central America needs today and is not prepared to turn over to the United States; the widespread repression in most of its countries; the galloping inflation that affects 80 percent of its population; and the elimination of a peaceful way out of the region's crisis make it, today more than ever, a true volcano ready to erupt, for the people of Central America have not yet said their final word.

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LATIN AMERICAN, CARIBBEAN ECONOMIC CRISIS NOTED

Havana VERDE OLIVO in Spanish 9 Sep 82 No 36 pp 14-15

[Commentary by Elpidio Valdivia: "Latin American-Caribbean Economic Crisis: A Gulf That Is Widening"]

[Text] Latin America ought to respond to the world crisis that threatens to end in a catastrophe with the implementation of a new policy of replacement of capital goods, imports and intermediate technology.

Raul Prebisch, a well-known economist and founder of the United Nations' Economic Commission for Latin America (ECLA), made this appeal when he addressed the Eighth Latin American Economic System (SELA) Council last 24 August.

At the SELA's most important convention, held in Caracas, Prebisch stressed the fact that the industrialized capitalist countries are not interested in the economic and social development of the Third World, while alerting his listeners to the dangerous rise of protectionism in the industrialized countries.

This dramatic reality which the so-called underdeveloped countries have to deal with has been opportunely and firmly expressed by our commander in chief at various international forums over the past few years, exemplified with figures that illustrate the heart-rending economic situation these countries find themselves in, the gloomy prospects for solving their problems and the consequences this situation will have.

Expressing the sentiments of the chiefs of state or government attending the Sixth Summit Meeting of the Nonaligned Countries Movement, held in Havana slightly more than a month later, in October 1979, addressing the UN General Assembly, Fidel made them see that the existing international economic system was working against the basic interests of the developing countries and, furthermore, that it was grossly unjust and incompatible with the development of the underdeveloped countries since it did not contribute to the elimination of the economic and social evils they are afflicted with.

At prior meetings of the Annual Assembly of the International Monetary Fund and the World Bank, recently held in Toronto, Canada, the ministers of finance and planning, who represent the Third World and constitute the "group of the

24," warned that the whole international system of trade and finance could collapse unless they succeeded in halting the current adverse tendency of the world economy.

Victor Bruce, the chairman of the group and finance minister of Trinidad and Tobago, said at a press conference that a reactivation of the world economy without inflation is possible simultaneously with the fact that a reduction in "the enormous military expenditures throughout the world would make it possible to increase aid to the developing countries."

Brazilian Minister of Foreign Relations Ramiro Saraiva Guerreiro also tackled the galloping crisis when he at a conference expressed the opinion that "the present critical state of the world economy is undesirable for the entire international community," adding that a solution to the crisis must take into consideration the needs of the developing countries.

It is absolutely necessary to point out that the issue is acquiring greater relevance inasmuch as, with its policy of aggression and dusting off its desire for world domination, which they had succeeded in burying during the 1970's, the common sense, the policy of peaceful coexistence promoted by the socialist community and the level of the balance of power, the current government in Washington is trying to impose its dictates on all groups, including its closest Western European allies as well as Canada and Japan, in so doing placing the world ever closer to the verge of a confrontation with unforeseeable consequences.

It is not, as has been repeated on other occasions, the supposed exporting of revolutions that gives rise to sociopolitical instability in many countries, but the congenital evil that envelops the capitalist system which, with its gigantic Goliath, the United States, tries at any cost to resolve its own crises by greater exploitation of those nations that are its sources of raw materials and cheap labor, establishing methods that constantly make them more dependent in all sectors.

Once again, the oppressed masses are those that really endure and suffer under this merciless policy of a decadent system which offers no promising and secure prospects for present and future generations, such as socialism, despite its still young development in this century and notwithstanding the difficulties inherent in any relatively new process, has certainly demonstrated.

The situation in our own hemisphere, which is not very different from that found in other parts of the world, clearly illustrates what we have been talking about and the countries of this region are approaching it.

Under the heading of the foreign debt alone, some are already talking in terms of figures on the order of \$2.4 billion — others \$3 billion — for these countries as a whole which, viewed comparatively and as proof of its accelerated growth, represents practically twice what it was in 1980 when it had attained the figure of \$150 billion.

At the end of August the Venezuelan ambassador to the Organization of American States (OAS), Hilarion Cardozo, reported that the so-called developing countries allot 40 percent of their exports to pay off their foreign debts.

Cardozo went on to say that south of the Rio Grande most of the nations are in fact applying for new loans to be able to pay the interest on their debts, and this is an evil -- we might add -- that has become a permanent situation into which the Latin American and Caribbean countries find themselves hopelessly drawn.

A group of nations of the region are indebted to the extent of billions of dollars, like Brazil for some \$80 billion, Argentina about \$40 billion, Mexico for the same amount as Brazil and Chile, which shows a debt of over \$16 billion, one which has increased by five times over the past 10 years.

This situation is one of the chief reasons that has recently forced the Mexican Government to nationalize private banks, in order to in this way put a stop to the looting of its financial resources.

Combined with the above, a large number of Latin American and Caribbean countries are suffering from rising unemployment, the loss of their cash reserves and the bankruptcy of business firms, among other things, which, coupled with a constant rise in the prices of goods, currency devaluation and stagnation or reduction of wages, create practical difficulties in subsisting for the majority segments of the population, those with low incomes, in these nations.

In the midst of this situation, particularly critical for the countries of Central America and the Caribbean which are almost entirely one-crop countries, we received news of the American President's veto of the bill which would have provided \$350 million in much-boasted aid to the area.

This action was taken because that sum was included in a fund totaling \$14.2 billion containing appropriations for social programs which Reagan's economic advisors felt would unbalance the budget.

On the very day of the veto, the 27 August, Mark Hatfield, the chairman of the Yankee Senate Budget Appropriations Committee, said that he believed that Reagan had received "extremely bad advice from his White House advisors."

In addition to the scepticism that invaded the countries that were to receive these crumbs from Washington in the face of the news, it was at the time said that, if Congress had only approved this aid, the chances of "success" of the Reagan plan would have been considerably reduced.

The reason was that the other two elements of the Yankee President's plan, the opening of the American market to products manufactured in the region and the granting of incentives for investments by American companies in the area, were not discussed in the capitol and the chances of implementing them appear to be getting more remote or have simply been deferred.

In October 1979 our commander in chief told the UN General Assembly that unfair trade in international economic relations had -- if that is possible -- become even more unfair.

He proposed that, to attempt to really solve the underdeveloped countries' economic problems and help them to truly develop, an additional contribution of no less than \$300 billion for this decade would have to be included, in annual amounts of no less than \$25 billion, for the purpose of investing in these countries, in the form of donations and favorable, long-term and minimal-interest loans.

Instead of that, the prevailing tendency in finance and aid relations has been to channel loans to private institutions and, in those cases in which this has been done in other fields of activity of the country in question, it has consisted of granting short-term, high-interest loans.

The Malvinas conflict in the South Atlantic clearly demonstrated what the United States and its associates' real policy and intentions were when they declared an economic embargo, a virtual blockade, on Argentina, exposing the imperialist nature of the so-called Monroe Doctrine, the methods of the OAS and the Inter-American Reciprocal Assistance Treaty (TIAR).

The lesson served to somewhat motivate the governments of this hemisphere to seek a way of achieving true integration and regional economic aid, of being less dependent on and not subject to the dictates of the big capitalist monopolies and of getting themselves to look for ways of protecting themselves from the reactions of these monopolies.

Through the content of its decisions, the high-level SELA convention that recently came to a close in Caracas promises to be a significant and decisive step in the direction just noted. The important thing will be to struggle to see to it that we do not distort, adulterate or deviate from the channels that have been instituted or simply fall into a vicious circle of rhetoric and idle commentaries as has happened with the worm-eaten and bilious OAS.

A news analysis from the Venezuelan capital pointed out that the main achievement of the ministerial meeting of the Eighth SELA Council was the collective economic security strategy adopted by Latin America, where it was interpreted as the first big post-Falkland reaction and a declaration of the TIAR's regional economic version, without the United States.

The industrialized capitalist countries, particularly the United States, have themselves generated the present economic crisis situation, which may be described as grave, while also suffering from it themselves.

Speaking for the Nonaligned Countries Movement in his historic speech at the United Nations, Fidel said that "the economic gulf between the industrialized countries and those countries that want to develop themselves has widened instead of narrowing. And it must disappear!"

The real situations cannot be concealed. Almost 3 years after this judgment, the world today bears witness to the fact that the big capitalist countries have done little or nothing to narrow that gulf; instead, the steps that are taken every day cause it to widen without end, falling like a heavy burden on the most oppressed and dispossessed peoples on earth.

We may add one of his latest thoughts to that dramatic appeal by our commander in chief, one aimed at the representatives of all the peoples of this planet convened there, when he emphatically stated:

"I have not come here as a prophet of revolution; I have not come to ask the world, nor do I want it to go into violent convulsions. We have come to speak of peace and cooperation among nations, and we have come to advise you that, unless we peacefully and sensibly resolve the present injustices and inequalities, the future will be apocalyptic."

This statement retains all of its validity. It is still up to the highly industrialized capitalist countries to boldly opt to help narrow the gulf or widen it more and more with the dangerous consequences that will involve.

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CSO: 3248/15

EASTERN ARMY REPAIR ACTIVITIES DESCRIBED

Havana VERDE OLIVO in Spanish 9 Sep 82 No 36 pp 41-43

[Article by Lesmes la Rosa]

[Text] When we arrived at this Eastern Army equipment repair and evacuation unit, the activities of its men stamped it with an air of victory at each post in the installation. Their efforts were also concentrated on the drawing up of plans for the current instruction year, which was cause for rejoicing.

We got the impression that this enthusiasm was not only due to the organizational activities they were tackling. However, for the local staff personnel, what is /past is past/ [in boldface] and you have to search for anything that has happened before in the historical record of the unit.

We ignored that. We were there to delve into certain aspects of the unit's living history, whose protagonists are contributing the best of themselves daily in the performance of their assigned tasks. This is why we spoke with Maj Jose A. Nunez Jimenez, Engineer Corps 1st Lt Jesus Torres Bassett and S3C Fidel Gonzalez Arias, among others.

The first thing we learned was that the unit had met its quotas by 126 percent at an early date. This gave us reason to turn back the clock briefly and attend that meeting moved by a fighting spirit, held at the beginning of the previous instruction year, at which they contracted their competitive obligations.

On such a memorable occasion, there was no shortage of cheers nor did they fail to come up with that unforgettable exclamation: After the applause, noses to the grindstone, comrades! And that is how it was: work, sweat and love too, because, as Sgt Gonzalez Arias said:

"We have a great affection for our equipment. We know that in a war it will contribute to our victory. That is why we are well aware that we are working for victory with our repairs. The guns, machine guns and rifles are made of steel, but since we know what we are defending, we can do no less than love them...."

This unit's chief mission is to repair and evacuate the equipment both in time of peace and in time of war. They also perform planned maintenance operations by means of which the weapons are restored to combat readiness after being used to train personnel.

To carry out its objectives, the installation has modern technical facilities, both fixed and mobile. Through the latter they have rendered valuable services in the course of maneuvers and exercises, which has offered proof of their great ability to perform under actual combat conditions.

Fighting for Common Success

As we can well understand, overachievement of work quotas is directly linked with the development of socialist competition. Maj Nunez Jimenez, the secretary of the party organization, again and again emphasized:

"We have always observed the principles of competition: Competing means fighting for the common success. We have taken advantage of all the opportunities the party has in connection with this to help chiefs to carry out their missions. On the other hand, the experiences gained constitute the heritage of us all. The communists have had specific tasks to perform in the interests of the competitive process and have periodically reported the results of their efforts. In short, these efforts have permitted them to effectively organize contestants with regard to their tasks, which we have satisfactorily performed. Incentives have not been lacking. An example of this is the fact that two comrades from our unit were chosen as army champions: Engineer Corps 1st Lt Torres Bassett and S3C Gonzalez Arias.

At times we got so excited about the overachievement rates that we did not explore the quality of the work. But with a few words the officer pulled us out of our meditation:

"Up to now we have received no complaints from the units about equipment repair."

Notwithstanding the brevity of the reply, this appraisal means a lot in view of the fact that the personnel of the units and small units are the ones who make direct use of the military equipment and in practice know how good it is and its potential. In the end, each piece of equipment repaired with the required quality is a modest and necessary contribution to the combat machine.

The meeting of quotas has not been merely completing tasks. It has also meant the deliberate systematization of conservation which has resulted in savings on various nonferrous materials and about 400 liters of different kinds of lubricants. This program also includes efficient organization and invention as well as the recovery of spare parts, in which the machine shop plays an outstanding role.

No Wooden Knife

The very old saying: "There is a wooden knife in the blacksmith's home," does not apply here because the personnel have satisfactorily completed combat and political training simultaneously with their repair activities.

In this whole atmosphere technical sophistication is on the rise. Various forms of dissemination of technical information such as conferences, expositions, competitive displays of skills and others are frequently publicized.

They have worked hard to improve living and working conditions in compliance with the resolutions of the First and Second Party Congresses. Examples of this are the remodeling of the kitchen-dining room, the restoration and overhauling of the dormitories and the construction of several recreation areas.

The unit is further responsible for the training of junior specialists in equipment repair who, once qualified, serve in Eastern Command units.

If there is something particularly striking at this installation, it is the attitude with which each task is approached. As our visit was coming to a close, it was just this point that Engineer Corps 1st Lt Torres Bassett stressed:

"In our work carrying out joint operations is fundamental, so we have different specialists supervising the work. That is, mutual aid is indispensable. The party organizations and the UJC [Union of Young Communists] teach us to work as one man in accordance with the unit's common objectives and to assume individual responsibility in carrying out the collective mission. This is one of the reasons for our successes."

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CASE OF CAPTURED CRIMINALS DISCUSSED

Havana MONCADA in Spanish Jul 82 pp 48-50

[Article by Alfonso Puro: "Seized"]

[Text] Wanted for arrest by officers of the search and arrest unit is Cuban citizen Rafael M. Gonzalez Orozco, known as Rafelito, the son of Antolin and Bertha, 31 years old, white complexion, black hair, dark eyes, weighing 111 pounds, 1.73 meters tall, and a resident at 9528 221st Street, between 1st Road and the Central Highway, Cruz Verde development, Cotorro, city of Havana.

Any information on the whereabouts of this citizen should be communicated immediately to the closest unit of the Ministry of the Interior.

Once his escape was discovered, the members of the search and arrest unit of the criminal investigations division of the National Revolutionary Police [PNR] were entrusted with the urgent mission of locating and arresting Gonzalez Orozco who had been sentenced to 13 years in [La Cabana] prison for attempting to subvert the integrity of the state and for the crime of armed robbery in trials 3842/80 and 379/80, respectively.

Some 18 hours following the flight of this individual from the penitentiary center on 4 February 1982, the officials responsible for the case transmitted to the policemen of all municipal units of the PNR in the city of Havana hundreds of circulars printed with analogous "wanted" descriptions. New arrest proceedings were under way.

"Rampart" Case

Once the search plan was agreed upon and the capital and its adjacent provinces were placed on alert, the investigators directed their men to the closest relatives and friends of Gonzalez Orozco while they placed the interprovincial bus and railroad terminals under tight surveillance.

On 7 February 1982, thanks to the investigation, it was found that the fugitive had not confided much as to his personal affairs but maintained very

good relations with an aunt, known as Nena, residing at 291 Avenida Camilo Cienfuegos, Cabaiguan, Sancti Spiritus.

The Committee for the Defense of the Revolution [CDR] of the block alleged that 2 days earlier an individual with characteristics similar to those of the fugitive had visited Nena and that both drove away in an automobile for an unknown destination.

Some 9 hours later the vehicle returned to its point of departure with a single occupant, Nena.

The time taken for the trip made one think at first that the destination selected by Rafael M. Gonzalez Orozco was fairly far from the city but that, furthermore, that itinerary could be a trick to lead the investigators to a nonexistent hiding place: The mountainous regions of the eastern provinces or could even be a feint to enable Orozco to exit illegally through the Guantanamo Naval Base.

Later it was discovered that the outlaw had asked for assistance from Mirtha Riveron, whose residence is close to the interprovincial bus terminal of the city of Camaguey, a fact which confirmed both assumptions.

On his visit to this province Gonzalez Orozco was wearing light tweed trousers, a checked shirt, Popys shoes, and a cap pulled down to his eyebrows.

"Rafelito told me that police were looking for him and that he would try to leave the country for a destination that would offer him absolute security," Mirtha Riveron said during her questioning.

East or West?

Following this event the development of the investigation became blurred. The fugitive had two options: To continue his way toward the country's eastern region or return to the city of Havana where it would be easier for him to remain hidden and go unnoticed.

The first alternative was set aside for the moment since in any town of the interior the fugitive would be easily identified given that his appearance and clothing made him look suspect, besides the fact that he had no friends or relatives whom he could approach for shelter.

"The border brigade which guards the vicinity of the Guantanamo Naval Base has been alerted about the escape and, besides, vigilance is never relaxed there. Let's return to the capital," the officers of the search and arrest unit decided.

Contrary to what Gonzalez Orozco supposed, control in the city of Havana kept under close surveillance any movement of suspicious individuals who might afford the fugitive any assistance whatsoever.

On the afternoon of 23 February 1982 it was discovered that among those housed at the Havana academic high school, the result of the partial cave-in of the building located at 515 Prado, was a female citizen with the surnames of Orozco Machado.

It was also known that on the day following the building's partial collapse this girl also known as La Nina [The Child] received an unexpected visit from an older woman who spoke to her reservedly.

Following this visit La Nina appeared to be extremely upset and worried.

As a result of the investigation carried out to throw light on the identity of this female suspect it was discovered that three other individuals had similar characteristics.

Two of the women were discounted because they were fully integrated into the revolutionary process and furthermore had not even heard of the girl housed at the Havana academic high school.

The third suspect had served time in jail for having engaged in various illegal activities and she turned out to be Julia Velazquez Alfonso, 56 years of age, a resident at 213 San Lazaro Street, first floor, between Colon and Aguila Streets, city of Havana.

On showing her picture to the high school's employee, the latter recognized Julia Velazquez Alfonso as being the woman who had spoken with La Nina on the morning of 24 February. The suspected woman, besides engaging in various unlawful activities, had proposed in the course of that conversation that La Nina hide the fugitive from justice, offering \$40 a week by way of remuneration for the service.

Zero Hour

At 1255 hours on 1 March 1982 several men dressed in civilian wear appeared to be strolling near San Lazaro and Colon Streets in downtown Havana.

Some of them were casually looking at workers engaged in remodeling the Deauville Hotel. Others were discussing personal matters with animation but all of them, by and by, went to take up desirable positions at the location where the final operation leading to the capture of Rafael M. Gonzalez Orozco would take place.

Precisely at 1300 hours two of them positioned themselves at the back door of a residence with its exit on Colon Street while two others entered the house at 213 San Lazaro Street.

The others moved to the upper floor of the building giving them control of its interior courtyard. The operation was getting started.

When the clock showed 1305 hours a red automobile left its parking spot headed for the criminal investigations division of the National Revolutionary Police. There were five men inside. In their midst, handcuffed, was Rafael M. Gonzalez Orozco.

At the time of his capture the fugitive had in his possession a faked identity card which he was planning to use to elude the police vigilance. The I.D. was made out in the name of Tomas Pena Herrera, [allegedly] born on 29 December 1906 [sic].

With Orozco's arrest the "Rampart" case in which distaff citizen Julia Velazquez Alfonso was involved through her complicity was closed for the officers of the search and arrest unit. In this connection the Penal Code reads as follows:

"Chapter 10, Article 181: The individual who, knowing that someone has participated in the commission of a crime or that that individual is accused of it and, aside from complicity in same, hides the suspect, helps him/her to hide or to escape, or changes or causes to disappear evidence or proof which that person believes can prejudice the suspect or in any other way assists the suspect to the same sanction as that established for the crime in question but with its minimum and maximum terms cut in half."

2662

CSO: 3010/2273

BRIEFS

JOURNALISTS CITED ON 'RADIO MARTI'--The U.S. Government is violating the norms of international law and the sovereignty of the peoples with the installation of Radio Marti, according to the Union of Democratic Journalists [Union de Periodistas Democraticos--UPD]. In a news conference offered in Mexico City, UPD President Antonio Caram said the radio station, which will be operated from the United States, with its antennas aimed mainly at Cuba, plans to conduct transmissions of a destabilizing nature. Caram said the installation of the radio station is not only an aggression against the Cuban revolution, but against all nations of the area, including Mexico, because when these nations engage in anything not to the liking of the U.S. Government this radio station will direct its campaign against them. Caram said that to name the station after Jose Marti constitutes an insult to human intelligence and dignity, since the Cuban patriot is a symbol of anti-imperialism and the inspiration of the Cuban revolution. [Text] [PA021257 Havana International Service in Spanish 0000 GMT 1 Oct 82]

U.S. CRITICIZED AT SOFIA WRITERS CONGRESS--Different aspects of the role that literacy must play in the struggle for peace in the world have been debated by the commissions at an international conference of writers being held in Sofia. In the first commission Angel Augier, vice president of the National Union of Writers and Artists [UNEAC], submitted a resolution from the Third UNEAC Congress criticizing the warmongering policy of the Yankee Government. The Cuban writers and artists, Augier emphasized, raise our voice to say that we are not going to rest in this struggle until a firm and definite peace is guaranteed in the world. [Excerpt] [FL011520 Havana Domestic Service in Spanish 1422 GMT 1 Oct 82]

ANGOLAN MINISTER ON CUBAN TROOPS, NAMIBIA--Angolan Planning Minister Lopo do Nascimento has said in Havana that there is no relation whatsoever between the independence of Namibia and the presence of Cuban troops in Angola. Lopo said that there can be no relation because Namibia's problem is one of decolonization and he accused the United States of trying to include Namibia's independence in the general U.S. cold war scheme. He added that the withdrawal of Cuban troops from Angola is the exclusive concern of Angolan and Cuban sovereignty. [Text] [FL291155 Havana Domestic Service in Spanish 1100 GMT 29 Sep 82]

EDUCATION, SCIENCE WORKERS DECORATED--The Rafal Maria Mendive medal will be awarded this year for the first time to workers in the education and science sector in the Isle of Youth who have performed 25 years of exemplary service. [FL301429 Havana Domestic Service in Spanish 1400 GMT 30 Sep 82]

OUTGOING BULGARIAN ENVOY--Guillermo Garcia Frias, vice president of the Council of State and minister of transportation, has received Boyko Dimitrov, Bulgarian ambassador to Cuba, who is ending his diplomatic tour. [FL231750 Havana Domestic Service in Spanish 1408 GMT 23 Sep 82]

ARAB UNION AGREEMENT--The Ministry of Culture and the Arab Union in Cuba have signed an agreement aimed at promoting cultural activities at the union's main offices. The agreement was signed by Armando Hart Davalos, Politburo member and minister of culture, and by (Reynold Razzi), president of the Arab Union in Cuba. [Excerpt] [FL231750 Havana Domestic Service in Spanish 1600 GMT 23 Sep 82]

TRANSPORTATION, COMMUNICATIONS EVALUATION--Politburo member Guillermo Garcia Frias, transportation minister, closed the meeting evaluating the performance of the transportation and communications ministries during the first half of this year. During the meeting they reviewed last year's reports and the economic results of the two national sectors and the provincial transportation organization. Garcia Frias said that worker and supervisor training should be a priority task. He criticized some enterprises for making small investments instead of implementing a policy of improved equipment maintenance. He stressed the need for both sectors to improve the quality of services because of their importance to the nation. [FL231750 Havana Domestic Service in Spanish 1000 GMT 23 Sep 82]

CULTURE AGREEMENT WITH NICARAGUA--The signing of the cultural cooperation agreement for 1982-1985 period between the Sandinist Association of Culture Workers and the National Union of Cuban Writers and Artists [UNEAC] has taken place at UNEAC headquarters in Havana. (Rosario Murillo), secretary general of the Sandinist organization and Armando Cristobal Perez, executive under secretary of the UNEAC signed the document. [FL241805 Havana Domestic Television in Spanish 1700 GMT 24 Sep 82]

RADIO COOPERATION AGREEMENT--Cuba and Hungary have signed a cooperation agreement in Budapest for the exchange of experiences and training of Cuban specialists in the field of radio. The agreement was signed by Conrado Zamora, vice president of the Cuban Institute of Radio and Television and by (Gabor Hekinar), technical director of Hungarian Radio. [FL241515 Havana Domestic Service in Spanish 1100 GMT 24 Sep 82]

SOVIET FISHING PROGRAM--During the opening session of the 16th Cuban-Soviet joint commission meeting, it was reported that the Soviet Union will aid Cuba in the development of the fish canning industry. During the session, Rene Fernandez, first vice minister of the Fishing Industry Ministry, said that the Soviet aid has been closely attached to the development of the Cuban fishing industry. [FL241515 Havana Domestic Television Service in Spanish 1359 GMT 24 Sep 82]

NEW PIER OPENED--Luis Alvarez de la Nuez, member of the Central Committee and first secretary of the party in Havana Province, today presided over the opening of Pier One at the Osvaldo Padron Mambisas terminals enterprises in Mariel. The general cargo pier has a length of 194 meters, a width of 12 meters and was built at a cost of more than 1 million pesos. The installation is part of the expansion and modernization plans for the bay which will have five berths and a capacity to handle more than 1 million tons of merchandise. [Text] [Havana Domestic Service in Spanish 1100 GMT 24 Sep 82]

CSO: 3248/68

TREASURY DEPARTMENT OFFICIAL DISCUSSES ECONOMIC CRISIS

San Salvador LA PRENSA GRAFICA in Spanish 27 Aug 82 pp 3, 15

[Text] The protectionist measures adopted by developing countries in order to contain the process of stagflation over the past 3-year period have had an adverse impact on our economy in terms of higher oil prices, unstable exchange rates, etc., said Treasury Undersecretary Luis Eduardo Melendez Flores yesterday. He read the report in the absence of the head of that department, Dr Jorge Eduardo Tenorio, who is out of the country on official business.

The treasury official made this statement before the Constituent Assembly.

He also asserted that our economy has been adversely affected by the drop in the prices of our basic exports on the international market, in addition to the flight of capital, rust, carbon from sugar plantations, the transition period necessitated by structural changes and the civil war, etc.

The last cause mentioned, he said, is affecting agricultural and urban activities by raising the direct costs of maintenance, plus the additional cost involved in repairing damages. This problem is also being felt in the production sector, while the growing problem of displaced citizens is adding to the country's woes.

The country's economy is on a downslide, so tax revenues have also declined. As socio-political problems have heightened, the government's current expenses have increased, stressed the official.

In view of these phenomena, already strapped public finances had to serve as a catalyst to counter the adverse economic variables, and to intervene to generate employment and stimulate productive activity. Health, education and the administration of justice have been dealt with; technical assistance has been provided, along with tax incentive programs for private enterprise; sources have been created for the financing of construction, commerce, industry and agriculture, added the report.

Security Costs

In addition to everything mentioned above, there have been expenses involved in the country's internal and external security. In short, the country has

had to endure the ravages of all these adverse factors, and has been able to carry on its state functions. Furthermore, as indicated above, it has managed to shore up the activity of the private sector.

Finally, the treasury undersecretary indicated that in view of the country's general situation, as described above, the department is trying not only to provide data to make possible an objective, critical analysis of the efforts of the Treasury Department, but also to show that the government has redoubled its efforts in order to "minimize" the negative effects of the aforementioned factors, as can be appreciated in the specific information attached to the report on the department's work, which has already been submitted to the Assembly, he concluded.

8926

CSO: 3248/45

PLANNING MINISTER ROBLES COMMENTS ON ECONOMIC SITUATION

San Salvador LA PRENSA GRAFICA in Spanish 25 Aug 82 pp 3, 9

[Text] The aggressive policy of obtaining external financing for our country has slowed down the deterioration of international reserves; this year they dropped by 198 million colons, claimed Minister of Planning Manuel Antonio Robles in his address to the Constituent Assembly yesterday.

The decline of both exports and imports of goods and services, although sharper earlier in the year, led to a large deficit in the current account of the balance of payments, in the order of 720 million colons. This figure is the highest in the history of our country, the official stressed in his report to the Assembly.

Imports of intermediate goods, among which oil and fertilizers stand out, climbed 5 percent above the 1980 level. Because these goods are indispensable to our productive process, he asserted, we should conserve our supplies.

Economic relations with the rest of the world resulted in a deficit for this nation in 1981, he said. Exports, in terms of both current and constant prices, maintained the downward trend begun in 1979, reported Robles.

As for traditional exports, coffee, our principal export product, fell below the levels of previous years in both price and volume. Coffee sales on the international market were determined primarily by the quota system, he indicated.

Monetary-Financial Sector

The money supply was held at 1.56 billion colons, similar to 1980's figure. The level of the medium of exchange established by Monetary Policy was coordinated with production levels, thereby avoiding a major deterioration of economic activity and upward pressures on domestic prices, stated the minister of planning.

Inflation

Domestic inflation continued to be spurred by external causes and by political, economic and social instability, he added. In 1981, however, domestic

retail prices, as measured by the Consumer Price Index, slowed down with respect to those of 1980. The outcome has been an average growth rate of only 11.6 percent in prices, below the 1980 figure of 18.6 percent, concluded the official in his remarks before the Assembly, which also included other matters.

8926

CSO: 3248/45

BRIEFS

MONEY SHORTAGE CAUSES UNEMPLOYMENT--Yesterday spokesmen of the nation's industrial and commercial sectors announced that the lack of foreign currency will soon lead to the shut-down of factories and businesses, affecting hundreds of workers. They said that the shortage of dollars has become worse in recent days, despite announcements by the government that currency had been received to reactivate commerce and industry. The businessmen and industrialists told editors of LA PRENSA GRAFICA that they are in a desperate situation because they cannot continue working in many factories without raw materials. The country's social problem will be aggravated by this shortage, because hundreds of men and women may be laid off from their jobs at factories and businesses. Foreign reserves, they said, are crucial for obtaining raw materials and for meeting economic obligations so as to continue to be able to obtain financing abroad. They said that in view of the gravity of this situation, some business leaders want to investigate the circumstances of the Central Reserve Bank or to discuss the matter with the directors of the Monetary Board. They were unable to communicate with these parties, however, much less to obtain a response that meets the needs of Salvadoran industry and commerce in terms of the lack of foreign currency. These same people suggested that the competent authorities be publicly urged to find a rapid solution to the country's currency shortage. [Text] [San Salvador LA PRENSA GRAFICA in Spanish 17 Sep 82 pp 3, 38] 8926

CSO: 3248/45

COUNTRY BALKS AT GDR'S PRICE BID FOR BANANAS

FL062200 Bridgetown CANA in English 2150 GMT 6 Oct 82

[Text] St Georges, Grenada, 6 Oct, CANA--The Grenada Government has rejected a proposal by East Germany to purchase bananas from the Caribbean island under an agreement signed between the two countries in June because the price offered was too low, and the conditions of purchase too stringent, sources close to government said today.

The conditions were not detailed but the price offered was said to be 19 East Caribbean cents (1 EC dollar; 37 cents U.S.) for a pound of bananas.

This is way below the 43 EC cents paid by Britain's Geest Industries Limited, a concern marketing the island's bananas in the U.K.

The sources said that the East German's offer was made in August following a visit here by a four-man delegation to hold talks with government and banana industry officials on the agreement.

The delegation came on a follow-up mission after a state visit to the communist country in June by Grenada's Prime Minister Maurice Bishop.

Speaking at a government rally here at the end of his trip to East Germany, Mr Bishop said that Grenada had signed an agreement with the country covering trade and technical assistance but made no mention of the possibility of bananas being exported to East Germany.

He also said that East Germany had agreed to extend a 16.2 million (EC) dollar line of credit to the island, to be used to finance the installation of a new telephone system, construct a cocoa-processing plant, to purchase agricultural machinery, equipment, vehicles, and ship-to-shore telecommunications equipment.

But informed sources said that the possibility of Grenadian bananas being exported to East Germany was part of the trade and technical cooperation agreement, the first of its kind between the two countries since they established diplomatic relations in 1979. The East German offer also does not include the cost of getting the bananas from the port to the ship while the present contractual arrangement with Geest covers such costs," the sources said.

CSO: 3298/1112

BRIEFS

NEW JAMAICA COMMISSIONER--Jamaica's High Commissioner to Grenada, Mrs Ellen Grey Bogle, yesterday presented letters of introduction from Prime Minister Edward Seaga to Prime Minister Maurice Bishop. Mrs Bogle lives in Trinidad and is accredited to 11 CARICOM countries. [Excerpt] [FL070010 St Georges Domestic Service in English 2300 GMT 6 Oct 82]

ENVOY TO ST LUCIA--Grenada's newly-appointed ambassador to St Lucia, Brother (Jimmy Immanuel), today presented his credentials to Prime Minister John Compton at his office in Castries. The presentation took place on the third day of a brief visit to St Lucia by Brother (Immanuel) who is also Grenada's high commissioner to Canada. [Excerpt] [FL070010 St Georges Domestic Service in English 2300 GMT 6 Oct 82]

CSO: 3298/1112

PRESIDENT APPROVES SHORT-TERM ECONOMIC POLICY

Guatemala City DIARIO DE CENTRO AMERICA in Spanish 3, 4 Aug 82

[3 Aug 82 p 4-5]

[Text] In order to correct or lessen the imbalance in the foreign sector within a framework of stable prices, as well as the imbalance in the government's finances, and to revive production sectors and boost the employment level, the president of the republic, Gen Efraim Rios Montt, has approved a "short-term economic policy," which has just been made public.

The policy also seeks to lessen social imbalances, especially in the regions hardest hit by violence, and to help effectively revive the Central American Common Market.

The following are the guidelines of the policy:

Introduction

The government of the republic is pleased to tell the Guatemalan people about the short-term economic policy that the president has approved. As we know, the country is experiencing one of its most acute crises ever, resulting from the interplay of both domestic and external political, economic and social factors, the impact of which was heightened by the inefficient and corrupt administration of public affairs in recent years.

Coming to grips with this crisis is no easy task. The enormous influence of external factors on the country's economy limits our maneuvering room in terms of economic policy, but the government intends to take advantage of every possibility that the difficult international situation leaves open to correct the imbalance that exists in our international economic relations. The internal factors are no less complex, however. A social structure characterized by deep-seated disparities created over long years of uneven economic growth, plus the economic and social turmoil in the countryside, caused by forces outside our socioeconomic dynamics, make the country's recovery more difficult and costly.

The government's new economic policy does not seek to resolve all of the problems that the characteristics of our historic development have given rise to. Rather, taking a realistic approach, it seeks to correct the imbalances that characterize various facets of the economy, as a precondition for subsequent solutions to our structural problems.

I. Background

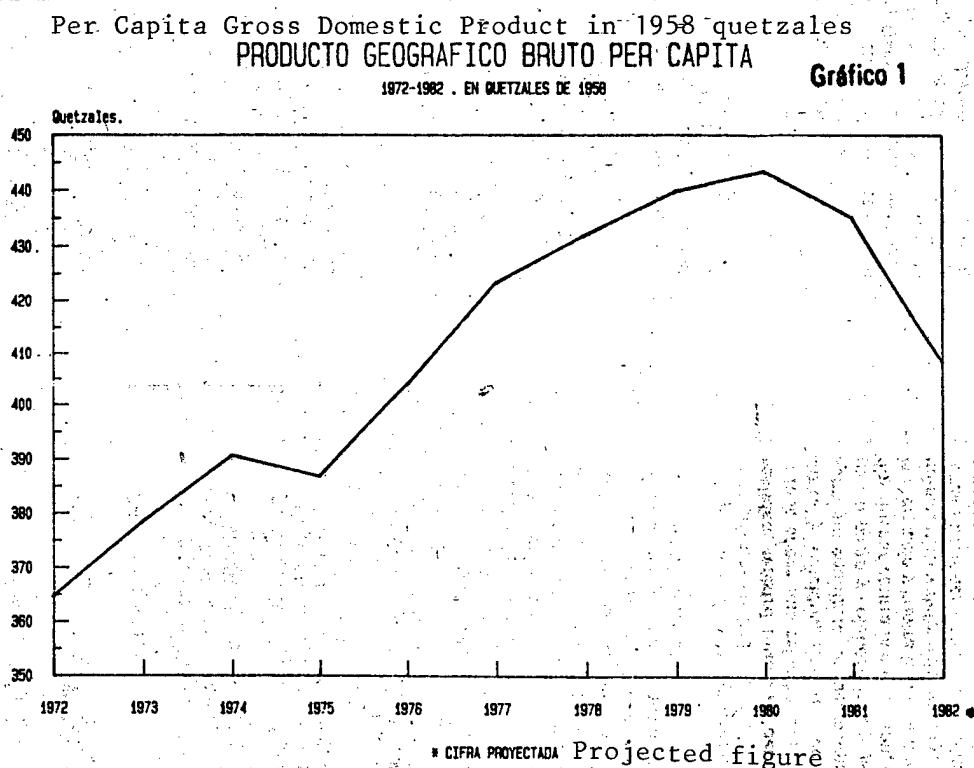
When the National Armed Forces took power on 23 March, the country was in the worst moral, political, economic and social crisis in its history. Society's confidence in public institutions was severely shattered, and the country's overseas image was badly tattered. Corruption was eating away at the foundations of the nation, and administrative inadequacies were heightening the country's social and economic problems. Violence was dividing Guatemalans and threatening to destroy the last bonds of human coexistence. In a word, Guatemala was on the dangerous road to total chaos, which would have led to its suicide as a civilized, sovereign nation.

The new government has devoted its initial months to the all too urgent task of putting an end to corruption, reorganizing government, rebuilding the foundations of economic activity, controlling violence and restoring respect for human rights, in order to reestablish a basic climate of confidence and security. Within the context of these actions, our economic problems have merited priority attention, due to the persistence of recessionary trends in the world economy and to the imperative need to mitigate their effect on production, investment, employment and income in Guatemala.

We feel today that we must inform the citizenry about the state in which we found the country's economy and about the policies that we will adopt to revive it. We can report the following about the economic situation that we encountered on 23 March:

- a) The Guatemalan economy was stagnant in 1981, recording the poorest performance in its history and thus culminating a period in which economic growth declined steadily as of 1978. Per capita income was down 2 percent in 1981, and if the trend continues there will be a drop of 10 percent in 1982. Domestic savings and investment, especially by the private sector, contracted dramatically, adversely affecting employment and future production capacity (Graph 1).
- b) The deplorable wants that the majority of the population suffer were compounded by the economic effects (not to mention the social, cultural and human effects) associated with the breakup of the social and production structures on the western plateau, with the resulting displacement of large population groups, in the face of the escalating violence of recent years.
- c) Our trade with the rest of the world posted the largest deficit ever, almost \$650 million, and due to the systematic foreign exchange drain by disloyal Guatemalans, the excessive government spending on projects

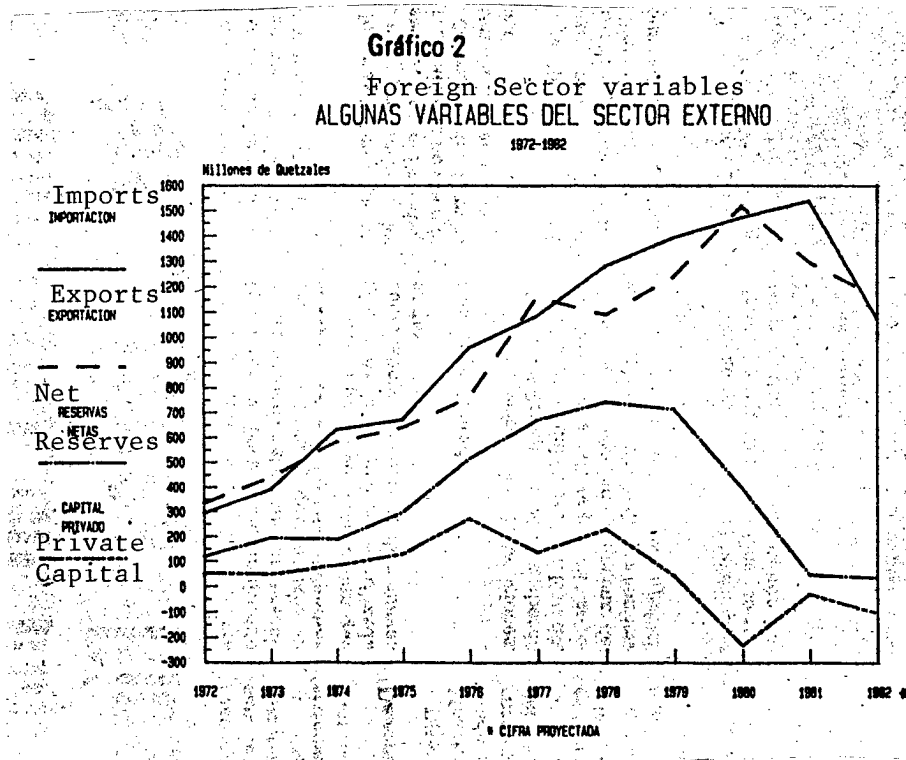
of doubtful priority for the country and the shutoff of credit from the international financial community, most of the deficit was financed with our international monetary reserves. Our net reserves fell from almost \$745 million in late 1978 to less than \$60 million by March of this year. As a result, we found that there was a serious shortage of foreign exchange and a large accumulation of bills due in foreign currency (Graph 2).



d) The government spending policy pursued by the previous administration and the way that it was financed (by bonds) combined to produce the largest deficit that the central government has ever recorded, almost 640 million quetzales, which also had repercussions on the aforementioned foreign trade deficit (Graph 3).

It is true that this situation was partly due to factors beyond our control. International economic developments have been particularly adverse for us. The prices of practically all the products that we export have declined, while the prices of what we import (including a \$400 million oil bill) keep rising. Interest rates on international money markets are extremely high, and credit is tight. This situation hurt us both directly and indirectly, inasmuch as it helped to aggravate the recession

in the rest of Central America, which adversely affected our exports to the Common Market, which in turn hurt the country's industrial sector.

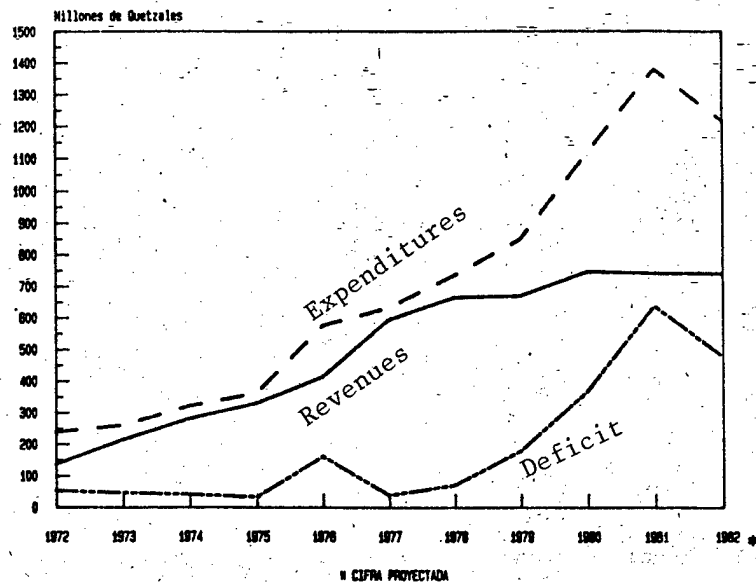


By the same token, the climate of uncertainty that has existed in the country in recent years, prompted by political tensions both within and outside our borders, has unquestionably been the main reason for the outflow of capital. It would not be an exaggeration to assert that if this capital returned to the country, many of our foreign exchange problems would be rather easily resolved.

But to these phenomena (most of which, we stress, are beyond our control) we must add the economic policy errors and the lack of integrity in managing public finances on the part of the previous government.

This is not the time to bewail the past and the critical situation that the country is now in. Rather, it is important to make the citizenry aware of the gravity of the situation that we inherited and, at the same time, to underscore that this situation demands corrective measures, so that the country can resume its march towards a better life for all Guatemalans.

Central Government **Gráfico 3**
 Revenues, Expenditures and the Budget Deficit
 INGRESOS, GASTOS Y DEFICIT PRESUPUESTAL
 GOBIERNO CENTRAL, 1972-1982



II. Economic Policy Goals and Measures

The following are the goals of the short-term economic policy that will be implemented in the second half of 1982:

- a) To correct or lessen the foreign sector imbalance, within a framework of stable prices;
- b) To correct or reduce to an acceptable level the imbalance in public finances;
- c) To revive production sectors and boost employment levels;
- d) To lessen social imbalances, especially in the regions hardest hit by violence; and
- e) To help effectively revive the Central American Common Market.

To achieve these goals the following economic policy measures will be put into practice:

A. Foreign Sector

1. Specific goals

Foreign sector policy seeks to eliminate balance of payments deficits as a fundamental element in the economic recovery process and, at the same time, to bolster the stability of the quetzal. Our specific short-term goals are:

- a) To reestablish a basic equilibrium in all of the country's international transactions;
- b) To pay off outstanding commercial bills;
- c) To maintain an imports level consistent with the country's ability to pay, based on a system of priorities.

2. Policy measures

To achieve the above goals, measures will be taken to boost and diversify exports, expand the rational use of outside financing and enhance the administration of the exchange system.

a) Boosting exports

The following measures will be taken in this field:

- i) Efforts will be intensified to diversify and increase exports;
- ii) The necessary changes will be made in petroleum policy to boost oil output and export levels, while bearing in mind the need to develop this resource rationally.

b) Additional foreign financing

Bearing in mind that the size, terms and average interest rates of the country's foreign debt are advantageous, the government will exert systematic efforts to make greater, rational use of public and private outside financing. To this end the following specific measures will be implemented:

- i) Contacts will be maintained with the International Monetary Fund to obtain its prospective financial aid;
- ii) Steps will be taken to expedite the use of outside government financing for development projects. In this regard, the following actions will be taken, as urgently as the circumstances require:
 - 1) Hastening compliance with the preconditions that have not yet been met, to set in motion or, as the case may be, to speed up the disbursement of loans that have already been contracted with international financial institutions;
 - 2) Expediting dealings with the international financial community to conclude several lending transactions that are at various stages of negotiation;
 - 3) Submitting to international financial institutions those projects that will help achieve the goals of our economic recovery policy;

4) Making the necessary arrangements for possible IDB and IBRD loans to the Bank of Guatemala for industrial sector credits;

[4 Aug 82 pp 4, 5, 6]

[Text] (continued)

5) Drawing up new development projects and arranging for their financing. Priority will be given to the activities that generate or save foreign exchange, help boost employment or meet the people's basic needs or help resolve the specific problems of the countryside.

iii) Negotiations will continue with the Bank of Guatemala's correspondent banks and with the central banks of friendly countries, to promptly conclude lending operations to bolster our balance of payments;

iv) Contacts with the governments of friendly nations will be initiated or, as the case may be, continued to secure economic aid for the recovery program.

c) Improving the exchange system

As far as administering the exchange system is concerned, measures will be taken to boost foreign exchange earnings and to rationalize their utilization, for as long as necessary until our payments are back in balance.

i) Boosting foreign exchange earnings

1) Controls will be tightened on export earnings, and the regulations governing the time periods for the surrender of foreign exchange will be reviewed;

2) Regulations will be established for businesses whose transactions entail foreign exchange flows, such as the use of credit cards by foreign tourists, ticket sales by airline companies and others;

3) The Bank of Guatemala will determine whether dollar-denominated deposits should be authorized.

ii) Rationalization of foreign exchange expenditures

In this regard, the Bank of Guatemala will, if necessary, apply a system of priorities for authorizing imports, bearing in mind the needs of production sectors.

d) Exchange relations with Central America

As far as relations with the other countries of Central America are concerned, the customary approach will be continued within the framework of existing exchange and monetary arrangements. In addition, we will

support all proposals designed to bolster the ability of the Common Market member countries to pay for the regional trade items that require foreign exchange.

B. Fiscal Policy

1. Specific goals

The main short-term goal is to eliminate or reduce to an acceptable minimum the imbalance in the government's finances, so as to create a climate of financial stability that will foster economic recovery. Steps will be taken to boost tax revenues, on the one hand, and to rationalize government spending, on the other.

2. Policy measures

a) Inasmuch as no new taxes will be imposed for the time being, the fiscal policy that the government will pursue to boost its revenues will seek to enhance the administration of the tax system and the monitoring of compliance and to raise outside funds to finance investment projects.

i) Administering the tax system

1) Substantial improvements will be made in the administration of the tax system to boost the revenues from certain taxes such as the income tax, the stamp tax on sales, the automotive vehicle sales tax and others;

2) The Finance Ministry will continue its program of reorganizing the country's customshouses to reduce tax evasion;

3) A program to improve tax-related administrative procedures will be carried out.

ii) Monitoring compliance

Tax audits will be conducted to assure that taxes are being paid, mainly the tax on sales and services, the income tax and the land tax.

iii) Other tax measures

The government will take advantage of the drop in imported fuel prices and retain the difference between the price already set for the ultimate consumer and the international price of oil.

iv) Foreign financing

Since the aim is to increase the inflow of foreign funds to finance development projects, we emphasize once again the priority attached to complying with the preconditions for hastening the disbursement of already contracted loans and to the other measures mentioned in point b) (additional foreign financing) of Section A (Foreign Sector).

b) Rationalizing government spending

Rationalizing government spending will be based on the following steps:

i) Operating and investment expenses will be reduced to levels compatible with the financial stability that an economic recovery demands, but without adversely affecting the government activities aimed at promoting production, helping to meet the people's basic needs, maintaining employment levels and resolving the problems of the people plagued by violence;

ii) The projects that are not strictly needed for the country's economic and social development will be cut from the expenditures budget. In this regard, the Public Finance Ministry will decide on the appropriateness of projects such as the Chulac hydroelectric plant, the port complex on the Pacific coast and the national peripheral highway, among others.

C. Reviving Production Sectors

1. Specific goals

With respect to production sectors, the short-term economic policy seeks to promote an acceptable pace of output in order to meet domestic needs in the area of foodstuffs and other goods as well as the requirements of export trade. The following steps will be taken in this regard:

2. Policy measures

a) Agriculture and livestock

i) Food production

1) Technical and financial aid will be expanded for peasant and small-scale farmers involved in food production, especially on the western plateau, to the extent that the current conditions in this region allow. The agricultural public sector will adjust its operational programs to implement this measure. The technological and financial assistance of the agricultural public sector will be streamlined for other regions of the country;

2) In rendering their services, government agencies will pay special attention to cooperatives and other organizations, particularly with regard to farm loans;

3) An aid program for farmers in irrigated areas will be immediately drawn up, to maximize food production and employment levels;

4) The development of the irrigation districts promoted by the government will be consolidated, if necessary by resorting to the technical capabilities of the domestic and foreign private sector;

5) A plan will be implemented to salvage, enhance and promote the growing of certain legumes that are tending to vanish, as part of a nationwide drive to grow protein-rich vegetables;

6) INDECA will pursue a basic grains pricing and purchasing policy designed to offer production incentives and to protect the interests of consumers, while taking care not to compromise its finances;

7) Priority in the granting of foreign exchange will be given to the importation of low-cost, energy-efficient inputs and capital goods used to produce food.

ii) Exportable production

1) The Guarantee Fund will be kept in operation to finance export crops, and it will be bolstered to an extent commensurate with the goals of the economic recovery policy;

2) Priority in the granting of foreign exchange will be given to the importation of fertilizers, agricultural chemicals and other inputs, as well as capital goods needed to produce export crops;

3) Foreign financial resources will be arranged for to aid the development of new export crops such as soybeans, as well as the expansion of existing crops such as rubber, bananas and African palm, among others.

iii) Additional financing for agriculture

In this regard, the public sector will immediately comply with the pre-conditions for the disbursement of already contracted loans for farm credit, crop diversification and animal disease control, and will expedite the paper work to secure funds for projects in other major fields of farm development such as the generation and transfer of technology, the production of seeds, irrigation, etc.

b) Industry

In order to enhance the participation of the private sector in the overall credit program, priority attention will be given to the requirements of the industrial sector, on terms consistent with the nature of its problems and difficulties and with the goals of the economic recovery policy;

ii) The government will abide by the national and regional industrial protection instruments in its treatment of the industrial sector. The above notwithstanding, it will pursue wideranging initiatives or support those of others that are designed to enhance regional industrial development instruments;

iii) Wideranging protection and suitable incentives will be afforded all industries set up in the country that meet any of the following conditions:

- 1) That they give rise to new production activities, based on traditional export items;
 - 2) That they be geared towards the processing of foodstuffs, especially items of mass consumption;
 - 3) That they be geared towards the foreign market, outside the countries of the Central American Common Market;
 - 4) That they be based on trade union or cooperative participation or any other partnership approach to investment.
- iv) Priority in the earmarking of foreign exchange will be given to the importation of raw materials, intermediate goods and capital goods that are needed for industrial production, pursuant to the priorities to be established by the Bank of Guatemala.

c) Construction

In addition to continuing its public works programs, the government will take other steps in the area of housing to overcome the housing shortage and the lack of job opportunities and to revive the construction industry and related industries.

These are the steps that will be taken:

- i) Extensive low-cost housing programs will be initiated in the rural and urban areas, with technology, designs and financing commensurate with the economic status of the neediest segments of society;
- ii) Support will be given to housing construction projects undertaken by trade unions, cooperatives and other organized groups;
- iii) The arrangements necessary for the immediate use of loans for housing programs will be completed.

D. Job Creation

The economic recovery policy seeks to prevent the employment level from dropping and, to the extent possible, is designed to raise it. Actions will be taken to reduce rural joblessness, bearing in mind its particular features and taking into account that it has been aggravated by the escalating violence. In this regard, the following measures will be taken:

1. Social interest projects will be pursued to help displaced groups in the area of the fighting, from the rebuilding of schools and other

public utilities (municipalities, etc) to the resumption of farming by peasant communities. The approach of "food for work" will be applied in these projects;

2. In the areas less plagued with violence "food for work" projects will be implemented to conserve natural resources (reforestation, flood control programs, etc) and to build infrastructure; utilizing labor-intensive technologies;

3. The criteria utilized in the public works projects executed by INFOM [Municipal Development Institute] will be thoroughly reassessed, so as to tailor them to local job creation needs;

4. Top priority will be given to all social interest projects developed in connection with cooperatives, trade unions, foundations or other such groups and that help create jobs.

E. Social Aid Programs

The following social aid measures will be taken immediately:

1. Assuring minimum aid to resolve the critical problems faced by the rural population in the area of conflict. The purpose of such aid will be to rebuild the hardest hit social and economic structures, with the involvement of the affected groups and with material assistance from the government. To this end, the basic materials to rebuild destroyed towns will be provided; job opportunities will be created through the "food for jobs" approach; basic medical and health care will be offered; the elements needed to resume farming (seeds, tools, inputs, etc) will be furnished, and educational, technological, financial and health care support services will be provided;

2. Establish a socially acceptable margin of food supply security, at least in staples (corn and beans), so that price shifts do not worsen the populace's food situation. Once a reasonable economic recovery is under way, steps will be taken to improve our people's nutritional condition within the framework of a long-range food policy. In connection with this measure, government agencies, mainly INDECA, will take whatever actions are necessary in the areas of price supports, purchasing, import-export, storage, coordination with other price stabilization agencies in Central America, etc.

3. Protecting all industries set up to process foods, especially the ones involved in mass consumption items;

4. Thoroughly reassessing urban and rural housing policy to relieve housing shortages;

5. Making sure that educational and health care services meet the needs of the country's various regions and benefit as many families as possible, with emphasis on the countryside. In addition, expanding Social Security coverage to as many families as possible;

6. Expedite the use of foreign loans to finance social development projects, some of which are being negotiated.

f. Reviving the Central American Common Market

The government of the republic recognizes the extraordinary importance of Central American economic integration as a contributing factor to the country's development, as well as the need to revive the integration movement within a framework of multilateral actions. In this regard, systematic, dynamic and creative efforts will be made to overcome the crisis that the Central American Common Market is presently in, and extensive action will be taken to spur its further development. In the short run, efforts aimed at the following goals will be supported:

1. Maintaining and strengthening regional trade;
2. Enhancing the bargaining position of the region's countries in connection with traditional exports and in other areas in which such joint efforts are feasible;
3. Bolstering regional cooperation in strategic fields of development such as energy, the evaluation of natural resources, science and technology, and others;
4. Refining economic integration instruments and strengthening regional institutions.

G. The Dynamics of Relations with the Private Sector

The government of the republic recognizes the essential role that the private sector is called upon to play in the country's economic and social development and in economic recovery efforts in particular. Thus, it will support and promote the sector, in the spirit of Articles 49 and 60, among others, of Decree-Law 24-82 (Fundamental Government Statute), so that joint public and private sector efforts can develop satisfactory solutions for the country's various problems. In addition, the government recognizes the importance of the organizations of small-scale farmers and craftsmen, of utility users, consumers and others in the nation's development, and will therefore support and promote them so that the economic and social conditions of their affiliates can be improved.

8743

CSO: 3248/3

GUATEMALA

RIOS MONTT SAYS SUBVERSION LOSING GROUND

PA220217 Guatemala City Radio Nuevo Mundo Network in Spanish 1200 GMT 20 Sep 82

[Excerpt] Subversion is losing ground because its reasons for being are disappearing as a result of the new government policies, Gen Efraim Rios Montt said last evening over a national radio and television network.

The Guatemalan president said that until now the problem of subversion had been hard and serious, but that by confronting it with the principles of justice and genuine concern--with rifles and beans, that is, with sternness, compassion, flexibility, true justice, a concern for people and a desire to improve people's lives and give them what they have been denied for so long--subversion has been losing ground, he said.

He immediately added that the valid reasons for convincing many people and making them go against their own nation and serve international interests and surrender to communism have been disappearing. The president said that thanks to God it has been possible to convince the people in the affected areas that we have good intentions, that we have been devoted to actions, not words. This means, he added, that they have understood the message, a message aimed not only at subversives but at all Guatemalans." [passage omitted]

CSO: 3248/70

BRIEFS

PNP'S MANLEY-SPAULDING QUARREL DEEPENS--Kingston, Jamaica, 6 Oct, CANA--A quarrel between People's National Party (PNP) leader, Michael Manley, and one of his former deputies, Anthony Spaulding, deepened last night, raising new questions about the stability of the party which has been attempting to cement its cracks in the bid to regain power here. Mr Spaulding, who on September 27 resigned as one of the PNP's four vice presidents, last night issued a statement suggesting that party leader Manley had not been acting in the best interest of the organisation, and that his own resignation went deeper than the friction which erupted during a meeting the week before he stepped down. Mr Manley was also attempting to hide the real issues by accusing him of indiscipline, Mr Spaulding suggested. In his resignation letter to party chairman, Dudley Thompson, Mr Spaulding claimed that he had been abused by Mr Manley at the party leader's home during a meeting that involved all the PNP vice presidents. But Mr Manley, in his response, claimed that during the meeting Mr Spaulding behaved "in a thoroughly indisciplined manner" so he was ordered to leave. Mr Manley released both letters to the press because, he said, of the speculation over the circumstances surrounding Mr Spaulding's resignation. It had been suggested that the move had stemmed from the debate within the PNP over its general direction. The party's right wing wants it to play down its democratic socialist ideology to recapture middle and upper class support and to pave the way for financing from big business whose funds have dried up for the organisation because of its previously obvious pro-Cuba leanings. [Excerpt] [FL062100 Bridgetown CANA in English GMT 6 Oct 82]

JDF PLANS TO TRAIN IN PUERTO RICO--Kingston, Jamaica, 6 Oct, (CANA)--Discussions are taking place for Jamaica Defence Force (JDF) soldiers to go to Puerto Rico for training under a military exchange programme, the GLEANER newspaper reported today. The GLEANER quoted JDF Commander Maj Gen Robert Neish as saying that the talks for the Jamaican soldiers to go to Puerto Rico had been going on for some time, and were part of efforts by the JDF to improve its effectiveness and professionalism. The paper did not indicate with whom exactly the Jamaican Government had been having discussions, but under Puerto Rico's Commonwealth status constitution, the United States is responsible for defence and the U.S. has military bases and soldiers there. The GLEANER quoted Brigadier Neish [as received] as saying that as soon as an agreement was reached, platoon size contingents from the JDF would go for weekend training in Puerto Rico. At a later stage up to 100 men will go for training for periods of up to two weeks. The Jamaica Defence Force is estimated to have about 3,000 men. According to the GLEANER, the JDF head said that exchange

programmes with Canada and Britain had been discontinued for sometime, so exposure and training for his men, especially in the technical fields, had been limited. [Text] [FL061815 Bridgetown CANA in English 1736 GMT 6 Oct 82]

NEW COSTA RICAN ENVOY--Costa Rican Ambassador Edouardo Neil presented his credentials to Governor General Sir Florizel Glasspole at King's House on Wednesday. Mr Neil served as Costa Rican consul general in Jamaica during the 1970's. [FL011204 Kingston DAILY GLEANER in English 27 Sep 82 p 2]

TRADE DELEGATION IN TAIWAN--Taipei, Taiwan, 5 Oct, CANA--A Jamaican trade and investment mission to the Far East is now in Taiwan for talks with government officials, representatives of the private sector, public relations consultants for the Jamaica Government, A.F. Sabo Associates, said today. The group, headed by Industry and Commerce Minister Douglas Vaz, will review the techniques, production and quality control systems of Far Eastern countries which have, in this decade, been successful in increasing exports. Their agenda here includes visits to the Taiwan handicraft promotion center, the Fisheries Research Institute, the China External Trade Development Council, and the Agricultural Bureau. From Taiwan, the Jamaican mission will go on to Hong Kong, Singapore before returning home. The Jamaicans have already paid similar visits to Japan and South Korea. [Text] [FL05225 Bridgetown CANA in English 2208 GMT 5 Oct 82]

CSO: 3298/1113

LOPEZ PORTILLO REVIEWS 16 SEPTEMBER PARADE

Navy Secretary on Nationalization

Mexico City EXCELSIOR in Spanish 17 Sep 82 pp 1-A, 9-A

[Article by Aurelio Ramos M.]

[Excerpt] Yesterday, in the presence of President Lopez Portillo, the secretary of navy, Ricardo Chazaro Lara, declared that the minority, whose private interests have been harmed by the bank nationalization, "is seeking in vain to cause instability and distrust," but noted that "neither we, the people of Mexico, nor the armed institutions, will allow the nation's destiny to be warped."

Speaking at the ceremony commemorating the beginning of national independence, on the occasion of the 172d anniversary of that event, he also demanded: "Let us be consistent with the new model of a country."

He claimed that the nationalization of the banks and the establishment of exchange control are based on a reason of the majorities and, understandably, affect the lack of reason of the minority; stating that the latter is now using "damaging and fallacious" procedures with which the people need not be associated.

At the foot of the Column of Independence, Chazaro Lara voiced his gratification over the fact that, on but few occasions, has the country celebrated the start of the liberation movement of 1810 with such widespread rejoicing and approval.

And he added that the political independence bequeathed to us by Hidalgo, the institutional reform established by Juarez, the revolution fostered by Madero and Venustiano Carranza's Constitution "have been followed by economic independence, Cardenas' oil expropriation and the nationalization of the banks carried out by President Lopez Portillo."

He gave a reminder that, on the eve of his government report, the chief executive had stated that the present regime still had 3 months of fruitful days left, but observed that the measures that have been adopted "exceed the most daring concept of fruitfulness and, on their own account, transcend the shining pages of history."

He stressed the fact that, "The national armed forces, the Army and Navy, are institutions of the republic, and lend their loyalty and patriotism to its lofty interests."

The Navy head also said that the bank expropriation penetrated deeply into the people's spirit, but that conservative groups are criticizing it, "not out of incredulity, but rather out of expediency."

He remarked: "Confidence has been restored; thinking must prompt action; let us be consistent with the new model of a country; let us make the coming months more fruitful; we are a people with an innate nationalist calling."

Before the members of the cabinet, and the diplomatic corps accredited to our country, Chazaro Lara went on to say:

"Mr President, from this lofty platform, facing the nation's majestic monument, disregarding the minorities whose economic interests have been hurt and who predict great calamities for Mexico's future, I want to tell you that you have the total support of the majority classes of the people and of their armed forces; and that we are ready for battle and prepared to carry out the nationalization of the banks to its final consequences."

Galvan Reiterates Political Noninvolvement

Mexico City EXCELSIOR in Spanish 17 Sep 82 pp 1-A, 14-A

[Article by Isabel Zamorano]

[Excerpt] Yesterday, the secretary of national defense, Felix Galvan Lopez, stated that the greatest accomplishment of the armed forces during the past 6 years has been the moral level and spiritual development that they have achieved, which has enabled them to overcome situations such as those that occurred in the past in the national military service, wherein there were obvious irregularities.

In commenting on the progress of the Army under his direction, he gave assurance that, at present, Mexican soldiers are operating with integrity, and have a highly specialized esprit de corps, which guarantees their loyalty to the country's institutions and laws.

At the conclusion of the parade marking the national celebration, Galvan Lopez reiterated the fact that no comments are being made on political matters in the Army's ranks, because its internal regulations themselves prohibit this; nevertheless, its members have sufficient maturity to retain their loyalty to the national institutions.

With regard to the parade, Galvan Lopez remarked that the important aspect was that the president of the republic approves of the progress attained by the Army, and the people of Mexico have been able to note the advancement made by the Army during the past 6 years.

He also observed that no country has sufficient military forces to defend itself, but that the forces that exist in Mexico meet the needs of a peaceful country.

He said: "At the present time, I can claim that there is peace and calm in the country, as has been reported by the 35 military posts covering the national territory."

Parade Participants Exceed 47,000

Mexico City EXCELSIOR in Spanish 17 Sep 82 pp 9-A,10-A, 18-A, 19-A

[Article by Jesus M. Lozano]

[Text] A total of 1.5 million people gathered along 10 kilometers of our main avenues to witness the largest military parade held to date insofar as units were concerned and the shortest from the standpoint of time, owing to the new quick step march organization.

It evoked praise from President Lopez Portillo, who watched the military parade yesterday from the main balcony of the National Palace, commenting: "What we have seen is truly impressive. Every year, one notes greater improvement. This parade has been something truly extraordinary."

Collaborating in it was the rapid passage of 47,423 persons, 1,586 vehicles, 22 flags, 974 horses and, up in the sky, 140 aircraft, including the seven modern F-5's which crossed the area roaring, met with the admiration not only of capital residents but also those of the provinces in the vicinity of Valle de Mexico.

And down below, facing the National Palace, the people hailed the passing of the units; but on this occasion it was because of the speed of the column, and its quick step, which never let up during the 10,000 meter route. And there were not only soldiers, but also women and students from various military establishments who, like the men, carrying rifles, marched with the same step and with the same pace and gracefulness. There were 25,000 persons marching in this category. In addition, other contingents were to come marching double time.

At the conclusion of the parade, Lopez Portillo said that he felt "deep gratification, pride and great security because of what we have done and the strength that we have to continue doing it. The problems have now been surmounted, simply by the faith and pride of Mexicans. One need only observe their happy faces."

But, let us go back to the beginning:

When the cathedral clock struck 1118 hours, the president made his appearance on the main balcony. On the others, there were stationed the cabinet, and some special guests, including the American ambassador, John Gavin.

A ceremonial musical introduction, the national anthem and, at the beginning of Avenida Jose Maria Pino Suarez, there appeared a group of 40 Army officers, wearing field dress and mounted on an equal number of dapple-gray horses. Heading them was the staff division head, Juan Arevalo Gardoqui, the commander.

A gallant, highly uniform group. After this commander had given the honorary salute to the chief executive with his sword, he headed for the esplanade on Constitution Square. He took his place opposite the main balcony of the palace and, in a commanding tone, said: "Mr Secretary, I ask your kind permission to allow passage of the parade of the Fourth Army Corps."

The F-5 Aircraft Were Admired

A few seconds later, the F-5's crossed the square for the first time, from north to south, and as soon as they became lost in the distance, the great column made its appearance: 25,000 men and women in perfect formation, 33 abreast, with rifles at port arms and at quick step. The echo resounded throughout the entire square; it was remarkably uniform.

In the forefront, a soldier was carrying an enormous tricolored flag. It was of disproportionate size to be carried by hand, but it was and, at the same time, it was borne with grace.

The 1-2 step of these infantry troops was curt, secure and martial. They represented a company from each one of the country's 35 military zones. They are forces who are trained and ready for any action, as well as to take off to deal with emergencies.

Naturally, they included the paratrooper riflemen, the military police, the contingents of NCO's and troops from their establishments and then those from the military establishments. This entire group was under the command of Brig Gen Luis Mario Vargas Amezcua.

And when their column had filled the eastern and northern sides of Constitution Square, the first group divided like a big "Y" and marched westward along Avenidas 5 de Mayo and Francisco I. Madero.

Thus, in a double file, there was a twofold opportunity for the people to witness the parade.

Again there was the roar of engines in the air. Now it was the Pilatus aircraft, in squadron formation. There were 50 machines.

And, on the ground, at the same swift pace, came the military establishment contingents under the command of Col Ruben Ramon Arrieta H. Heading them was a cluster of flags in a horizontal line, waving uninterruptedly.

The people applauded and, at the same time, were amazed by the type of marching. They had never seen anything of the kind, nor of such magnitude.

Display of the Military Schools

The military establishments were headed by the Heroic Military Academy, followed by the Air Academy, the Military Medical and Military Dental Schools, and the schools for health officers, war materiel, signal corps and nurses.

Now, there were no showy uniforms; it was the everyday, field uniform that the military man really wears. According to the instructions, a realistic aspect was to be given to the parade.

And that quick pace was commented on by General McEnery, head of the Inter-American Defense Board, as follows: "Very few armies could do it."

During the passage of those infantry troops there was no music; their perfect, rhythmical step was sufficient.

Now there arose the sound of the trumpets. This was the dragoon march, and the cavalry appeared: dapple-gray, bay, dark chestnut, sorrel-colored and black horses. These are the steeds of the soldiers from 24 regiments distributed over the country. The most select forces are here, and their sabres reflect the sun's rays. This group is terminated by a new corps: the forest police from the state of Morelos; and they could not fail to receive praise from several members of the guest missions, who applauded this contingent.

Div Gen Salvador Lopez Matamoros is the one responsible for commanding the motor-mechanized group, which marches next. In double formation, jeeps nine abreast go by with 18 flags. They come from each one of the units.

The scouting group is comprised of the French Panhard tanks, with their powerful artillery, and they are followed by the DN-3 small tanks, made in Mexico by the Military Industry. They are light armored vehicles with machine guns and a 50 mm caliber cannon. Farther behind come the armored riflemen, and then the brigade comprised of the first and second reconnaissance squadrons. There are rapid caterpillar tread tanks, continuing the motorized cavalry brigade; they are eight abreast.

Next comes the artillery brigade. There are the rocket-launcher pads, consisting of over 50 of different types, from short-range missiles to those of long range.

The aircraft are in the air again. First the F-5's, then the 727's, followed by the Corsaires: all jets; and, below, 30 helicopters fly over the capital.

This was noted with praise by Gen Felipe Siqueiros Bores, commander of the Spanish Air Force: "It is beautiful; now it has been proven that aviation is the primary force on land, sea and in the air!"

Now, the recruits parade aboard vehicles, those young members of National Military Service.

The bands play several military marches as they pass.

All this has happened in 40 minutes. That is why we say that it has been the fastest parade, because those thousands of individuals and machines have gone by more quickly than ever before.

The Heroic Naval School Appears

And then, along 20 de Noviembre Street, there appear the blue and white uniforms. It is the Veracruz naval unit, with its traditional frock-coats, flag and military band, marching double time.

The musical band arrives, and the youths are cadets from the Heroic School who are taking the sailors' course. They march with discipline.

Then the uniforms change: to dark blue, with a white cap; there are rifles carried at the shoulder. It is the marines, the landing group made up of NCO and naval personnel from the various subordinate entities, with no lack of female personnel, naval nurses and office personnel.

The landing group goes by with its boats carried and special equipment consisting of amphibious vehicles. There are also forces from all the naval zones present. Thus, in this parade the units from all over the country are represented.

The naval recruits are not missing; they are from the National Military Service, and have come from seven ports.

The police enter the square to a drumbeat, under the command of Brig Gen Alfredo Ochoa Toledo. A good group, which marched with a martial air, was selected. There were also the patrols but, as is the case every year, the fire fighters monopolized the people's applause. Their gold or silver helmets, their red and black uniforms, their discipline and their tradition were applauded, not only by the Mexicans, but also by the chief of the French gendarmerie.

Monsieur Bardeam, general director of the National Gendarmerie of France, lauded our country's security group, and also underscored the importance of the fire fighters' work.

Now it is the turn of the militarized schools. Their display is beautiful: a group of flags carried by young people wearing bright uniforms, followed by students from the Chamber of Commerce schools, with the traditional pale blue jacket and white skirt for the girls; followed by the Mexico school group, with maroon and silver, the new Alarid high school and the University Militarized Sports Pentathlon; and, to conclude this group, the Traffic Police general directorate school, whose head, Gen Arturo Durazo, is located on a palace balcony.

Again there is applause, this time for the police women's battalion, with which the parade is to be ended. The 26th grenadiers battalion goes by, as well as the patrols with their sirens going; and the audience applauds again. The Mexican Red Cross makes its appearance. The ambulances appear, blowing sirens and with red lights on. The rescue squad, amphibious vehicles, boats and their first aid personnel arrive. There is also a group of highway police; and, in conclusion, the traditional cowboys, who received applause, as usual.

All this was commented upon by Mr Nestor D. Sanchez, representative of the U.S. secretary of defense: "I must express my great liking for all the forces that took part in the parade. It was something quite worthwhile seeing."

But let us make a final remark on the Air Force, which was witnessed by the largest number of citizens, owing to its deployment.

The air unit was known as the Emilio Carranza, and it was under the command of Aviator-Pilot Wing General Carlos Donath Gutierrez.

It consisted of C-118, D-6 and C-54 aircraft, which are used for launching paratroopers, as well as for transport and cargo. There were Araba and C-47 transport planes: the former being special planes for taking off and landing on short

runways, and the others used for transport. Also participating was the mixed group, consisting of Commander 500's and Bonanza F-33's, which are for reconnaissance and patrol, or the evacuation of personnel.

The helicopters are of the Bell 205, 206 and 212 types, and belong to the search and rescue, and transport squadron.

The jet group consisted of the F-5 aircraft, the most sophisticated and modern in the Air Force. They are of the supersonic, twin-engine, tactical fighter type, designed for backup and air defense missions. Then there were the Boeing 727 and 737 aircraft, and the Y T-33 jet-star type. The speed of the latter is over 800 kilometers per hour.

The Pilatus maneuver group consists of PC-7 advanced training aircraft, which were purchased for training pilots at the Air Force Military School,

It all ended when Gen Juan Arevalo Gardoqui went up to the main hall of the National Palace and, after giving a military salute, told the president: "Sir, there has been a parade of 22 flags, and 39,540 personnel, comprising generals, chiefs, officers, troops and cadets, including 528 women from the military medical and dental schools and the nursing school; as well as 1,073 vehicles, 188 pieces of artillery, 140 aircraft and 974 horses, representing the Army; from the Mexican Navy, 3,311 personnel and 83 vehicles; from the Public Security Forces, 2,617 personnel and 400 vehicles; and, from the militarized schools, 1,955 personnel and 30 vehicles."

And, as we noted at the outset, it was the largest parade held in the least amount of time.

2909

CSO: 3248/63

BRIEFS

FOREIGN MINISTRY DISCUSSES SMUGGLING AFFAIR--Regarding the gold smuggling affair involving the Paraguayan ambassador to Taiwan reported by news agencies from Bombay, the Paraguayan Foreign Ministry today released the following communique: "In the light of reports concerning Ambassador Timoteo Alvarenga, carried by certain local news media, the Foreign Ministry on 24 August requested the Indian Embassy in our country to supply whatever official information there is on the subject. In addition, it has ordered the Paraguayan ambassador to Japan to travel to New Delhi and Bombay." The final paragraph of the communique states: "Once the information requested through the two abovementioned channels is received, the national government will take appropriate action." [Text]
[PY011700 Asuncion ULTIMA HORA in Spanish 31 Aug 82 p 8]

CSO: 3348/27

BRIEFS

TERRORISTS CLASH WITH POLICE--Ayacucho, Peru, 15 Sep (AFP)--One terrorist was killed, another was wounded and a third was detained during a clash with members of the Republican Guard in Hichcana, Ayacucho, 575 kilometers southeast of Lima, the police have reported. A group of four armed subversives early today boarded a bus going from this city to Huancayo, in central Peru, to sell pamphlets to the passengers without realizing that three guardsmen were in the rear of the bus. A shootout broke out between the terrorists and the guardsmen causing the death of an unidentified 17-year-old terrorist, wounding a 20-year-old terrorist Jeronimo Quicano and the arrest of a female terrorist, the report says. The wounded terrorist and the woman were taken to the Ayacucho hospital, the report says. [Text] [PY171942 Paris AFP in Spanish 0030 GMT 16 Sep 82]

BOMBING IN DOWNTOWN LIMA--Eight armed, hooded terrorists assaulted the La Bohemia light fixture shop, where they placed three powerful explosive devices. One of the devices exploded, causing damage estimated at approximately 100 million soles. [Excerpt] [PY221442 Lima EXPRESO in Spanish 5 Sep 82 p 45]

TERRORISTS KILL PEASANTS--Twelve peasants were killed and 30 others were wounded during a fierce clash with a terrorist group in Yanacolpa, located in Pomabamba Province. This information was provided by two of the survivors, Pablo Jara Lopez, 64, and Mercedes Castillo Campomares, 20, who was hit in the chest with a submachinegun bullet. The farmers of the area noted that the terrorist movement in Pomabamba was led by a woman, who the people of Conapa knew by the name of Comrade Julia. For the past 2 years, this woman carried out recruiting work in remote districts and she encouraged the people to participate in the armed struggle. Comrade Julia killed peasants Jorge and Claudio Retuerto, and seriously wounded Mercedes Castillo Campomares in the chest in one single burst of a modern submachine gun. [Excerpts] [PY221551 Lima EXPRESO in Spanish 4 Sep 82 pp 20-21]

CSO: 3348/27

ODLUM RESPONDS TO COMPTON'S 'ATTACK ON GRENADA'

FL052359 St Georges Domestic Service in English 2300 GMT 5 Oct 82

[Text] The leader of the opposition Progressive Labor Party in St Lucia, Mr George Odlum, has said that the United States, by calling for elections in Grenada is trying to get this country into what he calls: the noose of the CIA." But Mr Odlum (?insisted): The United States is trying to get Grenada to play the game according to rules prescribed by the United States imperialists, which rules they have already mastered.

The remarks by the leader of the opposition Progressive Labor Party came against the background of last week's statement by St Lucia's Prime Minister John Compton about the situation in Grenada. That statement has been described by the People's Revolutionary Government as an unwarranted attack on the Grenada revolution.

Although he did not say so directly, Mr Odlum's remarks seemed to be a response to the Compton attack on Grenada. [Name indistinct] was present when he spoke.

[Begin recording] Mr Odlum's remarks came while presenting the feature address of over 2 hours long at his party's first special congress on Sunday afternoon. Mr George Odlum told the congress that St Lucians ought to be worried when they have certain Caribbean leaders calling for elections in Grenada, as the United States Central Intelligence Agency, the CIA, has consistently subverted the democratic process in the Caribbean, (?and has provided) extensive use of funds and material assistance to parties of pro-Washington's line, or by using the [word indistinct] electoral devices to ensure that puppetry-acting regimes retain political office in order to promote the superpower interests of the Government of the United States.

In this light, Mr Odlum said, it seems that some people think that it is inconceivable that a large superpower like the United States of America would go as far as interfering in the elections of the small mini-states like St Lucia. But, he added, there is a long history of U.S. imperialist interference in the internal affairs of progressive groups in the Caribbean and Latin America which the people need to learn about in order to appreciate the quality of struggle that is necessary to liberate St Lucia from the clutches of local and foreign exploiters, manipulators, and their local henchmen.

The PLP Congress also received messages from the committee representing the local trade union movement and also from another political organization, the Worker's Revolutionary Movement. This is [name indistinct] reporting from St Lucia for RFG News.

CSO: 3298/1115

BUSINESSES TO CLOSE DOWN IN TAX PROTEST

FL052320 Bridgetown CANA in English 2254 GMT 5 Oct 82

[By Mike Findlay]

[Text] Kingstown, St Vincent, 5 Oct, CANA--Department stores, supermarkets and grocery shops in the St Vincent capital will close for four days from tomorrow, as the business community press its demands for the removal of a new three per cent gross turn-over traders tax introduced by the government on September 1.

Ever since Prime Minister and Minister of Finance Milton Cato announced the new measure in his 1982 budget in August, there has been opposition to it from opposition parliamentarians, the Chamber of Industry and Commerce, and more than 160 traders calling themselves "the group of concerned traders of St Vincent and the Grenadines."

The businessmen are united in their criticism of the tax measure, contending that it would only have adverse effects on their businesses.

They said it would impose financial hardships on them, ultimately slowing down the general business activity of the state and result in the reduction in investment.

They also claim that it would further aggravate an already high unemployment situation, eliminate certain basic commodities from their shelves resulting in severe shortages to the consumer, as well as entail costly and excessive record keeping beyond the normal requirements of the individual trader.

Following discussions by the chamber and the "concerned traders" at executive and general membership levels, both organisations at separate meetings here yesterday, unanimously decided to close down their businesses tomorrow, Thursday, Friday and Saturday to step up demands for the removal of the tax.

The tax, designed to raise some 5.8 million (EC) dollars (EC dollars; 37 cents U.S.), is on the gross monthly receipts of traders.

It was originally to be on amounts above 3,000 dollars, but after a chamber delegation met with government to demand the removal of the tax, cabinet amended the taxable amount to "minimum gross receipts of 5,000 dollars."

The amendments by cabinet also extended the time allowed for submission of returns in respect of the tax to one month from 15 days, and exempted installment payments, still outstanding on hire-purchases made before September 1, the date that tax became effective.

But the Chamber of Industry and Commerce and the "group of concerned traders" said nothing but the complete withdrawal of the tax would satisfy them. Government has rejected the business community's demand.

The businessmen have not said what action they will take next if this week's closure fails to force government to withdraw the tax but they plan to meet later this week to discuss further strategy.

There has been no reaction so far from government on the announcement of the closure.

Prime Minister and Minister of Finance Milton Cato left the state today for an official visit to the United States Virgin Islands, while Deputy Prime Minister Hudson Tannis is in Trinidad on business.

CSO: 3298/1115

'GOVERNMENT UNSUITED' PANDAY TELLS U.K. VISITORS

FLO60135 Bridgetown CANA in English 2339 GMT 5 Oct 82

[Text] Port-of-Spain, Trinidad, 5 Oct, CANA--Trinidad and Tobago's opposition leader, Basdeo Panday, has told a visiting group of British parliamentarians here that the Westminster system of government is unsuited to this Caribbean country.

"It is unsuited to a plural society such as ours, Mr Panday told the members of the United Kingdom branch of the Commonwealth Parliamentary Association (CPA).

The parliamentarians talks came during a day of courtesy calls on senior local officials, including President Ellis Clarke, speaker of the House of Representatives, Matthew Ramcharan, president of the Senate, Dr Wahid Ali and leader of government business in the House, Kamaluddin Mohammed.

The five British MP's arrived here last Tuesday for an eight-day visit. The delegation is headed by Lord Kennet, while the others are, Michael Welsh, Richard Alexander, Allan Roberts and Raymond Mawby.

Responding to questions from the delegation, Mr Panday who heads the United Labour Front (ULF) said that the opposition had been contending that under the Westminster system of the first-past-the post, this country has been divided into racial groups.

On the economy, Mr Panday said that this country ought to develop a kind of economic organisation suited to the people "and not follow slavishly...it is difficult to say whether we are left, right or centre."

~~Whether~~ we are left depends on where you put right," he said, "we (the ULP) are regarded in Trinidad and Tobago as left of centre."

Mr Panday pointed out that his party had links with the working class.

"We are struggling to find a system which unites instead of divides, he said. He added that the ULF was not against private capital.

He said: "We feel it is quite simple to devise a system where the economic system is owned on a tripartite basis...the state, worker and private capital."

He said that nationalisation of industries had resulted merely in the transfer from private capital to state capital, but the alienation continued.

In answer to comments from a member of the delegation that it was difficult to understand the policies of the parties, Mr Panday said: "You won't understand because you are looking at Trinidad and Tobago from a British base with all the history of Britain. We are looking at the historical background."

CSO: 3298/1114

NEED FOR POLITICAL ACCORD TO AVOID LABOR PROBLEMS URGED

Caracas BOHEMIA in Spanish 30 Aug 82 pp 6-9

[Text] A political-social hurricane is looming on the horizon, and will probably gather strength in 1983, an election year. The storm, which threatens to destroy the electoral hopes of the Social Christian Party (COPEI) and its government, could be unleashed by the wage demands to be made by the labor unions and federations affiliated with the Confederation of Venezuelan Workers (CTV) on behalf of its members who are employed by the Venezuelan Government.

Although the CTV proposals are couched in studies conducted by a group of economists led by Dr D. F. Maza Zavala and including Juan Manuel Sucre Trias (Democratic Action), Jose Manuel Uzcategui (COPEI), Hector Atilio Pujol (People's Electoral Movement) and Leonardo Montiel Ortega (independent), the principal workers organization of the country is actually under the control of the Democratic Action Party. That party's candidate, Jaime Lusinchi, will launch a formidable electoral campaign to avoid losing the advantage his party has over COPEI and Rafael Caldera.

Will Democratic Action use the tactic of demanding wage and salary raises to combat the government and the COPEI candidate? This possibility concerns President Caldera. He is so concerned, in fact, that he is studying the idea of meeting with Dr Gonzalo Barrios and labor leader Manuel Penalver, who are president and secretary general, respectively, of AD, to discuss the merits of reaching an agreement whereby a wave of labor conflicts could be headed off during the coming year.

CTV Arguments

Basically, according to a document released a few days ago, the CTV claims that the real wage of Venezuelan workers has deteriorated by 45 percent in the last 3 years.

The CTV proposes that wages be adjusted over a period of 5 years at an average annual rate of 9 percent. Thus, the economic burden would lessen over time, and at the same time the inflationary impact of the measure would subside.

This is the heart of the proposal, although the Confederation of Workers is proposing other measures as well. The organization argues that unemployment has reached 11 percent of the workforce, while underemployment is on the rise. It also makes this statement: "The CTV hereby serves notice that social unrest is intensifying, and that measures such as those proposed could prevent the justified outbreak of tensions that would have adverse consequences for the country's development."

FEDECAMARAS: Inflation

Carlos Sequera Yopez, president of the Association of the Chambers of Commerce and Industry (FEDECAMARAS), has expressed an opinion contrary to the CTV proposal. The business leader feels that a wage raise, just like a mobile wage scale, "would mean legalizing inflation."

Sequera Yopez maintains that one of the positive actions taken by the present government has been to control inflation. By contrast, establishing a policy of granting wage raises at this time would mean unleashing inflation once again, which would prove harmful to labor and management alike.

Government: No Money

The budget deficit, which could reach 18 billion bolivars, as the government is little by little coming to acknowledge, has placed the government in check. Although the CTV, as Jose Vargas explained, has not yet made any economic demands on the government, the latter asserts that the economic demands to be included in the petitions to be submitted in the immediate future by the unions of government employees will cost more than 17 billion bolivars. Finance Minister Luis Ugueto stated categorically that the National Treasury does not have the money to pay for such raises in wages and benefits. On the contrary, as was admitted by economist D. F. Maza Zavala, the CTV's own adviser, public spending will have to be cut by another 1.5 billion bolivars for the rest of 1982. So where would the money come from?

Far-Reaching Problem

The government, including both the centralized and decentralized public administration, is the country's largest employer. As of 1981, 870,000 people worked in the government sector. The government allotted 13.3 billion bolivars of the total national budget of more than 100 billion, to paying the wages and salaries of public administration employees.

President Herrera, in Executive Decree No 1,162 of 8-27-81, ordered a ten percent (10%) reduction in the personnel budget of the central administration. That decree was part of the measures taken to prevent the expansion of the public administration payroll. With the budget deficit officially recognized by the president of the republic the night of Holy Wednesday of 1982, the problem of availability of money to pay for the wage and salary increases sure to be requested by the government employees' union, became even worse.

In fact, the petitions have not yet been submitted to the agencies of the central administration. Draft contracts have been submitted to enterprises such as the National Telephone Company of Venezuela (CANTV), which rejected them out of hand, and the National Institute of Sanitation Works (INOS), which is in dire financial straits. All in all, it is estimated that in 1982 more than 1,000 collective bargaining contracts between the state and its employees will expire. Just the amount mentioned is enough to scare the bravest souls.

Turbulent 1983

The CTV intends to introduce a new wage bill in the National Congress if all its efforts with the government and private industry come to naught. This would mean another spiraling of prices, no matter how many preventive measures are adopted. At present FEDECAMARAS and the CTV have good relations; but political understandings are also needed in order to resolve this situation.

One of the ideas being promoted by the COPEI presidential candidate, Rafael Caldera, consists of meeting with President Herrera and the economic ministers to study initiatives designed to reactivate, if only partially, major economic sectors such as the construction industry. However, a truce with Democratic Action in the area of labor is also essential.

The problem is just as delicate for Democratic Action. Facing the real possibility of returning to power, it is not interested in taking over a country overwhelmed by a resurgence of inflation, exceedingly high current spending, a burdensome public debt, a high unemployment rate, and social unrest. For that reason, any temptation for AD to use its union ties for the sole purpose of winning another electoral battle with COPEI, must be resisted. It could be a Pyrrhic victory.

At any rate, it must be noted that the CTV will not accept one idea that was launched by the government a few weeks ago as a test balloon: the freezing of collective bargaining contracts between the state and the workers. CTV President Jose Vargas expressed his rejection of this idea in no uncertain terms. The labor union says that what has been proposed is not a wage increase, but a repayment of the losses suffered by workers' real incomes since 1980. Here lies the "quid."

Happy Medium

It would be ideal if a happy medium could be found. But the starting points are very far apart; while the government claims it has a mere 1 billion bolivars to negotiate in collective bargaining, the CTV, although it has not spoken in terms of specific totals, asserts that the real wage of workers has fallen by 45 percent because of the high cost of living. Calculating a 45 percent increase in the 13 billion bolivars that the government spent on wages and salaries, we see that nearly 7 billion bolivars will be required to meet the demand for compensation or repayment.

There could be one way out, however, because the CTV economists state that there are "idle resources" in the Treasury. Specifically, D. F. Maza Zavala points out that in the government's autonomous institutes and enterprises, "there are huge liquid assets that can be used in productive activities to create wealth and jobs."

FEDECAMARAS also presents weighty, obviously serious arguments. It fears a new wave of inflation, to the detriment of all Venezuelans. The chain of events in the economy makes it imperative that political action be taken to prevent adverse effects on the country. This is the time for the democratic parties of Venezuela to show their sense of responsibility, particularly the major parties: Democratic Action, COPEI and the Movement for Socialism (MAS). The "social pact" mentioned by AD candidate Jaime Lusinchi cannot be shunted aside; it obviously must be implemented before the next administration takes office. The nation's social order and development demand it.

8926

CSO: 3348/19

CONCERN FOR ECONOMIC PROBLEMS IN VIEW OF MEXICAN CRISIS

Caracas NUMERO in Spanish 12 Sep 82 pp 12-13

[Text] The long shadow that was projecting the Mexican crisis onto its neighbors in the Americas last week attained the proportions of an incipient storm. The dramatic image of President Lopez Portillo announcing before his nation's congress that he had decided to nationalize private banks, appeared to confirm the impressions of those who see in the Mexican situation the threat--or the promise, depending on the observer's point of view--of a structural change comparable only to that which was engineered in 1936 when Mexican President Lazaro Cardenas introduced agrarian reform and the nationalization of petroleum.

In order to determine whether these diagnoses are exaggerated or accurate, one must in any case undertake a detailed analysis of the complex situation in Mexico, going far beyond the immediate impact of the current financial emergency. Allaying suspicions that the "Mexican syndrome" is a trend that will be felt in the other Latin American economies, by contrast, has become a serious concern of government officials of the region. Venezuela was no exception, either.

Explanations Necessary

The rumors that since the beginning of the year have been making the topic of the devaluation the centerpiece of a debate not very well illuminated by those who began it, found abundant ingredients in the Mexican government to feed alarmist conjectures. The reaction of economic authorities was, in this instance, sufficiently quick and assertive to demonstrate that the government believes the proliferation of disturbing predictions to be bordering on intolerable, and that far from ignoring them, the proper response is unequivocal arguments. At least that was the intention that appeared to inspire Minister Luis Ugueto last Thursday when he called to his office a group of representatives of the private financial sector to inform them that the option of nationalizing local banks is not being considered, and that the magnitude of the differences between the Mexican and Venezuelan economic situations renders unjustified any fears that such a move might be contemplated in this country.

Similar arguments (originated by concerns that are also similar) were heard a week ago at a luncheon sponsored by the Venezuelan-American Chamber of

Commerce, at which four specialists in different fields of economics (Andres Rosner, Pedro Palma, Kim Fuad and E. K. Moody) spoke about the short- and medium-term prospects of the business sector. Significantly, most of the questions asked of the panel by the large audience of business executives did not touch upon the subjects proposed for the agenda, but concentrated on the repercussions of the Mexican crisis. Economist Pedro Palma set forth his ideas about the disparity of the two situations, with figures that spoke for themselves: The expansive policy pursued by Mexico recently can hardly be compared to that followed by Venezuela in 1974/75; the growth of imports in Mexico reached a record 45 percent a year, while in Venezuela monetary and fiscal restrictions held the growth rate down to about 10 percent; the volume of Mexican reserves (\$2.1 billion) is barely enough to cover a month of imports, while Venezuelan reserves are enough for 8 months; and the Venezuelan balance of payments deficit, which could reach \$3.5 billion this year, seems moderate compared to Mexico's deficit of \$11.7 billion in 1981.

Year of the "Burrodollar"

These arguments, which would appear overwhelmingly sufficient to squelch rumors of an indiscriminate propagation of the Mexican crisis, may not, however, be enough to counter the psychological effects that major Western press organs are trying to create with their news items (undoubtedly used as an irrefutable source of documentation by not a few amateur soothsayers).

To illustrate this point, it is worth quoting some paragraphs from the cover story (called "The Year of the Burrodollar") published by the London magazine THE ECONOMIST in the last week of August:

"The financial problem is serious: the nine most important banks of the United States have loaned Mexico the equivalent of 40 percent of its capital and reserves. . . The solution to these difficulties is one of the great challenges that face Washington in the foreign policy sphere, since behind Mexico stretches a string of other 'burrodollar' debtors: Brazil, Argentina and Venezuela together owe a total of \$140 billion. The United States cannot risk the political consequences of declaring the insolvency of any of these countries.

"The banks, however, deserve our concern simply because the prosperity of the world is written in their accounting books. It is they, and not Mexico, Brazil or Argentina, who brought this crisis to its climax. They are the ones who stupidly injected the 'burrodollars' into Latin America. . . They are the burros. . . The banks took money from the oil millionaires and rejoiced at the prospect of being able to lend it to an emerging petroleum exporter. . . When the price of oil fell, the flow of deposits as well as the debtor's payment capacity plummeted."

The Anglo-Saxon custom of lumping all Latin American countries into a single, uncivilized category clearly stands out in the article in THE ECONOMIST. But that is not its most disturbing aspect. The unusually angry tone used to describe the imprudence of international banks in a publication

that has not exactly earned a reputation as a critic of the financial 'establishment' perhaps presages equally harsh and violent reactions by that same business community, which is now trying to undo the mistakes made in Latin America.

It is this situation, more than the hypothetical transfer of the "Mexico effect," that should give rise to reflection in Venezuela. In this regard, the superficial and hurried conclusions that characterized the media reports of the past week have not helped much.

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CSO: 3348/19

ASYLUM GRANTED TO IRANIAN ATHLETES

PA150406 Caracas Radio Continente Network in Spanish 2100 GMT 14 Sep 82

[Report by Euclides Perez]

[Text] The Venezuelan Government will grant political asylum to the four Iranian wrestlers who arrived here as part of the Iranian delegation to the world military wrestling championship that took place here at the military school's gymnasium. This statement has been made by the deputy interior minister of Venezuela, (Miguel Angel Hernandez).

[Begin recording] [Hernandez] Two months ago, when the sports match took place, these four Iranian athletes decided to stay in the country. In view of that, the government issued them emergency passports, since they were athletes. These emergency passports expired this month, and the four athletes have been requested to appear tomorrow at the Bureau of Investigations. At that time, in view of the investigations we have carried out, we will grant them territorial asylum, since they are already in Venezuela. Consequently, maybe tomorrow we will issue them a temporary resident visa, the one they should be issued.

[Question] What did the Iranian athletes argue in order to request asylum in Venezuela?

[Answer] They argued political reasons, as always, but that type of procedure does not exist for us. The Interior Ministry is compelled to guarantee all such actions and is thus empowered to grant them territorial asylum, since they are already inside the territory. [Words indistinct] is what gives their stay in our country a legal status. [End recording]

CSO: 3348/26

FOREIGN LOANS TO REFINANCE SHORT-TERM DEBT CONSIDERED

Lima LA PRENSA in Spanish 10 Sep 82 p 9

[Text] Caracas, 9 September--Venezuela is considering asking for a loan to refinance its short-term debt, which totals \$8.766 billion, said government sources today.

"After the vacation season ends in a couple of weeks, we will resume our talks with the international market," said Treasury Vice-Minister Jorge Ali Casanova, although he did not specify whether part or all of the short-term debt will be renegotiated.

President Luis Herrera Campins said last week that Venezuela has a total foreign debt of some \$26 billion.

Finance experts think the short-term foreign debt of \$8.766 billion is very high, leaving the country little flexibility in its payment terms.

Casanova pointed out that international banks are interested in refinancing the debt, and he expressed hope that Venezuela "will not encounter any obstacle, despite the deteriorated financial climate for credit in Latin America since the emergence of Mexico's economic crisis."

"International banks have realized that Venezuela is different from other countries," he added.

He indicated that Venezuela has been waiting for more propitious financial conditions since its failure to negotiate a \$2 billion loan in June.

Government sources reported that a Venezuelan delegation has been in contact with European and Japanese banking representatives, who held talks with Leopoldo Diaz Bruzual, president of the Central Bank of Venezuela.

8926

CSO: 3348/17

ARGENTINE MAGAZINE INTERVIEWS HERRERA CAMPINS

PY160152 Buenos Aires EL ECONOMISTA in Spanish 3-9 Sep 82 pp 6-7

[Undated exclusive interview with Venezuelan President Luis Herrera Campins at Venezuelan Government House]

[Text] "We believe that the LAIA [Latin American Integration Association] now has an exceptionally good field for developing new activities aimed at attaining Latin American integration. LAIA replaces LAFTA [Latin American Free Trade Association] after 20 years of unsuccessful negotiations on attaining integration or an association with the objective of organizing free trade."

These statements were made by the Venezuelan president, Dr Luis Herrera Campins, during an exclusive interview he granted to EL ECONOMISTA at the Venezuelan Government House. Here is the interview:

[Question] How do you currently view the rapprochement between Argentina and Venezuela, which some people call a "Caracas-Buenos Aires axis?"

[Answer] This rapprochement has always been very important in Latin American history. I hope that it is as important at present as it has been in the past. This rapprochement presently exists not only between Argentina and Venezuela, but between all Latin American countries. The need for renewing inter-American relations after the South Atlantic conflict, after the war that British colonialism staged against Argentina on account of Argentina's vindication of its sovereign right over the Malvinas Islands, is being deeply considered.

[Question] Are you in favor, Mr President, of any type of changes within the OAS, whether it be regarding its way of operating or the moving of its headquarters somewhere else?

[Answer] We have always believed that the OAS has the possibility of being improved because it is an organization which is made up of human beings. We believe that it has always been a good forum for demonstrating Latin America's existence and in which it can meet with the United States, which is a political, economic, geographical and historical reality that can neither be disregarded nor excluded.

The OAS has been experiencing major difficulties, especially in the economic field, and above all in the past few months. We believe that the most important of all things is that Latin Americans attain a stronger and a more powerful and forceful presence by getting closer to one another, making an attempt to understand one another better, being realistic when approaching the realities we are confronted with, by sharing historical responsibilities and by expressing solidarity to one another.

[Question] What do you think, Mr President, of Venezuelan participation in other regional organizations, such as LAIA, the ANDEAN Pact, the SELA, etc., in the light of the latest events which have developed on our continent?

[Answer] We believe that the LAIA now has an exceptionally good field for developing new activities aimed at attaining Latin American integration. LAIA replaces LAFTA after 20 years of unsuccessful negotiations in attaining integration or an association with the objective of organizing free trade.

We also have the OLADE (Latin American Energy Association), which is a highly important organization in today's world where the energy problem takes first place. And we continue to work within our national pact, the ANDEAN Pact, which is also linked with Argentina, Brazil and with the new countries in the eastern part of the Caribbean.

[Question] You have just referred to the integrating of the energy-producing countries. Might the political power that oil gives, for example, also be gained through the associating of the food-producing countries?

[Answer] We support the associating of the food-producing countries, especially of the developing nations, for the purpose of defending the prices of their products and of having the industrialized nations open their markets to those products.

I have no doubts about the fact that the countries must act in the economic, social and human fields in the same way as they are acting in the political field, that is, by placing emphasis on areas such as that of security, for example.

In the past few years, the United Nations has emphasized the subject of food security through the FAO. As a matter of fact, when I visited the United Nations I underscored the present importance of food security in the field of production. I underscored the importance not only of farm production, but also that of food's industrialized production, which gives a real strength to the large-scale producing countries. I even pointed out that the power gained from food production is something of incalculable importance in the light of a confrontation over power. We can strengthen and fortify this in Latin America, and Argentina's participation in this regard will be a major one.

[Question] Mr President, is Venezuela thinking of changing its "status" of observer within the Nonaligned Countries' Movement?

[Answer] We are currently studying that subject. I believe that we will become a full member of that organization after the upcoming UN General Assembly concludes, provided that there are no objections raised by the member nations of the Nonaligned Movement. We do not expect to have any objections raised by them.

I am also pleased to say that the new Colombian president announced on the occasion of his inauguration that his country would also change its position of observer to that of a full member of the Nonaligned Countries Movement.

[Question] What is the present status of the Venezuelan claim over the Essequibo?

[Answer] We are waiting for Guyana's reply. We have invited them to sit at the negotiating table in order to make an attempt to reach a practical arrangement that will permit a definitive solution to the controversy, in keeping with the provisions and the spirit of the Geneva Convention.

[Question] Concerning internal Venezuelan issues, electoral campaigns have already begun in Venezuela. Your party, the COPEI [Social Christian Party], sponsors Rafael Caldera as presidential candidate. Caldera is one of the founders of Venezuelan democracy. What is the reason for having Rafael Caldera run as a presidential candidate?

[Answer] It is something very important for our democratic process, above and beyond the person who is being sponsored as candidate. This is the first time that a candidate who belongs to another generation, to the generation that founded the party, is confronting the founder and leader of a great party, and has not caused the leader to resign the party's leadership, or cause the party to break up. This has been the case with all the parties, except with the COPEI and its sponsoring of Rafael Caldera as presidential candidate.

[Question] How do you view the Argentine political process?

[Answer] The reports that we are receiving on the acceleration of the Argentine democratization process are promising. I hope that next year, when the 200th anniversary of Simon Bolivar's death and also of American freedom will be marked, we will already have a democratic Argentina underway. These are my wishes as a democrat and as a friend of the Argentine people. I am harboring these hopes here in Venezuela, and I sympathize with the various moves President Bignone's administration has made in the past few months.

CSO: 3348/26

HERRERA CAMPINS DISCUSSES FOREIGN DEBT, OTHER ISSUES

Caracas EL UNIVERSAL in Spanish 7 Sep 82 p 1-12

[Press conference given by President Luis Herrera Campins on 6 September, time and place not given]

[Text] President of the Republic Luis Herrera Campins denied "clearly and categorically" last night that Venezuela has accumulated a foreign debt in the order of \$54 billion, and that it has requested a moratorium, as reported by some international press organs.

The chief of state stated that, according to his figures, the foreign debt totals 79.638 billion bolivars, while the domestic debt amounts to 32 billion bolivars. This makes a total of 111.782 billion bolivars.

"The numbers I have received are the following: long-term foreign debt, 41.945 billion bolivars; short-term debt, 37.693 billion bolivars, for a total of 79.638 billion bolivars. Long-term domestic debt, 25.747 billion bolivars; short-term domestic debt, 6.747 billion bolivars. The total foreign and domestic debts add up to 111.782 billion bolivars."

President Herrera asserted that "the payments of Venezuela's and its decentralized agencies' obligations are proceeding normally."

Commenting on the statements supposedly made by the general comptroller of the republic, Dr Manuel Rafael Rivero, which were later denied by that same official on a television program, the president said, "I have always asked Venezuelans, no matter what their function, to exercise discretion and prudence in their handling of statistics; the higher the office, the more discretion and prudence required, because the prestige of the nation is at stake. Now we are seeing the consequences."

"I am making this statement," he said, "to prevent any alarm or scandal in connection with any information that may come from abroad."

CAP Forgets

Next he conducted a question and answer session. He was asked about the statement by former President Carlos Andres Perez to the effect that the

current administration has been the most disastrous in the history of the country. He responded: "He is very modest, having forgotten himself."

Sports Law Regulations Will Be Enforced

Once more the chief of state reiterated his position on possible modifications of the Regulations of the Sports Law. "I have decided that these Regulations must be enforced. The National Executive will not consider any modification; that is not an option. If as a result of the Sports Regulations there are no Pan-American Games, then there will be no Pan-American Games. But the law is the law, and under the rule of law it must be respected," he remarked.

He explained that those who went to the Supreme Court of Justice were justified because they did not agree with the Regulations, but until the court makes a ruling, the regulations will be enforced because it is a basic law of the republic. "It is a presidential prerogative that is exercised in the Council of Ministers, and I exercised it. That is why I have been urging all those who are involved in this controversy to stop and think, so that first of all people will do what they have to do as citizens, that is, obey the law, which is the best guarantee for each and every one of us, even though we personally may have reservations or opinions about the contents of some formal or basic law."

He added that the above does not rule out any possibility for dialog. "Quite the contrary; we have tried to do it in private, we have tried to do it in public. Even the minister of youth tried to debate the issue with some Olympic leaders on television, but unfortunately the latter did not attend the debate. That is all I have to say about this matter for now."

Sheik Who Put Venezuela in Check

Then the president was asked whether Ala Altamini requested an audience with the president, to which he answered:

[Answer] The fact is, I don't know the real identity of the sheik who put Venezuela in check, particularly affecting some social sectors in recent days. As for a request for an audience here at the President's Office, this is the first I've heard of it.

Certainly such a request was not processed through the Press Office directed by Daniel Perdomo. I don't know if he did it through journalist friends who are accredited at Miraflores, but then I would have been informed.

[Question] How are the talks going to reestablish relations with Cuba?

[Answer] There has been what has been called a kind of psychological detente, which may spill into the political sphere. For now, that is how far we have gone in the new phase of relations with the Republic of Cuba. Of course it is in the interests and to the benefit of any country to maintain relations at the highest level of cordiality with all countries

with which it has such ties. Don't forget that we have not broken off relations with Cuba; but there has undeniably been a cooling.

[Question] Events in Mexico show that economic development is not achieved solely by investments. To prevent a similar outcome in Venezuela during the remainder of your term, what would be the necessary bases for the development of integral growth?

[Answer] A stable, solid and prosperous economy cannot be built simply on investments. Nations must be aware of proportions, and therefore know how far they can advance plans and initiatives without compromising the future.

One of the most serious things that usually happens in our country is that when we see a situation of prosperity, we then think that it has no end, and we launch into a program of spending or investing or expanding. We don't stop to think that if operations continue to grow in this manner, any problem that might arise in the future will cause a tremendous calamity.

In this regard I would like to recount an anecdote that seems to me very appropriate. A powerful European industrialist was in Venezuela for the opening of a ceramics factory. He was commenting on a series of positive aspects of the factories and their owners, when one of the businessmen came up and said to him: "Well, you know so much about this field because you have devoted your life to this kind of business, so tell us what bad qualities you see in us." He replied: "Boys, what I am concerned about, and what shocks me, is the tremendous initial success you are having. You know perfectly well that in Venezuela it is often like that. When one has good luck in one thing alone, one thinks that it will go on forever." That is what happened with the violent money, with the so-called sudden oil wealth of 1974. At that time great plans were made, but none of them was guaranteed the necessary financing. Since then we have pulled out all the stops to make progress, and for that reason we have had to put the brakes on the run-away car of the delirious economy. We have been able to head off a calamity, hopefully not just for this administration but also for the upcoming term. In the case that is in the news now, of a large American country, or the opposite extreme, the case of a smaller country much further away, the country is experiencing a tremendous economic crisis precisely because of the failure of a long series of monetarist theories which were thought to be able to make up for past experiments with socialism.

[Question] Mr President, Foreign Minister Zambrano went to the UN to meet with the secretary general of the United Nations, to inform him of the current Essequibo crisis. What else does Venezuela expect to happen in that meeting?

[Answer] Given the importance of the United Nations secretary general, under any circumstances but particularly in view of the faculties vested in him by the Geneva Convention, we have established very close ties with Mr Perez de Cuellar. Venezuela makes not a single move without communicating with the secretary general of the United Nations to keep the dossiers on the Venezuela-Guayana controversy up to date. Precisely for that reason,

since Guayana's response to our proposal, we have deemed it necessary to request a meeting with Mr Perez de Cuellar. It will take place tomorrow, and there we will reiterate Venezuela's position on the matter. We want the secretary general of the United Nations to be constantly apprised of what is happening in these disputes.

[Question] Mr President, at the last UNESCO meeting, Culture Minister Luis Pastori in his speech mentioned the role of the media in relation to the state. In that speech there was a tendency to speak of guidelines and norms which should govern the media. What specifically is expected of Venezuelan television, Mr President? Is the opinion of Luis Pastori that of this government?

[Answer] We expect Venezuelan television to improve daily. Every day it should provide better service to culture, and pay less heed to consumerism and insatiable appetites. I am certain that it has a magnificent opportunity with the bicentennial of the birth of the Liberator. I think that the programming, at least what I have been told the networks are planning, will show the entire nation that it is possible to have television with an extraordinary cultural orientation, with popular acceptance as well.

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CSO: 3348/17

SURVEY OF BANKRUPT ENTERPRISES ORDERED

Caracas EL UNIVERSAL in Spanish 1 Sep 82 p 1-14

[Text] Consecomercio and Fedeindustria ordered their affiliates throughout the country to take a census to determine as soon as possible how many firms have gone bankrupt as a result of the present economic situation.

Although the two institutions cover different sectors, they agree that their problems are practically the same: rising interest rates and a lack of liquidity.

"The situation is difficult, although it is not a crisis. It can be overcome by creating a climate of confidence," said Raul Lopez Perez, president of Consecomercio.

Policy changes contribute to the atmosphere of mistrust in commercial and service enterprises. Another strong contributive factor is high interest rates and credit restrictions, according to Lopez Perez. Conditions are difficult because the gross domestic product has not grown, but one favorable circumstance is the fact that the inflation rate has subsided.

In the opinion of the president of Consecomercio, some regulations such as those governing restaurants, funeral homes and repair shops are unjustified.

These and other measures lead to a lack of confidence, which in many cases results in the closing down of businesses and commercial establishments.

Fedeindustrias

On the national level, serious problems persist due to the absence of working capital financing. At present small and medium businessmen are finding that interest rates are more reasonable than they have been recently, but the nature of small businessmen's access to commercial banks makes these lower interest rates worthless in practice.

Miguel Valderrama, president of Fedeindustrias, points out that the multitude of requirements established by financial institutions for obtaining credit present a serious obstacle that is becoming more and more discouraging to small and medium industrialists in the country.

The enforcement of the "Buy Venezuelan" decree has created a certain environment, and greater efforts must be made to ensure the application of this measure to small and medium industries. The lack of mechanisms to provide timely information about the requirements of the Venezuelan Government and its enterprises, as well as the failure to regionalize purchases, are preventing these businesses from supplying the state in practice.

"Those who do manage to do so encounter another difficulty: failure to pay. Many small and medium industries are 'stuck' with payment orders they have not been able to cash in, and the resulting lack of liquidity forces them to paralyze production.

"We are confident that the combination of low interest rates and the expected increase in liquidity and real assets to finance the productive sectors will contribute to the reactivation of the economy," said Valderrama.

The situation of the small and medium metalworking industries is touch-and-go, especially in Ciudad Guayana, where firms have been working at just 30 percent of their installed capacity since the conclusion of Sidor's Plan IV, and they are having a difficult time trying to sell their products.

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JORGE OLAVARRIA ANALYZES STATE OF ECONOMY

Caracas RESUMEN in Spanish 12 Sep 82 pp 2-3

[Editorial by Jorge Olavarria]

[Text] RESUMEN has faithfully reported the sequence of urgent alarms and warnings that have been sounded in this country in recent weeks. It has also reported, with unquestionable impartiality, on the statements of the presidential candidates and their parties. By happy coincidence, they corroborate the voices of alarm and warning. They use their arguments to put themselves forth as the most deserving of Venezuelans' votes, but with their recent behavior and their "consensus," they are assuring us that the errors that have brought us to the brink of this economic, political and social abyss will continue to be repeated until a collapse is achieved, as is happening now in Mexico. Such is the case of the "Steel-Coal" Project of Zulia, and the scandalous show of irresponsibility and demagoguery in the passage of the bill authorizing the Executive to place the republic in debt for 10 billion bolivars and to compromise the future, in an enterprise whose plans estimate a cost of 30 billion. In view of the precedents established by other, similar projects, it is not unreasonable to assume that it will cost five times more. The law was passed knowing that this project will be another drain, as "Sidor" is today.

Diaz Bruzual's severe warning has been followed by other equally severe admonitions. No less than the president of Venezuelan Petroleum, Inc, Gen Rafael Alfonzo Ravard, in the speech he gave on the occasion of the seventh anniversary of the mother company of the petroleum industry, issued warnings that were perhaps even more serious and profound than those uttered by Diaz Bruzual.

RESUMEN is printing the entire text of that speech in this edition, and it is recommended that readers study it carefully, because its words contain very severe accusations, warnings, admonitions and criticisms that are very subtle, but quite explicit in content and intent, concerning the path which President Herrera has chosen for the country, and which the official party candidates promise to continue and accentuate.

Without going so far as to assert that he is right, I have the impression that this is the first time in the tradition of which we are now closing

the seventh chapter, that Gen Alfonso has gone beyond his own turf and entered what, in a broad but not vague sense, we might call the "political" field.

In fact, in addition to responding indirectly but undeniably to the interference of the political world in the administrative and management aspects of the oil companies, Gen Alfonso leaped into very concrete and specific issues concerning the administration of the Public Treasury and the use of the resources and credit provided by the petroleum industry to the government, to contract debts and obligations. He proposed specific formulas to head off the trend toward the Mexican syndrome.

"The beauty and detail of our accounting procedures," said Alfonso, "provide a reliable and transparent record that facilitates control." By saying this he was not simply making an odious comparison with public administration, which is not beautiful or detailed or reliable or transparent, and is designed to hinder any control, not to facilitate it. With this "transparent" intention, Rafael Alfonso Ravard, after the obligatory platitudes about the benefits of democracy, plunged into expressing part of what he and many Venezuelans feel and think about the shocking disorder of public administration in the ambidextrous hands of the official parties that run it, with particular regard to a matter that has traumatic historical antecedents for Venezuelans: the public debt.

From Gomez to Perez to Herrera

The history of Venezuelan public finances is marked by one constant factor throughout its sad and tortuous progress: the public debt. From the very beginning of our independent life, in 1832, after the rupture of the unity of Greater Colombia, Santos Michelena signed a treaty with his Colombian counterpart Lino de Pombo to divide the debt among the three countries. Perhaps that was the most noble and justified gesture; it made independence possible. But even in that incident, the first great "scandal" of administrative corruption, none other than Francisco de Paula Santander got his hands dirty; and more than one historian thinks that it was for that reason and not his participation in the criminal conspiracy of '28, that the Liberator allowed him to be punished with the full weight of the law. That incident long ago sowed the seeds that have grown in our times to a lush forest which is part of the "system" of parasitic and suicidal parties that are increasingly sapping the vital fluids of this nation: the union of political power with economic power, the distortion of the power of the press, the abuse of authority, administrative disorder that makes control impossible, etc. What followed in the 19th century was more of the same. The personal fortune of Guzman Blanco is the stain that besmirched his undeniable effort to organize the state, and it stemmed precisely from what was "due" him after the negotiation of a loan. But as reprehensible as the debts of the past century were, they made possible the construction of railroads and ports, and Caracas was finally able to finish removing the rubble of the earthquake of 1812 and the disastrous effects of the wars. The three or four governments that preceded Cipriano Castro, as well as his government, along with the innumerable commotions and guerrilla campaigns, threw the

country into a state of anarchy. The resulting weakness, evidenced by Castro's easy victory, brought the Public Treasury to its knees. It was then that we suffered the greatest humiliation of our history: the combined fleets of England, Holland, Italy and Germany in 1902 blockaded our ports, occupied our customs offices and, after American intervention, proceeded to collect on the debt the country had failed to pay. The terrible distortion of our history by those who tell it from their party's viewpoint has been not only unjust and inaccurate, but pedagogically harmful in the sense that it equates the political arbitrariness of the Gomez autocracy (no less brutal and insincere than the non-representative autocracy of this party system--but that is another can of worms, although the worms are the same) with administrative disorder. Not only were Gomez and the governments of his autocracy not disorderly, but he must be given due credit for having straightened out and organized the Public Treasury and for having utilized and respected the abilities and talents of Roman Cardenas, the true founder of a modern Public Treasury that was controllable and acceptably effective considering the magnitudes and parameters of his day.

And what the historians of this party system will not or cannot see is that Gomez also had his share of "abundance," but it did not end in the financial chaos that resulted from Perez' and Herrera's administrations. In fact, between 1920 and 1930, just 10 years, Venezuela became the world's top oil exporter. Comparatively, the 10 years of Perez and Herrera have been much more spectacular in terms of the increase in oil revenues. But while Perez cannot say he took over a poor, backward, disease-ravaged nation in 1964, Juan Vicente Gomez could say that in 1920. The difference is that in 1930, Juan Vicente Gomez paid tribute to the centennial of the death of the Liberator and the birth of the Republic of Venezuela by totally cancelling the foreign debt. Now, Luis Herrera will celebrate the bicentennial of the Liberator's birth in a country in a shocking state of disarray, terrified by what is happening in Mexico and the likelihood that if we continue down the path we have been following, as promised by the candidates of the official parties, we will end up much worse off: demoralized, without incentives for investment, work and creativity; disoriented by the hemorrhaging of insincere demagoguery and by the breakdown of all controls, the avowed impotence of such controls, and the absolute impunity with which the Public Treasury is nauseatingly plundered.

Debt, Votes and Mexico

"Among the most recent concerns of this country," said Gen Alfonso in his soft voice, "has been the level of public indebtedness." "The public debt has reached significant levels; it is estimated that about 20 percent of the regular budget will be needed to service that debt." "To pay it off completely in 10 years," he added, "resources equivalent to the income from selling 500,000 barrels of oil per day on the world market would be required." Then he went on to give a "recipe" for stopping this headlong race toward disaster: "Given the magnitude of the problem, it would seem appropriate and timely to think of structuring the future management of the debt, providing for progressive amortization over a prudent period of time, with the healthy goal of implementing, in public view, a mechanism for

controlling the magnitude and expansion of the debt." "For example," he said, "we might think about defining a specific volume of oil production, apart from what is required for the other budgetary goals, whose commercial income would be used solely and exclusively for amortizing the public debt."

Regardless of the pertinence, viability or appropriateness of Gen Alfonzo's specific proposal, there is no question that his is an authoritative voice that reveals a serious concern for what seems to be the Herrera administration's final and only response in meeting the obligations it has contracted, to avoid an economic catastrophe in an election year, and also to pay for the behind-the-scenes deals and pork-barrel schemes with which it hopes to so stupefy the people that they are induced to vote green once again. This last and only response is to expand the 100-billion bolivar debt that Herrera inherited to a 200- or 300- billion bolivar debt. Venezuela already ranks high among the world's great debtors. In spite of that and all that is known, the parties of the system did not think twice about passing the Steel-Coal Bill for the construction of another drain on the Public Treasury, equal to or worse than what we already have. Rafael Caldera and Jaime Lusinchi cannot flout these realities with impunity, given the meaning that words should have in the mouths of those who aspire to be believed by the citizens they hope to govern. In 1981 (according to TIME), Mexico owed \$56.9 billion; Brazil \$52.7 billion and Venezuela \$26.2 billion, with \$16.1 billion falling due this year. Naturally, that must be refinanced. These levels are already astronomic, and the words of Alfonzo had not stopped echoing in the commentaries they inspired (some of them contained in this edition) when another voice, no less important and substantially more authoritative because of the individual's knowledge of the situation, was raised in the same tone, but with much more serious allegations.

The comptroller general of the republic, Manuel Rafael Rivero, did not beat about the bush: "I am fulfilling my responsibility as a citizen and a public official," he told Leopoldo Linares of EL NACIONAL, "by sounding the alarm about the situation." And what is that situation? Very simple: the 100-billion bolivar debt has already reached 200 billion! Calculating it to the penny, he said that the current debt amounts to 150,477,698.00 bolivars; but with authorizations for 68,000 more, it exceeds 218 billion bolivars [as published]. But the most serious aspect of Rivero's claim is that this debt is not justified by what is done with the credit. Rather, it is explained by the "widespread administrative disorder that has been developing in Venezuela for some time." When asked by Linares to be specific about the time, Rivero placed it at the beginning of the boom in oil prices . . . that is, at the beginning of the C. A. Perez administration. Taking a step further, the comptroller termed the situation "corrupt," because "corruption does not involve just peculation, but bad administration." That is true. We are witnessing the most corrupt government in Venezuelan history, second only to the previous administration.

Thus, in the past 3 weeks the president of the Central Bank of Venezuela, the president of Venezuelan Petroleum, Inc, and the comptroller general of the republic, each in his own style and for different reasons on different

occasions, have all sounded the same cry of alarm: we are heading for disaster. But the parties of the system and their candidates are not listening. They just take a little here and a little there, whatever they think will serve their demagogic purposes. But when they are given a concrete and specific opportunity to practice the austerity and restructuring they claim they will implement "when they are in power," before they get there, they do just the opposite.

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CTV REQUESTS NINE PERCENT COMPENSATION FOR REAL WAGE DROP

Caracas ZETA in Spanish 5 Sep 82 pp 12-13

[Text] The wage compensation will cost 13 billion bolivars over 5 years, with the government providing 8 billion and the private sector 5. Miraflores has listened to the CTV [Confederation of Venezuelan Workers] very little during the past 5 years, and there has been criticism of the government's monetarist approach to combating inflation.

Relations between the administration and the CTV have never been good. Jose Vargas, the president of our leading labor union, and his labor leader colleagues have only been received once in Miraflores even though they have asked for a meeting with the president on more than one occasion. Likewise, the CTV's many proposals for dealing with the nation's major problems have never been well-received in Miraflores. The Porlamar Manifesto, in which the CTV outlined its development model for Venezuela and made a series of recommendations to the administration, never elicited an official response. The creation of the Costs, Prices and Wages Commission, which was a CTV demand, did not satisfy the union leadership because it turned out to be just a pro-forma, bureaucratic agency.

The CTV is now declaring an emergency throughout the country to rally all Venezuelan workers in defense of another wage compensation. The CTV's stand represents a serious challenge to Luis Herrera's administration because of the touchy fiscal situation that we are in. If the government does not have the money to satisfy the economic grievances contained in the union contracts of government employees, it can much less afford to meet this demand. The situation is less troublesome for the private sector, because employers will reportedly agree to the wage compensation but will also demand that the government allow them to raise the prices of their products.

The CTV document talks about an estimated unemployment rate of 11 percent and says that underemployment (when workers are relegated to marginal activities, with part-time jobs that do not provide minimum wages on which their families can subsist) has become a grave calamity. Moreover, the cost of living continues to rise, although the Central Bank's indicators could give the mistaken impression that the critical stage of inflation is over.

The CTV economic advisers contend that official predictions put the inflation rate at between 10 and 12 percent. It depends on how the index is calculated, however. "The Central Bank of Venezuela," they say, "uses the month-by-month method, which shows a smaller rise, but if we resort to the traditional method of year-to-year or half-year comparisons, we will see that the inflation rate will be between 14 and 16 percent." The CTV estimates that the cumulative inflation rate from January 1980 to July 1982 is 45 percent and that the wages of workers have declined by an equal amount. The country's leading labor union feels that the housing problem is becoming increasingly troublesome and has now been complicated by the recent rise in interest rates and that there is now less chance of a near-term recovery.

Public utilities have become even more inadequate, in the CTV's judgment, and the trend is towards higher rates, not an in-depth overhaul, as should be the case. This also applies to transportation. Social Security is in worse and worse condition, at a critical juncture for social stability, which raises concerns as to the very survival of the family. Conventionally speaking, the economy in general has been stagnant for the past 4 years, and no immediate prospects for recovery are in sight. On the contrary, the current oil and fiscal situation militates against such prospects.

The CTV argues that the 1981 budget was the largest in Venezuelan history, with the government spending more than 94 billion bolivars. Government spending should thus be cut by 7 or 8 billion or more, in fact, because the impact of the drop in oil prices had not been taken into account. The CTV's economic advisers, headed by Maza Zavala, point out that all of this government spending has not been too effective in reviving the economy. Government spending alone has been shown not to work; moreover, the budget is poorly drafted and monitored, which encourages waste. Therefore, government finances and structures must be revamped.

Crisis

As far as the CTV is concerned, it is untrue that the petroleum and fiscal situation is temporary. It feels that our oil policy must be changed immediately, to provide the government with new opportunities for financing and revenues. Budget cuts have so far not touched the superfluous and wasteful outlays for unproductive current investment. They have, however, focused on social spending, which is fundamental to economic recovery and the well-being of the population.

The CTV estimates that the balance of payments of deficit and the drop in reserves will hit \$3 billion this year due to the drop in oil prices, the outflow of capital and the increase in current expenditures overseas by the public and private sectors. This means that emergency measures might be needed, such as strict exchange controls and a devaluation of the bolivar. A devaluation would further aggravate the decline in the purchasing power of workers' wages and would encourage a greater concentration of capital in a minority.

The CTV also contends that the government's anti-inflation policy is based on a monetarist approach, with high interest rates and credit restrictions, which help concentrate financial power and hurt small and medium-size firms. In its battle against inflation the government has tightened rediscounting at the expense of the economy. The social costs are higher unemployment, the shutdown of small and medium-size firms and a greater concentration of economic power. The national debt stands at around 120 billion bolivars, and servicing it costs more than 20 billion.

Wages should be protected from the effects of such policies, and thus the CTV proposes a wage compensation, which is different from an increase, because it has to do with a recovery of buying power. The options proposed for wage compensation are as follows: 9 percent a year for 5 years, a sliding scale or indexing, cuts in or the freezing of the prices of items in the family food basket by order of the Costs, Prices and Wages Commission and the food bond.

The Cost of Compensation

The CTV has estimated that wage compensation will cost 13 billion bolivars over 5 years. It feels that though the figure seems enormous, it is feasible, not only because it is a requirement for social justice but also because it will help revive the economy. During inflationary times, when the buying power of the bolivar drops, wage earners are the hardest hit. The compensation model being proposed by the CTV is based on avoiding these three things: fueling inflation, strangling private companies that are having economic difficulties and resorting to an increase in conventional oil production.

This is why the compensation should be staggered over a 5-year period (1983-1988), with annual increases of 9 percent. The economic pressures on labor union contracts would lessen over this period, and as of 1988 wages would be indexed to inflation, as in the highly industrialized countries such as Germany, France and Belgium. The compensation period also offers the possibility of developing strategies for gas, coal, iron and the petroleum from the Orinoco Belt, with an eye towards raising revenues and covering the approximately 13 billion bolivars in outlays needed to restore the bolivar's purchasing power.

The CTV feels that such strategies could yield the country up to 3.8 times the revenues it needs. At the end of the 5-year period, the minimum wage would stand at some 4,800 bolivars a month, up from 3,000. To prevent the compensation from being inflationary in the form of budget and money supply increases, the CTV proposes that the government cut current expenditures (publicity, travel, aircraft, retinues, banquets, etc) in the same amount that it would put into the bond (2.6 billion bolivars a year). According to this blueprint, the government would contribute 8 billion bolivars and private enterprise 5 billion, with the prerogative of tax relief for the firms whose profits are below 20 percent.

The government has not yet responded to the CTV proposal; it seems to be studying it. Meanwhile, however, the workers have declared an emergency to fight their battle for wage compensation.

COST, MOTIVATIONS FOR MAJOR PROJECT IN ZULIA CRITICIZED

Caracas ZETA in Spanish 5 Sep 82 pp 10-11

[Text] As far as the residents of Zulia are concerned, a pointless debate has begun on the iron-steel-coal project in their state, because there is no money for it, even if Congress approves it and the president orders it started up. The debate could, however, be useful in showing us how we have embarked on unrealistic projects that we have later been unable to cope with.

If, as some not necessarily disinterested observers are saying, Pepi Montes de Oca's surrender was influenced by the success of Lusinchi's swing through Zulia, then his swing must have had that much more influence on the progress of the bill to build a steel plant (Iron-Steel-Coal Program") in the Guasare region of Zulia State. Whatever the outcome of the debate on the project, which according to its opponents could cause the collapse of Venezuela's shaky finances, the country is receiving immediate benefits from the debate in the form of a heightened awareness of the need to give second and third thought to anything that might entail an increase in an already crushing government debt.

The Testimony of a Witness

It would be unfair to say that COPEI [Social Christian Party] authored this controversial bill, because it emerged during the time of the so-called "new national parameters." Miguel Angel Capriles reminded us of this in an editorial that contained surprising and significant revelations on the issue. Although Capriles did not say so, his involvement as the promoter of one of the groups that bid for the project prevented it from being awarded during the administration of Carlos Andres Perez, when it was initially conceived. The various bidders wound up neutralizing each other in terms of political leverage. The surprising thing, however, is that Capriles is now saying that in spite of his interest in the project, he told then President Perez in front of witnesses that if he, Capriles, were in the president's shoes, "he would not execute the program, because having examined the world outlook for iron and steel and Venezuela's specific circumstances, he was convinced that it was a mistake to embark on it to please the residents of Zulia, just as the free port of Margarita had been created to please the residents of Margarita."

Capriles's remark to Perez seems to have come true both in terms of the world iron and steel market and Venezuela's situation, as reflected in a drastic drop in our creditworthiness, which financial institutions around the world have detected, to the point that our finance minister is unable to secure new loans on international money markets. But if Margarita, or landowners in Margarita, got the free port built despite the state's modest electoral importance, Zulia's 700,000 votes are an inviting target for politicians.

In this connection we should briefly review the election history of this major northwestern state. Zulia was a tremendous AD [Democratic Action] stronghold, built by men such as Valmore Rodriguez and preserved by battlers like Luis Vera Gomez. But the MEP [People's Electoral Movement] split hit the state particularly hard, so much so that AD was practically wiped out there in the 1968 elections. The rout of AD was capitalized on by Lorenzo Fernandez, Caldera's campaign manager, and consolidated by Hilarion Cardozo with a government record that is still rememebred in the region. Things have not gone so well in recent years, however. As far as the Caldera people are concerned, Luis Herrera's administration has destroyed the COPEI stronghold that they built there starting in 1968. And its reluctance to build the colossal iron and coal project would be the coup de grace.

Another White Elephant

The Central Bank president's stand might be based both on the emotions of a Caracas oligarch and reasons of State and historic responsibility. And as some Caldera supporters suspect, it might even mark the start of a campaign to drive Caldera out of politics, via a resounding defeat in 1983, so that Luis Herrera would have definitive control of COPEI.

Whatever his underlying reasons, though, Leopoldo Diaz Bruzual's arguments as expressed on 26 August in a message to the Executive Branch, have not yet been challenged, although they will have to be, successfully or not, when Congress begins debating the issue on the same day that this edition of ZETA goes on sale.

The Central Bank's formal reason for asking that the law by which Congress ordered the project executed be annulled was accepted by the president, who resubmitted the bill to the Legislature "so that the opinion of the Central Bank of Venezuela be taken into account." Congress is obliged to consider the Central Bank's views before engaging in public credit operations beyond a certain amount, and this one totals 30 billion, one-third of Venezuela's annual budget.

Now that the bill has been sent back to Congress, the Central Bank's opinions will have to be refuted and its president summoned to defend them. According to the Central Bank, the market studies that support the project contain "false information." The coal that would be used there (Guasare coal, as we know, is not suitable) would have to come

from the Siemens Martin project in Matanzas, which is on its last legs due to high costs and low productivity. The market for the rolled steel sections to be produced there will not be as good as the study says either, because the terms of reference for the calculations were the years 1975 to 1978, and we know that things are not the same now...nor will they be again.

The Central Bank clearly feels, therefore, that the project will be another white elephant, but an even bigger one with consequences less easily surmounted than those of SIDOR [Orinoco Iron and Steelworks], which continues to pile up heavy losses. Then comes the most worrisome part. Half of the project will be financed by direct government borrowing, and the other half by indirect but equally certain borrowing: the government would provide guarantees for the private "investors" who in reality would not even invest what their signatures are worth. This new borrowing would simply absorb any future tax revenues.

The bank then voices some other minor objections (minor compared to the ones above), after which comes this recommendation: overhaul the iron and steel sector so that mistakes like SIDOR are not repeated.

700,000=30,000,000

So far all of these numbers refer to money. On the other side of the equation are the numbers that represent votes. Osvaldo Alvarez Paz, whose job is to see to it that Zulia's 700,000 votes go to COPEI, calls people like Miguel Angel Capriles "professional opinion-voicers" and asserts that the editorial writer's argument is "fallacious and deceptive" and "conceals ulterior motives." With regard to Diaz Bruzual, he has "odd intentions," in Alvarez Paz's words. Third party opportunists, such as the URD [Democratic Republican Union], see this as a Caldera faction protest against Luis Herrera's quiet maneuvers to take votes away from Rafael Caldera.

The congressional debate on the project will be enlightening for all Venezuelans, because it will bring out, even if by analogy, the mistakes that have been made with projects that have exceeded our actual capacity to finance and run them. It will be livened up, moreover, by the political intrigues that are necessarily behind the project.

Regardless of how conclusive Diaz Bruzual's reasoning is, the bill will be passed again, and Luis Herrera will wind up signing it into law. But it cannot be implemented, because if we are not getting overseas loans now for more or less sound projects, how can we expect to borrow for this one, which the country's leading financial institution has deemed dubious, unaffordable and unprofitable. Perhaps the country will then scale back its dreams around 1985, begin developing Guasare coal for the less spectacular production of energy and invest whatever loans it can obtain in Zulia's agricultural development.

CALDERA'S, LUSINCHI'S CAMPAIGN RHETORIC, STRATEGY ANALYZED

Caracas BOHEMIA in Spanish 12 Sep 82 pp 6-9

[Text] The election campaign has begun with its usual vigor and the customary merriment of what has almost become a sporting event in Venezuela. It will culminate one Sunday in December 1983, to be decided by the Supreme Electoral Council.

Characteristic of the present day and age, the current election campaign centers more around the virtues and defects of the presidential candidates than around political platforms and ideological positions. Thus, once again, regardless of how hard other would-be "third forces" have tried to shatter the virtual two-party system, next year's elections will reflect the status quo. It's unavoidable. If we imitate the "hype" of boxing promoters, "The Battle of the Half-Decade" will be between Jaime Lusinchi representing Democratic Action (AD) and Rafael Caldera representing COPEI [Social Christian Party]. The tactics and strategies of their election campaigns will, therefore, be influenced by late-breaking developments, some of them significant, others frankly insignificant, which will emerge as topics of discussion during the nationwide debate.

Caldera or the Labors of Hercules

For starters, as he himself admitted in his presidential nomination acceptance speech, Rafael Caldera is facing the first labor of Hercules. In other words, in the 15 months from now until the December 1983 election he must make up the approximately 1 million vote lead (20 percent of the electorate) that his AD opponent, Jaime Lusinchi, holds over him.

Now then, how to make up the ground he has lost before beginning his campaign as a ruling party candidate without having been involved in or in agreement with the present administration? We can state without exaggeration that the labors of Hercules are in store for the former president who wants to return to Miraflores. Based on first-hand information and from what the founder of COPEI himself said in his 27 August address at the Poliedro de Caracas, the points he will stress in his battle for the presidency are quite clear. Let's take a look at these "labors."

The Crusade of National Salvation. The former comptroller general of the republic, Jose Muci Abraham, not Caldera, spoke about the "crusade." During Carlos Andres Perez's administration he had public clashes with the Executive Branch and was consequently forced to resign, after instilling in national public opinion the idea that the Perez administration was being undermined by indebtedness, administrative irregularities, extravagant spending [faraonismo] and corruption. Rafael Caldera's message will be that the country needs a "crusade" by honest and capable men in Venezuela to rescue it from the threats to its democratic institutions: an appalling civil service, inadequate public utilities, indebtedness, economic stagnation, lack of personal and property security, the desire for easy money, waste at all social levels and, above all, a profiteering, opportunistic spirit. This would be tantamount to Hercules's slaying of the Lernaean Hydra.

Battle Against Corruption by Venezuelans and Foreigners. Caldera, bolstered by a reputation of personal honesty that no one challenges, will speak out against corruption (citing specific cases, if necessary) both inside and outside government. Confidential U.S. publications have even stated that the former president will attack corrupt adversaries as well as those in COPEI and in the administration who have taken this politically and socially misguided path. In his vigorous anticorruption campaign, Rafael Caldera will invoke the name of Romulo Betancourt, who was also recognized both before and after his death for his conscientiousness in running the government, to underscore the oblivion into which the memory and example of the deceased founder of AD have allegedly fallen among the current leaders of the Social Democratic Party. Caldera's promise to do away with corruption and to reform national ethics is comparable to the mythical Hercules's cleaning of the Augean Stables.

A National Candidate. He himself has announced that he wants to be a national candidate. To this end he was released from party discipline by COPEI, although in a contradictory ceremony in the Poliedro on the night of 27 August he swore before Jose Antonio Perez Diaz that he would as a candidate carry out the political platform and doctrine of the Social Christian Party. Notwithstanding, Caldera declared himself a "national candidate" in his appeal to the most honest, most capable Venezuelans to work with him in his future administration. The former president even intends to announce the members of his cabinet before, not after the elections, which in the event of a COPEI victory would eliminate for journalists the delightful and by now traditional suspense of waiting for the president-elect to reveal his ministers. If he manages to become a national candidate, Caldera will have performed simultaneously several Herculean labors, after having captured the Cretan Bull by becoming COPEI's consensus candidate: he will have captured the Cattle of Geryon and the Hind of Ceryneian and obtained the Girdle of Hippolyte.

Emphasis on Experience. To heighten the contrast with Jaime Lusinchi and liken the latter to Luis Herrera, Rafael Caldera will continue to remind the country that he has already headed up the government and, therefore, will not have to "learn how to be a president." To his experience

as president Caldera will try to add his credentials as a university professor, an expert and scholar on social law, an author of sociological treatises, a lawmaker who has authored several bills, a regular member of the Academies of Judicial Sciences and the Language, Venezuela's leading expert on the works of Andres Bello, the former president of the World Interparliamentary Union, one of the main Christian Democrat figures in the world and the reaffirmed number one leader of COPEI. Rounding out this idea, Caldera will reiterate what he said in the Poliedro: "I want to be the man who is needed right now." In this regard, the former president will also invoke his friend Betancourt, who was the man "who was needed" when the time came to build Venezuela's democracy in 1959. In addition, he will subtly draw a parallel between the outstandingly honest political and governmental career of the deceased Romulo and his own. In this respect, Caldera hopes, like Hercules, to capture the Man-Eating Horses of Diomedes and seize the Golden Apples of the Hesperides (the presidency for the second time). Caldera also hopes that the AD people will rest on their laurels and remain overconfident, encouraged by the polls that show Jaime Lusinchi far out in front of COPEI. This letting down of the guard will make his Herculean labors easier.

Lusinchi or MacArthur's "Comeback"

The AD candidate has a no less burdensome task facing him. The unexpected defeat at the polls in 1978 (and it was unexpected, because AD got the 2.3 million votes it thought were enough to win, but the other party won more) did a great deal of damage to the prestige of all AD leaders in the public's eyes. Romulo Betancourt, always seizing the moment, voiced another of his catchy phrases: "We will come back," paraphrasing the historic U.S. general, Douglas MacArthur, who after the Japanese had expelled the American forces from the Pacific, announced that he would return. And he did, but it was not easy.

Even though the administration's unpopularity would make it easy to predict an AD triumph in 1983, no one should forget that Rafael Caldera is a very strong candidate, a very energetic politician and a very tenacious, steadfast and hardworking man. So let's not fool ourselves. Although Lusinchi is ahead in the polls (both the superficial and the technically sound ones), Caldera could narrow the margin by making an issue of the administration's inept and "corrupt" people (whom he naturally did not mention in his campaign kickoff speech). And anything can happen in an election campaign.

For the time being we know some of the tactics that Lusinchi will use in his drive for the presidency...

Against the Status Quo. The AD spokesmen have already started an image campaign against Rafael Caldera, describing him as a man ill-suited to deal with crises. Therefore, the former president would not be able to cope with all of the difficulties (social, political, economic and

international) that Venezuela will be facing in the years to come. The AD people, David Morales Bello in particular, will point out that Caldera's political past shows that he was not around during the critical moments in Venezuela prior to the establishment of our democracy. During the administration of Eleazar Lopez Contreras, when Betancourt, Leoni, the Machado brothers, Jovito Villalba and other young leaders at the time were being imprisoned and persecuted, Caldera was "calmly" working in the government's Labor Office. After President Romulo Gallegos was overthrown in 1948, Caldera "took refuge," in Morales Bello's words, in the Liscano office and practiced his profession until he decided to go into exile in 1958, shortly before the fall of Marcos Perez Jimenez, under the protection of the papal nuncio. The AD spokesmen go on to say that as president Caldera jeopardized the interests of national sovereignty when his foreign minister, Aristides Calvani, signed the Puerto Espana Protocol, which put Venezuela's claim to the Essequibo territory in abeyance for 12 years, thus damaging our country's cause, as we can see today. Lusinchi and his team will stress that "Caldera, COPEI and Luis Herrera are all the same" and, therefore, that another term for the former president would merely be a continuation of the present administration.

Humility Vs "Pride" Opposing Caldera's statement that "no one" in Venezuela has more experience and ability to cope with Venezuela's problems, Lusinchi will put forth the argument that the former president's conviction predisposes him to be isolated and aloof when the time comes to form a government and do an effective administrative job. In contrast, with their appeal to build a government with "the finest Venezuelans" and to achieve "social democracy" in addition to our institutionalized political democracy and the decentralization of government, Lusinchi and AD, along with independents and other political parties (COPEI excepted, of course, because it "has been unable to govern"), will put together a "social pact," which the Social Democratic candidate also proposed the day he was nominated in the Poliedro in Caracas.

Against Corruption. Lusinchi and his men will remind the country that they are immune to character weaknesses because the AD candidate was imprisoned and savagely tortured when he fell into the hands of dictator Perez Jimenez's political police, while Caldera was practicing his profession and COPEI posed no threat to the regime.

He will recall the tradition of administrative honesty of AD governments, reminding the nation that under the Perez administration the recently passed Bill to Safeguard the Public Patrimony was introduced in the Congress. Problems that arose during Caldera's administration might be brought up, and there might be references to the Banco Ambrosiano scandal in Italy (with its links to the Vatican), in connection with which the COPEI candidate's name has been mentioned. In this sphere, Lusinchi talks of fiscal discipline, administrative honesty, government reform and economic democracy.

The Big Challenge

Whoever wins the 1983 election will, once he takes office, be facing a challenge that neither MacArthur nor Hercules had to meet. The major uncertainty about democracy arises from a sort of Erasmus-like sentiment, which a great many people in Venezuela have in regard to politics and politicians.

Desiderius Erasmus of Rotterdam wrote the following in the 16th century in his "In Praise of Folly": "They never stop saying that there is nothing more vile than a candidate who flatters the people to ask for their votes, than seeking out the applause of the foolish, than taking pleasure in acclamation, than being taken as a banner and followed by the mob or standing in the forum like a statue amid the stares of the people. Add to this the adoption of names, titles and honors that in their emptiness equate the most ridiculous of men or the most infamous of tyrants with the gods of Olympus, and then tell us that it is all not absolutely insane."

The quote from Erasmus of Rotterdam illustrates in a few words the feeling that we call "frustration," frustration over the apparent inability of democratic governments and their leaders to resolve problems such as those involving morality in public office, efficient public utilities and security for property and individuals, to mention just three. The next president of the republic will face the obligatory task of eliminating the nation's skepticism, the Erasmus-like sentiments that are spreading among the public with respect to politics, politicians and democracy. It will be the labor of a titan.

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BRIEFS

ZAMBRANO MEETS WITH ESSEQUIBO ADVISORY GROUP--Venezuelan Foreign Minister Jose Alberto Zambrano Velasco today declined to comment at the end of a meeting of the Advisory Commission on the Essequibo, at which he gave a report on the missions that he carried out in Brazil and the United States, where he met with UN Secretary General Javier Perez de Cuellar and the U.S. secretary of state. Despite the insistence of journalists, Zambrano emphatically refused to make a statement after attending the meeting of the Advisory Commission on the Essequibo, which lasted approximately 3 hours. [Begin recording] [Zambrano] The only thing I can tell you is that I gave a detailed report on the activities in the past few (?weeks), to allow the commission to have sufficient basis for judgment regarding Venezuela's strategy. On this, as on previous occasions, I received unanimous support from the members of the commission. I am sorry, gentlemen, but that is as much as I can say. [End recording] [Excerpt] [PA140444 Caracas Radio Rumbos Network in Spanish 2100 GMT 13 Sep 82]

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