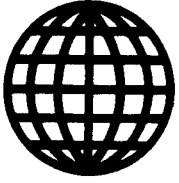


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PCCH Leader on Opposition Plans, Elections

33480064b Santiago ANALISIS in Spanish
18-24 Jan 88 pp 30-32

[Interview with Luis Guastavino, member of the leadership of the Chilean Communist Party, by Monica Gonzalez; date and place not indicated; first three paragraphs are introduction]

[Text] It has not been easy for former deputy Luis Guastavino to change scenarios. His move into the underground in Chile has without doubt been one of the most important challenges in his life. It is not just the incredible problem of camouflaging his color and frame. It is also his exuberant personality. He was born to be a "public man"; optimism flows from his every pore, and in Chile today that is almost like being an extraterrestrial.

There he is, midway between a clandestine and semipublic life ever since last August he decided to burst onto the Chilean political scene. He waxes extremely enthusiastic when talking about perestroika and Gorbachev. It is this same uncontrollable enthusiasm that caused him, in spite of warnings, to take a "little stroll" around his everlasting love: Valparaiso. "It was like coming home again," he relates, "walking through the hills, those narrow streets, and refraining from crying out and embracing them when I saw so many people I love."

He suddenly forgets his current status and transports himself to Congress, which he entered when he was 33. But no one should fool himself. Guastavino knows all too well that those days are gone forever. It is pathetic to see how in an instant, almost imperceptibly, his joy vanishes and his optimism dims. The complicated present and the uncertain future are undermining his expectations. The fact is that he is 55 years old and has inside him a volcano struggling to burst free, in the full realization that time is running out.

[Question] Is being a Chilean Communist leader overseas very different from being a clandestine communist in Chile?

[Answer] There is a vast difference between what I used to be and the amphibious situation in which I am in the underground and engaged in public activity. Moreover, you have to be here to see what is really happening.

[Question] What is it like being a Communist today in Chile?

[Answer] It means belonging to a party that wants a total break with the current dictatorship, that does not accept a single one of the current regime's parameters for institutionalization. There are many people who feel this way but are not Communists. Other things are required, but in general this is the central attitude: no conciliation, no accord or understanding with the dictatorship.

[Question] So you do not accept the institutional timetable set by the 1980 Constitution.

[Answer] No one in the opposition accepted it. I'm using the past tense.

[Question] It would seem that you are going it alone today.

[Answer] No, United Left also feels this way.

[Question] But the Almeyda PS [Socialist Party] has stated that it is looking into the possibility of calling for a no vote in the scheduled plebiscite.

[Answer] We have the same fraternal relations as always with the PS, and as far as I know, it has made no public pronouncement about this very complicated matter.

[Question] Does the PC have a clear-cut, specific stand on the plebiscite?

[Answer] Yes, a categorical one. We will exhaust all of our strength pursuing the path that we believe is correct: the institutional break. It means not embarking on the plebiscite.

[Question] Your decision to oppose voter registration was also categorical. Months passed, and then the PC called for registration. Isn't the same thing going to happen with the appeal to vote no?

[Answer] We believe that it is worthwhile underscoring that Communists deserve credit for being the last to call for voter registration.

[Question] Credit, you say?

[Answer] Yes, because this nation needs to see a party that sticks firmly by its banners. If no party had called for voter registration, if everybody had done what they said they would since 1980, if the political Center, the DC [Christian Democrats] in particular, had kept on regarding the 1980 Constitution as illegitimate, obviously this law would have been dead letter. We struggled to the bitter end for this.

[Question] Does it seem convincing to you to argue that the Communists are the only ones who have remained consistent and speak the truth and that everyone else is wrong?

[Answer] That is not so, I don't want to hurt or bother anyone. But it seems to me that by maintaining its position of not joining the institutionalization process, the PC is pursuing the most consistent and rigorous democratic course against the dictatorship. Some people have abandoned their positions step by step. They said: this constitution is illegitimate, and today we see that the DC gave in, compromised.

[Question] What does it mean for the DC to have compromised?

[Answer] It means that they are joining the system imposed by the dictatorship, knowing that along this road there is no real encounter with democracy.

[Question] Why do you think that over the past 14 years, led by the PC and United Left, the people whom you say you represent have been unable to spur a mass struggle that would have shown that this is the proper path?

[Answer] We do not intend to lead the masses that we need to mobilize. In the face of the enemy, we must mobilize millions, which cannot be done without a political encounter, an alliance, an understanding, in a word, joint action.

[Question] If this was not the case, why didn't the people follow you and continue on to victory?

[Answer] Because we do not have custody of all the people. United Left has limited capacity; it is on the move, but not even as well as we would like. This part of the Left is extremely powerful but insufficient, and that part of the political Center is extremely powerful but insufficient, and the path that they propose is what I call "chronicle of a second coup d'etat foretold."

[Question] In your judgment, what sort of understanding was possible vis-a-vis the plebiscite?

[Answer] Organizing a mobilization, an accord to place this country's social forces on alert and thus pave the way for guarantees or requirements similar to the ones in the declaration of the Episcopal Conference or even the ones in the declaration by Reagan and Shultz.

[Question] Would the PC have signed a document that called for a no vote and set conditions for voting in the plebiscite, combining the ideas expressed by the Episcopal Conference and in the declaration by Reagan and Shultz?

[Answer] We would have tried to convince the DC that the problem of a practical attitude towards the plebiscite would have been resolved once the deadline for verifying the established conditions had passed.

[Question] Since this did not happen, are you thus forgetting about the plebiscite? Are you proceeding as if it did not exist?

[Answer] Whether it exists or not changes nothing in this country. It's like praying to the virgin that Pinochet will go away. We have to get to the bottom of the problem. We cannot accept a plebiscite because does anyone really believe that the regime is going to acknowledge its own defeat? Does anyone believe that after all his crimes Pinochet is really going to hand over power?

[Question] So do you think that leaders like Gabriel Valdes, Patricio Alwyn, Ricardo Lagos and so many others are crazy when they say that the plebiscite is a path?

[Answer] Don't you think that it was crazy for them to go and talk with Jarpa in August 1983 during a social outburst like the one Chile was experiencing? They have shown that they have an academic talent for undoing all of the social gains that the people played a leading role in achieving. The National Accord is another example. They have had neither the aptitude nor the political will to bring about unity. Now, instead of concerting efforts...

[Question] DC leaders have even stubbornly repeated that they are not going to sit down and talk officially with the PC. Are you expecting a miracle?

[Answer] We keep insisting because there are no axioms in politics, you can't spit into the wind and because in politics a stubborn, narrow-minded, sectarian, immutable position today has to change tomorrow.

[Question] The way your party did with voter registration? Why did you finally call for registration?

[Answer] The PC showed exemplary tactical flexibility. We called for it because when the others did, it immobilized us somewhat at the top echelons, which are very important. And since this was never a problem of principle and was turning from a stone into a boulder, we said: let's remove it and start talking. Ours is not a blind, closed position.

[Question] The PC finally called for registration. What is being done now with the registration? Was this decision made with conviction or was it a token gesture?

[Answer] In all honesty registration means nothing to us. People aren't interested in this issue. It doesn't seem like the path today.

[Question] So does the PC think that elections are no incentive for this people?

[Answer] Yes, but this people wants elections, not a consultation imposed by four heads. I will not be a sheep. As the new president of the Episcopal Conference said: "We must be shepherds, not mule drivers." I'm not going to drive anyone into the slaughterhouse of a plebiscite. The worst thing that could happen to Chilean democracy would be for the yes vote to win. But it would be bad if the noes won too. What would happen then? Pinochet would remain on. Some has said: We would all take to the streets and, since it was a fraud, we would prevent Pinochet from remaining one more day in La Moneda...

[Question] Wouldn't that be the policy of rebellion that your party is encouraging?

[Answer] Yes, but first give me some proof that it's going to be this way. If for 14 years they've shown us that they don't want to mobilize the people, if they've frustrated every mobilization...

[Question] Ricardo Lagos has also said that victory will have to be defended in the streets that night. Do you mistrust him?

[Answer] I respect Ricardo Lagos greatly, but I think that he will also respect my saying that the opinion we need is the DC's. It is a big party. Moreover, if during these years the Nunez PS had not applied makeup to the left cheek of the DC's public image, it would have been much harder for this party to embark on exclusionist, divisive policies.

[Question] You asserted that your party would not call for a no vote and that you accept only free elections. Will you stick with this position?

[Answer] If we arrive at an understanding and concerted mobilization, we will in due time see about the problem of a common stand on the dictatorship's call for a plebiscite.

[Question] But if tomorrow Patricio Alwyn says that on the night of the plebiscite they are going to defend the victory with people in the streets, with international observers, what is the PC going to do?

[Answer] It will join in these struggles, but that scenario is political fiction. We feel that when all is said and done, the minimum democratic conditions and guarantees for the plebiscite are not going to exist and that then the PDC will have to decide: we are not taking part in the plebiscite.

[Question] Does the PC still think that insurrection is the proper path?

[Answer] Insurrection, in the sense of an armed insurrection, has never been our path. That is not our game. We want rebellion, organized rebelliousness.

[Question] A rebellion with or without weapons?

[Answer] Not the path of arms. An armed uprising is not our path.

[Question] In other words, does this grassroots rebellion have an armed complement?

[Answer] It may or may not. It is not obligatory. The important thing is for it to have a mass dimension.

[Question] Is the kidnaping of Col Carlos Carreno part of the policy of rebellion?

[Answer] It is not part of our policy of rebellion; we did not plan it. This is the policy of a sector of the FPMR [Manuel Rodriguez Patriotic Front]. We know that there is dissent; it is dissent among brothers.

[Question] How would you describe Colonel Carreno's kidnaping in political terms?

[Answer] It has helped to erode the dictatorship. This is why that action prompts our support, as do others conducted by people from any opposition sector and that further the struggle against the dictatorship.

[Question] What is the Chilean PC's opinion of the Gorbachev phenomenon?

[Answer] We are very enthusiastic about what is happening. On the occasion of the 70th anniversary of the October Revolution we sent greetings to the CPSU, noting that a revolution within the revolution is taking place there. Personally, I'm very "hot" about perestroika.

[Question] Does the Chilean PC have its own perestroika?

[Answer] It has to struggle very hard in this dictatorial hole in which we find ourselves to feel the winds of the world revolutionary movement that must help us. I say that it has to struggle hard because we are forced into a clandestine struggle, into internal compartmentalization and thus we cannot have the democratic life that we would like, because for security reasons centralism outweighs internal democracy. We often have to lock doors and windows, which makes it hard for those winds to enter.

[Question] In conclusion, do you think that the commanders in chief of the other branches of the Armed Forces might back up a potential Pinochet fraud?

[Answer] Chile can bear witness to the fact that the members of the Junta have backed up all of Pinochet's barbarous acts and crimes over these years. I think that there is total connivance between the members of the Junta and Pinochet. I do not rule out potential differences and contradictions, but I don't believe in any of them unless there is very broad grassroots involvement through a mobilization. How many things might they be keeping secret among themselves! But Pinochet has done things stealthily, very, very carefully. The 1980 Political Constitution provides that not only does Pinochet remain on with the plebiscite, but so do the four commanders in chief of the Armed Forces and Carabineros. They remain immovable, in other words, their own terms are being extended to 1997.

[Question] But General Matthei himself has said that he is leaving in 1989. Don't you believe him?

[Answer] No, I don't believe him. I have background information for saying that I don't believe him. Three years ago he said that he was a supporter of the dialogue, and yet when they sent him and the others a letter, they threw it into the paper shredder. I recall having met Matthei in London in June 1973, during a visit by a congressional delegation organized by the British Parliament in which I was representing the PC. I had private talks with Matthei. In them he let it slip out that he was sympathetic towards the Popular Unity (UP) government and President Allende. He was the air force attache; the naval attache was Adm Oscar Buzeta. Matthei alerted me about the conduct of other military officers, particularly Admiral Buzeta, against the UP government. He talks about leaving but he is horrendously compromised.

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Survey on Voting Intentions, Plebiscite Support
33480066a Santiago HOY in Spanish
18-24 Jan 88 pp 11-14

[Article by Carlos Huneeus: "The Psychological War"]

[Excerpts] Two nationwide surveys were made public for the first time last week. A Gallup poll enabled LA NACION to emblazon its front page with this headline: "45.3 Percent Approve of Pinochet's Performance." Independent of the prestige associated with the name of the firm, the poll was one of the largest ever conducted in Chile, with almost 9,000 respondents. Shortly thereafter, researchers from the CERC [Center for Studies on Contemporary Reality], a branch of the Academy of Christian Humanism, which enjoys equally considerable academic prestige, handed in the findings of their own study.

It too was a nationwide survey, comprising 2,053 interviews in 30 cities, aside from Santiago, in an attempt to gage the potential differences in the electoral behavior of Chileans according to the size of their place of residence. The survey asked other questions as well, including one on the perception of the economic situation.

As far as the plebiscite is concerned, the "no" votes were found to be ahead of the "yes" votes among the respondents by 40.3 to 31.3 percent. The situation was reversed when the question was posed only to those who were registered to vote. On other issues, however, the poll found that the thinking of Chileans has changed little.

Carlos Huneeus, an attorney who holds master's and doctoral degrees in political science, prepared the following article on this poll and its significance:

Between 11 September and 12 December of this year Chileans will decide who the next president of the republic will be and whether a Western-style democracy or the "new democracy" provided for in the permanent

articles of the 1980 Constitution is established. Never before have Chileans had the opportunity to take part in an electoral event of such consequence for the future of the country.

The official press is publicizing two messages: Chileans from the provinces think differently from those in Santiago and resolutely support the government and President Pinochet. Therefore, even weak support in Santiago would enable him to "sweep" the 1988 plebiscite.

This could be a self-fulfilling prophecy. The government's concerns are focused on achieving this distribution of preferences, and it is showing a special interest in the regions through patronage policies, propaganda and presidential tours. In 1987 President Pinochet made 29 tours of the provinces and visited 52 cities. This is a substantial increase over 1986, when he made only 5 swings, visiting just 26 cities. (Footnote 1) (See "The Electoral Campaign of General Pinochet. The Tours of the Regions," Report No 1 CERC-Political Science Area, October 1987)

In assessing the climate of public opinion, we must take into account the government's propaganda and patronage, which undoubtedly have an effect. As of June 1987 the government has advertised systematically in magazines, newspapers and on TV. It has placed 41 full-page color ads in the weeklies HOY, ERCILLA and QUE PASA. The cost was about \$80,000. (Footnote 2) (See "The Electoral Campaign of General Pinochet. The Propaganda in Magazines," Report No 2 CERC-Political Science Area, January 1988)

There has also been a shift in General Pinochet's image. He is being portrayed more as a civilian than as a man in uniform. It bears underscoring that the commanders in chief of the other branches of the Armed Forces, the director general of the Carabineros and Gen Humberto Gordon, a member of the Government Junta, have emphasized that the candidate must be a civilian. General Pinochet's "civilian" image can be seen on the front pages of the national newspapers (See Table 1).

How true are the government's assertions? They can be analyzed through polls that gage the opinions and attitudes of Chileans nationwide. So far, scientific polls have been conducted only in Santiago, and it has been impossible to confirm the government's assertions, which it claims are based on nationwide polls, although the technical data on them are never provided (type of sample, questions, number of respondents and field work).

Polls are a very complex technique of social research and can arrive at accurate findings as long as they are conducted with great methodological rigor. They entail four tasks: a clear questionnaire that does not lead on; a representative sampling of the population that is to be studied; meticulous field work, and a serious analysis of the data. (Footnote 3) (The size of the sample is not the

1.— La imagen "civil" del general Pinochet en los diarios, 1987 (1)

	CIVIL (2)		MILITAR (3)	
	abs.	%	abs.	%
I Cuatrimestre (4)	34	51.5	32	48.5
II Cuatrimestre	34	63	20	37
III Cuatrimestre	58	63	33	37

(5) Diarios: *El Mercurio, Las Ultimas Noticias, La Tercera, La Nación, La Epoca, Fortín Mapocho.*

Key: 1. The "Civilian" Image of General Pinochet in the Newspapers, 1987 2. Civilian 3. Military 4. Third of the year
5. Newspapers

only or most important requirement. It must be technically well done, in accordance with mathematical calculations, to properly represent the society. Electoral polls in Great Britain, for example, where there are more than 30 million voters, comprise between 2,200 and 2,500 respondents. See David Butler and Donald Stokes, "Political Change in Britain," Macmillan, 1969. For the United States, see Seymour M. Lipset and William Schneider, "The Confidence Gap," Macmillan, 1983. The samples are from 4,000 to 5,000 in Spain. To study behavior in the regions, see Juan Linz et al, "Sociological Report on Political Change in Spain 1975- 1981," Fourth Report, FOESSA, Vol 1, Euramerica, 1981)

Polls can go wrong in any of these four stages: the questions could be leading; the sample could be of poor quality; the field work, deficient, and the analysis, crude.

The CERC, a branch of the Academy of Christian Humanism, conducted a nationwide poll among 2,053 respondents in November 1987 from a representative sample of Chileans 18 years of age and over residing in urban centers with 2,000 or more inhabitants. The survey universe represents 80 percent of Chileans in that age group. (Footnote 4) (The poll was made possible by a grant from the Ford Foundation, to which we are grateful)

This is the first scientific nationwide poll in Chile on political issues. Its purpose was to ascertain the opinions and attitudes of Chileans during the political change; it repeats the questions and uses the methods of the June 1986 CERC poll of a representative 889-person sample of the over-18 population in the Greater Santiago area. The two polls are comparable, because the 1987 one included a subsample for Greater Santiago.

These pages present the technical data and some findings of the poll.

The data are available to all interested parties, regardless of their political views.

The poll was conducted among three subsamples: one in the north, which included the cities of Valparaiso and Vina del Mar; another in Greater Santiago and a third in the south. It represented big cities (more than 50,000 inhabitants), medium-sized cities (10,000 to 50,000) and small cities (2,000 to 10,000). The survey was conducted in 32 cities, from Arica to Puerto Montt. (Footnote 5) (The cities in which the study was conducted were: Arica, Calama, Antofagasta, Tierra Amarilla, La Serena, Ovalle, Vina del Mar, Valparaiso, Villa Alemana, Los Andes, Limache, La Cruz, Santiago, Melipilla, Rancagua, Machali, Molina, Talca, San Vicente de Tagua-Tagua, Chillan, Concepcion, Talcahuano, Penco, Coronel, Hualqui, Victoria, Temuco, Pitrufquen, Valdivia, Rio Negro and Puerto Montt. During the field work there were presidential visits in the cities of Talca, Antofagasta, Calama, Vina del Mar and Arica, which account for 14.3 percent of the interviews in the provinces; other cities were visited in October: Valparaiso and Rancagua (5.8 percent)

1. General Opinions of Chileans

As was to be expected, a great many events that influenced the opinions of individuals took place between June 1986 and November 1987: the discovery of the arsenals in the north; the attack on General Pinochet; the Holy Father's visit, etc. Hence, we ought to expect a certain degree of continuity and some changes.

Chileans are more optimistic now. They have a better opinion of the country's general situation. Whereas in 1986 4 percent felt that the country's situation was very good, 31 percent felt it was bad and 24 percent that it was very bad, by late 1987 the percentages are, respectively, 11, 25 and 15. This relates to the overall economic situation.

Such changes are important and cannot be attributed merely to short-term effects, such as, for example, because the first poll was conducted in winter and the second in springtime.

2.— La situación personal de los chilenos (en %). (1)

Pregunta: El ingreso, salario o sueldo que Ud. percibe y el total del ingreso familiar ¿les permite cubrir satisfactoriamente sus necesidades? ¿En cuál de estas situaciones se encuentra Ud.? (2)

	CIUDADES (3)				
	1986 Santiago	Santiago	1987 Grandes (4)	Medianas (5)	Pequeñas (6)
Les alcanza bien, puede ahorrar (7)	8.3	8.5	7.2	5.4	3.3
Les alcanza justo, sin grandes dificultades (8)	40.6	41.5	42.1	40.5	55.0
No les alcanza, tienen dificultades (9)	35.7	40.0	40.6	42.3	37.7
No les alcanza, sufren grandes penurias (10)	12.7	9.4	9.7	10.6	4.0
No sabe, no responde (11)	2.7	0.6	0.4	1.4	—

3.— El prestigio de ciertas Instituciones (12)

Pregunta: Le voy a leer una lista de instituciones y me gustaría conocer su opinión sobre cada una de ellas, poniéndole nota de 1 a 7, siendo 1 "muy malo" y 7 "muy bueno". ¿Qué nota le pondría Ud. a: (13)

	Nota promedio (14)			
	1986	Norte (15)	Sur (16)	Santiago
Vicaría de la Solidaridad (17)	5.7	5.5	5.9	5.7
Iglesia Católica (18)	5.7	5.8	5.6	5.6
Carabineros (19)	4.6	4.8	4.9	4.8
Armada (20)	—	4.9	5.0	4.6
Fuerza Aérea (21)	4.5	4.9	5.2	4.6
Ejército (22)	—	4.8	4.9	4.5
Oposición (23)	4.1	3.3	3.8	4.0
Gobierno (24)	3.5	4.0	4.4	3.8

* S: preguntó por las F.F.A.A. y no por cada rama como en 1987 (25)

Key: 1. The Personal Situation of Chileans 2. Question: Does the income, wage or salary that you earn and your total family income enable you to meet your needs satisfactorily? In which situation do you find yourself? 3. Cities 4. Large 5. Medium 6. Small 7. Can manage easily and save 8. Can just manage without major difficulties 9. Cannot manage, have difficulties 10. Cannot manage, suffer great hardship 11. Don't know, no answer 12. The Prestige of Certain Institutions 13. Question: I'm going to read to you a list of institutions and I would like to hear your opinion of each of them, giving them a grade from 1 to 7, 1 being "very bad" and 7 being "very good." What grade would you give: 14. Average grade 15. North 16. South 17. Vicarship of Solidarity 18. Catholic Church 19. Carabineros 20. Navy 21. Air Force 22. Army 23. Opposition 24. Government 25. The question was asked about the Armed Forces, not about each branch, as in 1987

Nevertheless, on a personal level Chileans feel almost the same way they did in 1986. There has been no favorable change here, in contrast to the assessment of the country's situation (see Table 2).

The 1987 poll did not find "two Chiles" in terms of religion and the prestige of institutions. There are unquestionably certain differences, but they are of little significance, considering that the great majority of Chileans live in Santiago and in the big provincial cities.

Some 76.9 percent of Greater Santiago is Catholic, 76.2 percent in the big cities, 80 percent in the medium-sized cities and 75.4 percent in the small ones.

The prestige of institutions is quite uniform nationwide. The most prestigious are the Vicarship of Solidarity and the Catholic Church. There is a sliding scale of prestige

in the armed services and the Carabineros, as the latter enjoy greater prestige than their colleagues in the Legislature, while the government and the opposition have scant prestige (see Table 3).

The government's image is slightly better outside Santiago; the opposition's, somewhat worse. But the difference is not very great.

Certain trends are evident since 1986: the air force is doing better, and so is the navy, slightly; Carabineros is holding steady, and the army has fallen off.

Are Chileans from the provinces more or less democratic than those in Santiago? Are they more or less interested in politics? The poll shows that there are not "two Chiles" either in answer to these two questions (see Table 4). We can see that there is considerable uniformity nationwide, although the percentage of people who are indifferent is higher in the small cities.

4.— El apoyo a la democracia en los chilenos (en %) (1)

Pregunta: Hablando en general del sistema político, ¿cuál de las siguientes frases (2) se acerca más a su manera de pensar?

1. La democracia siempre es preferible a cualquier otra forma de gobierno; (3)
2. Para un país como Chile es mejor un régimen autoritario que uno democrático; (4)
3. Personalmente me da lo mismo que haya autoritarismo o democracia. (5)

	1986	CIUDADES (6)			(9)
		Santiago	(7) Grandes	(8) Medianas	
(10) La democracia	60.6	59.8	57.4	54.3	64.5
(11) El autoritarismo	6.3	7.4	10.5	8.9	9.2
(12) Me da lo mismo	25.4	21.3	21.0	28.4	18.8
(13) No responde	7.7	11.5	11.1	8.4	7.5

Key: 1. The Support for Democracy Among Chileans 2. Question: As far as the political system in general is concerned, which of the following statements comes closest to your way of thinking? 3. Democracy is always preferable to any other form of government 4. For a country like Chile an authoritarian regime is better than a democratic one 5. Personally it makes no difference to me whether there is authoritarianism or democracy 6. Cities 7. Large 8. Medium 9. Small 10. Democracy 11. Authoritarianism 12. It makes no difference to me 13. No answer

What about the interest in voting? We know that registration is running high in small and rural communities. It is public knowledge that the Armed Forces have required their personnel to register and that the civil service and municipal government are mobilizing in this same regard.

The CERC poll found that there is higher registration in the small cities (51.4 percent) and in Greater Santiago (34.4 percent).

Nevertheless, the differences are not as marked when it comes to an interest in taking part in the next election, whether it is a plebiscite or an open election.

This extremely strong desire to take part in the next election is even more important when we consider that there is no consensus as to the nature of the next noncompetitive election. The government wants to retain the plebiscite; the opposition and independent sectors have asked for an open election. This difference is perceived by public opinion, which shows that the message of the opposition and of well-known figures has sunk in strongly with the citizenry, because more people want free elections than want a plebiscite (see Table 5).

Having demonstrated that there are not "two Chiles" but rather that there are minor differences between Santiago and cities in the provinces, let us now see whether the government and General Pinochet "will sweep" the plebiscite. We can say what would have happened if the plebiscite had been held in November, either among all Chileans over age 18 or just among registered voters.

First let us look at the issue of the candidate.

The CERC poll took it for granted that there would be a plebiscite, not an open election, and posed the question accordingly. The other assumption was that General Pinochet wants to run.

The response from Chileans is that a high percentage want a consensus candidate from the military government and the opposition, and a minority wants the candidate to be General Pinochet. This response tells us who his fervent partisans are and how many there are (see Table 6).

We can see that there is greater support for Pinochet in the medium- sized and small cities, but support in the big cities is slightly greater than in Santiago. Nevertheless, this question could indicate the starting point of General Pinochet's support, but not his maximum number of votes, which could be quite a bit higher if he utilizes the entire governmental economic and publicity apparatus and the army.

The public is quite concerned when it hears high-level army officers making statements in favor of General Pinochet's candidacy. This is a posture that could lead to the politicization of the armed services and, at the same time, it puts pressure on their comrades in arms, the Armed Forces and their superior officers.

This issue of crucial importance for the country's political development in the plebiscite and afterwards, and we included it in the poll. Chileans categorically reject these political and campaign statements by certain military officers.

5.— Grado de apoyo al plebiscito y a las elecciones libres. (1)

Pregunta: ¿Ud. prefiere que el próximo Presidente se elija mediante un plebiscito o por elecciones libres?(2)

	TOTAL.	CIUDADES (3)			
		Santiago	Grandes (4)	Medianas (5)	Pequeñas (6)
Plebiscito (7)	12.3	8.7	12.5	17.3	22.1
Elecciones libres (8)	71.1	73.8	71.3	63.9	67.9
Me da lo mismo (9)	9.7	10.3	8.6	11.5	6.4
No sabe (10)	5.1	5.3	4.9	6.5	2.4
No responde (11)	1.8	1.9	2.7	0.8	1.2

6.— El candidato para el plebiscito.(12)

Pregunta: Hablando en general de los candidatos a la Presidencia Ud. preferiría que el candidato del plebiscito fuera: (13)

	TOTAL.	CIUDADES			
		Santiago	Grandes	Medianas	Pequeñas
Augusto Pinochet (14)	16.3	12.6	16.6	22.1	23.7
Otro miembro de las FF.AA.(15)	4.4	5.1	4.1	3.4	4.2
Un civil partidario del gobierno (16)	11.8	10.0	13.6	13.3	10.9
Un candidato de consenso entre el gobierno militar y la oposición (17)	41.1	43.2	42.2	34.8	37.4
No sabe (10)	18.9	19.9	19.4	16.3	16.4
No responde (11)	7.5	9.2	4.1	10.1	7.4

Key: 1. Degree of Support for the Plebiscite and for Free Elections
2. Question: Would you rather have the next president chosen in a plebiscite or in free elections? 3. Cities 4. Large 5. Medium 6. Small
7. Plebiscite 8. Free elections 9. Makes no difference 10. Don't know 11. No answer 12. The Candidate in the Plebiscite 13. Question: Speaking in general about the candidates for president, whom would you prefer as the candidate in the plebiscite? 14. Augusto Pinochet
15. Another member of the Armed Forces 16. A civilian who supports the government 17. A candidate on whom the military government and the opposition can reach a consensus

If such statements continue, they will undoubtedly provoke dangerous antagonism between civilians and the military.

Let us now look at how Chileans would have voted in the plebiscite if everyone over the age of 18 had taken part. The nationwide result, which is representative of 80 percent of the population that age, shows the "yes" vote going down to defeat by 31.3 percent to 40.3 percent for the "noes" (see Table 7).

This means that if the plebiscite had been held in November, General Pinochet would have been defeated if all Chileans 18 years of age and over had voted. He has greater support in the medium-sized and small cities, but not enough to make up for the shortfall in Santiago and the other big cities.

The outcome would have been different if only registered voters had cast ballots. In this case, he would have won narrowly: 37.1 to 35.6 percent (see Table 8).

The explanation of this result is that the voter registration campaign spurred by the government and the army has been successful and that the percentage of registration is still very low. In Santiago, 43.4 percent of the

"yes" voters are already registered, whereas just 29.5 percent of the "no" voters are. In small cities, 58.2 percent of the "yes" voters have registered, compared to only 42.1 percent of the "noes."

Consequently, General Pinochet could win a "surprise" victory in an early plebiscite, but this would mean shattering the legitimacy and the legality of the succession regulations provided for in the constitution.

Hence the extraordinary importance of the statements by the other commanders of the Armed Forces and Carabineros, who have asserted that the plebiscite will be held when there is a high percentage of registered voters. This must be the case not only because Chileans want to vote but also because in this way the plebiscite will fulfill what we have described as the dual function established in the 1980 Constitution: to be the last act of the transition and to inaugurate a new political order (HOY 546). The high commands of the Armed Forces and the Carabineros and the Chilean people have the floor. Register and vote to choose the next president of the republic, in a clean, up-front election in which the "yes" and "no" votes are on an equal footing.

7.— La votación del SI y del NO (en %). (1)

Pregunta: Si el plebiscito fuera el próximo domingo y el candidato único fuera el general Pinochet ¿Votaría Ud. por el SI o por el NO? (2)

	TOTAL	CIUDADES (3)			
		Santiago	Grandes (4)	Medianas (5)	Pequeñas (6)
Si	31.3	26.3	32.0	39.7	38.0
No	40.3	43.7	37.6	39.9	32.4
Indeciso (7)	8.0	7.5	8.5	5.8	14.2
No votará (8)	4.9	6.2	4.9	2.2	4.9
No sabe (9)	13.3	13.9	14.6	10.7	9.9
Otras (10)	2.2	2.4	2.4	1.7	0.6

8.— El voto SI y el NO de los actualmente inscritos. (11)

	TOTAL	CIUDADES			
		Santiago	Grandes	Medianas	Pequeñas
Si	37.1	33.3	36.9	42.6	43.2
No	35.6	37.5	33.6	38.9	26.7
Indeciso (8)	7.2	8.7	7.2	4.3	10.9
No va a votar (12)	3.1	2.8	3.7	2.1	6.3
No sabe, no responde	13.8	14.6	15.7	10.7	11.8
Otras respuestas (10)	3.2	3.1	2.9	1.4	1.1

Key: 1. The Yes and No Vote 2. Question: If the plebiscite were next Sunday and the single candidate were General Pinochet, would you vote yes or no? 3. Cities 4. Large 5. Medium 6. Small 7. Undecided 8. Will not vote 9. Don't know 10. Other answers 11. The Yes and No Vote Among Those Currently Registered 12. Don't know/no answer

8743

Army Role in Plebiscite Campaign Analyzed

33480068a Santiago HOY in Spanish
25-31 Jan 88 pp 11-13

[Article by Jorge Olave: "The Army and Pinochet's Campaign"]

[Text] Just 14 months away from the end of the Chilean military regime, it has failed to meet one of the essential prerequisites for a smooth transition to a free society.

This dangerous trend toward authoritarianism, which has gone almost unnoticed, is manifested in the foot-dragging and reluctance to carry out the necessary changes in government appointments, from an elite made up of military personnel to a civilian corps. This changeover was supposed to culminate with the presidential plebiscite of 1988.

If this has not taken place, it is because of the administration's own change in course. When they assumed power in 1973, the Armed Forces distributed government posts according to a proportional system, allocating posts to each branch of the military.

As Gen Augusto Pinochet gradually consolidated his personal power by means of a strategy of cautious and incremental advances, as manifested in the referendums of 1978 and 1980, the Navy, Air Force, and Carabineros lost ground to the Army in the strictly military sphere as well as the political sphere.

This is the origin of the current political-electoral involvement of high-ranking Army officers, as a result of their insertion in key positions in the political and economic sectors during the campaign that is now underway.

Strengths and Weaknesses

Since 1983, after the protests and the liberalization, Pinochet has had to undertake, from his "lonely" position at the top, a more far-reaching task, that is, to act simultaneously and personally (at a great physical and political cost) in the three positions of authority he holds: president of the republic, which makes him the head of state; chief of the government, which means he is in charge of the political-administrative leadership of the government; and, as an active duty officer, commander in chief of the Army.

With such a concentration of functions, the regime inflicted itself with a decisionmaking paralysis, because since that time it has been unable to structure the conflict regulation and decisionmaking mechanisms at the

respective horizontal levels. It is these mechanisms that provide for the maintenance and rationalization of resources and of political action.

Consequently, at the end of the "transition" the regime is characterized by the high degree of personalization of power, rather than a solid process of institutionalization, as the propaganda claims.

In his desire to remain in power, Pinochet suffers from a severe case of political weakness, in that he is unable to deal with the mechanism of succession. Moreover, this process does not depend on him, but on his ability to successfully meet two major challenges: first, being nominated by the other commanders, and second, being ratified by millions of voters in a plebiscite.

To try to cure this political weakness, which has turned the succession into an Achilles heel for the regime, Gen Pinochet decided to take refuge in his military strength. Thus, according to political scientist Carlos Huneeus, he transformed the Armed Forces government into the Army government.

Pinochet's political weakness will reach its peak when he meets with the other three chiefs of staff to name the candidate who will be voted on in the plebiscite a few months from now. There, in the terms expressed by Samuel Huntington, he will lack autonomy and will have the same power as each of the others.

Pinochet and his advisers overestimate the value of military authority, which is now a necessary resource, but not a sufficient one, as it was in the initial years when it enabled the government to take power and remain there.

In addition to the military's rise and tenacious presence in the political system, we must also consider the fact that it did not organize a political party that could mobilize citizen support and recruit part of the civilian elite. Instead, it tried to establish support in the government agencies that promote and control relations with the public: the National Secretariats of Women, Youth, Trade Unions, and Cultural Relations.

Political Officers

Both characteristics led the government into a swamp from which it does not appear willing to emerge: Those who hold key posts in the election campaign, in both the political and the economic spheres, are Army officers.

Let us look at this situation in both cases.

Here we will review the appointments made to posts in the Ministries of the Interior, Foreign Relations, General Secretariat of Government, and General Secretariat of the Presidency.

At the central level of the Interior Ministry, the presence of the Army is embodied in the undersecretary of regional development, Gen Patricio Serre, and the director of the Division of Interior Government, retired Maj Gen Osvaldo Hernandez. According to the Civic Action Plan that Undersecretary of the Interior Alberto Cardemil has been promoting since 1986, in practice both these officials are in charge of overseeing the 325 mayors, the regime's principal electoral agents.

Of the 13 regional intendants, 10 are Army officers (one, in Region XII, is retired), 1 is in the Air Force (Region X), and 1 is a retired Navy officer (Region V).

This structure of regional authority will not change for the rest of the authoritarian regime. On the contrary, Pinochet appears ready to continue appointing military officers to these posts. A communique issued by the Intendancy of Region IX expressed this clearly: Brigadier generals will be named intendant in those regions where such posts used to be held by lower-ranking officers, and will also hold those offices full-time.

According to the instruction, Brig Gen Alejandro Gonzalez, who has a good reputation in the military, replaced Col Sergio Prado in that region. In Region VII, Brig Gen Patricio Gualda succeeded Col Jorge Lagos Silva. Gualda graduated first in his class at the Military Academy, and until a few days ago was rector of the University of Santiago. In Region VI, a colonel was replaced by a general as well.

In Region III, however, an exception has been made. In December, Lt Col Juan Emilio Cheyre relieved Gabriel Allende, who held the same rank. Cheyre, the son of Gen Emilio Cheyre, graduated first in the class of 1966 at the Military Academy and the War College. He teaches political science at Catholic University.

In the Metropolitan Region, the emphasis has clear political-electoral implications: In July, Col Jorge Valenzuela took over as general coordinator, having previously been undersecretary of economy; and in December, Col Luis Montero Valenzuela, formerly governor of the province of Cordillera in the same region, was named coordinator of the social area.

The situation of the intendants is similar to that of the provincial governors. Of the 50 officials, 28 are Army officers (2 retired); 2 are in the Navy (1 retired); 12 are Carabineros (3 retired); and 8 are civilians. The latest appointments (El Loa, Cauquenes, Cordillera, Valparaiso, for example) illustrate this trend, with a few noteworthy developments such as the case of Talca, where Lt Col Luis Palma in December replaced attorney Abel Bravo, the first civilian to have held that post in that province.

At the Ministry of Foreign Relations, the election campaign is having a twofold impact: Officers are staying in place while officials are being fired for political reasons.

The Army has a presence in the Vice Chancellery, whose life was extended last November. This post was created in 1978, and has been held at all times by a member of the High Command. Brig Gen Ernesto Videla replaced Brig Gen Francisco Ramirez in the first week of January. The undersecretary post, except for a brief initial period, has also been exclusively in the hands of the Army; at present, Col Ramon Valdes holds that office.

Between 1973 and December 1987, 250 people have represented Chile in other capitals and before international organizations. Of them, 52 percent have been civilians and 48 percent military officers. If we break down the latter category, we find that 48 percent have been Army, 19 percent Navy, 18 percent Air Force, and 15 percent Carabineros. In the Ministry General Secretariat of Government, the undersecretary position is held by Col Luis Rivas, who has direct ties to the powerful Division of Civilian Organizations, under the direction of Lt Col Hernan Nunez. Under him are the National Secretariats of Women, Youth, Trade Unions, and Cultural Relations, which link civilian support to the regime. Under this ministry is the state communications system, whose primary medium is Chilean National Television, directed by Army Col Carlos Krumm.

Military Economists

The regime's effort to "project itself" is based on simultaneous political and economic actions, which are based in turn on a campaign to reaffirm legitimacy through performance ("a government that gets things done"), and revolves around the Ministries of Finance, Economy, Housing, Public Works, and the Development Corporation.

Although the front man of the economic team is Finance Minister Hernan Buchi, the Army has the most control over key posts.

In the Finance Ministry, its presence is seen in the undersecretary position, held by Col Dante Santoni, and the general coordinator post, held by Lt Col Alejandro Amigo. Of the 13 agencies under the ministry, 1 is headed by an active duty general (Central Bank of Chile) and 5 are run by retired officers. The economy minister is Brig Gen Manuel Concha, who left the job of undersecretary of finance. The 2 undersecretaries are civilian (economy and fishing). Of the 8 associated entities, 5 are headed by civilians and 3 by Army officers, either active or retired (Dirinco, Superintendancy of Electricity and Fuels, and Agricultural Trade Enterprise).

In Public Works, the secretary and undersecretary are in the Army: Maj Gen Bruno Sibert and Lt Col German Garcia, respectively.

Although the Housing Ministry has taken on more importance during the campaign, with the well-publicized building of "housing solutions," the military does

not appear to hold major positions there. The one exception is the administration of the Metropolitan Park, which is in the hands of a colonel. The reason for this is that this ministry basically executes housing policies which depend on decisions made in the Ministries of Finance, Economy, and Presidency of the Republic.

The Production Development Corporation (CORFO) is controlled by the Army, both at headquarters and in the management of its enterprises.

Twelve of the 24 enterprises and institutes that fall under the CORFO are run by Army officers, either active duty or retired; 2 are directed by retired Navy officers and 10 by civilians.

In the Defense Ministry, excluding the Undersecretariats of War, Navy, Aviation, Carabineros and Investigations, there are Army officers at the helm of the Investigative Police, the National Academy of Political and Strategic Studies (ANEPE), the General Directorate of National Mobilization, the General Directorate of Sports and Recreation (DIGEDER), and Civil Defense of Chile. In the case of DIGEDER, the military presence extends to the Office of the Assistant Director and the Department of Public Relations; in fact, a brigadier general is in charge of the National Stadium.

At the Mining Ministry, the military's role can be seen in four of the seven agencies, which are directed by retired Army Generals (Chilean Copper Commission, National Copper Corporation, National Mining Enterprise, and Chilean Nuclear Energy Commission).

Army colonels direct the two undersecretariats of the Ministry of Transportation and Telecommunications.

In sum, 14 months away from the end of authoritarianism, the ruling coalition is comprised of civilian and Army elements, with the symbolic presence of the Navy, Air Force, and Carabineros. Of the 21 officials with ministerial rank, 5 are in the Army (Economy, Public Works, Vice Chancellery, CORFO, General Secretariat of the Presidency; the head of the National Energy Commission is a retired officer), 1 is in the Air Force (Transportation), 1 in the Carabineros (National Assets), 1—retired—in the Navy (Defense), and the rest are civilians (Interior, Finance, Education, Justice, Mining, Labor, Agriculture, Housing, Health, and General Secretariat of Government). Of the 21 undersecretaries (excluding those of War, Navy, Aviation, Carabineros and Investigations), 7 are in the Army.

Political-Electoral Action

The major role played by the military in key positions, in pursuit of the regime's desire to remain in power, is linked with the constant political-electoral activity of some of these officers to promote the reelection of Gen Pinochet in the plebiscite.

The main protagonists in this sensitive area are Gen Luis Patricio Serre, undersecretary of regional and administrative development, and Lt Col Hernan Nunez, director of civilian organizations.

Serre appears to be the principal promoter of the candidacy of his commander in chief and of political intervention by military officers in the tasks of government. "We are talking," he has said, "about public officials in general, and those who are responsible for government functions, such as myself, who have an obligation to engage in politics because politics is the art of governing, with a capital letter. We are not talking about demagoguery; we are talking about politics. From the moment I took office as undersecretary of regional development, I and the other officers who serve as intendants and governors have had an obligation to engage in politics. That is so by definition."

Nunez plays a decisive role in the organization of the rallies and "encounters with the community" that Pinochet holds in the provinces and in Santiago. These gatherings are channeled through the National Secretariats of Women, Youth, Trade Unions, and Cultural Relations. Nunez coordinated the event labeled "The First Day of the Future," which launched Gen Pinochet's election campaign on 9 September 1986.

Genaro Arriagada has illustrated clearly the difference between being a "political actor" and a "political tool" in these terms:

"Gen Serre may have the illusion that he is engaging in politics when he constantly touts the commander in chief as a candidate for president of the republic, but he and I both know that his career would be over for good if he held the opposite opinion."

The personal loyalty and specifically institutional subordination of the officers in their dual role as members of the Army and high-ranking officials is one thing; but getting involved in the issue of the candidate's election is quite another. That task is the exclusive purview of the three commanders in chief and the director general of the Carabineros.

The statements have two underlying motivations, given their objective and the people they are aimed at.

In the first place, the message seeks to affect both the vertical and the horizontal planes. Vertical refers to the alignment of all Army personnel (from generals down to conscripts) behind their commander in chief; and horizontal refers to the commanders of the other branches of the military, who are being informed of the Army's intentions.

In the second place, the intervention is targeted at the military part of the ruling coalition, first, then at the civilian portion of it, and finally, at the "silent majority" and the opposition.

Implications for the Transition

The dual function served by some high-ranking officers in the strictly military sphere and in government tasks lies at the heart of the principal political problem faced by this country, a problem which must be resolved by the military itself with the cooperation of civilians.

So far, there has been no guarantee of the necessary political neutrality that the Army and the other branches of the Armed Forces should display in the succession process, independently of the candidate and the results of the plebiscite.

The Army has a greater duty, because Gen Pinochet directly performs the function of commander in chief of the Army, and according to the Constitution, he may retain that post until 1997.

The Constitution institutionally regulates the situation that would prevail if the "no" vote were to win. The Armed Forces would then enforce compliance with the popular mandate. Being one of the neutral branches of the modern state, the military is not supposed to promote any candidacy that the citizenry can legitimately reject.

A non-traumatic transition to democracy demands that the multiple positions of authority currently held by the military be gradually turned over to civilian hands. The latest appointments do not point in that direction.

08926

Role of Military Wives Studied

*33480068b Santiago HOY in Spanish
25-31 Jan 88 pp 9-10*

[Article by Ana Maria Foxley: "Chilean Military Wives"]

[Excerpts] With a stylish figure and large green eyes, Maria Elena Valenzuela speaks rapidly and is always alert. A sociologist, 34, she is the exception among Chilean researchers: the only one to have penetrated not only the world of women in the opposition, but also that of women participating in the military regime.

Her conclusion, after a lengthy study reported in the book "Women in Military Chile: We Were All Going to Be Queens," is that "the Chilean Government's line toward women is similar to that used by the Nazi regime in Germany." Her assertion is based on studies conducted at the University of San Diego in the United States and in Chile.

Here she analyzed texts, public information, official campaigns, speeches by Chilean delegates to international organizations, and the magazine ALBORADA, an

internal Army publication. This magazine's content is aimed at officers, but there is a "women's page" oriented toward military wives, not the women who are in the Army.

In addition to these materials, the sociologist deepened her study with personal interviews with five women in military service, a dozen wives of officers and petty officers in the Army, Air Force, and Navy, and active participants in the Mothers Centers (CEMA), the National Secretariat of Women, Coanil, Conapran, and others.

[Question] How much of this can be blamed on the military government, and how much of it goes further back, with deep roots in Latin American culture?

[Answer] Much of this comes from before; the government has utilized what already existed, reinforcing it to its own benefit.

Military authoritarianism has reinforced the image of weak women who need protection and strong, protective men. Women have been encouraged to enter into an alliance with the regime, to look down on traditional democracy and to devote themselves to "women's issues": the house, the home, and volunteer work, which is their way of being charitable.

[Question] Your work is based on thorough interviews with military wives and women who have joined the Armed Forces. What are they like?

[Answer] Among military wives, personal life is so closely tied to the husband's work and to national policy that there is tremendous control over them. The military is like a ghetto; they live in military towns, and this makes them more of an appendage of the husband. This has always been so, but now it is more accentuated, inasmuch as the military is the government. In addition, they are required to participate in the volunteer institutions, which are also controlled by the military husbands. How can they become independent people or put up any opposition under those circumstances? In a way, they are like soldiers without rank, and they have a hierarchy among themselves; the women take orders from the wives of their husbands' superiors. . .

[Question] But why should it be bad for them to help other women to organize, to knit or do crafts?

[Answer] It may be very gratifying for them to be generous, but if they are generous because that is part of the husband's career, that is very belittling. It is good to be charitable, and they feel that their work is an important effort that helps poor people. Women who are in a comfortable economic situation help and give things in a paternalistic way to others who are in bad straits. But this work, which they regard as one of great generosity, has a rather selfish objective: to consolidate the government and the regime. They give it a more human and

accessible image: They are mothers who go to see other mothers and tell them that "they must educate their children in the values of the system, security, and peace . . ."

[Question] But some of them must be aware that they are being used.

[Answer] They showed me different things: Some are more politicized than others. Some want to get out, because they feel it is very risky for their family life. They think that there is too much politicization in national life, and that that does not favor them. They fear violence, and are afraid of what might happen to their children . . .

Others are convinced of their good deeds and are sure that they will continue. They do not perceive any pressure from the majority to move toward democracy, and feel that the life they lead is what the majority wants. It is just a few who are "rocking the boat."

[Question] Your book appears to paint a depressing picture, one of a rift between women, between social classes, between government and opposition . . . Do you think there can be real democracy in such a divided country?

[Answer] There can be democracy when all forms of discrimination end, at least discrimination against women, since they constitute half the population. There should be "democracy in the country and in the home," as the slogan says. I believe that the leaders of the opposition have a responsibility to incorporate these demands to put an end to discrimination.

The opposition is a long way from understanding this. And I believe the reason is that it is more difficult to promote change than to maintain the status quo. That may be why everything goes well for the government when it defends women. The government has maintained the initiative, and the opposition has been left behind. We must start our own campaign to deal with this issue.

08926

Characteristics of Agricultural Sector Described
33480065b Santiago ANALISIS in Spanish
18-24 Jan 88 pp 26-28

[Article by Nelson Soza Montiel: "The Fragmented Farm Sector"]

[Text] With slightly more than 800,000 workers (according to official statistics), Chilean agriculture has turned out to be the productive sector that provides the most jobs. It is also the most profitable one: Everyone knows about the vineyards that yield an average gross income of 10 million pesos per hectare, and 34 percent net profits for their owners. Less well known are the farms where

wheat and beans are grown, among other traditional crops; their average profit margin was reportedly 73 to 136 percent in mid-1987, according to a recent study conducted by economists at the Catholic University of Chile. Furthermore, agriculture is the only area where there is a labor shortage, at least 5 months out of the year. In fact, this situation has prompted tens of thousands of families to migrate, having been recruited in the cities to harvest fruit between Copiapo and Curico.

The combination of these three elements—large labor force, high profits, and large supply of seasonal employment—should make the farmers of today practically a privileged group earning enviable profits well above the national average, by the standards of any economist, whether in the Chicago school or the central planning school. But this is not the case. The reasons abound: the scattering of farmers into thousands of small, medium, and even large holdings and establishments, the dispersal and repression of their organizations, ancestral individualism, the incorporation of thousands of women and youths into this labor “market” in their first paid employment, the transformation of permanent employment into seasonal or highly insecure jobs. The fact is that wages remain the same, with adjustments that sometimes cover only two-thirds of the inflation rate, and strikes are broken by fear or the paucity of union members, when there is a union.

Sources close to the government economic team, which is striving to abolish the “price bands” applied to wheat and other traditional products, point to the high profits earned by these farmers. Officials of the Agrarian Policy Department of the Catholic University stated in a study released last November that “with the dollar high, the prices of these crops became much more attractive than when it was at 39 pesos; the intervention of the state (with its buying powers) provided protection above and beyond the tariff; the successive measures to alleviate the financial burden enabled many farmers to remain in business,” and even “the introduction of loans secured by crops or grain credit allowed them to obtain high returns on their limited working capital.”

They were concerned because fruit orchards only expanded by 5,000 hectares a year, and blamed the fact that “the rates of return (of traditional crops) have not been attainable by any other productive alternative in the sector.” And they cite the example of kiwi fruit, which “only” yielded a profit of 13 to 67 percent.

Whether or not these arguments are wholly or partially true, they also should have provided justification for giving wages a larger share of those profits. But that is still not happening. Carlos Opazo, president of the confederation “El Surco” [The Furrow], reveals the results of just a few of the most recent collective bargaining agreements in the central zone: 204 workers at Frutanac, in Chimbarongo, received a 400-peso raise in their daily pay; those employed by the Copihue farm in Teno received 90 percent of the CPI and a raise from 400

to 550 pesos; at the La Caperana vineyard in Isla de Maipo, the pay was raised to 800 pesos per day; and 1,000 pesos was agreed upon at the Andalucia agricultural concern in Malloco.

Agronomic engineer Humberto Escanilla, of the Agra consulting firm, estimates that the average daily wage of “permanent” farm workers is 900 pesos. But there are tremendous variations, and it is dangerous to generalize about income and other demands in agriculture. “At some agroindustrial and livestock firms in Osorno, a worker can easily earn 60,000 pesos a month,” points out Maria Elena Cruz, an agronomist with the Agrarian Research Group (GIA) and author of a study published several days ago on the changes in the farm sector and among farm workers over the past 14 years. The farther the agricultural holding is from centers of population, the higher the wage; and therefore, the more abundant the labor supply in nearby cities, the lower the wage. This explains, for example, why after a brief strike 96 workers at an agroindustrial firm near Santiago returned to their jobs with improvements only in safety measures.

Today's Situation

Today's agriculture is obviously not the same as the agriculture of 10 or 15 years ago: “It is more modern and capitalist,” say some experts. It is a source of revenues rather than a recipient of them, as it had been traditionally. Indeed, forestry-agriculture-livestock exports now account for more than one-fourth of the total. It is highly differentiated by region, and each region has very specific needs. Paradoxically, the land is concentrated and at the same time segmented at levels never seen before. The traditional “patron” [boss] has been replaced by “los patrones,” several employers from whom the wage-earner receives his annual income. Large companies own the land, and they have a great deal of capital and tremendous influence on the surrounding area, given the large labor force they employ. Rural towns and communities now have tens of thousands of new families who migrated from estates and reformed holdings where they used to live, causing new problems and needs.

But this agrarian sector appears even stranger to the urban Chile as a multitude of other data comes to light: How many know that the “recruitment” of fruit pickers is conducted by men and women—they are known as “filetes” [filets]—who receive a commission for every worker they sign up? And what about the tremendous “political weight” currently enjoyed by the mayors of rural communities, given the funds they control, the way they invest them, and the respect—almost veneration—their efforts receive? And the contradictory situation the crisis has been creating for some time in the farm worker unions, when a member who owns a small plot of land is denounced by a member who is a wage-earner? And the gradual loss of land by thousands of communal families, Araucan Indians in the south, 13,000 in the Norte Chico? Or what about the fact that the rural illiteracy rate is still 15 percent, the malnutrition rate is 13

percent, their income is 21 percent lower than urban residents, and 40 percent of their homes are still without electricity, according to official statistics contained in the rural development plan?

Just over 2 million people depend on the farm sector, and there is widespread ignorance about their real situation, whether because the rest are uninterested or because vast rural areas are so isolated and out of touch in this "computer age."

Maria Elena Cruz states in her study: "Legally speaking, there are many fewer landowners than there were before Agrarian Reform, but there is also a concentration of ownership that is concealed behind that legal fragmentation. The average size of holdings is substantially smaller than it was before the Reform, but there are still huge companies that hold land and capital. The large-scale losses of land were suffered by the traditional peasantry of the forest zone and small plot owners, but some of the ones who held onto their land rejoined the rural petite bourgeoisie."

The social segmentation of the rural sector has resulted in at least six categories of farmers today, with different and often opposing interests. For example, the permanent workers (100,000 families and 160,000 workers throughout the country, according to Carlos Opazo) may act as foremen for the seasonal workers; or poor farmers who own small plots (170,000 families, 280,000 active workers) may hire out for wages working for medium and small landowners (the latter including those who own up to 80 hectares). Then there are the landowning families (40,000 families, 65,000 active workers), tenant farmers (landless peasants), and finally the poorest of all, sharecroppers.

Moreover, these categories are not static; they are becoming increasingly complex and differentiated. Agronomic engineer Emiliano Ortega, in a study released last week by the Corporation of Economic Research for Latin America (CIEPLAN), distinguishes between three types of agricultural proletariat: the permanent wage-earner who has a hire contract, the "semi-proletarian" peasant who owns land but he and his family occasionally work for pay on other agricultural holdings, and the "sub-proletarian," who has only the labor force of his group and is hired for "the heaviest, most unskilled labor."

Agricultural Proletariat

This proletariat is very different today than it was 15 years ago; at that time, it was permanently linked to a company, while today an estimated 70 percent of all employed workers are in the so-called "precarious employment" category. Guillermo Fu, another GIA researcher, says that the labor plan encouraged seasonal work in the countryside (planting, weeding, pruning, spraying, harvesting) "to reduce risks and keep costs down. It is a caricature of capitalism, because for the rest

of the year it is up to the state to support these workers through subsidies." These wage-earners are also younger, and are better educated than their parents were. A significant proportion of them are women (especially during the harvest), which enables them to assume less conservative positions than in the past.

The "out and out" expulsion of peasant families from estates and haciendas (post-coup) and the expectation of finding better living conditions led to the establishment of new types of rural settlements. "They have extremely limited, cramped space; they are poor in resources, and resemble the marginal urban squatter towns," says Ortega. "Permanent wage-earners and seasonal workers for estates, agroindustrial firms, and large enterprises live side by side, facing and posing problems that were not previously perceived as such," adds Maria Elena Cruz.

Then, finally, there are the differences discernible within the agrarian bourgeoisie: "For the agro-exporter, a larger holding translates into a larger profit margin, while the farmers who produce basic foodstuffs depend on domestic demand, which would rise if wages were to go up."

In light of this complex situation, the peasant organizations had to modify their work plans and their demands. What holds true for one situation does not hold true for other groups and other sectors. The owners of small plots and the more skilled wage-earners are more concerned about credit and working conditions; for unskilled workers and those in areas with abundant manpower, the primary concern remains higher pay.

"El Surco," for example, has placed its demand for a daily wage of 1,500 pesos third on its list, after compliance with the terms of the collective bargaining agreement.

The situation of seasonal fruit pickers in the north-central part of the country and forestry workers in the south is very, very different. The former number 250,000 ("this year there will be 300,000 of them," predict some specialists), and they are in a class by themselves. They have "revolutionized" the farm sector with workdays that in extreme cases total 20 hours, to obtain a monthly income of 60,000 pesos "and then some." To be sure, the average day's pay is much lower: 1,800 to 2,000 pesos in Copiapo, 1,200 to 1,500 in the Aconcagua Valley, 800 in the Metropolitan Region, and a similar rate in the south.

It was these workers, living in hovels and subjected to horrendous health conditions (in Copiapo alone there are 17 camps of this sort), working in recently sprayed fields or near huge packing plants that give off toxic gases, with bad reputations for promiscuity and prostitution because of the large number of women there, and even prevented from forming inter-company unions, who started the first "stoppages" in the 1986/87 season that resulted in a slight pay raise.

Future of Conflict

"Something is happening" in the countryside. Something better still for the businessmen; something that will have a disturbing impact on the future: "At harvest time, farmers are extremely vulnerable; look at what just one day of work stoppage means for the grape exporter," reflects Maria Elena Cruz. From another perspective, the agrarian economists at Catholic University feel the same way: They say that one reason why many businessmen still prefer wheat, corn, rice, barley, and other crops that are not very labor-intensive is probably "the rise in real wages that can already be seen in certain regions and at certain times of the year." In addition, there are "the vivid memories of the times when lists of demands were presented and workers went out on strike. It is clear that as political activity increases, labor union activity will also increase."

Some specialists and farm leaders foresee an upward pressure by seasonal workers; like it or not, they account for one-third of the total labor force during peak season. Others—the National Agricultural Association (SNA), for example, at a recent seminar on rural housing—have expressed concern because "when the growth of employment returns to its historic levels, the agricultural businessmen will be left without manpower; hence the recent appeals from that sector to raise wages," explains Maria Elena Cruz.

Emiliano Ortega warns that in the future "the magnitude of the conflicts could be considerable: The rural populace could slide toward positions that aggravate the conflict. Previously unknown social pressures and demands may emerge which will at times place them at odds with the business community (with respect to productive resources) and at other times in alliance (public service rates)."

Who would be the main protagonists in this future scenario? According to Ortega, not the permanent wage-earners, given "the frustrations or fears that could delay their mobilization," but rather the seasonal workers and those of the sub-proletariat: those "who wander around looking for one short-term job after another, without any consideration for the paternalism of the landowners or company management, and with a mentality that is diametrically opposed to that of the workers of the old paternalistic system."

These sub-proletarian groups, observes the specialist, "may be expected to show a tendency to support the parties that propose more radical alternatives." And for all groups, the diagnosis is equally severe: "It is utopian to assume that a single stimulus or productive resource will satisfy everyone in the farm sector."

08926

**Terrorist, Narcotics Incidents Listed in
Chronology**

33480071b Bogota EL ESPECTADOR in Spanish
26 Jan 88 p 12A

[Unattributed article: "1988: 25 Days of Anguish"]

[Text] The first 25 days of 1988 have not been the happiest for Colombia. Wrong verdicts, guerrilla raids, vendettas among drug traffickers, kidnappings and bombings of oil pipelines have marked the start of a year in which the rule of law in the country has been threatened as never before.

The following is a summary of the most prominent developments in the area of law and order so far in 1988:

1 January: The national director of prisons, Jose Guillermo Ferro Torres, dismisses officials Alvaro Camacho and Alberto Garcia Ramirez, the acting warden and legal adviser of La Picota Prison, for releasing drug trafficker Jorge Luis Ochoa Vasquez. A criminal investigation is begun to determine responsibility in the case. The U.S. State Department also expresses its indignation over Ochoa's release.

2 January: The first subversive takeover of 1988 comes on just the second day of the year. The incident takes place in La Gaitana, a town south of Tolima, when a group of FARC [Revolutionary Armed Forces of Colombia] rebels enters the town and leaves two policemen dead and five wounded.

Three inmates are also killed during an attack on Apartado Prison (Antioquia), while in Saravena, Arauca intendancy, hired thugs shoot and kill the head of the Conservative Social Board and the town's civil defense director, Fernando Cuellar.

As the nation looks on in amazement, details continue to come to light concerning the release of Medellin Cartel member Jorge Luis Ochoa Vasquez.

3 January: Fighting between guerrillas and the army begins as a column of 150 FARC guerrillas bursts into the Antioquia town of Valdivia. The death toll: one noncommissioned officer and six rebels. In the same department Lt Edgar Francisco Celly Ramirez, the head of public relations of the Medellin Metropolitan Police, is killed.

4 January: The first peasant march and rally of 1988 is staged, as close to 1,500 men and women from the region of Raudal in Guayabero, Concordia and the Sierra de la Macarena gather in La Macarena.

Separately, the investigation into the Ochoa Vasquez affair reveals a series of omissions in the case file.

5 January: The United States announces its first trade sanctions against Colombia for the release of Ochoa Vasquez. All of our country's exports to the United States are now subject to careful scrutiny by the U.S. Customs Service. The U.S. Government decides to limit the number of visas given to Colombians as a reprisal for the release of the drug trafficker.

Further subversive activity is recorded in the departments of Magdalena, Antioquia and Sucre.

6 January: The Foreign Relations Ministry makes an official protest to the U.S. Embassy in Bogota over the reprisals against shipments of flowers and other perishable items and against Colombian tourists at airports in several American cities.

Fighting with rebel groups takes place in Yondo (Magdalena Medio), and one soldier and several subversives are killed. In the municipality of Bello, Antioquia, a civilian is killed and two men in uniform are wounded when the vehicle of the commander of the Metropolitan Police is fired on.

The first reports are submitted on the maneuvers that the Venezuelan Government is conducting along the border with our country to break up the Colombian guerrilla groups that have undertaken actions in Venezuela.

Moreover, it is announced that the Colombian Government will press the Supreme Court for its judgment on the request for the extradition of several drug traffickers.

7 January: In a moment of relief for the country and after 82 days as a hostage, sculptor Rodrigo Arenas Betancourt is released; he surfaces in Los Pinares at an estate near his vacation home in Fredonia.

Separately, the Attorney General's Office files criminal charges against the national director of prisons and the warden at La Picota, as well as two judges implicated in the release of Ochoa Vasquez.

A curfew, the dry law and military rule are imposed in San Onofre, in Sincelejo, in the wake of a riot in which two policemen and two civilians were wounded, looting took place and fires were set.

8 January: A document found by military intelligence in Medellin is made public. According to it, the Antioquia mafia paid a seven-figure sum to prevent Jorge Luis Ochoa Vasquez from being extradited by Spain to the United States.

9 January: Reaction to the publication of the controversial report is not long in coming. Several of the individuals implicated in the case, including Senator German Bula Hoyos, attorney Luis Eduardo Mesa Velasquez,

former magistrate Luis Carlos Perez and well-known internationalist Joaquin Caicedo Perdomo, among others, proclaim their innocence.

10 January: A staggered work stoppage of air traffic controllers causes delays and the cancellation of many flights from various capitals around our country.

11 January: Justice Minister Enrique Low Mutra announces action and decisions against drug-related bribes and asserts that "the government does have the political will to extradite."

Violence returns to the country with the massacre of five persons in the municipality of San Pablo, in southern Bolivar, where two guerrillas are killed. In addition, a police agent and a peasant farmer are slain in Santander.

12 January: A bombing at the Cano Limon-Covenas oil pipeline shuts down the pumping of crude oil from the Canon Limon wells in the intendency of Arauca to the seaport of Covenas for 3 days.

13 January: A car-bomb explodes outside the Monaco Building, which is regarded as one of the "bunkers" of the Antioquia mafia. Two guards are killed, five people are wounded, and at least 500 homes and buildings in the exclusive sector are damaged. The building belongs to drug trafficker Pablo Escobar Gaviria.

Another terrorist bombing, the second in just 24 hours, takes place at the Payoa-Barrancabermeja gas pipeline, causing incalculable property damage.

14 January: Colombia and the United States discuss the possibility of a new extradition treaty. In addition, Carlos Lemos Simons, the Colombian ambassador to the OAS, calls for continentwide support for our country against the U.S. reprisals.

15 January: Most oil activity in Colombia is brought to a halt as a result of four terrorist bombings at the Cano Limon-Covenas pipeline and the shutdown of operations at the Barrancabermeja refinery. The situation is made worse by the murder of a high-level leader of the Workers Trade Union (USO), Manuel Chacon.

Separately, the labor conflict at Acerias Paz del Rio takes an unexpected turn as negotiations are broken off and the workers declare an open-ended strike.

16 January: The president of Sintagro, Argemiro Miranda Correa, is murdered in Uraba, as are three farmhands and the mayor of El Paujil (Caqueta), Luis Honorio Gonzalez. Oil-industry activity is still practically at a standstill, while in Itagui, Antioquia two citizens are riddled with bullets and 25 are wounded.

17 January: A work stoppage at the National Bureau of Vital Statistics hampers the country's normal activities, especially the preparations for the popular election of

mayors scheduled for this 13 March. Banana growers in the Uraba zone go on an indefinite work stoppage to protest the murder of the Sintagro vice president.

18 January: Andres Pastrana Arango, the Conservative Social Party's candidate for mayor of Bogota, is kidnaped by unknown individuals who use the name of the M-19 guerrilla group and spirit him away from his political headquarters in the nation's capital.

Separately, a launch in which Colombian fishermen are riding is attacked by Venezuelan troops, who kill three of them. The Venezuelan Army admits the attack and claims that they were members of a guerrilla group.

Capt Gustavo Artunduaga Paredes, retired, the Liberal candidate for mayor of Florencia, is slain near that capital.

19 January: Two more Colombian subversives are killed along the Venezuelan border. The governments of the two countries launch a border offensive against the narco-guerrillas.

Guerrillas take over the town of Lopez de Micay, Cauca.

20 January: Andres Pastrana has his first telephone contact with his family; he says that he is alright but does not know which group is holding him prisoner.

A tense calm reigns in Cauca, and a soldier dies after an ambush in Santander. The crisis at the Bureau of Vital Statistics worsens.

21 January: The M-19 movement blames the drug traffickers for the kidnaping of Andres Pastrana and says that it does not have the young politician in its power. There is talk of the enactment of an antiterrorist statute, while the law and order situation turns grave in Caqueta.

22 January: The "extraditables" [those subject to extradition] confirm that they are holding Andres Pastrana Arango, and the first steps in what has been called "the mafia's extortion of the country" take place.

Brig Gen Eddie Alberto Pallares Cote takes over as governor of Caqueta. In Chiquinquirá, the first criminal court circuit judge in the city, Maria Eugenia Riano Sanabria, is murdered.

23 January: The national government continues analyzing the delicate law and order situation throughout the country. Decrees, but not an antiterrorist statute, are announced to counter the mafia's attack on Colombian institutions. The Medellin Cartel's connection with Bolivian military officers is also revealed.

24 January: a group called "Los Extraditables" declares itself in a state of war and makes its first demands of the family of Bogota mayoral candidate Andres Pastrana

Anango, whom it has been holding hostage since 18 January. It proposes a list of mediators and asks for the opportunity to express its views on the news program TV Hoy.

In Bucaramanga, eight policemen are killed in a FARC ambush. The UP [Patriotic Union] mayor of San Jose del Guaviare, Jose Yesid Reyes Gonzalez, is also murdered; he had replaced Alfonso Rojas, who was also killed by hired thugs last year.

25 January: The nation's attorney general, Carlos Mauro Hoyos, is kidnaped and wounded in the morning near Jose Maria Cordoba Airport in the city of Medellin.

Special search operations are conducted all day long in the region, and around noon Andres Pastrana Arango is rescued, safe and sound, on an estate in the town of El Retiro.

At around 1600 hours the lifeless body of Attorney General Carlos Mauro Hoyos is found nearby; he had been slain by his kidnapers.

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Seaga, Manley Comment on Parties' Relations

Seaga Optimism

32980150 Kingston THE DAILY GLEANER in English
23 Jan 88 p 1

[Text] Both Prime Minister Edward Seaga, and Mr. Michael Manley, PNP leader, are agreed that the two main political parties are enjoying their best relationship in recent times.

Mr. Seaga, the leader of the JLP, told Thursday night's Advertising Agencies' Association of Jamaica's "Man-of-the-Year" award presentation banquet at the Wyndham Hotel, New Kingston, that both parties were enjoying the best relationship they have had in recent memory.

According to Mr. Seaga: "Today, we are fortunate to be living and working in a Jamaica where, as a result of the Government's deliberate policy to lower the political temperature and minimize political rhetoric, we have now, thankfully, reached the stage where there is very little need for action and automatic reaction on the part of the Government and the Opposition, respectively."

He added: "And, we have quietly achieved a situation in which the leadership of both major political parties are engaged in reasoned and constructive dialogue. Indeed, both parties are now enjoying the best relationship they have had in recent memory."

Asked whether Mr. Seaga's claim was true in his view, Mr. Manley, speaking at a news conference yesterday to announce plans for celebrating the 50th anniversary of the PNP said, emphatically, "Yes".

Said Mr. Manley: "It is the first time that it has ever been reasonably good. Seriously, the answer is, yes."

He said Jamaica had almost gone over the cliff in 1980, "and, intelligent people had to stop, reflect, pull back and say, 'Let's do this thing rationally: set up a basis for rational democracy'."

He said there were still serious differences between the parties on policy issues, as well as in fighting elections. But there were "very great" prospects that they could build on what had been started with the 1986 Local Government Election, to create an even more rational democratic situation.

Manley 'Peace' Promise

32980150 Kingston THE DAILY GLEANER in English
23 Jan 88 p 1

[Text] It is possible for Jamaica to hold peaceful and non-violent elections, Mr. Michael Manley, President of the People's National Party, said Thursday night.

"I assure you of our absolute commitment to that end," he told the St. Andrew South Est Area Forum of the PNP at the Jamaica Pegasus Hotel, New Kingston.

Mr. Manley said he and Prime Minister Edward Seaga may appear on television soon to make a joint statement about the behaviour expected of politicians and their supporters during an election.

But Mr. Manley said that in the interest of Jamaica, the ruling Jamaica Labour Party Government should call the next General Election by the end of the first quarter of this year.

Noting that the tourist season had already begun, he said there were already strains on the industry caused partly by the effect of the U.S. Stock Market crash, the degree of violent crimes in Jamaica, tourist harassment, and bad publicity abroad about Jamaican criminal gangs. ' He said the PNP had done nothing, and would not do anything, to hurt the tourist industry, "...but we remind them, (the Government), that the tourist season comes to an end."

Mr. Manley added: "We would remind them that it is their duty, in the interest of Jamaica, to hold an election. It is their duty, in the interest of Jamaica, to let us go forward with a government—of whatever party—that has the clear mandate of the people."

Stating that several problems were developing in Jamaica because of the current one-party Parliament, Mr. Manley declared: "We say with all the sincerity and clarity at our command to the Government: as soon as the (tourist) season is over and the arrangements are completed in the Electoral Committee, which will be done by about the end of the first quarter of this year, I say to them do what is right—give the people the right to choose their Government."

/06662

Recent Political, Economic, Social Developments

32480069 [Editorial Report] Various Spanish-language Mexican press sources, as indicated, have been consulted to prepare the following collection of extracts, No 11 in a series. Where further processing by FBIS is planned, a note to that effect accompanies the item.

Petricioli on Debt Renegotiation, Bonds—Finance Secretary Gustavo Petricioli said in a 24 January interview at the welcoming home ceremony held for President Miguel de la Madrid, who was returning from Sweden, that this year Mexico will not renegotiate its foreign debt but instead exchange old debt through the new mechanism of floating “zero coupon” bonds backed by the U.S. Treasury. [Mexico City LA JORNADA 28 Jan 88 p 27]

De Maria y Campos on Possibility of Shock Plan—Commerce and Industrial Development Secretariat Under Secretary for Industrial Development Mauricio de Maria y Campos said in Acapulco on 24 January that the Economic Solidarity Pact (PSE) should function in spite of the many doubts about it in some quarters. He said this after noting that if the PSE fails there is a danger of the government considering measures of a different nature, such as unilateral ones, which it is trying to avoid so as not to end up with a shock plan. De Maria made these statements during an interview following proceedings to install a special subcommittee for the development of small- and medium-sized industry in Guerrero. [LA JORNADA 25 Jan 88 p 27]

Grain Price Adjustment Mechanism—Agriculture and Water Resources Secretary Eduardo Pesqueira Olea has said that a pricing mechanism that will automatically adjust the guaranteed prices paid by the government to producers of the 10 basic grains will be announced next week. The mechanism will make negotiations between the government and growers unnecessary. In making adjustments, Pesqueira Olea said, the index of basic food basket item increases will be taken into consideration. [LA JORNADA 24 Jan 88 pp 1, 14]

Volkswagen Strike Call—Volkswagen Independent Workers Trade Union sections decided in Puebla on 24 January to strike Volkswagen for a 15 percent emergency wage boost retroactive to December. Firm President Martin Josephi commented that the union leaders are violating the agreement signed last August and that the company will index wages starting in March, and not before. [LA JORNADA 25 Jan 88 p 11]

Gonzalez Pedrero Discusses Elections, Democracy—In a 1 and 1/2-hour press conference devoted to discussing the nature of the future administration of Carlos Salinas de Gortari, Institute for Political, Economic, and Social Studies Director Enrique Gonzalez Pedrero stated that the democratization of the country that the Institutional Revolutionary Party (PRI) presidential candidate intends to promote implies the risk of losing votes for the PRI but that these are the risks arising from democracy and that it is good for the party. He said that as the country grows its options multiply, and that this leads to the possibility of more choices for voters, too. He also said that the growth in the number of votes received by opposition parties is a sign of the vitality of the nation's democracy and it undercuts the argument that the PRI is not democratic. [Mexico City EXCELSIOR 23 Jan 88 pp 1-A, 24-A, 29-A; LA JORNADA 23 Jan 88 pp 36, 14]

Durazo Case Decision Expected Mid-Year—According to Prosecuting Attorney Juan Miranda Collado, a decision in the extortion case of Arturo Durazo Moreno will be reached towards the middle of the year, sometime during the May-July 1988 period. The attorney said that although most of the witnesses in the case have retracted their testimony, the two who have not, Jose Gonzalez y Gonzalez and Ramon Mota Sanchez, are the key witnesses and that the judge will give much weight to their testimony. [LA JORNADA 28 Jan 88 p 15]

Assaults Upon Bishop Lona—Spokesman for the Mexican Episcopacy Father Felipe Hernandez Franco has stated at a church gathering in Guadalajara that Bishop of Tehuantepec, Oaxaca, Arturo Lona Reyes has been the target of assaults at least 5 times in recent months by caciques of the Isthmian region who have now become involved in drug trafficking. Bishop Lona, who managed to organize peasant coffee growers so that they could sell their harvests directly to buyers rather than through middlemen—the very caciques cited above—has been threatened with death both personally and in messages. According to Father Franco, Bishop Lona has reported the incidents to both the Office of the Attorney General of the Republic and the Supreme Court of the Nation but was told at the Supreme Court, once his threateners were identified as drug traffickers, that there was nothing that could be done “and that the only thing to be recommended was for him to trust in God that no evil would befall him.” [LA JORNADA 26 Jan 88 p 4; for earlier reports on this subject see No 7—which appeared in JPRS REPORT: LATIN AMERICA of 20 Jan 88 (JPRS-LAM-88-004), p 24—and No 9 in this series.]

Recent Political, Economic, Social Developments

32480074 [Editorial Report] The following items have been abstracted from reports published in various issues of the Spanish-language press in Nicaragua, as indicated. No 11 of a series.

Cuban Engineering Team Arrives—A team of 3 Cuban engineers arrived in Nicaragua 2 February to assist in repairs of the Managua electric power station. They brought materials to replace and insulate the damaged coils. The Managua station, in operation with German-made equipment since 1969, is supposed to return to production 22 February, although that date might be pushed back since “unforeseen details may arise”. [BARRICADA 10 Feb 88 pp 1, 5]

Energy-Affected Enterprises Not Closed—According to Energy Minister Emilio Baltodano, “there is an impression that we have closed down the 21 industrial enterprises” affected by the energy shortfall. This is not the case, however. “We have suspended, for example, the third shift in enterprises which operate 24 hours a day, like Texnicsa and Fanatex,” said Baltodano. No enterprise has closed down totally. Baltodano estimated that industrial production has declined 20 percent as a result of the energy crisis. [BARRICADA 9 Feb 88 pp 1, 5]

Idled Workers To Pick Cotton—Some 200 workers idled by the energy crisis departed for Region 2, where they are to help in the cotton harvest. Personnel of four different enterprises, including Texnicsa and Fanatex, comprised this “first contingent”. Future assignments of idled workers to specific sectors and regions will be carried out by the CST [Sandinist Worker's Union]. [BARRICADA 5 Feb 88 pp 1, 5]

Borge Calls for “Revolutionary” Legal System—Commander Tomas Borge called for a radical transformation of the legal system to match the country's revolutionary conditions. “Above all, the new legal system should end the sophistry that all are equal before the law, because there are no abstract justice or rights, since every law is a political act reflecting specific material interests.” Consequently “there should be a law and justice of the revolutionary classes when they are in power,” said Borge. He also criticized the present judicial system for “bureaucratism” and slowness in implementing justice. [BARRICADA 4 Feb 88 pp 1, 5]

Wheelock on Control of Rice Prices—The price of rice should not vary according to region or outlet, said Jaime Wheelock, agrarian reform minister. The present two-tiered pricing system has led to “deformations” due to the refusal of private rice growers to sell to the government. Wheelock stated that the National Standard of Living Commission is negotiating with the Ministry of

Domestic Trade to establish a joint commercial enterprise with rice producers, which will establish a single price. Rice subsidies will continue until wage increases are in effect, Wheelock confirmed. [BARRICADA 10 Feb 88 pp 1, 5]

Arrivals at Corinto—Some 71 Mercedes Benz buses with 26 boxes of replacement parts arrived in the Port of Corinto 29 January. On 31 January a donation of corn from the Syrian Government arrived, amounting to 5,250 sacks. The Soviet ship Mitrofan delivered 20,598 tons of gasoline, which was being offloaded as of 4 February. [BARRICADA 4 Feb 88 p 2]

RN Damage in Las Minas Assessed—Destruction caused by the RN [Nicaraguan Resistance] in the Las Minas area amounts to more than \$8 million dollars. The decline in mining production will cost Nicaragua \$7 million dollars in lost foreign exchange earnings, declared Ramiro Bermudez, head of the Nicaraguan Institute of Mines and Hydrocarbons. The mine at Bonanza was hardest hit, due in part to destruction of its power-generating capacity. Three diesel-fueled stations with a total capacity of 1500 kilowatts are scheduled to be installed in the town. With these stations in place, Bonanza hopes to resume production in July 1988. [BARRICADA 15 Jan 88 p 2, and 24 Jan 88 pp 1, 4]

Shogreen Criticized for Rivera Speech—The Rev Andy Shogreen, mediator in talks between Yatama [Indian insurgent organization] and the government, was criticized for showing “partiality” towards Brooklyn Rivera in a Puerto Cabezas assembly held 30 January. Two Atlantic Coast natives who attended complained that Shogreen “allowed Rivera to speak in Miskito for a long time, although a large number of us Creoles, Sumos, and mestizos were present, who did not understand what Brooklyn said”. The speech by Rivera was characterized as a “constant attack” on Kisan For Peace members. [BARRICADA 7 Feb 88 p 2]

TELCOR Union Chief Recounts Corruption, Favoritism

32480057a Managua LA PRENSA in Spanish
6 Jan 88 p 9

[Text]

LA PRENSA Gentlemen:

We are writing to you once again to request your support, which you have provided us on several occasions.

The document that we attach is irrefutable proof of what is going on in TELCOR [Nicaraguan Telecommunications and Postal Services]. In recent days Contacto 620 reported the death of the secretary general of the TELCOR union as an apparent suicide without motive. Even

though Contacto 620 has this document in its possession, it has not been brave enough to make public the real causes of this incident. For further information you can visit the union secretary's wife, who is not unfamiliar with the facts.

Regards,

TELCOR Workers

The letter left by the TELCOR union secretary reads as follows:

Col Leopoldo Rivas Alfaro, Minister Director of TELCOR

I am being so bold as to write you this letter even though I realize that I should not bother you with my problems, inasmuch as you are busy with many of Nicaragua's problems. But I want to tell you about many problems that I have seen, because I am always concerned about the problems of the working masses who are the builders, the architects of the glorious Sandinist people's revolution. As you may know, I have been secretary general of the Telecommunications union for several years and I am sure that you know that I have always been a self-sacrificing worker; for several years, in fact, I have not taken a single day of the vacation time that the institution allows me. I am telling you all this so that you

will not doubt my sincerity. I have told you and various organizational levels of TELCOR about the situation there on other occasions, and because I have received no answer, I am writing you this letter as a last hope, inasmuch as I sincerely feel demoralized and without the strength to continue, without a purpose to my life. How is it possible that while the workers eat rice and cheese in TELCOR's mess hall, a TELCOR captain carries off truckloads of food from the general services warehouses, including cream, butter, vegetables, etc, among many other items?

You know, they refused me toys for two of my daughters, because I love them as if they were my own. But other people, like that same captain, travel and use dollars to buy Christmas presents. There are a lot of other things that I would like to tell you, some of which you already know about. I want to tell you that whatever happens to me, because now that I'm handing over the union, I'm of no use anymore, I've given what I could to the Sandinist people's revolution. Whatever happens, I'll have great respect and esteem for you.

Fraternally,

Jose Lazo Castillo

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Garcia on Administration's Achievements, Plans
33480060a Lima EL COMERCIO in Spanish
10 Jan 88 pp A-1, A-4, A-6, A-8

["Exclusive" interview with President Alan Garcia]

[Text] The president of the republic, Dr Alan Garcia Perez, has made exclusive statements for the newspaper EL COMERCIO.

The chief of state begins by listing the events that, in his opinion, were the most important in this country and abroad in 1987. Then he discusses the right and wrong moves his administration has made, the devaluation, currency issuance, and the way terrorism is being battled.

He focuses on the current political situation, comments on the prospects of the presidential candidates in the 1990 elections, and talks about the non-APRA and noncommunist political sector.

He analyzes his relations with the opposition, the government's intervention in Perulac, and the employees' ownership of stock in the Credit Bank.

He rejects the notion of a coup d'etat, expresses his opinion once more about presidential reelection, and finally explains how he wants to be remembered in history.

We are publishing the full text of his answers on pages A-4, A-6, and A-8 of this issue.

[Question] In your opinion, Mr President, what were the most important political events in this country in 1987?

[Answer] I believe there are five fundamental issues that can be highlighted. The great economic growth rate of 7 percent, the nationalization of the financial system, the creation of the Defense Ministry, the police strike in May and its political significance, and the cabinet shakeup at midyear.

With regard to the first issue, which is the most important, I think the ambience of politicking and political belligerence is preventing us from seeing that this is the most far-reaching of all the political events in 1987.

For a poor country, growth is the primary obligation; it provides employment and boosts consumption. Other Latin American countries have been unable to meet this challenge. According to the United Nations, the largest countries grew at a rate of 2 to 3 percent, while Peru took a different economic route without the tutelage of the IMF, and managed to grow nearly three times as fast as its population that year. That is an extremely important fact that has been recognized abroad but hushed up domestically.

Growth

Agriculture grew by 5 percent; in 2 years, rice production has leaped from 560,000 to 1.1 million tons, as have yellow corn and potatoes. In addition, agroindustrial production has advanced, and the consumption of pasta, bread, milk, and cooking oil is up. The number of trips abroad grew, and the number of domestic air flights doubled. Industrial manufacturing moved ahead 12 percent, and employment expanded 6 percent, with figures that can be corroborated company by company. Don't forget, as well, that this is the second year of steady growth: The 1986 rate was 8.5 percent, 1987 7 percent, and if we manage a 6 percent growth rate in 1988 we will have made a historic leap forward.

To be sure, there are problems involving the shortage of some goods, but the fact remains that consumption is up and that Peru grew and grew; the redistribution of income has favored the majority, and that is the biggest news of 1987.

Financial System

The second issue is debatable, but it is a fact. That is the proposed nationalization of the financial system. The long, public debate of this matter was a historic demonstration of Peru's democracy and freedom. A great deal of belligerence was displayed, there was even hatred and insults, and people misunderstood what the government was proposing. We do not want to "statize" the financial system; we do not want to destroy private property. What a modern economy cannot tolerate is monopoly, the excessive concentration of economic power and the dictatorial use of money in the service of groups of large companies. In the United States, that has been prohibited since the turn of the century, and the same goes for all the most developed societies.

What did we want to do? There were three banks crowning four powerful monopolistic empires whose economic concentration has an impact on medium-sized factory owners and the middle class. As a result, the hatreds in this country have become deeper. The government does not want to end up with those banks; the government wants to change the system of oligarchic, centralist national banks to a system of private regional banks that will promote decentralization, a system of cooperative banks. And in that new system, it wants to democratize national savings, gearing them to projects and social groups that are overlooked today. I believe that the parties of the right have distorted this modernizing, democratic proposal; I think we were unable to explain it to the industrial middle class. Time will prove us right.

Defense Ministry

The third important issue of 1987 was the creation of the Defense Ministry, which I proposed in April during a special session of Parliament. Many previous governments had tried to do this, but they ran up against

misguided institutional jealousy. People always said the time was not right. I was also told that this was not the right time. I think it is always time to do what has to be done.

If national defense is a single thing, then its function had to be unified, reducing the three ministries to one. There was a lot of tension and pressure. To me, pressure is the greatest challenge to get things done. I think the passage of that law and the swearing-in of the defense minister are a historic event in Peru.

Police Strike

The fourth issue is the police strike. We have a lot of strikes in our country because we are a society in turmoil, and because we are undergoing a process of social "Senderization." In other words, there is a tendency to deny democratic authority, a tendency to forget that every 5 years the people change the government with their votes. The important thing about the police strike is that the psychological "Senderization" reached the heart of the institution that is supposed to guarantee security and affirm democracy.

This is the most alarming development in 1987. There was rioting in the streets, and we had to put to the test as never before our psychological strength and patience in order to solve the problem peacefully. Every day many people urged me to call out the troops to repress everything quickly. There was not a single death. There was no residue of wounds and hatred in an institution that we must rely on in the struggle against terrorism. Of course our adversaries turned this into an issue of political attrition. But that doesn't matter. The problem was solved.

New Cabinet

The fifth political event is the cabinet shakeup in June. There were various reasons for it; in politics, not everything is success. The soul of the statesman must be prepared for the difficult times. After the initial impulse of economic reactivation that began in 1985, with pay raises, reactivation, and the freeze on prices, rates, and the price of the dollar, the time came when it was necessary to correct a few basic prices and rates.

That necessity raised doubts, suspicions, and a certain destabilization. We decided the solution would be to make a change in the cabinet.

Regionalization

In addition to these five issues, I would add that in the special session of Parliament the Regionalization Law was passed, and that we have already presented the plans for the first three regions. This is a tremendous investment in the future whose effects have not yet been seen,

but will become apparent. Perhaps I should have mentioned the regionalization as one of the main developments, but I think it will be the main thing in 1988.

Aside from all that, there were some minor events, some personal, sad developments that I prefer not to talk about.

[Question] What were the most noteworthy events in Latin America during the same period?

[Answer] Without a doubt the most important one was the meeting in Acapulco of eight presidents, representing 80 percent of the population of Latin America. Without vanity we can recall that Peru proposed that meeting back in 1985, and it was organized during the trip to Mexico in March 1987. It was an informal meeting at which the eight presidents gathered for more than 40 hours, for the first time in our 160 years of republican history. There we reached agreements whose effects will be felt for the next several years.

But the gathering took place within the context of the current world economic and political situation. We are just a large province within that context. The world economy has entered an enormous crisis that will last many years, and we must be prepared for it. If we are an open economy, this crisis will sweep through like a hurricane and destroy what little we have. On 19 October the New York Stock Exchange and other stock exchanges throughout the world plunged into a crisis, and billions of dollars were lost.

But that crisis is just the manifestation of a deeper process. For the last 40 years, technology and wealth have been concentrated in seven Western countries and the Soviet Union. But the richer they become the weaker their future is, because all the other countries of the world are becoming poorer and are falling behind. They are no longer a market, are no longer buyers for the big seven. There is no world market. So to whom do the rich sell their technology and capital?

They have to sell it to each other, among the seven of them. For example, the United States raises its interest rates and attracts money from Europe and Japan to American banks. That is how it manages to cover its enormous military deficit. Moreover, the United States lowers the value of its currency, devalues the dollar, so that American products become cheaper and it can sell more to the Europeans and Japanese. In this way, the United States subordinates the other Big 7 countries to maintain its development.

Suddenly this year Japan and Germany raise their interest rates, and the reverse phenomenon takes place. American capital flees to Germany and Japan, businessmen sell their stocks to get money to deposit in Japanese banks, and the stock market crashes. In this crisis,

businesses will produce less and buy fewer raw materials, and we Latin Americans will sell less. We will have fewer dollars, but our debt will grow larger because interest rates have gone up as well.

Within this context, we have no future in isolation. The meeting at Acapulco was the first step, because if the Big 7 continue to grow for themselves, they will no longer have anything to spend their money and technology on. They make bombs, they consume different things every year. The only way for them to avoid falling victim to their own wealth is to help create a major world market on which they can sell their products; in other words, they must share their wealth with the poorer countries.

The second great problem in the world is the relationship between the two nuclear and ideological extremes. This year an element of flexibility was added to a situation in which there had apparently been no communication at all. This is an extraordinary development, the emergence in the Soviet Union of a theory for economic modernization, for the autonomy of each productive enterprise, for worker participation, for increased consumption by the population. They call this "perestroika." This change at one end of the world will necessarily lead to ideological changes at the other end, especially during this election year in the United States.

The first step has been the summit between Reagan and Gorbachev, and the Acapulco meeting is also important in this connection, because it would be dangerous for the two powers to start dividing up the world between them.

World Economic and Political Situation

What impact does this situation have on our countries? I have said that although we did not receive any new credit, the interest on the debt has grown. Raw materials prices have fallen. In 1986 the interest on the debt rose by \$1.26 billion. We received hundreds of millions less in oil. In 1986 we grew at a rate of 8.5 percent, equivalent to \$1.5 billion. What would have happened if we had paid the interest on the debt? We would not have grown.

Thus, Acapulco is vital to the history of America. We agreed that no one should sacrifice development to pay off the debt. We agreed that the interest rates they are charging us are excessive, and we should only pay the original rates of 4 and 5 percent. We agreed that the debt is not worth what it says on paper, but rather its real market value, about one-tenth that amount. We agreed to continue defending peace in Central America, no matter how hard that may seem.

In conclusion, in 1929 the model of raw materials sales and purchases plunged into a crisis. The industrialization of the world began. At that time, the divided nations of Latin America constituted 21 poorly constructed industries. In 1987 the crisis of the industrial-financial

model has erupted, and the technological and cybernetic model has emerged. Will we repeat the error of 1929? I think Acapulco points the way to unity.

[Question] While Latin American unity is being forged, what measures should we countries take to cope with the worldwide crisis?

[Answer] That is a good question, because the integration of decisionmaking may take a long time in Latin America. In the meantime, each country may be destroyed by the ever-deepening world crisis.

In Peru's case, we have always—or at least in the last 2 years—had a clear notion that the most important influence on our domestic daily life is the world economy. That is why many things done or proposed by the government do not seem so clear or immediate to many Peruvians.

In view of the inevitability of the crisis, we are the only country in Latin America that has taken preventive measures. First, we limited payments on the debt. Second, we restricted remittances of profits abroad. Third, we established exchange controls and restricted the use of dollars. Fourth, we limited luxury imports. And fifth, we managed our money better, avoiding concentration or conversion into dollars, for which purpose we tried to overcome financial concentration.

Thanks to these measures, we have achieved growth rates of 8.5 and 7 percent, and we still have enough reserves to continue growing and to stimulate exports, which will provide us with more reserves.

[Question] The government has made some right moves and some wrong ones. What have they been in the last 12 months?

[Answer] It is not so simple to distinguish between right and wrong; it's not a black and white issue. Moreover, it is a subjective opinion. Our supporters believe we did a lot of things right; our adversaries, anxiously awaiting 1990, think everything was wrong. I think every development can be both wrong and right at the same time. But what matters is the historic outcome.

Peru's situation is very complex, given the exigencies, the illusion, the imbalances, and that complexity means that what appears to be good also has undesired consequences that are bad.

On election night, a person whose devotion I do not doubt called me and said, "I feel sorry for you, you have such bad luck. Your time is the most difficult moment in history." Later I clearly understood his message.

When a political decision is made, many applaud; but afterwards comes the long period of maturation, and then many grow impatient. Every issue has its own time

frame, a long one, and in the interim doubts and fears arise, and those who have applauded turn critical. Then you need a lot of psychological strength to stay on course.

Don't forget that violence and insecurity push everyone to haste, to immediate gratification, and also to pessimism. And this prevents us from looking at politics with the long view. It also prevents us from seeing the terrible future that awaits our society if we do not change it. I am surprised that intelligent people cling to power privileges that are like islands in a sea of misery. They are unaware that the explosion may be terrible, because they don't look ahead, and they don't look ahead because they are afraid.

I think we were right to limit payments on the debt, a move that has made Peru an example for many countries. Deep down, I am pleased with this because I believe in our country as a pilot country. Limiting payments on the debt has allowed us to grow, moreover. That is an undeniable fact; 8 percent and 7 percent are facts.

I believe that the best thing we have done is to begin regionalization. People don't realize this now, but it is the most important revolutionary step.

Consumption

It was right to boost consumption by the population, to reactivate industry. Industrialists have constantly told me that in the last 2 years they have sold much more than before. It was right to stimulate agrarian credit by quadrupling it, to boost food production. We have given Peru 2 years of hope.

Mistakes

But we also have made mistakes. Being human, we always face the temptation to gloat. Our mistake was in failing to communicate this spirit, the urgency of the moment, down to the bottom ranks of government. When I participate directly in campaigns against hoarding and I visit warehouses and stores, I say, Why don't thousands of officials and supporters do this? When I see a strike in which the sick go untreated, I think that in my youth I would have run with the others to the hospitals to clean up, to treat the sick, to offer to do something. Why do we prefer to stand by and watch others do the work? We erred on not infusing a sense of history in the moment.

We made a major mistake in proposing a comprehensive reform in the distribution of wealth without separating the small affected groups from factory owners, and from the middle class. That was perhaps our biggest mistake.

Because if one were to analyze without bias, one would see that compared to the previous government, under this administration industry and the middle sectors have been strengthened. How many industrialists were saved

from bankruptcy by the drop in interest rates, the exchange rate, the expansion of the market, the reconversion of their debt from dollars to soles? Many told me that, and then all of a sudden, when two financial empires are affected for the good of Peru, these industrialists and middle class people, who have never been served better by any other government, claim they are being harmed. In this case, the error was one of miscommunication, and perhaps an excess of rhetorical conviction.

We have also erred in the economic sphere; lowering interest and public service rates and keeping the exchange rate the same were good moves at the time to give impetus to the reactivation. But once that reactivation got underway, we had to make more unpleasant decisions, raising the general sales tax and gasoline prices somewhat. No one wanted to do it; we had to go out on a limb, and some decisions were delayed. That was a major mistake. In addition, tax pressure was kept very low, and we failed to embark vigorously on a program to plan investments in the steel, cement, and paper sectors. Finally, another error I can cite is the failure to maintain and expand the dialogue we had in the beginning with the workers of the informal sector and especially with the peasant communities.

It is also a mistake to believe too much in some people. That may be why old people are so skeptical. But the important thing is that the basic model is still standing, the country can grow in the next few years, its consumption may remain steady and grow, and its agriculture and fishing may grow even more.

With all our right and wrong moves, I recall the words of Cesar Vallejo: "I do not waver."

[Question] You are criticized for being too activist. What do you have to say about that?

[Answer] I think the worst mistake a leader can make is to give an order and wait for it to be carried out automatically. I think our greatest difficulty lies in inertia, and when something happens, saying "something must be done" and waiting for others to do that "something."

Do you know what happens? Our education system teaches us to look down on direct, manual labor. Mid-level education is intermediate, because it leads to the university. When an order is given, everyone passes it on and no one carries it out, and then afterwards everyone has an excuse. If I had 1,000 bodies, I could be in 1,000 places. Then something might get done; but that is not activism.

Please understand, I have a right to indulge in some vanity. To have been elected at the age of 35 with an absolute majority of the votes is the most activist thing I have done in my life. After that, everything else in my life pales.

Besides, the leader is a symbol. If he smokes, he unintentionally induces many to smoke; if he works, hopefully he inspires many to work.

What's more, I have been called an activist because I am willing to stick my neck out in critical situations. And what can I do? There are very few who are willing to do so. As a bishop said, "Many ask, few come along." If it is necessary to say that gasoline prices will go up, I say so. If it is necessary to say that a crime was committed by going beyond the scope of a decision, I say so. Sending others to deliver messages strikes me as a bad idea.

Finally, the truth is I have a desire to serve. Being president is an honor, a prize, a responsibility, and a sentence. The only way I can serve that sentence is to serve the country.

Many people love, many people hate. There is a passionate activism here. We have had a lot of presidents; in all sincerity, I must be a little different.

[Question] Has Parliament's performance been satisfactory? What laws are still needed?

[Answer] The president is the chief of state, and the state, in turn, has three branches of government. But at the same time, the president is the chief of the executive branch, and I don't think it is appropriate or good manners to express an opinion on Parliament's performance. I think some important laws have been passed: the Defense Ministry, the regionalization, and bank nationalization. I think there are some important laws that must be passed, but each must be discussed thoroughly. Parliament is the highest forum of national debate and opinion. So when speaking of public enterprises, I don't think a law should be a series of general articles. Parliament should analyze each of the important enterprises. It should discuss the Peruvian State Iron and Steel Enterprise (SIDERPERU) for 10 days, the State Petroleum Agency (PETROPERU) for 10 days, the Peruvian State Airlines (AEROPERU). It should make proposals such as whether or not they should be sold to national capital. In this way, the country could see that the issues were being dealt with in depth.

In conclusion, if this year, which I regard as the year of regionalization, Parliament were to approve the regions, we would achieve a major objective.

[Question] The financial situation is very delicate. Our foreign reserves have shrunk. What are the solutions, in your opinion?

[Answer] Peru's financial and economic complexity dates back 40 or 50 years. At the very least, it is associated with the development and crisis of the Lima industrial model, and with the neglect of agriculture that began in 1940. The financial complexity is a fact of life, because the country makes its living exporting products whose prices keep going down. The country makes its

living buying costly industries; the country makes its living going into debt, and the debt keeps growing because of interest rates. We are always short of dollars. But at the same time, the population is growing, moving into the cities, asking for food, jobs, housing, and these requests mean that we need dollars. We have fewer and fewer dollars, and they ask for more and more dollars.

It is no secret that the country has been decapitalized, that for many years its wealth has been leaving. In the beginning of our administration, we had a surge of reactivation, and for that purpose we limited payments on the debt. We had growth rates of 3 and 7 percent, and that growth required that we spend dollars.

So many say that the reserves are being drawn down, and I reply that they are, but the country is growing. And the first thing Peru has to do is employ and feed its population.

What good does it do me to have a few reserves if I have total social chaos? On the other hand, it is bad for reserves to decline when they are used to pay off the debt, or when they go to buy dollars that will be deposited abroad. That is alarming, and it is a crime against the national economy. But in this case, the situation is different. The reserves are shrinking because Peru is consuming more, and because they are being used to buy machinery. In 1987 we brought in six times more tractors than in 1985. In 1985, imports of capital goods amounted to \$500 million; the 1987 figure was \$900 million.

Machinery also constitutes a reserve, because it is used for production, for domestic consumption or export, and thus we can recover the dollars we spent on the machinery.

In another era, the dollar reserves dropped because of the flight of capital or payments on the foreign debt. Now the IMF and the banks of the world are no longer lending money to anyone. The countries that made payments in order to get new loans have been frustrated. Peru is not in that situation.

Every dollar in reserves that has left the country is in machinery inside Peru, and will produce sooner or later.

Nevertheless, we have taken steps to withhold dollars and to increase reserves. This is why the price of the dollar was raised in late December, so that we could export more and curb the accelerated imports of machinery that was not being used right away. To date, the country's total reserve liquidity is \$1.429 billion, and the available international liquidity is \$1.197 billion. Of that, we have \$800 million in gold and silver. Critics say, to be sure, that we have them in our physical possession but since we owe them, we have nothing. And that is a colonialist misconception. From the moment Peru pays in accordance with its own wishes, everything it has in reserve is earmarked for its development.

I think that this year Peru will grow more, and factories will produce without a significant decline in reserves. I think exports, which depend not only on the exchange rate but also on the labor capacity of exporters, will increase. For example, clothing manufacturers will use more domestic labor to give value to the fabric we now export. Moreover, the Institute of Foreign Trade, in a measure that has been criticized by interest groups, has contracted the services (for this year, until the Institute can do the job itself) of two firms to verify whether the declared prices of imports are genuine. This move will help cut the cost of imports.

For example, an importer requested dollars to buy tires, alleging that they cost \$1.80. Right about that time the contract was signed with these firms, one Swiss and the other English, and the next week this person stated that he needed to revise his permit because he had gotten a better price from the sellers, and that the price was no longer \$1.80 but \$0.90.

[Question] Many people criticize the devaluation. But there are sectors that have been stimulated favorably by this development. There are also those who feel that the devaluation was not enough, that it should be followed by another one because there is a lag in the exchange rate. What were the reasons for the devaluation, Mr President?

[Answer] Devaluation is a taboo word, a monster for some politicians. In my view, the rise in the price of the dollar is simply an economic tool that is used for certain purposes, and it may have positive consequences. The dollar can be kept very low, and at first that is positive because many products such as wheat, machinery, and intermediate goods do not go up in price. For a while, people applaud it, but after a year or so, all the goods bought with dollars become cheaper than those made in this country, causing imports to take away jobs from Peruvians. Those who earn a lot of money in intis can buy a lot of cheap dollars and machinery, and wealth becomes much more concentrated.

If the dollar stays very low or goes up only slightly, for example 20 percent, but prices in Peru rise by 100 percent, then the merchant will make 100 percent and can buy several times more machines than he had before. This is not fair, because the entire population is subsidizing a small group. I am not saying that small group is at fault or that it is bad; I am saying that this policy is wrong.

Well, raising the price of the dollar serves two purposes: It boosts exports and limits imports. A factory owner who produces to sell abroad provides employment and brings in dollars. If the price of the dollar is low, for every dollar he brings in he receives only a few intis with which to pay wages and expand production. This cuts into his profits, and he may even operate at a loss. Since this

situation cannot continue for very long, the producer finally stops exporting, and the country no longer receives those dollars. The cheap dollar ends up strangling the country.

On the other hand, if the dollar is cheap, we all want to consume imported goods, and those who have more buy more. As a result, the country loses its reserves. For example, a shoe manufacturer will charge 1 million soles for a pair of shoes, and then by the end of the year he will charge 2 million. But the dollar needed to import the machinery and make the shoes has gone up by only 20 percent during that year, so the cheap dollar facilitates a greater concentration of wealth. Often instead of saving at the bank, people buy machinery as a form of savings and keep the machinery crated up for the future. That is economically irrational, and it eats away at the country's reserves.

Other Devaluations?

You asked me if there will be more devaluations. Not a general devaluation. The dollar with which food and medicine were imported has not gone up in price. In other words, there is no devaluation for essential goods. The dollar for machinery, travel abroad, and nonessential goods or items that compete with domestic production—that dollar has gone up. But this is just a way of putting into practice our postulate of "learning to live with what is ours." Expensive imports and cheap national goods is a rule we will not break again. With this rule, plus selective planning of the use of our foreign exchange, we can continue to grow without cutting severely into our reserves.

As for the export dollar, we will take steps whenever necessary to maintain the competitiveness of our exports.

[Question] It is said that the regime abuses its power to issue currency. What do you say in this regard?

[Answer] I believe it is an error of classic economics to use isolated terms such as currency issuance, deficit, etc. These concepts have no intrinsic value. All concepts are subordinated to a totality that is the economy and its objectives. In Peru's social situation, the first objective of the economy is to grow, to set an example. And all other instruments, which include the increased demand in domestic consumption that has followed the growth of these past 2 years, should be subordinated to growth. As a result, the economy has had to work at full capacity to stimulate demand, and the state has been forced to raise wages, subsidies to the underprivileged sectors, and domestic credit. In other words, it was to generate means of payment to boost production. According to classic economists, that was absurd. The healthiest thing is for the state to abstain from spending more than the revenues it takes in, and to seek foreign credit for growth.

But since there is no foreign credit for Latin America, we had to generate internally a mass of demand to boost production. That is what we have done. What the critics don't understand is how Peru grew, and that is what offends them the most. But it is a fact here, in construction, in agriculture, in the manufacturing industry. Our economy is, then, completely different from the classic economy. A major portion of domestic credit has been oriented toward agrarian credit, and the results are plain to see. Of course, this does not mean indulging in excessive currency issuance or credit from the Central Bank to the government. This year, for example, the public sector deficit amounts to 5 percent. We consider this a manageable level, commensurate with the country's growth. Let's compare the current situation with that of years not too long ago, when deficits amounted to 12 percent with growth rates of just 2 percent. This year we have a 5 percent deficit, but with a growth rate of 7 percent. Furthermore, there were years when with a huge fiscal deficit the country did not grow at all, but lost ground. How can we explain, then, the fact that a country that is losing ground in production needs to issue more currency or obtain foreign credit?

For this reason, it seems to me that we must subordinate these concepts to the great objective of development. This does not mean that we have discovered a magic formula. Many countries have experimented with expanding demand through currency issuance, only to face severe adjustments later. They call this a "stop and go policy."

What we have tried to do is stimulate growth without being excessive, thereby avoiding traumatic adjustments. I recall that a few years ago, before the democratic government, the measures that were taken appeared coherent on a blackboard, but in a country in turmoil they could only be imposed callously.

[Question] Terrorism has claimed many victims this year. How should this phenomenon be fought?

[Answer] This is the most important issue in Peru, because it is both a historical synthesis and an encounter with ideologies for external consumption. I think that the biggest problem is that we Peruvians have failed to grasp what a war for historic survival is. Official propaganda has always been careful not to alarm the country, not to reveal how far the violence has gone over the years.

Thousands of Peruvians are willing to kill and be killed. There are more than 1,000 in the jails, but there are just as many out of jail. Moreover, organized in small groups they can create a great deal of confusion. Thanks to the mass media, which report all their misdeeds and splash them on the front page, they enjoy the thrill of publicity. At this point there is an unhealthy desire for activism, and for every death or every power pylon that is blown up, this desire is satisfied by headlines the next day.

Consequently, the terrorist is encouraged to call attention to himself once again. This is a primitive, infantile attitude. The tragic thing is that we Peruvians refuse to accept that this is a war, that it will last a long time, and that no matter how many weapons we have, no one can put an end to it right away.

I don't believe that homicidal violence is the work of a single organized band, or a network of cells. The best means of communication is television, which in publicizing an event inspires three or four people in every slum or school to copy the act.

There are people who ask why we can't find the organization. The real problem is a psychological attitude that prevails in our people, especially in the Mestizo, Andean, and migrant districts.

There are people who have migrated and are culturally uprooted, who compare their own standard of living with what they see in the street and on television, who have been taught to be obedient, and whose values lead them to want immediate success.

This Senderist attitude is very widespread. There is an armed Senderism, there is a Senderism that is defiance of authority, the outcry in the streets, there is a sexual Senderism that is the sadistic use of the body.

I have talked with a few Senderists and murderers to try to understand their motivations. There is very little ideology, very little conviction; what there is is an attitude of discontent and homicidal recklessness.

One young woman, for example, was recruited at a university; she met another person without really knowing who she was, and after 3 weeks of conversations with her, the person turned this girl over to an unknown group. They took her in a vehicle to take a test, to kill a person she had never seen or met. This was what happened to Alberto Kitazono, the secretary of organization of the American Popular Revolutionary Alliance (APRA). What I am saying is that the problem does not lie in the organization of Sendero; it lies in the conscience of that woman, who received an order from she didn't know whom, maybe the police, maybe Sendero, maybe the CIA, and she went out to kill someone she didn't know. The problem lies in the structure of the conscience, and that is a matter that will take years to resolve through education.

Every time the power goes out in Lima or someone important is killed, at the funeral they tell me: Crack down harder. I feel that that is erroneous advice. Cracking down involves eliminating everyone who is suspicious because of the color of his skin, his place of origin, the fact that he is a community leader in a slum, the fact that he writes a newspaper article favorable to Sendero; and that is done only by a genocidal dictator. Furthermore, it doesn't yield results, because the vacancy will be filled immediately.

Although it may seem heretical to say this, one of the elements that contribute to subversion is democracy itself, with its propagandistic terrorism and its education for disobedience.

We face a long hard struggle, but we must constantly strive to grapple with the underlying problems that help explain subversion, through vigorous support for communal agriculture and the development of agriculture-livestock and agroindustrial production, through the expansion of social services for health, education and housing in the mountains and in the slums, through steady growth in income and employment for the poorest, through the decentralization of the state, economic development in the interior, and the regionalization of the country.

If we want to combat subversion with the participation of the people, then we must expand and strengthen democratic institutions and methods. Indeed, the development of social and political democracy is the best tool for confronting terrorism. But this entails social changes that the privileged groups refuse to accept. They do not realize that if profound changes are not made, not only society and the democratic system, but they themselves are in danger.

I believe that we are advancing gradually in the struggle against terrorism. The intelligence services are carrying out their activities with increasing efficacy. The Armed Forces, on the other hand, in the areas where they intervene, are becoming more successful at ensuring adherence to democratic and human standards in the exercise of repression. I think we should improve the legal norms that govern the functions of judges and the protection of these officials, while also clarifying the norms governing the arrest, prosecution, and punishment of terrorists. As I have said before, I think that those responsible for the mass media have a decisive role to play in this area, and I trust that they will fulfill it autonomously but responsibly.

[Question] The 1990 electoral process is beginning to worry Peruvians. Two and a half years from the general elections of 1990, how do you view them?

[Answer] I believe that politicking is a defect of democracy. As soon as a president is elected, many begin to fight and squabble over who his successor will be. So people no longer think about how to do things, but about how to avoid getting burned for the future, or rather, how not to do things and thus run less of a risk.

Some people would give their lives to sit for a minute in this office. Yes, politicking is definitely a serious flaw in democracy, and it undermines governments' capacity.

Furthermore, policking covers up people's hatreds and frustrations. Some never recover from earlier results. A politician should know how to accept things; that is a necessary level of maturity.

I can see that now some unification is going on, especially in what we might call the labor sectors, but this is a reaction, a process of capitalizing on the government's problems. No ideological alternatives are being proposed, and people are still being toyed with. It is very premature to talk about 1990.

[Question] There are those who believe that a candidate for a front of the "non-Aprist and noncommunist" sectors can win the election. What do you think of this possibility?

[Answer] Speaking clearly, there are three sectors in the political realm: the Aprist vote, the communist vote, and the conservative vote. Around these three sectors move what we might call the undecided or independent citizens.

This independent group can be found in any of the three sectors. In 1980 they voted primarily for Popular Action in a response to militarism. In 1983 many of them voted for Alfonso Barrantes, having been attracted by his charisma. And in 1985 they voted for APRA, understanding the need to make a change in Peru.

Now it has become fashionable to say that all those who are not Aprist or communist are independent. This is not true, because in addition to the Aprists and the communists there are conservatives. Besides them, however, there are the independents who may vote for any of the three choices. It is a verbal and political trap to say that being independent means being for Popular Action or for the Popular Christian Party (PPC), and do you know why that trap is used? Because the big problem of the Peruvian right is that it does not accept itself, it has no identity, it does not acknowledge that it is rightist. Being on the right is not a crime, it is just one path within democracy. But our right wing hides behind the term independent because it does not accept itself, it has no doctrine, it has no major thinker who is active in politics. It has a few interesting figures, but their attractiveness is limited.

Now, a victory of the Peruvian right would seem to me to be a step backwards, like having a relapse of an old illness. It is a question of looking at how the right has governed historically in Peru. The right is the political group least able to defend the middle class and business; in other words, it is the political group that is designed to do away with the businessmen and the middle class in Peru, although that may seem contradictory.

Let's look at the last 5 years of conservative government, with interest rates of 300 percent, with buying power reduced from 100 to 55 percent in 5 years, with a business debt in dollars, with a devaluation of 4,000 percent in 5 years, with countless businessmen and professionals in total ruin.

What is happening is that our businessmen and middle class leaders have not yet formed a class consciousness. They all know that our economic policy saved many from bankruptcy, but they have taken on the symbols of the four oligarchic groups as if they belonged to the middle class. I think we lack middle class leaders who can teach this sector how to distinguish themselves from the oligarchy.

The right and the oligarchy over a period of many years created conditions of violence and social hostility that placed the middle classes and industrialists in grave danger. They isolated the country internationally without proposing a historic measure such as integration. What is worse, the governments of the right had no leadership capacity, no roots in common with the informal forces of society that are the most powerful today: the slum dwellers, the mothers' clubs, the workers in the regions.

The worst enemy of the national development system that the middle class desires is rightism. That is my point of view on the hypothesis of 1990, but of course it's the people who decide.

The tragic thing is that our middle and industrial sectors still refuse to accept that only a policy of saving the poor and liberalizing the economy will ensure that our society will surge ahead in a nationalist context.

In other terms, in our country's situation of social hostility and structural economic crisis, only a solid alliance of peasants, workers and the underprivileged with the middle class and national industry will make democracy possible. But the alliance of the people, the middle class, and national industry must overcome in a democratic manner the oligarchic or feudal vestiges in our society.

I believe that one of our greatest mistakes has been in failing to explain this over and over again. I also believe that one smart move by the oligarchic groups was to take advantage of that error and pit the middle class against the government.

Actually, the government's nationalist program and the economic model of growth, as well as the social bloc in the government, are also primarily from the middle class. I believe that our middle classes and the industrial groups will gradually realize how very serious this moment is for us, and will recognize that their future, our future, depends on the democratization of society.

[Question] Do you think that an Aprist candidate might have a chance of winning?

[Answer] On that point I am neither impartial nor objective, because naturally I want an Aprist candidate to win, mainly so that we can continue to emphasize growth, economic independence, democratization amid violence, and justice to give legitimacy to weapons for combatting violence.

I believe that Apra has a very good chance of winning, especially if it can demonstrate to the entire nation that Aprist officials serve with devotion, that our deputies and senators are also loyal servants, and that we officials and parliamentarians do not succumb to the sensuality of cocktail parties, embassies, junkets, or the importance of being well-known.

If APRA, as a great social organization, turns to serving the people in order to carry out the humblest task, not just occupying a ministry but also sweeping a street or treating a patient forgotten during a strike; if APRA can prove collectively that as a political family it serves with humility, it can achieve a great triumph.

Our adversaries believe, especially since the nationalization of the banks, that they can prevent us from winning again by being aggressive, making the headlines, and striking low blows against the president. I say that Alan Garcia will go, but APRA will stay. I also know that the low blow benefits the one who receives it, and that the people are more generous than they are perceived as being by the naysayers, who don't know the real Peru.

Moreover, we are growing not only in productive volume; numerous projects are advancing. In a few days we will open the immense Jequetepeque-Zana project; the first stage of the tremendous Chavimochic irrigation project will be ready in 1990; in February we will finish Charcani, in Arequipa, to make the southern zone self-sufficient in electricity; in a few more months the hydroelectric plant at Carhuaquero will be completed, and the third stage of Chira-Piura is beginning; the state and the mutuals continue to build thousands of homes; and in Puno alone more than 1 million hectares have been distributed. The people will agree on a hundred more projects, despite the opposition of our adversaries.

[Question] The political deterioration of the ruling party is inevitable. Do you believe in this phenomenon? Has your popularity declined? If so, why?

[Answer] Sure, all popularity wanes. Today it is not the same as it was in August 1985; it would be illusory not to understand that. Besides, a government ceases to be a novelty for people. They begin to see it in a different light, and they tend to say, "They're all the same." Sometimes that offends me, but it is a fact.

Nonetheless, there is also a positive attitude among people, a willingness to see the realities and the difficulties; and what matters most to the citizens is that the chief of state not give in, and that he always react with vigor.

Sometimes people make the juvenile error of showing too much enthusiasm, because afterwards things cannot be accomplished so fast. In addition, we face problems of morality, political inertia, deficient social mobilization, scarce resources for dealing with explosive needs, and inflation, which may be offset by wages but is still present unseen.

Our adversaries take advantage of all this, some with haughtiness and criticism, others with an irrepressible hatred, and still others with vileness. That is where people's true colors are revealed. As a democrat, I believe in criticism and in differences of opinion. But sometimes you realize you have been wrong about people whom you assumed to be open-minded and free of base motives. Then you begin to narrow your readings in order to avoid being confronted with expressions or situations that are damaging not to you yourself, but to the image you had of people.

[Question] What are your personal concerns for after 1990?

[Answer] If you will allow me, I will say that I cannot be concerned about what I will be thinking after 1990. I am concerned with the present. What I can tell you is that for the rest of my life I will have one conviction, that of Haya de la Torre, that of fair growth for Peru, that of eradicating poverty and violence, and that of affirming the national culture.

[Question] How do you get along with the opposition?

[Answer] Well and badly. There is an opposition that is capable and rational, and there is an opposition that is emotional and spirited. The trouble is that the identities get mixed up, sometimes within the same person. Sometimes there are advice and warnings, other times there are tantrums and attempts to destroy or lie.

I believe that it is the opposition's duty to express real alternatives, not to react to whatever it thinks is wrong. That is a mistake. The opposition is good when it has clear ideas and accepted leadership. The opposition is more electoral than ideological. Furthermore, ambition for personal power disturbs many lucid minds. I know few people who have not been driven to hatred by such ambition. I think one of them is Alfonso Barrantes, with whom in spite of everything I have maintained a brotherly relationship because he is a man of good faith, and because he has earned the affection of the people. If he has earned this affection, and the people are not wrong about this, it is because he is a well-intentioned man. I wish he had more support from his closest aides.

Finally, I would say that the opposition, of whatever stripe, should understand that APRA is in government to bring about a revolution, but with freedom.

Revolution is the path to freedom. There can be no revolution without freedom. The country can never be the same as it was. It must change, but without excess and without radicalism.

[Question] The expropriation of the banks has been very controversial. What do you think of the evolution of this trend?

[Answer] I will say that it has been controversial because it has not been well understood. The government's objectives were distorted by events and by the media, and there was little it could do in the face of the publicity juggernaut. We are definitely not guided by statism. There is an oligarchic and centralist system in the financial sector that dominates the industry for its own benefit. We want to replace that system with an organization of regional private banks and cooperative banks that are also private. In this way, the person in charge of managing credit will not manage it to his own benefit. That is one way of stimulating free competition among industrialists.

Now, in an initial stage the government takes over the major national banks, but in the next few months and years, they are reconverted to regional banks owned by the residents of the region. These banks will attract savings from the region and channel them into the region.

Moreover, democracy will not be firmly rooted in Peru as long as there is no relative equality. In every era, one activity has been the key to wealth. We are not against productive wealth; we are against someone seizing the key that unlocks the door to that wealth. In this case, it was the banks that had a monopoly on credit, to the benefit of economic empires. And that social structure would lead Peru to greater inequality, and that, in turn, would lead to hatred and violence. I ask the factory owners, the people of the middle class, the professionals, if they have anything in common with the financial oligarchy, if the greater concentration of wealth will give them and their children security in the present and the foreseeable future in Peru. I know that in time they will see this clearly.

The good thing about the debate is that it was conducted in the most absolute democracy with the most absolute freedom. For me, freedom is the bread of the spirit, and the good thing was that in the debate the true owners had to reveal themselves. For many, many years the oligarchy used its politicians to defend it, and it would fawn and smile to keep society unchanged. That is why we are like this. I do indeed regret that a measure aimed at oligarchic empires has affected some citizens whose good will and work cannot be overlooked, and who were not our target. Perhaps this was an error, but there is no situation that has no solution. APRA is a political movement that seeks to transform society by preventing oligarchy and economic feudalism. But APRA is a party

of the middle class, because it guarantees national development for that class. I regret that the middle class has felt the brunt of something that in the end will benefit it, and historically will give Peru peace for many years.

After the law is passed it goes to the judiciary. We would like things to move more rapidly, but the rules of the game are laid down in the Constitution. I was elected under those rules, and I respect them. Some complain that more drastic measures were not taken. I think they are indeed motivated by hate.

Finally, I think that many people in the banks are very capable, in both industrial and business terms, and that Peru needs them to work and to provide employment in the productive sphere.

[Question] Although you claim to be against statism, the price control activities and intervention in the firm Perulac S.A. have prompted comments to the contrary.

[Answer] We must not confuse statism with the government's obligation to prevent speculation and hoarding. Our first duty is to defend the popular economy, and since it is public, given that evaporated milk was in short supply, a large quantity of the product was being held in the Perulac warehouses without any real justification.

According to the law and the Constitution, this calls for temporary intervention, and we have done so through a supervisory commission in which the dairymen of the northern zone participated.

A year and a half ago, when we intervened in the firm Gloria S.A., we managed to attract Arequipa capital, some connected with the livestock sector. The result was an increase of more than 60 percent in milk production at Gloria. In addition, in other activities we have seen sales at prices parallel to the amounts billed.

The only thing we are doing in this case is enforcing the law.

[Question] Should the employees of the Credit Bank own stock in it?

[Answer] Look, the important thing, the historic aspect of the nationalization, is to remove the financial oligarchies from the banks. The important thing is to prevent large monopolistic empires that will lead Peru to inequality and violence.

Who should own the banks? That is secondary when the financial oligarchy is being eradicated. A bank may be owned by the state, a regional banking system may be majority owned by private individuals, as stated by the law, or a bank may be cooperative, like the Central Cooperative Bank we are planning on establishing.

If the shareholders include employees I think that is a good idea, because in the final analysis they are participating in the movement of the company. What is happening is this: The 10 biggest shareholders in the Credit Bank have used the employees to make cash payments to themselves, with the money of the banks' savers, its shareholders. And that is very bad.

How have they done that? Ten big shareholders say: We will sell shares to 4,000 employees, giving them a loan of more than 1 billion soles, and they end up owing the bank through their finance corporation. The 4,000 employees put up as collateral on their loan the same shares in the bank, and the former owners make off with 1 billion soles without a hitch. I think that legally speaking, this is a crime, because the billion soles belongs to the hundreds of thousands of people who have checking and savings accounts at the Credit Bank. That seems reprehensible to me, because it is a scam to pay themselves in cash with the money of the banks' savers. They have no right to do that.

In the second place, they claim that the loan to the 4,000 employees is from the Credit Finance Corporation, but the Finance Corporation is part of the Credit Bank; in other words, the big stockholders are paying themselves, using the employees. That is what we cannot tolerate.

It would be quite another matter if the ten big stockholders had said, in good faith, We will sell our shares to the 4,000 employees for a good price, and they will pay us for them over the next 10 or 15 years. Then the scheme would seem better to me, because it would be an agreement between the two parties without compromising the bank's assets. That scheme would have been interesting to me if the money of savers were not affected. Now everything is the subject of criminal charges.

Returning to your question, the underlying issue of the bank nationalization is that there should be no oligarchic groups, and that credit should be oriented toward small-scale industry and agriculture. If the employees can be shareholders without the need for that sophistry that benefits the former owners, I say: I am a strong advocate of distributing shares and of workers owning stock. I believe that a large enterprise should not be owned by a small group, or even by the state. I believe that society should have a share in company ownership. That is a substantial advancement from the high concentration of oligarchic ownership.

Although the communists may not like it, distributing shares is a way of socializing property and profits by distributing them among many shareholders of the middle class.

For example, a small factory owner, an attorney, a merchant may have earnings that they do not want to put in a bank. They should be able to buy shares on the stock market, but in our country few shares are sold that way.

Let's look at the case of a major monopoly. A business with a monopoly is one that produces for the whole country. So the owner of the business is also the owner of the entire market in the country, and what I have to say is this: "Mr Businessman, you can run your company, but if the company earns major profits because it is a monopoly, you should share those profits with many stockholders. Thus, we will democratize property ownership. This would be a great step for our middle class, the majority of whom make their living in the liberal professions and as employees, and could save their money productively by owning stock in the big companies. I am not just talking about private companies; the state also has large monopolies, and could sell stock in them so that representatives of the shareholders could participate in the board of directors. In this way, the directors would not be bureaucrats and passengers, but would be stimulated by people in our middle class.

In connection with your question, I would say that having employee shareholders is an important advancement, but I would say that it is necessary to open a major debate in this country on the idea of distributed shares.

[Question] Are you concerned about the possibility of a coup?

[Answer] Absolutely not. I know the people in charge of the Armed Forces, and I am familiar with their constitutional thinking. They know very well how serious our economic and social problems are. Moreover, we all know that the interruption of democracy would violently aggravate all the problems, uniting the civilian population in opposition and legitimizing violence as insurrection. In this case, to affirm his autonomy, any coup organizer would have to massacre tens of thousands of citizens. I don't think anyone wants to play that evil role, and besides, as we have seen in Latin America, such people are not immune to subsequent criminal prosecution.

[Question] How would you like to be remembered in history?

[Answer] As a man consistent with my ideas and true to the principles with which I was raised, as a fighter for social justice. For me, the worst thing is psychological weakness, feeling defeated. I am in office at a difficult time, when a change must be made, because APRA is revolutionary. I know that I cannot hope for understanding and gratitude; I know that being president means suddenly being to blame for everything. But someone has to do the job. Being consistent means being firm and adhering to one's convictions, not fearing anything but one's own mistakes. I believe in the Andean race and an

Andean geography. I believe in solidarity and in the power of work. I believe in the regional reconstruction of the homeland. I believe that the objective of history is freedom.

I was very impressed by Bolivar, the final tragedy of his death. He said at one point, "The best thing to do in America is emigrate." His final words of agony were: "Take the luggage to the ship; they don't want us here in this country." That is a terrible truth. Bolivar, the Liberator, in the final years, heard people yell "Meathead!" at him through their windows, insulting him as he walked through the streets.

I think that the consciousness of a human being is shaped by dealing with all that; all that is overcome with time and with faith. Thus, I want to be remembered in time as a human being who had faith.

[Question] You have rejected the possibility of reelection, but would you run in an election later on, in 1995, for example?

[Answer] A year ago I said that democracy is conscience, and that a conscientious people cannot tie its destiny to one man. It would be giving up its right to think as a people.

It is better to leave at the right time and not annoy people. I am very impressed by the fact that San Martin, upon returning from Guayaquil, went before Congress and resigned his post. Many thought he was doing it so they would call him back and retain him, but he left Congress and went directly to Callao, and left for good. It is better to leave at the right time.

The word reelection is erroneous. It gives the impression that the current president will remain anyway. Actually, what some have proposed is that the president run as a candidate, and if the people want him they elect him; if they don't, they don't elect him.

I am amused by the desperation of the rightist parties at the prospect of the president being a candidate; it's like a monster for the opposition. My response is, if the government has deteriorated so badly, if everything is in such bad shape, if the president is completely out of the running, then why are they so worried about it?

As for 1995, that is a very distant hypothesis. The only thing I want is to have my place beside the people, above or below, and to feel that I am looking in the direction of history. Power is an obligation, and as old Shakespeare would say, "The rest is silence."

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