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7 APRIL 1988



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# ***JPRS Report***

# **Latin America**

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# Latin America

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**Factors Weighing in November 1989 Elections,  
Candidates Viewed**

33420066 Rio de Janeiro MANCHETE in Portuguese  
13 Feb 88 pp 12-14

[Article by Murilo Melo Filho]

[Text] The government is counting on 317 sure signatures to the amendment of Deputy Matheus Iansen which would restore to 5 years the term of office of President Jose Sarney, thus postponing until 15 November 1989 the presidential elections that under the bill of the Steering Committee would be held on 15 November of this year.

"Everything will depend on inflation," declared Senator Marco Maciel from the heights of his wisdom. This means that if Minister of Finance Mailson da Nobrega succeeds in stabilizing the rate of inflation at around 15 to 16 percent a month, the government of President Sarney can let the economy ride and will be able to complete the 5-year term.

President Sarney himself knows perfectly well that the inflation is inversely proportional to his term of office, i.e., each percentage point increase in the cost of living shortens by some months his occupancy of Planalto Palace.

Leaders of the "direct elections now" are well aware that the present climate is much different from that which prevailed in 1984, when, with the amendment of Dante de Oliveira, crowds came to the public square in a great popular movement that culminated in the victory of Tancredo Neves in the electoral college.

Attempts to recreate that emotional climate failed roundly with a sparse public turnout for the first meeting of "direct elections now" in Brasilia and for subsequent rallies, causing leaders of the PDT [Democratic Labor Party] to accuse those of the PT [Labor Party] of being responsible for the failure.

Furthermore, they are racing against the clock. They know that each delay in the drafting of the new Constitution serves to further regard the presidential election. If, as expected, the new constitution were to be promulgated in June or July, there would remain only 3 to 4 months for the Supreme Electoral Tribunal to prepare for the appearance at the ballot boxes of 70 million Brazilians on 15 November.

And the complementary laws? And the new electoral legislation, which will have to be adapted to the new constitution? And the state constitutions, which will govern the election in states and municipalities?

The 5-yearists, those favoring a 5-year term for President Sarney, are playing exactly on this time factor in order to bring about a *fait accompli* and guarantee this president's stay until 15 March 1990.

Thus the haste and insistence with which the 5-yearists are seeking to force a change in the guidelines of the Constituent Assembly, aiming at an immediate vote on the presidential term and form of government, whether presidential or parliamentary.

They believe that they should take advantage of the commitment assumed by the 317 parliamentarians who signed the Iansen amendment, lest new facts might change their minds. They are also hopeful that the "beans and rice" policy of Minister Mailson da Nobrega will prevent an explosion in the inflation indices, which if it should occur in the next few months would make the popular pressure for direct elections simply irresistible. With an inflation higher than 20 percent in March or April, Brazilians would go out into the streets with demonstrations, strikes, and really insupportable agitation that would force the holding of presidential elections next November. If this should occur, who are the likely presidential candidates?

**1. Leonel Brizola**

This is one of the names most certain to be in contention for the presidential succession. Although saying that the idea has never entered his head, he ends up saying that the more they threaten him with a military veto, the more he may be obliged to be a candidate. His communicative powers are unsurpassed, and with a microphone in his hand he could succeed in arousing this country as he did once before in 1961, when from Porto Alegre, by means of a television station, he succeeded in assuring the presidency of the Republic for his brother-in-law. No one should underestimate him in a popular campaign. The latest polls reveal a preference for his name even before he has announced his candidacy. He has cleverly managed to avoid wastage, misunderstandings and frictions by alternating between his ranch in Uruguay and invitations to conferences in Europe. "Enough that I remain quiet in my corner and the government's unpopularity will elect me." This would be true up to a certain point if, for example, he could count on a partisan machine in Sao Paulo and in Minas Gerais, which are the two big states, but where Brizola is very weak in terms of organization and the existence of committees. This perhaps explains the great effort being made by the ex-governor of Rio de Janeiro not only to get closer to the employer and conservative classes but also to secure a candidate from Minas Gerais or Sao Paulo for vice president on his ticket.

**2. Antonio Ermirio de Moraes**

Although he may say again and again that his commitments to politics are now ended with his defeat as candidate for governor of Sao Paulo, pressures to reconsider this attitude could be so great that he would not be able to resist them. Indeed, they say that his candidacy is the only one capable of awakening popular sympathies, precisely because he is not a politician, a class extremely discredited in public opinion. Successful in business by

virtue of being the head of the largest private conglomerate in the country, his supporters recognize that he is not a good candidate because he has a short fuse and is very explosive, but that he would make an excellent president because of his recognized qualities as a successful administrator. Deputy Delfim Netto is today one of the greatest enthusiasts for this candidacy, and he even says that it represents the last hope for getting the country out of the quagmire in which it now finds itself. He would be supported by the PDS [Social Democratic Party], the PFL [Liberal Front Party], the PTB [Brazilian Labor Party] and the PL [Liberal Party], in a front of moderate and centrist forces.

### 3. Luis Ignacio (Lula) da Silva

He is the only candidate who has up to now been nominated by a party, the PT. He knows that he cannot win an electoral victory, but he wants his candidacy to be sort of a sounding of the electorate, which has already elected him the federal deputy with the most votes in the country and which in presidential balloting could give him an impressive demonstration of forces. He wants to base his campaign on the trade unions and student organizations, and he also expects strong support from the ecclesiastical base communities of People's Action and the so-called progressive church, to which he especially directs his message.

### 4. Aureliano Chaves

He was the natural candidate to succeed President Figueiredo, having substituted for him 17 times during his absences. Correct, loyal, competent, he did not, however, succeed in preventing palace intrigues and gossip from alienating him from President Figueiredo and destroying his candidacy. Now his supporters are trying to rebuild his candidacy as the only centrist banner capable of mobilizing the conservative forces of the country. But he himself hesitates to accept, because he recognizes that his candidacy is not deeply rooted in popular sensitivity and therefore does not want to embark on a risky venture.

### 5. Orestes Quercia

He is another who categorically denies that he is a candidate, but he acts like one. He has transformed simple inaugurations into great electoral rallies and, in addition, is intensifying his activity in publicizing his achievements in the government this first year and his performance as leader of the Municipal Front. He is naturally reluctant to risk his remaining 2 years as head of the government of Sao Paulo.

### 6. Fernando Collor de Mello

Although governor of a small state, he gained national prominence with his campaign against the "maharajahs" in the public service, a stand which has commended him to an electorate thirsting for morality and a fight against

corruption. He had admitted recently that he is a candidate for the presidency of the Republic even though he knows that his chances are slim.

### 7. Ulysses Guimaraes

At a PMDB national convention he would be simply unbeatable because of his present position as president of the party, of the Constituent Assembly, of the Chamber of Deputies, and vice president of the Republic. His prestige with the party rank and file is enormous, and he gets along very well with all factions of the PMDB. He would emerge from Sao Paulo with a great electoral advantage.

### 8. Franco Montoro

He has been a declared presidential candidate since he left the governorship of Sao Paulo and personally engaged himself in work as head of the Latin-American Institute. He believes his best electoral recommendation to be his record as head of the Sao Paulo government, which was recognized by the electorate of the state when they elected his candidate Orestes Quercia as his successor.

### 9. Mario Covas

His candidacy was given a big boost after his surprising victory as the candidate for senator with the largest number of votes in the history of the Republic, with almost 8 million votes in Sao Paulo, and also in the voting in the plenary for the Constituent Assembly where his speech succeeded in changing the preference of the PMDB contingent, which frankly favored the election of Deputy Luiz Henrique, who was backed by Ulysses Guimaraes for the leadership. Since that time, however, he has suffered some reverses, such as occurred in successive votes on which he was defeated by the Big Center. His excessively leftist position would not unite the PMDB behind him.

12942/9274

### Strategies in Light of Likely Guimaraes Candidacy Assessed

33420064c Sao Paulo O ESTADO DE SAO PAULO  
in Portuguese 10 Feb 88 p 3

[Text] The cards are being laid on the table. Barring an unexpected reversal, there will be presidential elections this year. It would be difficult to reverse the legislative preference for maintaining a 4-year term for President Jose Sarney, as set forth in the bill under discussion in the National Constituent Assembly. Thus the candidates who have been talked about for a long time are sharpening their knives and swords to begin the battle, even before the new constitution has been promulgated.

As you can read in another article in this edition, Ulysses Guimaraes is a prime candidate. He has been in the running ever since he acted as president of the Republic, as now. He will be the PMDE's candidate, since it would be impossible for another aspirant to take the convention in the short time left. Even Orestes Quercia would not dare to do this, although he also has his own personal political reasons. If he were to leave the Palace of the Bandeirantes this year, he would risk getting caught in the middle of a jump without a safety net. The chances of the Sao Paulo governor are based on 5 years, and he is not going to row against the tide. He would rather accept the 4-year preference and back Ulysses Guimaraes, becoming one of the leaders in his campaign.

It also seems unlikely that the old guard or independent Left of the PMDB would risk dissension by putting forward another name from the group—from either within or outside the party. It would be a waste of time at the convention. And it would be even worse for a small party. What Mario Covas and his colleagues need to do, in light of the obvious candidacy of Ulysses, is to go along with it and try to influence the selection of the vice-presidential candidate, probably a leftist from the Northeast.

Ulysses is expecting to come out in front in the first round of voting. He knows that he will have to separate himself, and the PMDE, from President Sarney's government. Whether he moves to the opposition or finds an independent platform, his chances will depend on not being regarded as a candidate backed by Planalto Palace. Moreover, he has already very cautiously begun this path of no return. He does not believe that the party is breaking up, as the old guard claims, but he is open to the possibility of calling a meeting of the national board of directors to work out a new course of action once the constitution is enacted. He is not expecting to win the simple majority of valid votes needed to become president in the first round, and he is assuming that Leonel Brizola will be in second place. In that case, there would be plenty of spaces to be occupied in alliance with other candidates from the center. There would be nothing better for him than to be running against the former Rio de Janeiro governor in the second round. Because even if Brizola wins the support of Luiz Inacio da Silva and other leftist groups, liberals and conservatives would inevitably align on their side. It might even be possible to find more objective solutions to the composition by selecting another vice-presidential candidate in the 1-month interval between the two elections. Resignations do not always result from foolish acts. They can be skillfully triggered, even before acceptance.

The fact is that Ulysses is not alone, much less uncontested, in his claims. Aside from Leonel Brizola, who is staking more and more on the downfall of the New Republic, of which Sarney and Ulysses are part and represent the highest expressions, there are also Luiz Inacio da Silva, Aureliano Chaves and Antonio Ermirio de Moraes, among others.

"Lula" is aware that he is planting seeds for the future. He is trying to expand the base of the PT [Workers Party], and there is no better way to do this than a change in the presidency. It is said that he should wait until the very last moment to ally himself with Leonel Brizola for the second round.

Aureliano Chaves was in a much better position at one time than he is now. His cautiousness has damaged his chances. He does not have the entire PFL behind him, nor all of Minas Gerais. In the mountains, Newton Cardoso has emerged to block his path. The mining governor will back Ulysses Guimaraes.

That leaves from this first batch of candidates entrepreneur Antonio Ermirio de Moraes. If the conflict persists, he will be put forward by a smaller party, the PTB [Brazilian Labor Party], most likely with the backing of part of the PFL and independent forces. The strategy of Antonio Ermirio de Moraes' supporters is different from the one used by the people backing Ulysses Guimaraes. They are counting on taking second place, preferably behind Brizola. In that case, the democratic forces would unite behind Antonio Ermirio, with little trauma and because of no other choice. His goal would be to push Ulysses Guimaraes into third place, forcing the PMDB, and primarily Orestes Quercia, to go with him in the final vote.

Quercia, perhaps the most important of the voters, is in a difficult position. Only during the time of the old Republic, and even then only in the beginning, did Sao Paulists succeed other Sao Paulists. Prudente de Moraes, Campos Salles and Rodrigues Alves, one after another, came from Sao Paulo; but when Washington Luis tried to repeat the formula, Julio Prestes, already elected, lost, as did the presidency of the Republic itself, because of the Revolution of 30. If he supports Ulysses in the first round or Antonio Ermirio de Moraes in the second, it will only be in hoping for a miracle for either one to win. Ulysses Guimaraes and Antonio Ermirio de Moraes are appealing candidates to the governor of Minas, as well as to other governors, such as Waldir Pires from Bahia, Wellington Moreira Franco from Rio, and Alvaro Dias of Parana.

History shows that there are always variable and complicating factors. Sarney could improve his image and exert influence. Finally, government is government and the DIARIO OFICIAL is very influential. There are dissidents in Minas, such as Helio Garcia, who, if elected mayor of Belo Horizonte, would make the pendulum in the state swing as much toward Aureliano Chaves as toward anyone Newton Cardos was backing. Franco Montoro, if elected to city hall in Sao Paulo, would also be capable of damaging Quercia and anybody the governor was supporting. Not to mention another Sao Paulist, Janio Quadros, obviously not in a position to run, but still holding power that he will sell for a high price. Politically speaking, of course.

This is the way things were yesterday on an unusual day when conversations in the National Constituent Assembly were turning towards who the next president would be, something else to keep track of in the coming months.

9805/9274

**Maluf, Ermirio de Moraes Political Alliance Under Consideration**

*33420064b Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Feb 88 p 3*

[Text] To err is human, but to persist in erring is stupid. On the basis of similar convictions, businessmen Antonio Ermirio de Moraes and Paulo Maluf declared a kind of truce in their personal disagreements and are laying the groundwork for a possible political-electoral alliance aiming at the presidential election.

Both of their offices calculated that they would have won the elections for the Sao Paulo government if there were a previous alliance. In fact, if the votes received by Ermirio and Maluf are added together, we see that they would have had an overwhelming majority over Orestes Quercia, despite the extremely favorable position achieved by the PMDB [Brazilian Democratic Movement Party] that year with the illusory Cruzado Plan and its deceptive price controls.

The division of votes between the two businessmen is what gave Orestes Quercia his victory. Given the new prospects created by the list of candidates and the obvious advantage to a candidate who has most of the votes in Sao Paulo, where there is the largest contingent of voters, both Ermirio and Maluf seem inclined to end the period of personal reprisals and open the way for political negotiations.

It will not be easy for either one to relax tensions and forget resentment. They have known each other since they were small and they have never gotten along well. Residents of the same Sao Paulo neighborhood, Paulo became involved in a lasting friendship with Jose Ermirio de Moraes Junior, the oldest of the brothers, at the same time he was trading blows with the active Antonio Ermirio during street soccer games.

The differences that began in their adolescence accompanied them to maturity and led them to opposing camps, culminating in an exchange of insults and accusations. But now that the stakes are higher, there has been a cooling down and they are working towards an understanding and a convergence of interests.

It is too early to assess the possible results of this attempt. What does seem clear is the enthusiasm expressed by the two rivals' advisors, now that the public opinion polls invariably show them alternating in first and second place in voters' preference. Below them come

Orestes Quercia, Ulysses Guimaraes and Mario Covas, but in a way that the possible votes for the first two easily outweigh the possible votes for the third, fourth and fifth taken together.

Finally, Ermirio and Maluf together would probably be in a position to defeat the extremely powerful PMDB. The elaborate mutual support arrangements between the two could lead to the office of the mayor of the capital, a process that is accelerating as the days go by (in January 1989 a new mayor will be taking office in place of Janio Quadros).

To judge from reports emerging from the two groups, both Ermirio and Maluf are planning to run for president of the Republic, even though they deny such aspirations, solely for reasons of political strategy. The first is more in the public eye and is constantly besieged by friends and voters urging him relentlessly to agree to run. He repeats that he will not run, but his behavior is that of a person beginning to garner support.

The opposite is happening with Paulo Maluf. Defeated by Tancredo Neves in the latest presidential elections and then by the PMDB in the disputed governorship of Sao Paulo, he continues to take refuge in his business activities. The illness (now cured) of his brother Roberto Maluf was partly responsible for this, as he had to take over full-time management of the group's businesses.

Nobody knows whether or not Maluf is intentionally insisting on projecting the image of a businessman rather than a politician. In fact, he has not even been involved in the discussions for appointing a new board of directors for his party, the PDS. He has followed with philosophical interest the disputes among his colleagues, but he has avoided taking part in them.

This change in behavior is symptomatic and shows that he may have learned a lesson: Public opinion is fed up with the inefficiency of politicians. Finally, the political classes are suffering from an erosion which is increasingly tarnishing the image of possible candidates (such as Ulysses, Covas, Quercia, and Brizola).

From what we hear from his advisors, Paulo Maluf is thinking of running for president of the Republic, but he believes that it is not yet time to announce his intentions. He is waiting for a decision on the term of office of President Jose Sarney, without which any initiatives would probably be ineffective.

He has appeared pleased and surprised to find that he did well in previous elections. He was particularly impressed with the poll taken weeks ago by O ESTADO, in which he placed first. "If this paper reached that conclusion, it is because that is what the trend is," he told an advisor.

At the same time as we are observing the efforts to conclude an alliance between Ermirio and Maluf, precisely the contrary is occurring in the PMDB. Dissension in the ranks indicates that the party will be split when a candidate is selected. The possibility of keeping the PMDB together rests on a single solution: choosing Ulysses Guimaraes as its candidate.

In fact, because of his relative power vis-a-vis his colleagues, he would be in a position to keep the party united. However, it is becoming increasingly apparent that he is not a candidate who can easily win over the electorate. His image has deteriorated, and is getting worse with the delays in enacting the new constitution. Even his age could be damaging to him.

9805/9274

### **Bishop Sees Influence of Liberation Theology Waning**

33420068a Brasilia CORREIO BRASILIENSE  
in Portuguese 22 Feb 88 p 2

[Interview with Bishop Boaventura Kloppenburg, member of the International Theological Commission, by Afonso Licks of O GLOBO; date and place not given]

[Text] Porto Alegre—Liberation theology, which has been a source of controversy within the Catholic Church for more than 10 years and has even resulted in punishments being meted out to its advocates, is giving signs that it is beginning to lose power in Brazil, according to Bishop Boaventura Kloppenburg. In an interview with O GLOBO, he reviewed the current status of the Catholic Church in Brazil, especially in relation to the doctrine of which Fr Leonardo Boff is the chief advocate.

As a member of the International Theological Committee which advises Pope John Paul II, Dom Boaventura, bishop of the Rio Grande do Sul municipality of Novo Hamburgo, is considered one of the primary representatives of the so-called conservative wing of the Church. Even though he criticizes it harshly, he insists that liberation theology has had and still has a role within the Church, mainly that of provoking controversy. In his interview, the bishop states that as has always been the case, the Catholic Church cannot be, nor should it be, monolithic.

[Question] What is the present situation in the Church in Brazil, specifically in relation to liberation theology?

[Answer] The Catholic Church in Brazil is extraordinarily dynamic. Many evangelical and discipling movements and associations are growing, flourishing, and yielding results. Broad sectors of the Church community have committed themselves to help the poor—if not the most destitute—people in our society. To be with them, to help escape from their impoverished state, is a requirement for being a true Christian today. The problem is that so many of these groups believe that the social

advancement of the needy is an essential part of the specific mission of the Church, and this is not true. Its specific mission is the sanctification of mankind, a process that has two basic elements; the forgiveness of sins, and the fact that such sins are always personal sins. It is only by analogy that one can speak of society's sins. If the Church does not devote most of its effort to the sanctification of mankind, it fails in its essential mission. But the part of the Church which is actively concerned about the social advancement of the poor conveys the impression that it is forgetting about its principle task.

[Question] If the Church must also deal with social matters, how can it neglect its principal task?

[Answer] There is no question that the imbalance in our society today, which is accompanied by much injustice and exploitation, cries out for a solution. But that solution must be found by those who hold the legislative, executive, judicial, and military power. Not by the Church. Here in Brazil, church and state are two separate entities. In fact, in Brazil not only do we have separation between church and state—we have opposition from those sectors of the Church who would like to see a socialist system of government. They don't just want the needed thorough reforms of our social, economic, and political structure. They demand radical changes in those structures. The social doctrine of the Church calls for reforms in those structures.

[Question] What is the primary reason that liberation theology is not accepted?

[Answer] That is the question which currently divides Brazilian Catholics in two fundamentally different groups. In the recent instructions from the Vatican concerning Christian freedom and liberation, issued in 1986, we read: "Situations of grave injustice require courage to bring about comprehensive reforms and eliminate unjustifiable privileges. However, those who don't believe in taking the route of reform but prefer to put their faith in the myth of revolution, not only nourish the illusion that abolition of an inequitable situation is sufficient in itself to create a more human society; they facilitate the advent of totalitarian regimes." What is curious about this is that those Catholics who want to take the country into socialism or communism—and this is the political strategy of liberation theology and the "Pastoral da Libertacao"—talk and act as if the Church must command that process. Many cannot accept that sort of Church. I am one of them. It is true that the church today appears to be divided. The pope has hoisted the banner of meaningful reforms, and I am completely on his side.

[Question] What is your appraisal of the influence of liberation theology within the Church?

[Answer] I would say that among the bishops, its influence has been minor. It is stronger among the clergy, the priests, the theology professors and students, and the pastoral movements.

[Question] Would you acknowledge that this theological current is making any progress with certain religious sectors?

[Answer] Although I would not say that it is diminishing, I would not say that it has been expanding much lately. I might even say that its advance has come to a standstill, because the theology has become very monotonous and repetitive. The fact is that after so many years promising something, it hasn't accomplished anything, and it can't do anything either. They may plan to install socialism in Brazil, but they won't be able to. They give the impression of being numerous, but in reality they are very few. Most belong to the silent majority.

[Question] Would you predict that the influence of liberation theology will begin to decline?

[Answer] I have the impression that the movement is becoming more and more stagnant, and that the effect of this will be a failure to grow. Just the opposite—it will tire, and diminish. I would say it is a fad that has already run its course.

[Question] But what repercussions might this group have for the Church, since it is part of it? Will it do some damage?

[Answer] Look, the Catholic Church never was and never should be homogenous. Variety is an asset. A monolithic church would be a poor church. The only thing I can't tolerate within the Church is a situation where there is one priest, one agent of the "Pastoral," who denies God and another who affirms God. If someone doesn't want to acknowledge the existence of God, then obviously he cannot be a member of the Catholic Church.

[Question] So liberation theology is, in some way, valid?

[Answer] It opened up people's eyes somewhat to the problems—and there were quite a few—that arise within the Church. Now, because it is so daring in its statements and vociferous in criticizing others, it must put up with those who criticize it. They are not the least shy about criticizing me and so I don't feel any inhibitions about criticizing them.

[Question] So you think then that liberation theology is acceptable in that it stimulates questioning?

[Answer] As long as it remains within the bounds of the unity of the faith, of the doctrine of faith and morals. The day when they begin to say that marriages can be dissolved, that abortion should be permitted, then it's all over. But that's not what they are saying.

[Question] Isn't it their preaching of socialism that you object to?

[Answer] I don't accept socialism at all. But I would not say that in the name of faith. In the name of reason, yes, because I too have opinions. I consider myself much more identified with western democracy, although I recognize that capitalism has many flaws.

[Question] Then this is much more a political issue than a theological question per se?

[Answer] They call themselves liberation theologians. And it is in this context that they want to introduce all that subject matter into theology. But that is exactly the point where they encounter criticism. But I don't excommunicate them, nor do I want them put out of the Church. Let them stay there, but then they have to put up with my criticism. I believe that they have set many things in motion. And where there is movement, there is life. However, I stress that they must put up with the criticism.

12830

**Sodre on Cuban Disengagement, Arms Sales to Libya**

*33420065a Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Feb 88 p 2*

[Article by Reali Junior: "Sodre Admits Cuba May Soon Return to the OAS"]

[Text] Cuba may return to the Organization of American States sooner than anyone thought. The process may be accelerated in talks on the subject at a meeting of the Group of Eight scheduled to begin 24 February in Cartagena. Roberto de Abreu Sodre, Brazilian minister of foreign affairs, said that the issue may be on the agenda for the meeting, which is to discuss problems in Central America. The foreign ministers will write a report on the latest developments in the regional situation, which will be discussed again in Hamburg in early March at a meeting between the Group of Eight (Rio de Janeiro Group), the 5 Central American countries and the 12 countries of the European Economic Community. Sodre believes that if the peace process in Central America prevails, the EEC will have to honor its responsibilities by contributing financial aid to move the region toward a certain measure of economic stability, since in his opinion, the surest path to war is still the road to poverty. Other Latin American countries are also willing to cooperate, but it is the members of the EEC that can afford to provide more substantial aid.

Yesterday Sodre, speaking to Cuban reporters, reiterated that Cuba is now more interested in attending to its own internal problems than exporting the revolution. He expressed this opinion to his French colleague, Jean Bernard Raymond, at the meeting Saturday, and also said that Fidel Castro is willing to move toward some

measure of military disengagement not only in Africa, where thousands of Cuban soldiers are stationed, but also to bring home some advisers from Nicaragua. However, certain conditions are necessary in order to do so. One is the cessation of U.S. aid to the Contras. Sodre thus considers the recent vote in Congress in positive step. According to the foreign minister, other initiatives are necessary in Africa, including Namibian independence and the end of all assistance for Jonas Savimbi's UNITA. Sodre says that in this area Castro, to a certain extent, has anticipated the policy of openness of Mikhail Gorbachev, who is now negotiating the removal of Soviet troops from Afghanistan.

#### Arms for Libya

Brazil will only send arms to Libya under certain conditions, among which is the acceptance of contractual provisions prohibiting Libya from shipping the arms to third parties or using them against friendly countries. Sodre gave this explanation yesterday when asked about the French government's concern about negotiations between Brazilian arms manufacturers and the regime of Colonel al-Quadhafi.

As everyone knows, France has given Chad military support in its conflict with Libya. According to Sodre, this point was not discussed with Raymond at the meeting in Paris, since Brazil has a private arms industry which negotiates freely, following certain government requirements. He added that a delegation from the Libyan government recently visited the Brazilian arms industry complex, but no contract has been signed to date. At any rate, if negotiations were concluded, Brazil will only sell Tripoli defensive weapons. The foreign minister also categorically denied that Brazil has made any arms sales to Nicaragua or the Contras, who are trying to overthrow the country's present government.

As far as Brazilian reaction is concerned if retaliatory trade measures are taken by Washington, which is unhappy with Brazil's market reserve policy for computers, Sodre said that in that eventuality, Brazil would take the customary step of submitting the issue to GATT, which is the best thing to do. In his opinion, this issue indicates Brazil's maturity. "When you grow, someone also gets hurt. This dispute arose from our market reserve policy, which will not be as inflexible as the North Americans think." He cited CONIN's recent ruling in favor of the U.S. concerning a certain class of computer. In his opinion, the situation should not be overly dramatized, since the same thing goes on between the U.S. and Japan and even between the U.S. and the European Economic Community. But they are still allies.

#### Corruption

Sodre also said that Itamaraty Palace has given no instructions to its ambassadors in the U.S. and Europe concerning the deterioration of the country's image due to charges of corruption in the domestic plan, even

involving certain areas within the government itself. In Sodre's opinion, there is no reason to send instructions to the ambassadors, because this is one of the normal functions of diplomats anyway. If it gets to the point that our image is so blown out of proportion that it does not correspond to reality, then he will take the necessary steps, but there is no need now for the minister to instruct our ambassadors to defend Brazil abroad.

Sodre also mentioned President Sarney's travels. Until our institutional political framework, i.e., the Constitution, is promulgated, Sarney does not plan to take any more extended trips abroad. Thus Sodre did not discuss President Sarney's grip to France with Raymond, which has been so frequently announced and so often postponed. The same situation is true in the case of trips the president would like to take to China and the USSR. He has been invited to Moscow, and he has invited Mikhail Gorbachev, first secretary of the Communist Party of the Soviet Union, to come to Brazil, but no date has been set for either trip. In Geneva, where Sodre arrived yesterday afternoon, Sodre attended a meeting preparatory to a high-level UN meeting to be held in New York.

8844/9274

#### French, Brazilian Consortium Wins Army Helicopter Bid

33420065c Sao Paulo O ESTADO DE SAO PAULO  
in Portuguese 19 Feb 88 p 2

[Text] A consortium set up by Aerospatiale, a French company, and Engesa and Helibras, Brazilian companies, submitted the successful international bid yesterday to the Army for 52 helicopters, 16 attack and reconnaissance craft and 36 general purpose craft. Delivery of the helicopters will begin later this year. The contract calls for Esquilo attack and reconnaissance craft and Dauphin general purpose helicopters.

The other companies competing for the bid, Bell and Sikorsky (U.S. companies), Centrul (a Romanian firm) and MBB (a German company), indicated that they may appeal the Army's decision, since they were given no explanation why they were not awarded the contract. Their top officials based their position on bidding criteria and pointed out that Aerospatiale's bid was one of the highest, \$230 million. Bell's bid was \$209 million and Centrul's was \$219 million. Sikorsky's was \$250 million.

However, officials from Aerospatiale/Engesa/Helibras pointed out that the consortium won the bidding because of the quality of the Dauphin helicopters (which had never before been sold in Brazil), not because of the price quoted. They also pointed out the terms of financing, which was covered in full by the French government and an offset clause.

According to unofficial information (the press was not given access to the meeting), the offset clause offered by Aerospatiale was that France would buy over 100

Tucano aircraft from Embraer to supplement the financing offered by French banks. According to an official from Helibras, if it had been necessary, Brazil would even have sold beans to France to put together a complete financing package.

Centrul, a Romanian company in partnership with Mayrink Veiga, a Brazilian company, which came in fifth in the bidding, offered to make an offset by purchasing \$219 million worth of iron ore, and MBB, the German firm, offered to buy \$450 million worth of Osorio combat vehicles for resale to a third country. The German firm placed third in the bidding.

Pierre Pech, Aerospatiale's Brazilian representative, said he was very "happy" with the Army's decision and denied that the company, which has been active in Brazil since 1976, had transferred technology to Helibras, as claimed by sources within the Brazilian Air Force.

Winning this bid makes France the primary supplier of helicopters to Brazil. In addition to the 52 helicopters to be delivered to the Army by 1991, the Brazilian Air Force is already flying 52 Aerospatiale helicopters (10 Pumas and 42 Esquilos) alongside 52 Bell craft.

8844/9274

#### **Air Minister Confirms Military Concern About Strikes, Corruption**

33420064a Sao Paulo O ESTADO DE SAO PAULO  
in Portuguese 12 Feb 77 p 5

[Text] Aviation Minister General Octavio Moreira Lima confirmed yesterday O ESTADO's report on the military's concern over the impunity of corruption in the country. "I found the newspaper's article to be correct. We have actually already discussed this at the High Command, not as a major item, but as a subject of concern. Only I do not see the situation as chaotic."

It was not just Minister Moreira Lima, but also colleagues from other military ministries, who talked about O ESTADO's article. They found the views expressed by the military source quoted by the paper to be valid. They prefer, however, to keep this as their own problem, and absolve President Sarney of responsibility "for this additional nuisance."

The aviation minister admitted that he, as well as other military ministers, was concerned with the situation in the country resulting from strikes and accusations of corruption. But Moreira Lima prefers not to view things as apocalyptic, and he also exempts President Jose Sarney from any responsibility or negligence in the case.

"The president is an honest man who is very open and concerned with resolving the situation in the country in the best possible way. He is a man of dialogue and would rather solve the nation's problems in this way," the minister remarked, adding that if "the president were to

adopt an energetic approach and take corrective steps based on the accusations, people would say that he is authoritarian, that he is reverting to practices of previous regimes, and things of that sort. We are concerned, and I think that the current situation is difficult, but no chaotic. I am not putting pressure on President Sarney," Moreira Lima said. The general indicated he understood "the delicate position" of the president: "I spoke with him about this, but I do not intend to pressure him. Far from it."

As for delicate situations, he referred to the case of the former planning minister, recalling that Anibal Texeira was a friend of President Sarney. "If there is a person in a position of power who is not doing a good job, if we know him and he is our friend, we are not going to dismiss him from his post just like that, without giving it some thought."

Gen Moreira Lima finds that it is not as easy as one thinks to dismiss a government ministers.

He said that the press has exaggerated the accusations of corruption. Referring to the specific case of the legislators' requests to the government, he said that a deputy who goes to a ministry to ask for funds or improvements for his community is not in any way influence peddling or engaging in corruption: "This is part of the work of a member of Congress. He is defending his community's interests." According to the minister, corruption is pocketing public monies for one's own benefit, or engaging in shady business deals. "Giving money for daycare centers or for any social good has nothing to do with this."

#### **Ulysses Guarantees Action**

"President Sarney is concerned and has been dealing with all agencies to prevent corruption," Ulysses Guimarães, president of the Constituent Assembly, said yesterday in reference to the fact that the military is concerned with the administration's failure to take strong steps against corruption. Ulysses said that there are two committees in Congress investigating cases of this sort, but, according to Deputy Victor Faccioni (PDS-RS), even when the committees are CPI's, they lack the legal support to take the necessary steps.

"The investigative committees, as they are operating today, have either the human or legal resources needed to take effective action to combat corruption," the deputy asserted, expressing his concern over the accusations that have been reported. "I do not believe that the military sector will be the last to complain of the impunity of corruption, but the fact that its opinions are now surfacing is significant in that one more sector of society is demanding concrete action of the government," he explained. Faccioni believes that if the public ministry is not strengthened and given autonomy and the possibility to take action, it will be impossible to combat corruption, "which will end up strangling the economy, morale, and national political life."

"The main reason governments in Latin America fall is corruption," the PDS leader, Deputy Amaral Neto, said. According to him, corruption is the strongest message for the middle classes and the military. The deputy believes, however, that Brazil is not in danger of a coup, "because the Armed Forces do not want this mess to spread."

9805/9274

**IBGE Data Reveal Decline in GDP in 1987**  
*33420072a Sao Paulo O ESTADO DE SAO PAULO*  
*in Portuguese 28 Feb 88 p 47*

[Article by Milano Lopes]

[Text] Brasilia—Preliminary data from the IBGE [Brazilian Institute of Geography and Statistics] regarding the figures gathered through November indicate that the change in GDP last year ranged from 3.2 percent to 3.6 percent, compared to the 8.2 percent recorded in 1986, although other estimates, such as that by Prof Francisco Lopes, indicate that GDP slowed even further in 1987 for an increase of 2.88 percent. The final figure will be released by the IBGE during the second half of next month.

Whatever the rate turns out to be, it is already known that the big drop—which interrupts the process of economic growth that began in the second half of 1984 following the 1981-1983 recession—was due to the industrial product, which, according to the IBGE's preliminary data, rose by only 0.9 percent last year. According to the FIESP (Sao Paulo State Federation of Industries), Sao Paulo industry ended 1987 with a growth rate of only 0.7 percent after recording accumulated growth of 8.9 percent from January to May. The big decline began in May.

Since industry is the mainspring of growth in GDP, fluctuations in its activity are reflected immediately in calculations of the GDP rate. Built into the IBGE's estimate of 3.6 percent through the end of 1987 was a predicted growth of 1.1 percent in the industrial product. If the figure of 0.9 percent is confirmed, the final GDP rate will decline even further, probably to the lower limit of 3.2 percent.

**Signal**

The possibility of such a drop was signaled by the noticeable decline in investments. According to preliminary data collected by the IBGE's Directorate for National Accounts, the country's rate of investment at constant prices dropped last year to between 16 and 17 percent of GDP, compared to the nearly 18 percent recorded in 1986.

The IBGE's estimate, also preliminary, covers the period from January through November, when the production of physical goods dropped by 1.8 percent in comparison

with the same period in 1986. Construction was down by 3.9 percent, and imports of capital goods changed by 15 percent—also during the period from January through November.

There are also signs of a sharper decline in the growth of gross fixed capital formation in comparison with 1986, a comparison which the IBGE feels is appropriate, although 1986 could be considered atypical because of the tremendous growth in aggregate demand for goods that occurred during the first few months following the Cruzado Plan.

There are also other indicators pointing to a sizable drop in investment and industrial production, an example being the rate of industrial consumption of electric energy, which rose by only 0.5 percent last year, according to information from the Marketing Department of ELETROBRAS [Brazilian Electric Power Companies, Inc.]. In overall terms, the country's rate of energy consumption last year rose by only 3.3 percent, compared to the annual rate of 8.5 percent that was recorded during the 5 years preceding 1987.

Requests to the Industrial Development Council (CDI) for advice on new investments dropped by 39 percent in comparison with 1986, and that is another important indication of a drop in the country's overall level of investment. The level of investment intentions is also dropping with every month that passes—including January and February of this year—a signal that 1988 is going to be highly recessive as far as the industrial sector is concerned.

**Other Data**

Although the IBGE has not completed its calculation of the change in the service sector, it does have enough data to conclude that the change in 1987 will be substantially below the 8.3 percent recorded in 1986. Particularly in the case of commerce, the preliminary data are disturbing: The drop in retail sales in Sao Paulo was the greatest of the decade, with the decline in the metropolitan area totaling 24.6 percent in comparison with 1986, according to data from the Federation of Commerce.

According to the Sao Paulo Federation of Commerce, that drop in sales, which continued right through December, was even greater than the decline occurring during the recession years from 1980 to 1983. The sectors hardest hit were furniture and interior decorating (down 37.6 percent), textiles (down 35 percent), and vehicle sales (down 33.4 percent).

Since the figures for Sao Paulo are not substantially different from those collected in the other metropolitan areas covered by the survey, the IBGE believes that commerce overall will show negative growth, compared to the 9.9-percent rate of growth recorded in 1986.

| GDP in 1987                     |                      |
|---------------------------------|----------------------|
| Branch of activity              | Growth<br>(-decline) |
| 1. Agriculture/stockraising     | 13.03                |
| Agriculture                     | 15.43                |
| Stockraising                    | 8.62                 |
| 2. Industry                     | 0.51                 |
| Processing                      | 1.26                 |
| Consumer goods                  | 0.28                 |
| Durable goods                   | -5.85                |
| Nondurable goods                | 3.39                 |
| Intermediate goods              | 1.81                 |
| Capital goods                   | -2.36                |
| Mining                          | -1.14                |
| Construction                    | -2.59                |
| Public utilities                | 0.76                 |
| 3. Commerce                     | 1.35                 |
| 4. Transportation/communication | 7.40                 |
| 5. GDP                          | 2.88                 |

Source: Macrometrica/Francisco Lopes

According to the forecasts by economist Francisco Lopes, commerce will have contributed 1.35 percent to the 2.88 percent rise in GDP for 1987.

#### GDP Measures Wealth

Among various other concepts created by economists, "gross domestic product" is a concept intended to measure a country's wealth. "Product" is a measure of the total value of an economy's production during a specified period (usually 1 year). The double counting that would result from simply adding up everything produced by firms, the government, self-employed workers, and so on is avoided. For example, soybeans used in the production of edible oil are not included when calculating product. But if they are exported as an end-use product, they are included. Another way of calculating product is to add up the value added at each stage in the production of goods and services.

"Domestic product" refers to the total value added within the country—that is, it represents the sum wages, interest, rent, and profits paid within the economy over a 1-year period, in addition to the net income sent abroad.

"Gross domestic product" includes all those values plus the expense represented by depreciation (wear and tear) on the equipment used to produce goods and services over a 1-year period. Gross domestic product therefore measures all the wealth produced within the country over a 1-year period, including income that will be sent abroad and depreciation.

#### IBGE Puts February Inflation at 17.96 Percent 33420072h Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Mar 88 p 29

[Text] Rio de Janeiro—For the 8th consecutive month, inflation has continued its rising curve by reaching 17.96 percent in February, according to statistics officially released yesterday by the Brazilian Institute of Geography and Statistics (IBGE). That result brings the accumulated inflation rate to 37.44 percent for the first 2 months of this year and to 381.13 percent for the past 12 months.

That 17.96 percent does not set a monthly record for Brazilian inflation—the rate was over 20 percent in April, May, and June of last year—but it represents a disturbing advance from the government's point of view. It means that the Price Reference Unit (UPR), which determines wage increases all over the country, is moving toward 16.19 percent for the 3 months of March, April, and May (see the article on the next page [not included]).

The IBGE's research director, Jose Guilherme Reis, tried to convey some calming news. He said, for example, that the National Consumer Price Index (INPC) would show a rate of close to 15 percent for February, or almost 3 percentage points below the IPC [Consumer Price Index]. That figure would confirm the slowing trend in the rate of inflation, because the IPC for February is based on the 30-day period from 15 January to 15 February, whereas the INPC measures price changes from 1 to 29 February. This means that the rate of inflation slowed during the last 2 weeks of February.

Jose Guilherme Reis explained that the IPC for February reached almost 18 percent because inflation for that month was affected by a kind of "contagion" from the January increases in prices administered by the government, examples being urban bus fares (21.42 percent) and French bread (21.15 percent). Those two items combined contributed 2.6 percent to the official inflation rate for February, and the "contagion" occurred precisely because the period covered by the IPC included the last 2 weeks of January. The result was that while the IPC for January stopped at 16.51 percent, that for February came to 17.96 percent.

According to the data released by the IBGE, the item contributing most heavily to inflation last month was "health and personal care," which rose by 21.17 percent, followed very closely by "housing" (up 20.74 percent) and "transportation and communication" (up 20.09 percent).

IPC: Inflation by Metropolitan Area

| Metropolitan area   | Product group |       |         |           |          |                  | Health/       |                  |
|---------------------|---------------|-------|---------|-----------|----------|------------------|---------------|------------------|
|                     | General       | Food  | Housing | Household | Clothing | Transp./Communi. | Personal care | Personal expend. |
| Belém.....          | 23.79         | 29.03 | 20.34   | 15.43     | 13.03    | 18.56            | 20.04         | 22.12            |
| Fortaleza.....      | 16.17         | 16.78 | 17.98   | 8.75      | 9.74     | 16.60            | 19.33         | 17.83            |
| Recife.....         | 18.51         | 17.19 | 24.22   | 13.92     | 11.28    | 23.69            | 22.10         | 18.78            |
| Salvador.....       | 18.29         | 18.45 | 19.90   | 15.12     | 10.23    | 18.74            | 21.11         | 21.63            |
| Belo Horizonte..... | 17.30         | 15.53 | 23.72   | 13.46     | 13.53    | 17.99            | 20.53         | 18.00            |
| Rio de Janeiro..... | 19.10         | 17.26 | 18.97   | 15.80     | 12.13    | 31.51            | 22.10         | 20.20            |
| São Paulo.....      | 17.51         | 16.32 | 22.07   | 15.32     | 10.51    | 15.34            | 20.90         | 20.75            |
| Curitiba.....       | 17.78         | 16.98 | 15.57   | 15.35     | 7.66     | 18.49            | 20.26         | 24.53            |
| Porto Alegre.....   | 14.08         | 13.41 | 16.78   | 14.30     | 7.66     | 12.12            | 19.48         | 15.38            |
| Brasília.....       | 18.81         | 19.14 | 19.72   | 14.46     | 12.51    | 20.92            | 25.84         | 17.59            |
| IPC.....            | 17.96         | 17.09 | 20.74   | 14.82     | 11.24    | 20.09            | 21.17         | 19.95            |

Source: SVIPC/DIPLA/DESIP/DFE/IDGE

11798

**January 1988 Trade Balance Sets Record for Month; Reaction**

33420072c Sao Paulo O ESTADO DE SAO PAULO  
in Portuguese 1 Mar 88 p 31

[Text] Rio de Janeiro—Brazil's trade balance for January was the best ever for that month of the year, showing a surplus of \$1.03 billion. A monthly record was also set by exports, which brought in \$2.1 billion compared to \$1.1 billion in imports. The surplus should reach \$800 million in February, making it possible for the country to record a surplus of \$1.8 billion for the first 2 months of the year. That is more than it earned during the entire fourth quarter of 1987 (\$1.08 billion).

In announcing the January figures, the director of CACEX [Foreign Trade Department], Namir Salek, said that on the export side, the surplus was due to higher earnings from sales of aluminum, cellulose, automobiles, footwear, orange juice, boilers, and mechanical appliances. On the import side, wheat and petroleum, which are the main commodities imported, required less expenditure (\$7 million and \$255 million respectively, compared to \$23 million and \$281 million in January 1987). Also contributing to export earnings was the recording of a large share of the \$3.02 billion paid to CACEX in December by export firms wanting to protect themselves from possible changes in the Income Tax Law that would affect taxable income from their operations.

According to the director of CACEX, there is a good possibility that this year's trade balance will show a surplus of \$11.6 billion, with \$28.2 billion in exports and \$16.6 billion in imports. Namir Salek also believes that the export goal will be exceeded thanks to sales to the U.S. market, where Brazilian products have become more competitive due to the yen's devaluation against the dollar, a development that raises the price of Japanese products imported by the United States.

In Namir Salek's opinion, video cassettes, television sets, and compressors for air conditioning units are a few of the products which Brazilian industry might export to the United States successfully, especially since the possibility of retaliation against Brazilian exports has diminished.

Salek also expressed confidence that there would be fewer bureaucratic obstacles to exports, with less interference in those operations by government agencies. He has already sent the National Council on Foreign Trade (CONCEX) a proposal for eliminating the requirement that products to be exported be channeled through government agencies having no connection with exports. According to the director of CACEX, it is necessary to establish severe penalties for fraudulent declarations rather than making foreign trade difficult with a series of regulations.

Along with the significant results in the January trade balance, the director of CACEX emphasized another achievement: of that \$1.03-billion surplus, about \$900 million actually entered the government's coffers. That was possible because CACEX's policy consists of obtaining payment at sight for exports and stretching out the payment terms on imports. Actual foreign exchange earnings—those available to the government—represent exports actually carried out rather than authorized exports, which were the basis on which CACEX recorded earnings until April of last year.

In Namir Salek's opinion, Brazil's agreement with foreign creditors will also benefit foreign trade. Import credits are to be expanded, making it possible to increase equipment purchases, and as a result, the longer repayment terms agreed upon will enable the government to reduce the cost of money for deposit operations in connection with exchange contracts for exporters.

**Result Signals Recession**

The \$1.032-billion surplus in the trade balance that was announced by CACEX yesterday came as a surprise to Brazilian exporters, who are accustomed to seeing a low

surplus in January. In the opinion of Roberto Fonseca, director of the Cotia Trading Company and member of CONCEX, that result is not only surprising but also has "a bittersweet taste," since it points to a possible recession on Brazil's domestic market. In his view, the growth in exports reflects the drop in sales on the domestic market that was brought on by the brake on wages.

But the diversion of sales into exports—which exporters say is the most likely cause of the history-making surplus in January—has a positive component, according to economist Fernando Homem de Mello, chairman of the Economic Research Institute Foundation (FIPE): "If the firms are able to sell their products on the foreign market, that will reduce the impact of the recession which we undoubtedly are going to have in 1988."

Exporters are declining to analyze the surplus, since CACEX has not revealed the makeup of the January trade balance. They do not doubt the increase in exports, but believe that it was possible only because, in addition to clearly defining its export policy, the government has also adopted a more realistic exchange policy, says Homem de Mello. Jacques Eluf, chairman of the IAT-Foreign Trade Company, says that the surplus "is proof that exports are the segment of the economy most responsive to government attitudes."

In the estimation of Norberto Ingo Zadrozny, chairman of the AEB (Association of Brazilian Exporters), the January surplus can also be explained by the improvement noted in a few markets, such as Japan and Europe, due to the dollar's decline. Homem de Mello, Fonseca, and Eluf agree that the price of Brazilian products has improved. "The dollar is somewhat out of step with the inflation in manufactured products," says Eluf. According to Michel Alaby, chairman of the Foreign Trade Study Center Foundation (FUNCEX), the gap between the Wholesale Price Index and exchange correction amounted to 5.66 percent through December 1987.

Homem de Mello says that generally speaking, prices for agricultural products, chiefly commodities, have made a good recovery. In the case of soybeans, for example, he feels that good prices and good domestic production should add \$1 billion to Brazilian export earnings in 1988.

Horacio Cherkassky, chairman of the National Association of Paper and Cellulose Manufacturers, says that in January, his sector increased its exports by 100.1 percent in comparison with the same month the year before, "a fact that demonstrates the flexibility and alertness of the cellulose and paper industry in harmonizing its sales on the domestic and foreign markets."

#### ABIQUIM

The \$1.032-billion surplus in the Brazilian trade balance did not impress representatives of the chemical industry. Arthur P.R. Candal, economic consultant to ABIQUIM

(Brazilian Association of the Chemical and Byproducts Industry), feels that the country is in a position to show much better results than it did.

In his opinion, there is no reason why Brazil's exports should not total \$50 billion. "There is nothing to prevent it," the consultant said yesterday as the sector's financial results were being presented at ABAMEC (Brazilian Association of Capital Market Analysts). In his view, the country could have an even more favorable trade balance: "the only thing needed is determination."

#### "Exports Create Jobs"

According to Mario Amato, chairman of the Sao Paulo State Federation of Industries (FIESP), the trade balance surplus in January means that the government has "put the right people in the right places." He was referring to the director of CACEX, Namir Salek, and Minister of Finance Mailson da Nobrega. Amato believes that we will also see outstanding results in February, since surveys of the employment level in industry during that period indicate stability.

In Mario Amato's opinion, exports at an accelerated pace cannot be interpreted as indicating recession. According to him, exports and the domestic market are closely linked "because the former generate jobs and higher wages for workers, and the result is higher demand."

The director of the Economic Department at the FIESP, Walter Sacca, feels that industry has enough installed capacity to handle both exports and domestic market. He says that utilized industrial capacity dropped by 4 percentage points in 1987—from 83 percent to 79 percent. There is also the possibility that investments will recover—a possibility which Sacca considers remote "but which must not be disregarded."

Concerning Brazil's agreement with the committee of creditor banks, Mario Amato says that "it was not what we wanted, but neither does it reflect the wishes of the international financial institutions." In his opinion, the partial agreement with foreign creditors will serve to encourage investors to start investing their money in the country again, although that will depend on how the Constituent Assembly decides to treat foreign capital.

For his part, Walter Sacca feels reducing the spread from 1.5 percent to 0.825 percent will mean a savings of \$400 million for Brazil, since that should reduce the total amount remitted abroad from \$11 billion to \$10.6 billion.

| Brazilian Trade Balance in January (Millions of Dollars FOB) |         |                       |       |       |         |              |       |       |              |                  |
|--------------------------------------------------------------|---------|-----------------------|-------|-------|---------|--------------|-------|-------|--------------|------------------|
| Year                                                         | Exports |                       |       |       | Imports |              |       |       | Bal-<br>ance | Flow<br>of trade |
|                                                              | Coffee  | Petroleum<br>products | CACEX | TOTAL | Wheat   | Crude<br>oil | CACEX | TOTAL |              |                  |
| 1983                                                         | 175     | 127                   | 1,231 | 1,533 | 19      | 826          | 567   | 1,412 | 121          | 2,95             |
| 1984                                                         | 187     | 88                    | 1,372 | 1,647 | 55      | 601          | 467   | 1,123 | 524          | 2,70             |
| 1985                                                         | 146     | 152                   | 1,273 | 1,571 | 58      | 450          | 524   | 1,042 | 529          | 2,63             |
| 1986                                                         | 96      | 119                   | 1,694 | 1,909 | 30      | 444          | 734   | 1,208 | 701          | 3,17             |
| 1987                                                         | 68      | 74                    | 1,122 | 1,264 | 23      | 281          | 995   | 1,299 | -35          | 2,53             |
| 5-yr avg.                                                    | 134     | 112                   | 1,338 | 1,584 | 37      | 522          | 657   | 1,216 | 368          | 2,81             |
| 1988                                                         | 150     | 84                    | 1,910 | 2,144 | 7       | 255          | 850   | 1,112 | 1,432        | 3,26             |

11798

# **1988-1989 Coffee Harvest Seen Short of Meeting Demand**

33420062d Sao Paulo GAZETA MERCANTIL  
in Portuguese 30 Jan-1 Feb 88 p 13

[Article by Vera Brandimarte]

[Text] The Brazilian Coffee Institute (IBC) will have to auction off its stocks during the 1988/89 harvest year in order to assure the same volume of Brazilian exports. All estimates of the new harvest's yield, either the official published by the IBC this past week or those from middlemen and growers, indicate a 25 to 26 million sack harvest shortfall in meeting the annual export and domestic market demand.

The IBC's forecast of 20.7 million sacks did not surprise the market. Cargill had already announced weeks before a 19.7 million sack harvest and the Suplicy brokerage house, which traditionally also conducts its own production survey, had arrived at a number coincidentally similar to the IBC's even though production is distributed differently among producing states. Producers had been working with more conservative estimates of about 3 million sacks less, according to Jaime Nogueira Miranda, president of the National Coffee Council, or even much less, such as the Poos de Caldas Regional Coffee Growers Cooperative's total harvest of 13 to 16.5 million sacks.

After last year's great harvest, which IBC president Jorio Dauster admits certainly surpassed 35 million sacks, it was fully expected that the coffee harvest, a crop with a biannual cycle, would be quite reduced.

Exporters who spoke with this newspaper say this smaller harvest will not have an impact on the international market because it was expected and with the addition of last year's government acquired stocks, supply levels will be guaranteed at practically the same level as last year's. On the other hand, the situation in the

domestic market is inverted with benefits going to producers. It results from a situation of excessive supply to one where there is a small harvest where the excess in production has already been mopped up from the market by the government.

According to McFadden calculations, on 30 June 1988, that is, at the end of the 1987/88 coffee season, Brazil will have stocks to carry it from one harvest to the next in the amount of 15.6 million sacks. This includes the IBC stocks from the end of last year totalling 9.98 million sacks.

Adding the 20.7 million sacks forecast for the new harvest by the institute, the total number of coffee sacks available would be 36.3 million. The IBC has 2.1 million sacks of coffee it bought up to 1986 and an additional 3,500 sacks from the 1986/87 harvest. From the new harvest, 4.9 million sacks have already been paid for which would create a total stock of 10.5 million sacks. However, if the purchase of 4.7 million additional sacks delivered to the IBC but not yet paid for goes through, it will raise the group's total stock to 15.2 million sacks.

The difference among the different market forecasts on the volume of coffee available for marketing next harvest year lies in the estimate chosen as a base for the 1987/88 harvest year. The IBC, according to Dauster, will await the OIC's count of stocks to do a final appraisal of the harvest. McFadden uses the IBC estimates of 35.2 million sacks. Based on an estimate of 38.5 million sacks, which the market believes to be conservative, exporter Bruno Angst estimates the carry over to the new harvest to be 19 million sacks of which 15 million would be IBC stocks and 4 million would be in the hands of businesses and cooperatives on 30 June. By his calculations, the total supply for the 1988/89 harvest year would increase to 39 million sacks.

The international market will be hurt should the supply of fine coffees greatly decline, says Bruno Angst. However, it is still very early to know what the quality of the coffee from the new harvest will be. Market and growers' sources say the formation of blossoms and grains was uniform, an indication of a good harvest. However,

coffee quality will still depend a great deal on the climate, especially at harvest time. The last harvest shows well the importance of climate at this crucial time for the coffee grower. The rains during the great 1987/88 harvest damaged the quality resulting in the production of smaller amounts of the finer coffees making them highly sought after in the market.

The grower, short of capital due to the steep drop in prices last year and the concurrent increase in interest rates, is not getting the means of feeding and treating the plants against diseases which would prevent woodworm infestation. This care now would be essential to avoid having the new coffee infested with insects that remain in the fields, in the coffee that fell to the ground during

the last harvest, says Suely Evandro Amarante, director-president of the Poos de Caldas Regional Cooperative.

If the IBC estimates prove to be true, Minas Gerais, the biggest producer of fine coffees, should increase its relative share of total production. However, Harry Charles Jones of McFadden reminds us that since the harvest is smaller the fine coffees' share of total production will tend also to decline. Given this, Brazil would have to sell its harvest at prices closer to those of the robust, Angst reminds us. Meanwhile, however, domestic prices should remain hot due to the decreased production. In order to make exports viable, therefore, the government will have to adopt a more flexible policy by reducing the taxes collected in the exporting of coffee, states Jones.

**Brazilian Coffee Production (Forecast in million sacks)**

| States | 87/88 | 88/89 | Change<br>(%) | 88/89  | 88/89   | 88/89           |             | Max. Min. |
|--------|-------|-------|---------------|--------|---------|-----------------|-------------|-----------|
|        | IBC   | IBC   |               | Cargil | Suplicy | Pocos de Caldas | Cooperative |           |
| MG     | 10.7  | 8.3   | -22.4         | 8      | 6.17    | 5               | 4           |           |
| SP     | 10.7  | 3.4   | -68.2         | 3      | 4.05    | 3.5             | 2.5         |           |
| PR     | 7.4   | 2.5   | -66.2         | 2.4    | 3.77    | 2.5             | 2           |           |
| ES     | 4.2   | 3.8   | -9.5          | 3.7    | 3.56    | 4               | 3.5         |           |
| BA     | 1     | 1.2   | 20            | 1      | 0.98    | —               | —           |           |
| Others | 1.2   | 1.5   | 25            | 1.6    | 1.15    | 1.5*            | 1*          |           |
| TOTAL  | 35.2  | 20.7  | -41           | 19.7   | 20.79   | 16.5            | 13          |           |

(\*) Includes production from Bahia

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### CUT To Distribute Posters in ABC Region

#### Assembly Delegates Accused

33420065b Sao Paulo O ESTADO DE SAO PAULO  
in Portuguese 18 Feb 88 p 2

[Text] The regional office of the CUT union (Central Unica dos Trabalhadores) will distribute 100,000 posters in the ABC region and Mogi das Cruzes "accusing" delegates to the Constituent Assembly. This information comes from CUT's president, Agenor Narciso. The union will print the posters, which were designed by CUT's state office, using photos, telephone numbers and addresses in the same format employed by the Federal Police. Narciso refused to give the exact date, but promised that the posters would be delivered later this week to factories, railway stations and shopping centers in the seven cities in the ABC region plus Mogi das Cruzes.

Narciso said that he does not fear possible reprisals by the Federal Police like those that occurred in the capital, because "the police have more important things to attend to." According to Narciso, the Federal Police "needs to investigate Anibal Teixeira, the minister who

was dismissed for corruption," and they should also "be concerned with the drug traffic." In Narciso's opinion, the accusations "the accusations will be accepted by public opinion and the accused will have to answer."

CUT's state organization has distributed 5,000 posters in the ABC region, and the Chemical Union put out over 20,000 last week, in addition to many flyers. Now another 100,000 will be posted, which Narciso sees as "a democratic issue so that the people can really take a coherent position on these delegates."

No information was available from CUT's state office on the design of the new posters, according to statements made Saturday by CUT's state president, Jorge Coelho. According to one of the union's advisers, "there are no plans" for any new posters. There are only plans for a wage adjustment campaign, which has been planned by CUT's national office, and a watch at Praça da Se scheduled for 23 February. Workers' social rights will be voted on that day in the Constitutional Assembly.

The wage adjustment campaign will press for monthly wage adjustments, job stability, a 40-hour work week, support for rights obtained through the Systematization Commission, nonpayment of the foreign debt and agricultural reform.

**Action Seen as Ineffective**

33420065b Sao Paulo O ESTADO DE SAO PAULO  
in Portuguese 19 Feb 88 p 2

[Text] The Central Unica dos Trabalhadores is renewing its attempt to attack morally and politically those members of the National Constitutional Assembly who do not agree with the union's ideas. The concentrated public attempt aimed at excoriating members of the Assembly is reminiscent of the persecution tactics of Nazism and fascism. Putting the names, pictures, addresses and phone numbers of the framers of the Constitution, their adversaries, on posters and calling them traitors is highly offensive, to say the least.

For the first time, the Federal Police seized about 15,000 posters at the Sao Paulo offices of the Workers Party that accuse 27 delegates of being "traitors of the people." Later, a similar seizure took place at the Bankers' Union in Brasilia, where 180 posters, 2,870 pamphlets and 9 printing plates were seized. The governing body of the Assembly will submit a request to the attorney general of the Republic of the delegates' behalf that legal measures be taken to remove the defamatory posters and prohibit the posting of replacement posters. The Federal Police action was taken on the basis of Articles 240 and 241 of the Penal Procedures Code, which govern searches and seizures and authorize the police to make searches if there are justifiable grounds.

Although Jair Meneguelli, CUT's national president, had said that the seizures were "deplorable political persecution," he announced that CUT's new posters would be more conventional and less offensive (or neo-Nazi). However, Agenor Narciso, president of the union's regional office, advises now that 100,000 posters "accusing" the Constitutional delegates, with pictures, addresses and phone numbers, will be distributed in Mogi das Cruzes and the ABC region, i.e., posters with the same format as those that were seized by the Federal Police.

It is becoming clear that what CUT is trying to do amounts to a direct confrontation with Constitutional authorities, a provocation and an incitement to violence. The posters seem to be designed to provoke violent reactions. Imagine [what would happen] among the ideological and political factions in Brazil if these provocative posters are posted everywhere, with their explicit defamatory charges, pictures, addresses and phone numbers. Imagine what would happen if the UDR, for example, did the same thing. In short order, there would be an uncontrollable number of conflicts, acts of physical violence and outright warfare in urban and rural areas.

An inquiry should be made now to determine where the funds are coming from that enable the Central Unica dos Trabalhadores to afford this enormous volume of pamphlets and posters with photos, which everyone knows cannot be cheap. Is the revenue from the union tax enough to cover such an expensive campaign and still meet all the union's other costs?

CUT's claim that this is a legitimate form of pressure on the Constitutional delegates for the benefit of the working class is nothing more than elementary intimidation to which only born cowards would give in. How many delegates will actually change their vote or think differently from how they thought before or find arguments to support the opposite of what they thought before solely out of fear of the defamation of their names and pictures on CUT pamphlets and posters calling them "wanted" and "traitors of the people"? On the contrary, in the light of the radicalism, unreasonable intransigence, systematic strikes and other less than attractive behavior exhibited toward the public by CUT (and the best proof of this is the votes obtained by CUT's political arm, the PT, which are always well below expectations), could it be that these posters attacking the Constitutional delegates will only increase the delegates' popularity among the majority of the public in this country?

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### Recent Political, Economic, Social Developments

32480098 [Editorial Report] The following items have been abstracted from reports published in various issues of the Spanish-language press in Costa Rica, as indicated. Number 3 of a series.

#### **Drop-Outs Rise Among Students in Socialist Countries—**

The number of drop-outs among students who have received scholarships from socialist countries is very high, according to Melba Porras from the Ministry of Foreign Affairs, who explained that the students are generally "very young" and living conditions, culture and language "are quite difficult." Porras went on to say that the Soviet Union offers more scholarships than any other socialist country. In 1988, the USSR offered 65 scholarships. These included 40 "full" scholarships that cover all study after high school graduation, while Western governments only offer scholarships for postgraduate work or for specialized training. Porras further explained that in some years many students apply for scholarships but "recently the quotas have not been filled." Rumania, Czechoslovakia, Poland, and Bulgaria also offer scholarships. [San Jose LA NACION 5 Mar 88 p 8A]

**Rural Police Evict Squatters—**Rural Police aided patrols to evict 25 families that invaded La Aurora farm in Alajuelita and attacked the patrols with blunt objects and stones. Twenty-three families were evicted and 3 groups of Nicaraguans were placed under Immigration control. [San Jose LA REPUBLICA 4 Mar 88 p 11]

#### **Government Blamed for Problems in Livestock Sector—**

Livestock producers, speaking at the opening of the National Livestock Fair, blamed the lack of clear government policies for the problems the sector currently faces. Antonio Alvarez Desanti, minister of agriculture and livestock, acknowledged that some of the problems over the last 10 years have included the levying of taxes at

inopportune times, beef prices out of line with international market prices thereby forcing producers to export animals in order to subsidize the domestic market, and government funds originally earmarked for this sector that found their way elsewhere. The minister called for a united effort to work for an improvement in this sector. [San Jose LA NACION 7 Mar 88 p 5A]

**Employment Down in Public Sector—**According to a report released by the Ministry of Finance, the number of jobs in the public sector dropped from 140,645 in December, 1985 to 140,464 in September, 1987. Minister of Finance Fernando Naranjo explained the decrease is due to an austerity policy. Other figures included a reduction of 250 jobs in nonfinancial government enterprises, and a decrease of 1,069 jobs in corporations, while government service institutions increased by 315 jobs and financial government enterprises increased by 60 jobs. There was also an increase of 803 jobs in the area covered by the National Budget, which includes the Executive Branch, the Legislative Assembly, and the Judiciary. Dr. Naranjo went on to explain that the only way to reduce government spending in relative terms in the coming years is to freeze employment in the public sector. [San Jose LA NACION 10 Mar 88 p 5A]

**Taiwan Computer Donation—**The Taiwan government has donated \$180,000 to the Ministry of Foreign Affairs for the installment of a computer network that will allow it to communicate with 13 embassies. According to acting Foreign Minister Carlos Rivera, the project will begin operation in 2 weeks. [San Jose LA NACION 10 Mar 88 p 6A]

**Population Estimates Released—**A report released by the Ministry of Planning, the Latin American Demography Center, and the General Statistics and Census Bureau estimates that the nation's population by the year 2025 will be 5,250,000 and the mortality rate will be one-third of what it was in 1950. The current life expectancy for Costa Ricans at birth is 76. [San Jose LA REPUBLICA 28 Feb 88 p 4]

### Recent Political, Economic, Social Developments

32480094 [Editorial Report] Various Spanish-language Mexican press sources, as indicated, have been consulted to prepare the following collection of extracts, No 14 in a series. Where further processing by FBIS is planned, a note to that effect accompanies the item.

**Salinas on Social Welfare, Concentration of Wealth—**Speaking at a banquet in Chapala, Jalisco, hosted for him by large industrialists of the state, PRI presidential candidate Carlos Salinas de Gortari responded to pro-business questions submitted in writing for a question and answer session by stating: "My firm commitment, gentlemen, is to those with the least. I shall orient my policy in such a way as to raise the level of all Mexicans' well-being." This statement shocked the audience, according to LA JORNADA. At another point in his remarks Salinas said: "I should tell you frankly that, faced with the complaints of Mexican peasants that public works needed to provide irrigation, and sometimes drinking water are not being completed; or the actions that keep them from enjoying better housing; or the call from working-class colonias [urban communities] for drainage systems, in order to avoid having to live amid sewerage waters, or for better clinics, or for action against pollution, or for the provision of better education for their children, my intention is to channel public sector resources toward dealing with crying social needs and not to use those same resources for subsidizing businesses that are neither strategic nor priority in nature...." LA JORNADA notes that this made the businessmen uneasy: "For them, modernizing means privatizing." But on this Salinas said: "Modernizing is necessary for extending justice in Mexico. An excessive concentration of wealth exists in our country...the process that is concentrating it even more needs to be turned around." [Mexico City LA JORNADA 25 Feb 88 p 15]

**Capital Area Poll on Presidential Race—**A survey of voters carried out among Mexico City metropolitan area voters by the Mexican Public Opinion Institute shows that at present the presidential candidates have the following levels of support among voters: Carlos Salinas de Gortari (PRI), 30 percent; Cuauhtemoc Cardenas (Authentic Party of the Mexican Revolution, Popular Socialist Party, National Democratic Front), 26 percent; Manuel Clouthier (National Action Party), 21 percent; Heberto Castillo (Mexican Socialist Party), 9 percent; Rosario Ibarra (Revolutionary Workers Party), 7 percent; Gumerindo Magana (Mexican Democratic Party), 0.5 percent. [Mexico City EXCELSIOR 29 Feb 88 pp 1-A, 30-A, 31-A, 45-A; for the results of another poll, see No 13 in this series.]

**Impediments to Buendia Case Investigation—**Special Prosecutor Miguel Angel Garcia Dominguez on 24 February called upon Jose Antonio Zorrilla, former head of what used to be the Federal Security Directorate (DFS), to present himself and answer questions arising from the nearly 4-year-old Manuel Buendia homicide case, a case

marked, said Garcia Dominguez, by the disappearance of important evidence, possibly including personal papers belonging to the journalist. The special prosecutor noted that if Zorrilla, whose whereabouts are unknown, does not make himself available, he will be incriminating himself. In criticizing law enforcement bodies that in the past have improperly interfered in the investigation, Garcia Dominguez specifically faulted the DFS and the Federal Judicial Police of the Federal District. He made clear in replying to a question that the present investigation will exclude any participation by the Judicial Police by reason of their possible negligence "and something more serious than that." He noted that a request to Swedish law enforcement officials investigating the murder of Prime Minister Olof Palme is being considered. On 3 March Garcia Dominguez explained that his office did not intend to charge Zorrilla with lawbreaking but rather only wished to ask him questions about what had happened in the victim's office after the crime, as Zorrilla and his assistants were the first to enter it after the event. [Mexico City LA JORNADA 25 Feb 88 pp 1, 12; Mexico City EXCELSIOR 2 Mar 88 pp 5-A and 35-A, and 4 Mar 88 p 25-A; for an earlier report on the case, see No 12 in this series, which appeared in JPRS REPORT: LATIN AMERICA of 15 Mar 88 (JPRS-LAM-88-011), p 35.]

**State of Mexico Municipal Officials Jailed—**With the arrest on 26 February of 4 municipal presidents and 3 municipal treasurers of the State of Mexico the number of officials taken into custody on charges of embezzlement totaling more than 1 billion pesos has risen to 9. Audits into the operations of 6 more state municipalities are yet to be completed. [Mexico City EXCELSIOR 27 Feb 88 pp 4-A, 28-A; for the initial report on this issue, see No 12 in this series, which appeared in JPRS REPORT: LATIN AMERICA of 15 Mar 88 (JPRS-LAM-88-011) p 35.]

**Steel Industry Investments—**At a ceremony held 24 February in Monclova, Coahuila, at which Governor Eliseo Mendoza Berrueto was in attendance to mark the start-up of a new blast furnace, it was announced that the Mexican Iron and Steel Company will invest 500 billion pesos in 1988 toward the modernization of coal and iron mines and Mexican Steel Mills facilities. [Mexico City EXCELSIOR 25 Feb 88 pp 4-A, 35-A]

**Poll Shows Shift in Support Away From PRI Since August 1987**  
32480087b Mexico City LA JORNADA in Spanish  
15 Feb 88 pp 11, 12, 40

[Text] A poll conducted by the School of Political and Social Sciences of the National Autonomous University of Mexico points to Carlos Salinas de Gortari, the candidate of the Revolutionary Institutional Party, as the potential winner of next July's election. Second place goes to Cuauhtemoc Cardenas. The poll indicates that the combined vote of the democratic parties (FDN

[National Democratic Front], PMS [Mexican Socialist Party] and PRT [Revolutionary Workers Party]) would surpass PRI's by more than 1.5 percent.

The analysis shows that there has been a considerable drop in support for PRI, inasmuch as in the first round of polls, conducted last August, the party got 80 percent of the vote, whereas in the second round, carried out in the third week in January, it fell to 32 percent. Cardenas' image has improved, as his support has risen from 3 to 24 percent.

The polls conducted by the Interinstitutional Program of Structural Change Studies, in cooperation with the Center for Studies on Prospects, A.C., are part of a project in which four significant surveys will be conducted. All registered political parties were invited to serve as poll takers and information checkers.

The team, under the guidance of Xavier Gamboa, has so far taken two poll samples. The second was taken at all subway stations with line transfers and at terminal stations, where more than 560 persons were interviewed in writing.

In the second poll, the PRT (Rosario Ibarra) came in third with 17 percent of the respondents, while the PMS (Heberto Castillo) had the backing of 12 percent.

The PAN [National Action Party] (Manuel J. Clouthier) managed 10 percent, and the Mexican Democratic Party (Gumersindo Magana) 3 percent.

Jose V. Galeana, a member of the poll team, stated that the vote for PAN was low mainly because "many of the votes against PRI have shifted to Cuauhtemoc Cardenas."

In turn, in a written interpretation of the survey, Xavier Gamboa explains that the falloff in support for PRI is due to the worsening of the economic crisis and the "serious disagreements between Carlos Salinas de Gortari and the administration in office, which cause the latter, by commission or omission, not to support him as much as they could."

He also mentions "constant friction between the Salinas campaign team and PRI's territorial and sectoral structure at each supposed stumping event." Another factor in the PRI falloff is "the persistence of groups that have not abandoned the 'finals' and are battling for a change of candidate before March."

Of the 560 people interviewed, 181 felt that Carlos Salinas de Gortari ought to be the next president of Mexico, 137 favored Cuauhtemoc Cardenas, 98 Rosario Ibarra, 68 Heberto Castillo, 59 Manuel J. Clouthier and 18 Gumersindo Magana.

The poll was conducted among people entering or leaving through the subway turnstiles. They were categorized by occupation as small and medium businessmen, wage earners, unemployed, students, homemakers and others. Both men and women were polled.

When the respondents were asked why they favored a given candidate for president, Carlos Salinas got most of his support because of the "lining up of support forces," and Cuauhtemoc Cardenas won major support because of his "positive background and personal political attributes."

As for the jump in support for Cuauhtemoc Cardenas from 3 to 24 percent, Xavier Gamboa felt that among other things, it was due to the "enormous prestige of the name Cardenas, which makes up for his scant coverage in the mass media, to the fact that there are "internal battles in PRI" and to "the deep-seated idea in the present administration's political branch that Clouthier is the enemy to beat." Gamboa also mentions "the objective totality of the PAN campaign in the Federal District."

Another of the poll's preliminary results has to do with the reasons why the respondents think a candidate should not become president of the republic. In this regard, Carlos Salinas topped the list with 248 votes, because "the respondents did not agree with the candidate's main lines of thought."

In this case as well Cuauhtemoc Cardenas came in second with 146 votes; Rosario Ibarra third with 130, and Manuel Clouthier fourth with 121.

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#### **SNTE Support Mechanism for Salinas Experiencing Problems**

32480087a Mexico City PROCESO in Spanish  
No 590, 22 Feb 88 pp 17-19

[Article by Homero Campa]

[Text] Thanks to the support of his "allies" (the teachers in the SNTE [National Trade Union of Education Workers]), the PRI candidate for president of the republic, Carlos Salinas de Gortari, hopes to gain a "resounding, transparent and clean" triumph."

And with good reason. The SNTE is making hundreds of millions of pesos in cash available to the PRI candidate; organizing 30 state and 4 national events, for which it is sparing no expense, and promising to form 800,000 Social Development and Political Education Brigades, through which it expects 8 million sure votes and some 16 million potential votes, almost half of the 35 million citizens in the National Electoral Register.

So far during his campaign the candidate has promised that the teachers will participate in the "modernization of education"; that there will be greater economic benefits for them; that teaching will be professionalized through the National Pedagogical University (a long-standing SNTE demand) and also that they will have more avenues of political participation.

In all, the SNTE wants 58 posts of popular representation, the leader for life of the teachers, Carlos Jonguitud Barrios, declared this past 15 January. He is expecting a Senate seat for himself and another for the secretary general, Antonio Jaimes Aguilar.

The mutual support of the PRI candidate and the teachers leader has its problems, however. The pillar of this alliance is the Social Development and Political Education Brigades, also called the vote promotion brigades, which have not yet been structured and are not functioning properly. Many teachers refuse to form them or say that they are forming them "so as not to have problems with the union," but their involvement for PRI's benefit is nil. Some teachers are going to the opposite extreme, however. They are threatening to fail students if their parents do not cooperate, and the latter, in turn, are starting to protest, with opposition parties joining them.

The strategy for forming the vote promotion brigades is simple: a teacher brings together 5 to 10 sets of parents, whom he has recruited through his students. He writes down their names on a blank form with the PRI and SNTE logos that was given to him for that purpose. He also notes their addresses and voter credential numbers and obtains their signatures, with which they pledge "to widely publicize the Federal Electoral Code by explaining its content didactically, to disseminate basic PRI documents intensely and to outline the ideas of candidate Salinas de Gortari.

According to the brigade "instructions" (an eight-page pamphlet distributed among SNTE coordinators), "an attempt should be made to form a brigade for each group in the preschool and primary school levels. In the cases of intermediate, higher intermediate and higher education, it is considered appropriate to form one brigade per school, though the number can increase in accordance with existing possibilities."

#### Obtaining Votes

The "instructions" also indicate that the brigades should bear the name of a national hero or a major event in our history. As their "minimum program of activities" they should: "cooperate in events to support PRI candidates; form study circles in which historical, economic and political issues, documents, clippings and messages from the president of the republic, the chairman of the National Executive Committee (CEN) of PRI and of its candidates are analyzed; keep a roster of distinguished participants (plus addresses) to draft the list of human

resources that the party will have available for electoral events; promote affiliation with PRI through the issuance of credentials and conduct community hygiene, reforestation, literacy, etc campaigns."

"To carry out these activities," the booklet says, "the participation of various municipal, state and federal government institutions will be sought, so as to have available the advice of specialized personnel and material support.

"We expect to form between 600,000 and 800,000 brigades," asserts the secretary of propaganda and information of the SNTE's CEN and one of the national coordinators of the brigades, Ernesto Moreno Morales. Nevertheless, he feels that it is risky to predict the number of votes that the brigades will secure for PRI.

According to him, the sure votes are those of the brigades: up to eight million. "Plus the people that we convince."

Some brigade members stated that their orders were to convince at least 10 other people to vote for PRI. If this is true, the number of PRI voters could total 16 million, almost half of the 35 million registered voters. And all this just through the efforts of the SNTE.

The fact is that "teachers are present throughout the country, in both urban and rural communities, and their moral authority enables them to be spokesman for the gains of the revolution and of its ideas," declared Antonio Jaimes Aguilar, the SNTE secretary general, on 31 October of last year, in the presence of the candidate, Salinas de Gortari. "Therefore," he added, "we are taking up the commitment to proselytize for the party so that you win as many votes as possible and assume the presidency of the republic."

But the promises of the SNTE's Revolutionary Vanguard run up against this fact: many teachers do not want to become involved in the brigades or only fill out the forms that they are given and do no stumping.

In visits to 25 Federal District primary schools in sectors three and five of directorate number 1 and in sector four of directorate number three, PROCESO found that in none of them had the teachers faithfully complied with the mandates in the "instructions" for the brigades. Just two or three brigades were being formed per school, not one per group; many brigades were formed only by teachers, with no parents taking part; the brigades do not know what to do because party documents, Salinas de Gortari's position papers and the Federal Electoral Code have not arrived, and even if they had arrived, they would not know how to use them because no advisers have come from the union or PRI.

### No Response From His Own Secondary School

There is little involvement at the very school at which Salinas Gortari studied, "Heroes de Chapultepec" secondary school number three. The school's union delegate, Marcial Peralta Gomez, voices a widespread feeling: "There is little interest among teachers. Though it may seem odd at this school, in which the candidate studied, we have barely managed to complete two brigades." The union delegate acknowledges that he is not a member of PRI and that he is interested in representing his colleagues through the union, not in partisan activities. But, he adds, "these are union orders."

Some teachers are trying to form brigades at all costs, whether out of conviction or owing to pressure. At the "Emiliano Zapata" primary school in colonia [urban community] Santa Elena in Chimalhuacan, the State of Mexico, parents complain that the principal, Alfredo Fernandez, wants to make PRI members out of the 14 teachers at the school and some of the parents. Since he is not succeeding, he is not letting the teachers in.

In Coatzacoalcos, Veracruz, correspondent Mussio Cardenas reported that parents are summoned to the schools to form school boards that will work together at party events. To this end summonses are sent home with the students asking their parents to bring in their voter credentials.

The same thing is happening in Sinaloa, San Luis Potosi, Morelos and Tamaulipas. Specifically, last 4 December in Culiacan, Sinaloa, a hundred parents from 13 schools held a meeting outside the Government Palace to protest the use of teachers and students for party activities. As correspondent Luz Aida Salomon reported, the parents began protesting in the wake of the expulsion of five children from the "Pemex" primary school because they failed to bring in their parents' voter credentials. The secretary of public education and culture of the state government, Carlos Loaiza, responded to the complaints of parents from the "Anatolio B. Ortega" school by stating that as an official "I condemn that policy, but the union can do so because it is the leader of the teachers."

The problem in Sinaloa grew to the point that PAN Deputy Jorge del Rincon Bernal protested in the local Chamber of Deputies over the "teachers' policy of using children for political purposes." Mexican Socialist Party (PMS) Deputy Rodrigo Lopez Zavala called for the formation of a commission to investigate the matter. The PRI majority defeated the proposal.

In Veracruz, Beltran Jimenez Sanchez, a PMS leader, said that the party's representatives would take the problem of the brigades to the Chamber of Deputies in Mexico City.

Teodoro Palomino, a leader of the National Coordinating Board of Education Workers (CNTE), a dissident faction of Revolutionary Vanguard, asserts that the

problems that are arising are understandable because most of the country's teachers (1.2 million) do not belong to PRI. "They are of every persuasion, but the overwhelming majority are not activists in political organizations."

According to him, Revolutionary Vanguard violates the General Work Regulations of the SEP [Secretariat of Public Education] and the Federal Law of Workers in Service to the State, because it engages in political activities inside schools.

The most serious part, he says, is that the SEP authorities go along with this game. "The structure of a government institution at the sector chief, inspector and school principal levels is being used to distribute the brigades' materials. At times they go so far as to threaten or to verbally promise promotions and other union fringe benefits to get the teachers to cooperate. As if this were not enough, the SEP is in agreement. So, the brigades are legal, and we support them," asserts the inspector of school zone 42 in the Federal District, Luz Maria Salgado.

In Chihuahua, where the vote brigades were already in operation during the 1986 state elections, the teachers were promised mortgage loans, promotions and financial fringe benefits. According to the newspaper AHORA in Ciudad Juarez, the teachers are no longer willing to take part because nothing that was promised them during the campaign of then PRI state candidate Fernando Baeza has been delivered. Nonetheless, the paper reports, 400 teachers from Ciudad Juarez agreed to take part on the promise that they would be given loans to buy real estate in the "Oasis Revolution" housing development.

As far as the national coordinator of the brigades, Ernesto Moreno Morales, is concerned, it is not true that the teachers are given incentives or are pressured to take part. "The brigades," he asserts, "are made up of volunteers; no one is forced. They conduct their activities outside of class, during free time or on weekends. There are no SEP delegates for this purpose, and only the union structure is utilized."

He asserts that the accusations that have been made are prompted by the opposition parties, which at all costs want "to justify in advance their defeat, because most of the teachers belong to PRI."

SNTE leaders Jonguitud Barrios and Jaimes Aguilar have told Salinas de Gortari the same thing and have solicitously joined his campaign.

On 10 November they were at the PRI building to lend their financial support on behalf of the SNTE. There was talk at the time of 1 billion pesos. The day before, the candidate kicked off his campaign in Nuevo Leon and heard the first vote promotion brigades publicly declare their loyalty, something that he has done in every state.

In fact, he made a brief incursion into the state of Chihuahua on 12 December exclusively to attend the event organized by the teachers.

At each SNTE event the teachers' leaders reiterate their determination to garner sure votes for PRI. They also demand higher wages, input in education policy and a say in "political" policy. "If there is anyone who realizes what it is to practice modern politics, it is teachers, because they are in constant contact with the people and know, interpret and channel their desires," Antonio Jaimes Aguilar told the candidate on 31 October.

Salinas said in Tamaulipas that with the support of the teachers "we will secure a resounding, clean and transparent triumph" and throughout his speeches he repeats praise and promises. "I am proud to be with teachers, because my mother taught at a teachers school and I studied at schools of the Mexican Revolution," he said in Nuevo Leon, Tabasco and Puebla. At various events he has called for recognition for "my friend," teachers leader Carlos Jonguitud Barrios, who naturally has not been absent from any state in which the PRI campaign is being conducted.

Salinas listens to demands and promises to meet them: "I have come to take up your demand to participate in the management of national education; for better school maintenance; to strengthen the National Pedagogical University." In Nayarit, Salinas delivered a speech containing 10 points on education. In it, among other things, he reiterated his promises to the teachers: "to intensify the Educational Revolution...but with the participation of Mexico's teachers...by strengthening them, by affording them greater well-being."

#### Unpleasant Moments

Jonguitud has apparently had only two unpleasant moments during the campaign. The first was when faint but lengthy whistling interrupted his speech in the candidate's presence at a mass meeting in Cuauhtemoc Stadium in Puebla. The other was when in his swing through Chiapas and Oaxaca in early December he heard dissident teachers, who are dominant in those states, shouting "death" to him and Revolutionary Vanguard. On several occasions he also had to watch Salinas conversing with opposition teachers and promising to work for their demands.

But everything soon passed. A few days before in Acapulco, Salinas told the state vote brigades the following: "Let there be no doubt about it. My national allies are the people of the SNTE."

No expense is spared at the events that the SNTE puts on: large banners, streamers, tank tops and rattles with slogans in support of the candidate and Jonguitud. Hundreds of teachers distribute these items in every state. Moreover, buses, cars and, sometimes, helicopters are chartered, and entire stadiums and hotels are rented for the candidate.

Estimates are that the SNTE spent more than 1.5 billion pesos on the mass event in Cuauhtemoc Stadium in Puebla. Regional events are scheduled too. The first was last week in Guadalajara and was attended by teachers from six western states. Yet to be held are the events in the southern zone (which will take place in Merida, Yucatan), in the eastern zone (in Veracruz) and in the northern zone (with the state not yet determined).

At the SNTE event in San Juan del Rio, Queretaro on 15 January, Jonguitud Barrios told reporters that the SNTE is demanding 58 political positions, as befits the country's largest union. He said that at present his hosts have only 18 positions in the chambers. "This is not enough," he asserted, remarking that the SNTE consists of 58 sections and that each should have a popularly elected post.

For the time being, he is being mentioned as a possible candidate for senator from San Luis Potosi. On 28 January he himself agreed that he is prepared to sacrifice himself and "heed the party's calls to serve my home state." That same day the SNTE finance secretary and former interior secretary of San Luis Potosi, Cesar Refugio Araujo, hinted at the cherished dream of the cacique of the teachers: "Professor Jonguitud would do a good job in the Public Education Secretariat."

As far as Teodoro Palomino from the CNTE is concerned, there are no two ways about it: Vanguard will use the vote promotion brigades to feign real control over the teachers and thus negotiate parcels of power for itself. "Jonguitud renders allegiance to the government and in exchange for his being part of the government, renders allegiance for power."

### Recent Political, Economic, Social Developments

3248O100 [Editorial Report] The following items have been abstracted from reports published in various issues of the Spanish-language press in Nicaragua and elsewhere, as indicated. No 13 of a series.

**Sandinist-Colombian Drug Link Alleged**—A member of the Sandinist border troops stated that a group of Colombians is growing coca and processing cocaine with the complicity of high-level officials in the Ministry of Interior. Capt Danilo Matus said that he discovered a large coca field in the vicinity of Nueva Guinea, Zelaya, in an area controlled by the Sandinist army. Matus claimed that the Colombians are under the complete protection of the authorities in the area. His accusation, made during an interrogation on desertion charges, drew an immediate response from Tomas Borge, minister of interior, who ordered an investigation. However, on Borge's orders the investigation was classified secret. [San Jose LA PRENSA 8 Mar 88 p 8]

**Layoffs in State Project**—The Sebaco Valley agroindustrial project laid off 60 workers in the first phase of a "compacting" campaign. Further cuts in personnel are anticipated by the end of March. Initial cuts took place after consultations between the trade unions, the Ministry of Labor, the project's management, and zone FSLN representatives. Ronald Alvarado of the FSLN zone committee declared that the 60 laid-off workers could be "relocated" within the project itself, or in enterprises around Sebaco. The agroindustrial project was said to be "in the inversion, not production, stage," though it is estimated production will begin in April. [Managua BARRICADA 7 Mar 88 p 4]

**Mob Members Identified**—Two members of the Masaya mob responsible for setting on fire the jeep of Erick Ramirez, president of the PSC [Social Christian Party], were identified as employees of the Masaya Tax Administration. Ramirez will press criminal charges against the two individuals. [Managua LA PRENSA 9 Mar 88 p 3]

**ENABAS Chief Views Food Supply**—Wascar Lanzas, director of ENABAS [Nicaraguan Enterprise for Staple Foods], declared that as a result of the economic reform rice "disappeared" from the market, only to find its way to the "speculative market". Lanzas blamed CONARROZ, the joint private-state commercial association, for withholding the product. He pointed out that in February this organization owed ENABAS 54,000 quintals of rice, but delivered only 19,000 quintals while pressuring the government to raise prices. According to Lanzas,

ENABAS has begun a "compacting" process, with reductions in personnel and expenditures. It also plans to decentralize: "We are going to create enterprises in each region in coordination with regional governments" for more efficient distribution of goods, said Lanzas. Part of the distribution problem is that factories do not turn over "the totality of their production to the State, and due to their own internal policies with their workers they have maintained, though in limited fashion, payment in kind." Lanzas declared that in 1987 ENABAS received and distributed 1.3 million quintals of corn. [Managua BARRICADA 3 March 88 p 3]

**Problems in Rice Processing Noted**—There is a sufficient supply of unthreshed rice in private and state enterprises, but threshing capacity is limited by the shortage of transportation, fuel, rice bags, and the "irregular" stoppages of electricity. ATC [Rural Workers' Association] representatives also blamed a "lack of aggressiveness" on the part of management of the Juan Manuel Laredo Pravia enterprise. Accumulation of unthreshed rice has reached a total of 88,000 quintals. [Managua BARRICADA 4 Mar 88 pp 1, 2]

**USSR Rice Donation in April**—A USSR donation of 12,000 tons of rice is expected in "early April", according to Rigoberto Carranza, head of collection for ENABAS. This should supply the country's population for 2 months. Measures were also announced to transport unprocessed rice from the Juan Manuel Laredo Pravia enterprise in San Juan River, to Union and Pikin Guerrero for threshing. During the first week of March the shortfall between the rice supplied to ENABAS and national consumption reached 100,000 quintals. [Managua BARRICADA 5 Mar 88 pp 1, 5]

**Canadian Government Food Aid**—A shipment of 1,400 tons of red beans worth \$1 million will leave for Nicaragua in April. The Canadian Government is sending the shipment as assistance to counteract the effects of the drought. [Managua EL NUEVO DIARIO 3 Mar 88 p 8]

**\$15 Million Asked for Sugar Industry**—An annual investment of \$15 million is necessary if the sugar industry is to recover from its heavy drop in production, estimated at not less than 700,000 quintals. Production of sugar per ton of sugarcane dropped from 181.7 pounds to 154 pounds. Production for export declined from 1.6 million quintals to 900,000 quintals, occasioning a loss of \$6.3 million in foreign exchange earnings. Total production for the present sugar harvest is estimated at 3.8 million quintals. [Managua EL NUEVO DIARIO 3 Mar 88 p 8]

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