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LATIN AMERICA

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ARGENTINA

POLL SHOWS 66.3 PERCENT SUPPORT FOR ALFONSIN

PY160247 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1153 GMT 13 Jun 87

[Text] Buenos Aires, 13 Jun (NA)--A total of 66.3 percent of the people questioned in an extensive poll consider "positive" the performance of Raul Alfonsin as president, while an even greater portion, 69.6 percent, believe that Alfonsin's performance in resolving the recent conflict with the Armed Forces was "positive".

According to the poll, only 13.7 percent of the people questioned said that their standard of living has improved since the Austral Plan was implemented. A total of 19.7 percent of the people polled expressed confidence in the Austral Plan.

The poll was conducted by the "Urban Polls, Limited" Company, which was recently established. Describing the methods used, the company stated that 3,160 people were polled during the period from 6 to 24 May 1987.

A total of 74.6 percent of the people polled considered freedom of the press as the most outstanding positive aspect of the government; 58.7 percent said it was the government's relationship with the church; 50.4 percent said that it was the government's handling of foreign affairs; and 40.1 percent specified the government's relationship with the opposition parties.

The purpose of the poll was to take a retrospective look at the implementation of the Austral Plan. Responses were "split" between "worse" and "the same" regarding the state of people's personal finances since the implementation of the Austral Plan. A total of 43.2 percent of those polled said their personal financial situation was worse, and 41.5 percent said that it was the same.

The poll adds that 40 percent of the people polled have "partial" confidence in the Austral Plan, while 33.2 percent have no confidence in it.

Concerning the handling of social problems, 42.8 percent of the people polled said it is "good" in the education field; 42.1 percent said it was good in the cultural field; 41.8 percent said it was good in the health field and 39.7 percent said it was good in the social security field.

On the other hand, 32.3 percent of the people polled said that the government's handling of the housing problem is poor.

In generally assessing the government's performance, 44.4 percent consider it to be negative while 36.2 percent of the people views it as positive."

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CSO: 3348/377

ARGENTINA

INTERIOR MINISTER ON TERRORISM, OBEDIENCE LAW

PY191631 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1250 GMT 19 Jun 87

[Text] Buenos Aires, 19 Jun (NA)--Interior Minister Antonio Troccoli today did not rule out "the possibility that left-wing terrorism" in the country "will return." He stated, however, that "the security forces are working toward preventing them from catching us by surprise" in their criminal actions.

Troccoli made these comments at the metropolitan airport before leaving for Fray Bentos, Uruguay, where he will meet with his Uruguayan counterpart, Antonio Marchesano, to discuss possible agreements to expedite the customs paperwork between the two nations.

The interior minister also announced that "the Supreme Court of Justice will rule on the constitutionality of the law on due obedience, finishing off this issue," thus dismissing any possibility of a conflict between the branches of government.

Troccoli also referred to the release from jail of the policemen involved in the Ingeniero Budge affair, stating that although "the courts may make mistakes, they are the right way to resolve political conflicts and conflicts between parties."

Concerning an ultra-right terrorist cell--which is at the disposal of Moron Federal Judge Juan Ramos Padilla--the interior minister stated that "it is involved in primitive terrorist actions, a type of terrorism that intimidates through the use of bombs." However, he noted that "they were involved in a group linked to the organizations that operated during the nefarious 1970's."

The interior minister warned that "the Supreme Court of Justice is virtually prepared" to rule on "the constitutionality of the law on due obedience."

Troccoli stated that ruling "will surely be delayed" as a result of the "adjustments that are being made." He stated, however, that as soon as that ruling is handed down, "it will soothe the cadres of the Armed Forces who limited themselves to following orders."

In conclusion, Troccoli pointed out that "the law on due obedience was a pre-electoral compromise of then presidential candidate Raul Alfonsin," thus flatly dismissing the fact that 'it was drawn up as a result of pressure' from the Armed Forces.

ARGENTINA

ALFONSIN VIEWS RELATIONS WITH UK, EUROPE

PY132250 Buenos Aires TELAM in Spanish 2131 GMT 13 Jun 87

[Text] On board the presidential airplane, 13 Jun (TELAM)--President Raul Alfonsin today said that Switzerland insists on the possibility of establishing a new dialogue between Argentina and the United Kingdom about the Malvinas Islands, a dialogue to which our country is permanently open as long as the sovereignty issue is not excluded.

I do not want to add anything else, but I believe that the Swiss president is more optimistic than before, Alfonsin said during a press conference on board the presidential airplane, a moment before landing for a technical stopover in Recife, Brazil, on his way back to Argentina after having been in Geneva and Bern.

Alfonsin said that, besides Switzerland, he believes that the United States is working hard to try to establish a communication channel between Argentina and the United Kingdom.

When asked about this subject, Alfonsin said that the United States is really interested in seeking a solution not that there is a concrete proposal, but rather a search.

Earlier, Alfonsin had said that a constant problem for the United States is defending both its continental and atlantic alliances. He then denied that during his stay in Bern he had met any American representative.

When asked if it could be thought that negotiations with Great Britain could be resumed this year, Alfonsin said: it could happen, and then again it may not. I want to tell you that there is nothing definite.

When asked a question about the ILO, Alfonsin said that he believes that the government labor policy has been well understood by everyone even by the Argentine leaders who were present at the ILO meeting.

If there was any misunderstanding, I believe it was clarified by the Argentine labor minister himself, Alfonsin said, adding that during his stay in Switzerland he had not heard any complaints about this issue.

Afterward, Alfonsin said that in Europe there is a tendency to strengthen ties with Argentina, as can be observed particularly in the cases of Italy and the FRG. Alfonsin also remarked the excellent relations that Argentina has always maintained with Switzerland, adding that he has the impression that this country wishes to deepen relations, especially in the economic area.

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CSO: 3348/377

GOVERNMENT TO TACKLE INFLATION, DEFICIT

PY182145 Buenos Aires BUENOS AIRES HERALD in English 18 Jun 87 p 3

[Text] (NA)--The economic team is expected to produce a new package of economic measures aimed at controlling inflation--which is estimated to jump to around eight percent this month--and curbing the growing fiscal deficit.

The measures, which will be defined within the next hours, will be announced next week, sources said. The new package will basically include increasing taxes, adjusting public utility rates, and tightening price controls.

Yesterday the Treasury Secretariat was looking particularly at consumer-related taxes, which are collected on the spot. But at the same time the Economy Ministry sources ruled out, at least for the time being, the possibility of creating new taxes.

As for inflation, sources explained "there is no final decision" concerning price freezes, since there are "conflicting ideas" at the Economy Ministry. Nevertheless, economic authorities have agreed on one key point: the Domestic Trade Secretariat will not give in to demands from business sectors to obtain price hikes.

It was also revealed that the Central Bank will continue with its weekly devaluations in order to prevent the official dollar from falling behind inflation and narrow the gap between the official exchange rate and the black market dollar.

Even though these measures may be defined within the next hours, they will not be announced until next week, upon the return of Economy Minister Juan Sourroville, who leaves for the United States with President Alfonsín today.

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CSO: 3348/377

ARGENTINA

SENATE AMENDS, APPROVES 1987 BUDGET

PY182144 Buenos Aires BUENOS AIRES HERALD in English 18 Jun 87 p 1

[Text] (NA-DYN)--The Senate last night passed the 1987 budget after a day-long clause-by-clause debate, but its amendments forced the bill to be sent back for a second reading to the Lower House, which had passed it in April.

The amendments had been introduced before the Upper House passed the bill overall last week and increased subsidies to political parties for every ballot they polled in the November 1985 elections from 0.50 to 2 australs.

Another amendment provided an increase of 90 million australs in funds to be distributed to the provinces in respect of federal revenue sharing during the June-August period.

The Senate also increased tax exemptions under industrial promotion programs in La Rioja, Catamarca, San Juan, and San Luis from 17 to 31 million australs.

The bill as drafted by the government provided a 42.6 percent inflation for the whole year, a fiscal deficit of 2.5 percent, and an economic growth for the year of four percent.

The budget also provided for capital and current disbursements amounting to 27.3 billion australs, of which 7.69 percent was to be used to pay the public debt.

During yesterday's debate Radical Senator Jose Genoud (Mendoza) admitted there were very needy provinces, but said Mendoza was an island where development was hindered because it was surrounded by the provinces which had promotion programs and which were exempted from paying the Value Added Tax (IVA).

Genoud called for a great federal economic pact which would include a system of royalties and industrial promotion for all Argentina.

Radical Senator Hipolito Solari Yrigoyen (Chubut) criticized the industrial promotion programs in the four provinces, which he described as a virtual monopoly.

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CSO: 3300/15

ARGENTINA

OFFICIALS' INACTION VIEWED AS KEY FACTOR IN OIL CRISIS

Buenos Aires LA PRENSA in Spanish 8 Jun 87 p 16

[Text] Once again Argentina's petroleum self-sufficiency is being endangered, and we are being forced to resort to major and unforeseen spending to purchase elsewhere what we could have provided from our own resources.

According to recent reports, this year YPF [Government Oil Deposits] will have to face a major expense, one which was not originally scheduled, to purchase petroleum byproducts of which there is a shortage in our domestic market. It has been estimated that the petroleum shortfall will reach a minimum of 1 million cubic meters. This will harm our foreign trade balance, which is already greatly threatened by an expected reduction in exports.

This problem is by no means a surprise, since for some years Argentina's petroleum production has been declining, and a number of estimates made some months ago pointed out the strong likelihood of a petroleum shortage this year if the decline in production and the increase in demand both continued.

Petroleum production and reserves have been declining steadily since 1981. Last year the volume extracted was 15 percent less than in 1981. During the past 2 years this trend has not been a critical problem because of the low level of demand, but the economic upturn in 1986 and in the first months of 1987 immediately laid bare the inadequacy of our production.

One of the principal reasons for this deficiency is YPF's financial troubles, which prevent it from taking on more extensive production. This is so despite the fact that the company was released from payment of its foreign debt. Another significant factor is the declining yield of its active wells; in the past 5 years their output has declined by over 25 percent. For this reason, in order to maintain petroleum production at a stable level, approximately 1,700 wells would have to be drilled each year, but YPF's work schedule for 1987 lists only 842 wells.

In such a situation assistance from the private sector is essential, but the exploration contracts recently signed under the Houston Plan will have no impact since these wells will begin to operate in approximately 8 years.

Another reason for the decline in petroleum production is that in the investment portfolio, priority has been given to investments intended to transport and process natural gas. There are larger reserves of natural gas, and it is one of the items with the greatest prospects for development in the energy field.

Still, even with gas resources are not being fully used, and gas shortages recur with each consumption peak.

This situation has arisen because the authorities have neglected our strategic petroleum industry, despite the tendency toward declining production and the danger of supply shortages, a danger that has now become a reality.

With the initiative of stimulating private participation under the Houston Plan, one positive step has been taken, but the initial impulse has become entangled in a bureaucratic morass, and the overall effect is quite poor.

As a result, while petroleum is sitting there in our subsoil, Argentina is beginning to use up its limited foreign currency to buy petroleum products abroad. This shows once again the high cost of inaction, a high cost that is particularly painful in a community that during the 1960s achieved petroleum self-sufficiency, which it then lost because of ideological prejudices. And now even though these prejudices may have disappeared in theory, they are still having a negative impact on the petroleum sector in practice.

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CSO: 3348/373 a

REPORT ON CAPUTO'S VISIT TO FRANCE

Increased French Presence Sought

PY072338 Buenos Aires BUENOS AIRES HERALD in English 5 Jun 87 p 1

[Text] (NA-DYN)--French President Francois Mitterrand will visit Argentina in the first two weeks of October, an embassy spokesman said yesterday.

The announcement was officially made in Paris earlier yesterday following a one-hour meeting between Mitterrand and Foreign Minister Dante Caputo.

Caputo arrived in Paris last Tuesday, and has since held talks with French Government officials and politicians.

Caputo yesterday thanked the French Government for "firmly backing" the democratic process in Latin America, stressing that the region had achieved in recent years "two things which seemed impossible to unite: efficiency and democracy, reason and democracy."

Claiming that Argentines "have recovered national ambition," Caputo nevertheless warned that "active political, economic and commercial partners" were needed to back up new efforts. To this end he appeals to France to "daily boost its presence in Latin America."

Caputo spoke at a meal offered by his French counterpart Jean Bernard Raimond. The two ministers on Wednesday inaugurated the work sessions of the recently created French-Argentine Commission, set up to bolster bilateral economic, technical, scientific and cultural relations.

Talks Success Attributed to Democracy

PY081704 Buenos Aires TELAM in Spanish 1912 GMT 5 Jun 87

[Text] Paris, 5 Jun (TELAM)--As his official visit to this city ended today, Foreign Minister Dante Caputo expressed satisfaction with his frank talks with French political leaders and government officials, which have created a very good climate for the future of bilateral relations.

Making an assessment of his visit for TELAM, Caputo said: It is important to comprehend the value of democracy in the world, because what has been achieved cannot be accredited to a minister or a diplomacy in particular, but to a people who have been present in all the events of the country's affairs.

He stressed that no dictatorship could have accomplished 5 percent of what he has in these few days in France. We can look forward to a future of closer relations with the world, because the democratic regime, even with its inconsistencies, has made Argentina respectable in the world.

After meeting with former President Valery Giscard D'Estaing and Prime Minister Jacques Chirac, Caputo ended his mission in Paris. This Sunday [7 June] he will travel to Berna, Switzerland, where he will join President Raul Alfonsin's official entourage.

Agreements Reached

PY081530 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0125 GMT 8 Jun 87

[Text] Buenos Aires, 7 Jun (NA)--Argentine Foreign Minister Dante Caputo today asserted that French President Francois Mitterrand reiterated his support to the Argentine democratic system during a meeting that they held in Paris.

Caputo said that the French President had reiterated "his solidarity with the Argentine democracy" in view of the Easter week events.

The foreign minister made this statement during the federal newscast which is broadcast by ATC [Argentina Televisora Color Network] and added that he "hopes" that the chiefs of state meeting in Venice next week will "give an answer" to the Cartagena Consensus request.

The consensus sent a letter referring to the region's economic situation due to the foreign debt problem.

Foreign Trade Under Secretary Jorge Campbell referred the agreements reached with France during the foreign minister's visit "among which," he stated, "I would mention the concessional loans for the small and medium enterprise."

Campbell went on to say: "I would also mention the dredging project for Bahia Blanca Port which is one of the most important points."

Campbell noted: "Many things were made clear during this meeting: one was the listing of the problems caused by the French policy within the EEC for Argentine agricultural exports."

The undersecretary said that mention was also made to some attempts "to increase the exports of industrial goods."

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CSO: 3348/377

\$600 MILLION FOREIGN EXCHANGE LOSS FROM COARSE GRAIN DROP

Buenos Aires AMBITO FINANCIERO in Spanish 26 May 87 p 22

[Article by Bruno Quintana, director of the Studies Department of the Argentine Association of Regional Consortiums of Agricultural Research (AACREA); passages enclosed in slantlines printed in boldface]

[Text] The coarse grain harvest that is being gathered now will be a memorable one for many people. It represents a /failure for corn, a serious reduction for sorghum and sunflowers, and the same volume of soybean production/ as in the previous season.

/Total corn production is estimated at 9.4 million tons,/ 3 million less than in the 1985-86 harvest (12.4 million); /the sorghum crop is expected to total 3 million tons,/ 1 million short of the 1985-86 level of 4.2 million; /a total of 2.2 million tons of sunflowers will be produced,/ 2 million less than in the previous cycle; while /soybeans will reach 7.2 million tons,/ a similar volume to that recorded last year.

These partial figures add up to /a total coarse harvest of approximately 22 million tons for the 1986-87 season, compared to 28 million tons in the previous cycle, for a reduction of 21 percent./

What happened to cause such a sudden decline?

Corn was hit with a very severe drought, especially from /Arrecifes/ to the north. As a result, many fields yielded 15 to 20 or 30 quintals per hectare instead of the expected 50 to 60. This situation, plus the existing slump in production, has led to the /ruin/ of many farmers. This is especially true of the small farmers, who are unable to pay their taxes or to repay the loans they took out, and who still owe their suppliers. Some grain producers have even put together teams of legal advisers to try to collect in kind what cannot be paid in cash. Another factor was the decision to /turn many fields into pastures, because more profit could be made by grazing animals than by raising grain./

Sorghum production will be very low because this crop had already shown a downward trend in this area, and farmers were not very interested in it because of its low price. That was the principal reason for the smaller

harvest. In the West, moreover, floods were a significant factor, as they washed out roads and thus prevented the threshing and marketing of what had already been harvested. Many harvesters were out in the fields, ready to begin work, when the floods began. Some remained there all winter long. In /La Pampa/ and /Entre Rios,/ the crops did not grow well.

The sunflower harvest will register the biggest decrease: /40 percent below last year's level./ The cause lies in a drastic reduction of the area under cultivation, a consequence of the 1986 plunge in prices. Weather problems at planting and harvesting time in the /West,/ and the drought in the southern part of the province, also had an impact.

Soybeans were the only crop to arouse the interest of farmers at planting time, and that was why production held the line in this sector. The crop was not as severely affected by the lack of rains because of its long cycle, but there is still a risk that production will decline if the weather remains wet and diseases set in.

Market

The shortage of coarse grains described above had immediate repercussions in the market. It is well known that during the harvest period, prices of the various grain and seed crops fall. The lack of products to sell prevented this phenomenon from recurring this year on the market; on the contrary, prices rose from February to late April.

/Corn rose by 48 percent during that period, sorghum 27 percent, sunflowers 61 percent, and soybeans 53 percent./

Another indication of the tense situation on the market is the fact that /the prices being paid currently are well below parity levels./ These levels are calculated by multiplying the international price, less expenses, by the effective exchange rate. Corn is overvalued by 17 percent, sorghum 10 percent, soybeans 28 percent, and sunflowers 8 percent.

Consequences

The 21-percent reduction in the coarse grain harvest (caused in part by the weather but to a greater extent by the farmers, who saw no profits in these crops and decided not to plant) /amounts to a loss of more than \$600 million in terms of what was not produced./ This is income that we Argentines will not earn at a time when we need it more than ever. It affects the grain that remains to be sold, as well; remember that 70 percent of Argentine exports are agroindustrial products, and grains are the principal element of that category.

But there is another consequence of this situation that may be more serious: Many farmers will use the current prices as a basis for wheat and coarse grain margins. And at these prices, agriculture is very competitive with livestock raising; it once again sparks interest in mixed farming. And once again, the pendulum may begin to swing; /farmers will sell off livestock to begin planting crops./ Or, farmers will seek credit, which is scarce and is going

at positive interest rates, or exchanges of doubtful results, pinning their hopes on a "miracle" harvest. The only thing they will be assured of then is decapitalization.

We must be aware that the current high prices of grains and seeds are in large measure the consequence of the aforementioned domestic shortage; in general, the international market does not show signs of such strong prices. That can be seen above all on the grain futures market, which has corn pegged at \$81 per ton for April/June, and sorghum at \$67 per ton. The market prospects for seeds are more favorable, but the values are below historic levels.

Conclusions

For all of the above considerations, it is important to plan ahead and shrewdly map out the strategy for developing agriculture in 1987/1988. The indicators lead us to the conclusion that the international market will maintain its selling orientation. There are still good years ahead for buyers. At the country level, whatever each one can sell will depend on its abilities, its bargaining power, its position as a serious, responsible and reliable seller, and its price.

At the individual level, the farmer must understand that complaining alone does not solve the problem; he must seek ways to do things differently: improve his skills, evaluate alternatives, make optimum use of the factors of production, give priority to dynamic access, and allow information. In short, he must reassess his management philosophy and complete his business education.

Let's not take the wrong road again.

8926

CSO: 3348/375

ALCHOURON ON REASSESSMENT OF FARM POLICY

Buenos Aires LA PRENSA in Spanish 5 Jun 87 p 14

[Text] The usual weekly meeting organized by the Rotary Club of Buenos Aires was attended by special guest Dr Guillermo E. Alchouron, president of the Argentine Rural Society. The speaker, whose presentation was titled "The Argentine Agriculture-Livestock Sector and the International Markets," was introduced by Enrique E. Gobbee. The meeting was chaired by Dr Fernando Tornquist.

Alchouron

The head of the Argentine Rural Society began by explaining that to describe the current situation in the Argentine agriculture-livestock sector and its position in the international markets, "it seems we cannot avoid making a brief reference to what might be a summary of the trends seen in 1986."

"In my view," he said, "last year was one of the most difficult periods in our farm sector in the last half-century."

"In 1986, a series of negative factors, arising out of both the external market and the domestic policies prevailing at this time, came together in an unprecedented way.

"From the external standpoint, the international market, particularly with respect to agriculture, saw a substantial drop in prices because of the combination of the extremely protectionist system of the European Economic Community and its astronomical export subsidies, and the reprisal of the Agriculture Law passed by the United States in December 1985. By means of that law, the U.S. Congress voted an allocation of \$52 billion to subsidize exports in order to regain markets lost to the EEC in previous years."

He added that "for our part, far from devoting all our energies to cushioning this series of blows--both hooks and straight punches--dealt by our powerful competitors, we sit here passively, feeling like the slice of ham in an inhospitable sandwich. When showing signs of vigorous combativeness, we should have wiped out all export taxes in a single stroke, corrected the exchange rate, and fought tooth and nail against the so-called Argentine cost. Instead, we made tenuous, partial adjustments, and now we have clear proof of

our failure to respond to the situation, in the form of production and export figures which should give rise to a serious reflection and an unsparing examination of conscience.

"We should point out that the harsh reality of the external markets is a severe blow to many Argentine economists, who saw the high level of prices prevailing in those markets for so many years as a kind of benevolent umbrella which protected the mechanisms that transferred earnings from a traditionally efficient sector of our economy, agriculture, to others that were less efficient, or even completely inefficient."

Grains and Meat

"Especially noteworthy as evidence of the process of decapitalization and technological involution in Argentine agriculture is the fact that as grain production was plummeting, the liquidation phase of the livestock cycle was being extended and accelerated. With regard to grains, production of the six main types went from 42 million tons in 1985 to 31 million in 1987, while exports fell from 29 million to 18 million tons. As a consequence of this decline in volume and the fall (although to a lesser extent) in international prices, in 1987 the country will take in barely half of what it earned in 1985 (\$2.1 billion this year, compared to \$4.2 billion a couple of years ago). The estimate for 1987 is very accurate, because it is based on planting already done (in certain cases, like grains, the harvest is already over), and on shipments already made in the first 4 months of the year.

"As for beef, the big numbers are well known, but it is worth repeating them once again, as they are truly impressive. The country is slaughtering 14 million head a year, while its break-even slaughter figure is 11.5 million. Of an estimated herd of 49 million head as of 30 June 1987, this sector is consuming 5 percent of its capital every year. A phenomenon that can be seen in nearly every productive activity is showing up with eloquent clarity in the livestock sector: Net investment is negative, the erosion of capital is not being offset, and therefore at the end of each year, the capital stock is smaller than it was the year before. For a family, like a business or a nation, this is the road to poverty.

"At the current rate of domestic consumption and exportation, the cattle herd will total 48 million head by the end of 1987, 20 percent below the peak of 60 million recorded in 1977.

"If this rate of liquidation is maintained, in a few more years the country will be unable to meet domestic demand, and will have to resort to imports. We are not opposed to that in principle, but we would like to point out that the mere possibility is a 'demonstration by the absurd' that the current policy is misguided.

"If we cannot export meat, what can we export that will make rational use of available resources?"

Prospects

"We must guard against excessive pessimism regarding the prospects for the agriculture-livestock sector, both at home and abroad.

"Internationally, we see promising signs in the areas of meat and wool, as well as oleaginous grains (in the latter case, the picture is somewhat obscured by the new tax on fats and oils levied by the European Economic Community). The trade war between the EEC and the United States, openly declared when the American agriculture law was passed in December 1985, is costly to both sides, and there is a mutual interest in 'returning to rationality' and to a market policy. This might get underway when the new round of GATT negotiations begins.

"Domestically, some signs point to a better understanding of overall economic phenomena. In the case of meat, the government's show of restraint in not setting prices or engaging in other artificial intervention in the Liniers market, on the basis of the deregulation decreed in February 1986, should be well received. The advance payment mechanism for meat deliveries in August-September of this year, though it has aroused some concern, is not incompatible with the market laws. It remains to be seen whether this move will raise fiscal costs or attenuate seasonal variations or limit expectations, which would be incompatible with the government's goal of quickly reversing the trend toward liquidating inventories. As in all other sectors of production, a high interest rate conspires against the propensity to invest and to form capital. As a result, positive results cannot be expected as long as interest rates remain incompatible with the rate of return of the capital applied to productive activities."

Social Pact

"We believe that before forging any Social Pact, the country should reach an agreement on production with mutual and reasonable counter-obligations, including the government's elimination of all the obstacles that today stand in the way of attaining significant production levels in agroindustry, and on the other side, naturally, a commitment by this sector to achieve those goals which were considered feasible 3 years ago, at both the private and official levels, as symbolized in that initial objective of bringing grain production up to 60 million tons.

"In the search for bases for that agreement, at the end of last year 42 entities involved in agriculture-livestock production, related supply and processing industries, and even professionals in the area of the Argentine Agroindustrial Complex signed a joint declaration. As a result of that declaration, a proposal is now in the final stages of completion, and will be submitted to the national government soon. This proposal will allow for a true reactivation of the agroindustrial sector. As we well know, even under the present circumstances, this sector accounts for a third of the gross domestic product."

8926

CSO: 3348/375

BRIEFS

TWO MILITARY OFFICERS SANCTIONED--(NA-DYN)--Army Chief-of-Staff Jose Cardi yesterday ordered the disciplinary arrest of two officers who recently made highly critical remarks about the institutional situation of the force, military sources revealed. Colonel Enrique Schinelli Garay, one of the officers involved, recently sent a letter to Cardi criticizing the role of the Army in politics. The other sanction was applied to Mayor Jorge Duran, who on 21 April took part in an uprising in Salta's Fifth Engineering Company. The sanction, however, was not related to the rebellion but to statements made by Duran at a meeting of officers. Meanwhile, Federal Judge Alberto Piotti yesterday reported that due to a deputy's failure to attend his summons to testify in the case investigating the rebellion of Army officers led by former Lieutenant-colonel Aldo Rico, he would be forced to request a new extension of the period allotted to questionings. The deadline, which had already been delayed before, was set for tomorrow. Federal Judge Oscar Lemmon meantime ruled that the case on the Cordoba military uprising last April be transferred to a military court. [Text] [Buenos Aires BUENOS AIRES HERALD in English 17 Jun 87 p 11 PY] /9738

ARREST OF OFFICERS EXPLAINED--The sanctions imposed on two Army officers and the rigorous preventive arrests slapped on seven others--while a federal court examines their cases--are the result of Army Chief-of-Staff Jose Caridi's decision to reaffirm internal discipline, according to reliable military sources. Colonel Enrique Schinelli Garay and Major Jorge Duran were sanctioned for their public statements and attitudes, while Majors Eduardo Villarruel and Roberto Fernandez, as well as two captains and three lieutenants, are to be tried by a federal court for refusing to swear allegiance to the Constitution last 25 May. Schinelli Garay was reportedly sanctioned over the procedure he followed in personally delivering a letter to Caridi, criticizing the previous military government, and for sending it to several newspapers, rather than for the content of the letter itself. Duran, who is serving a 20-day arrest for statements considered "imprudent" by Caridi, would receive a harsher sentence from the Army chief for the insurrection he led in a Salta unit last 21 April. The Army High Command is considering his situation. [Text] [Buenos Aires BUENOS AIRES HERALD in English 20 Jun 87 p 11 PY] /9738

GAS TRANSPORTATION PROBLEMS VIEWED--(NA)--The 552-million cubic meter gas transportation deficit registered during the first five months of the year was the main culprit of gas shortages when temperatures hit abnormally low levels recently, State Gas Company (Gas del Estado) President Carlos Bechelli said yesterday. In an interview with the specialized daily EL CRONISTA COMERCIAL, Bechelli said that gas transportation has been affected by a series of works aimed at improving the service. He explained that problems were brought about by the expansion of the Northern pipeline, which is expected to increase its transportation capacity by 45 percent when works are finished. [Text] [Buenos Aires BUENOS AIRES HERALD in English 6 Jun 87 p 3 PY] /9738

GENERAL REFUSES TO TESTIFY--Cordoba, (NA-DYN)--Retired General Juan Sassiain was yesterday placed at the disposal of the Cordoba Federal Appeals Court after he refused to testify on charges of human rights violations at La Perla clandestine prison. Sassiain only said that at the time the crimes were allegedly committed he was acting under the orders of former Third Army Corps commander Luciano Benjamin Menendez. According to court sources, the former military chief--who is already under rigorous preventive arrest in another rights case--is trying to prove he had no decision-making powers when the crimes he is charged with took place and thus be exempted from punishment on the basis of the due obedience law. [Text] [Buenos Aires BUENOS AIRES HERALD in English 13 Jun 87 p 1 PY] /9738

NEW OIL CONTRACT--The opening of the third bid for the Houston Plan, scheduled in principle for tomorrow, has been postponed until Thursday, 11 June. The reason for the delay was the addition of seven more areas for which no bids had been received in the first bid. Bids have been filed for various areas in the north, center and south of Argentina, as well as the continental shelf. This time the new contract model, based on the guidelines of Decree 623, will be used. The new standard contract will be presented in the United States at the end of this month by the secretary of energy, Jorge Lapena, and the head of YPF [Government Oil Deposits], Rodolfo Otero. [Text] [Buenos Aires LA PRENSA in Spanish 3 Jun 87 p 17] 7679

GAS STATIONS DRY--Many service stations both in Buenos Aires and in the interior yesterday "hung up their pumps" because of the shortage of high-test gasoline and diesel fuel. The service station operators reported that the shortage has grown worse recently because the producing companies are delivering 50 percent less. The situation is now giving cause for concern in all of YPF's [Government Oil Deposits] establishments, because of the petroleum shortage. Private companies that refine their own byproducts are trying to keep their stations adequately supplied, but in some cases they have also had to cut off their supplies. These companies process 30 percent of the fuel, while YPF handles the remaining 70 percent. The head of the press committee of the Service Stations Association, Jose Rioz, said that the problem "has been coming on for the past month and a half, but it got worse last week. I had to send a telegram giving notice of this to my company, for I don't have a drop of diesel fuel and high-test gasoline." The Chamber of the Petroleum Industry has sent a telegram to President Alfonsin, complaining about the inadequacy of the refining and marketing margins of petroleum products. [Text] [Buenos Aires LA PRENSA in Spanish 18 Jun 87 p 5] 7679

NEW OIL WELL EXPLORATION--YPF [Government Oil Deposits] has declared the testing of two new exploratory wells in the Golfo de San Jorge basin completed. One of these has just confirmed expectations about the yield of new wells in the western side of this basin. The YPF well, Ch. PCe.x.-1 (Puesto Cerda), located in the northwestern sector of the area reserved for the state enterprise, produced 18 cubic meters of petroleum per day at three intervals in the Neocomian sedimentary sequence, located at a depth between 2,301 and 2,452 meters. The same well had an initial free flow production of 47 cubic meters per day coming from the layer located between 2,145 and 2,148 meters in the D-129 Formation; this was considered completed with this test output. The second test probe drilled was the YPF well, SC.CL.xp-1736 (Canadon Leon), proposed to continue investigating the possible existence of new petroleum-containing horizons in the Mina del Carmen Formation, a unit located below the levels now in production in this field. The objective was completed successfully when this well was finished with an initial production of 43 cubic meters of petroleum per day through plungers, coming from levels between depths of 1,840 and 1,867 meters. In both instances the findings will continue to be analyzed in order to determine the existing reserves. [Text] [Buenos Aires LA PRENSA in Spanish 18 Jun 87 p 4] 7679

GAS, OIL RESERVES DECLINE--In April petroleum and gas production declined by 3.23 percent in relation to March; there was also a downturn in petroleum processing. Information from the state enterprise indicates that during the first 4-month period total production of liquid and gas hydrocarbons was 13,339,528 cubic meters. During this period the activity plan called for 13,921,337 cubic meters. In April well drilling rose 48.78 percent, and so far this year the total number of completed units is 173. The average daily petroleum production in April was 64,597 cubic meters, 1.21 percent more than the daily average in March. The final volume for the month was 1,937,909 cubic meters. The negative difference between total hydrocarbon production and the production scheduled in YPF's activity plan is attributable to a lower gas recovery rate, which will improve over the course of the year, said the company, with increased petroleum production. To bring this about a number of steps have been taken, such as drilling 50 wells in addition to those originally scheduled, bringing the total number to 892 wells. Of the total of 3,313,516 cubic meters of liquid and gas hydrocarbons which YPF extracted in April, 1,937,909 cubic meters were of petroleum, and 1,375,609 cubic meters were of gas, equivalent in caloric value to petroleum. Of the 1,937,909 cubic meters of petroleum extracted in April, 1,255,800 cubic meters were produced by YPF and 682,109 by the contractors working for YPF. [Text] [Buenos Aires LA PRENSA in Spanish 3 Jun 87 p 17] 7679

MARINE SECRETARY TRAVELS TO USSR--Buenos Aires, 16 Jun (DYN)--Merchant Marine Secretary Eduardo Mascardi has announced a working trip to the Soviet Union to improve commercial cooperation in the merchant marine sector. He also confirmed a plan to improve port operations. Consulted by DYN, Mascardi stated: "I went to Bahia Blanca as part of a trip to all the ports of the country to learn about operations methods and to solve current problems." He added: "We are studying ways the government can solve those problems." He also referred to his future trip to the Soviet Union to begin negotiations with that country on shipping matters. "I am traveling with some Argentine officials and shipowners in order to try to reconfirm our cooperation with that European country." He concluded by saying: "I understand that our relations will remain as cordial as ever, and we are going to improve our growth prospects." [Text] [Buenos Aires DYN in Spanish 1456 GMT 16 Jun 87 PY] /9738

BRAZIL

RICHA ON FRIENDSHIP WITH PIRES, PMDB DISCORD, SARNEY MANDATE

Sao Paulo ISTOE in Portuguese 27 May 87 pp 72-74

[Text of interview with Senator Jose Richa, former governor of Parana, by Ariosto Teixeira and Alfredo Lobo, in Brasilia, date not given]

[Text] On resigning the governorship of Parana last May to run for the office of constituent senator, politician Jose Richa, aged 53, immersed himself in an unusual and unprecedented campaign for someone who was only seeking to represent a single state in the National Constituent Assembly. Richa mounted PMDB [Brazilian Democratic Movement Party] rosters in almost every state. It was a way of gaining national recognition through the 1986 elections, a strategy whose ultimate objective became clearer with every move the former governor made. Like other politicians, Richa was mounting his candidacy for the presidency of the republic.

Within a short time, although he made bold to deny his intentions, the senator had become one of the strongest "presidential possibilities" in the PMDB. More recently, however, as the Sarney government became more and more deeply embroiled in the crises in the democratic transition and the economy, Richa found himself obliged to take up a new task. As a friend of the president, who frequently calls him into his office to talk over political issues, Richa has become a kind of "fireman," operating in the PMDB as a conciliator and pacifier of the party's disagreements with the government. For example, Richa has already been involved in the definition of Sarney's mandate and, more recently, with a group of PMDB members, he engaged in a study of economic policy alternatives. Despite his proximity to Planalto Palace, last week the senator felt free to criticize the president for rushing into a unilateral definition of a 5-year mandate. "It was a mistake," he observes.

Richa has been a friend of General Leonidas Pires Goncalves, minister of the army, since 1962 and, because of this, today he may be the most solid link between the Constituent Congress and the military establishment. He converses frequently with the army minister, who consults him about what is going on in the Parliament and the parties and, in turn, supplies valuable information about the barracks reactions to political events. It is on the strength of this familiarity with military thinking that the senator assures that the military have no interest in governing the country again. "This is the hour of civilian power and we must have the competence to face the national problems and solve them," Richa says.

ISTOE: What is happening with the democratic transition in Brazil?

Richa: It is going through some turbulence, which is natural. No nation emerges from 20 years of authoritarianism without paying a price. We are paying the price of our apprenticeship.

ISTOE: Do you have some idea of what the final price will be?

Richa: No. It is difficult to measure. One way or another, however, we have to try to safeguard the transition. This aspect is important.

ISTOE: On a scale of 1 to 10, senator, what is the possibility that the process will be interrupted, if only for a certain period?

Richa: I think the possibility is nil. At least, I trust there will be no interruption. It is possible that the transition period could be shortened, which, in some way, is already happening. The transition to democracy in Brazil is proceeding in a completely different way from all the other countries which have emerged from an authoritarian era. Here there is no prolonged working out of a solution. The same tools which the dictatorship always used to remain in power have been and are being used to interrupt the cycle.

ISTOE: But isn't there a threat, then, that the military will return to power?

Richa: No, I do not see any possibility of this happening.

ISTOE: Do you say this based on your familiarity with the thinking of the military?

Richa: No, because of the situation itself. The circumstances themselves lead me to say this. Actually, the problems which we are confronted with were inherited from the authoritarian period. We must understand this and bear in mind that we are paying for the learning process and this is true precisely because it took us so long to emerge from the authoritarian era into full democracy.

ISTOE: The PMDB bears the primary responsibility for the transition, but the party is currently divided and is in confrontation with the government. The PMDB does not trust the president and he does not trust the PMDB. Where will this lead us?

Richa: I do [not] see this as having any devastating effects; the relationship is a little difficult, primarily because we have spent a long period in which there was no dialogue, no negotiation, which is the essence of democracy. Democracy is the science of working out differences. At the same time that we are making dialogue and negotiation a commonplace practice, we are facing a structural problem, because, in the authoritarian era, the democratic structures were disorganized. The new constitution will bring an end to this disorganization. Today we have a conflict between the legislative branch and the executive branch, but also a conflict between the person of the president of the republic and the person of the president of the major party of the Democratic Alliance. When the Constituent Assembly completes its labors, it will no longer be Sarney, or Ulysses, spicing things up. They will be normal figures, as we would wish them to be, and not supermen.

ISTOE: What do you think of the army minister's statements on the political crisis? Is it appropriate for him to be speaking out on problems which are up to the politicians to solve?

Richa: I see nothing wrong with this. The army minister exercises a political office, which gives him the right to voice an opinion on the situation. I even feel that because he is exercising an eminently political function and, at the same time, is not emotionally involved in partisan politics, he has the same authority as any of us to hold an opinion. Nor do I see why the inference should be drawn that a statement by an army minister is an immediate threat to the institutions and to democracy.

ISTOE: You are known to be a friend of Gen Leonidas. Could you tell us how this friendship began??

Richa: I will answer the first part of your question. My friendship with Gen Leonidas began more than 25 years ago, when I was first elected federal deputy and came to Brasilia in the first legislature in the new capital. Gen Leonidas was then a lieutenant colonel, or already a colonel, in the post of assistant chief of the military household of the government and, by coincidence, he lived in the apartment next to mine in the Hotel Nacional. Incidentally, he was sharing the apartment with Brigadier General Delio (Delio Jardim de Matos, aeronautics minister in the Figueiredo government). At the end of the business day, we almost always met in the hall and began to exchange views, which would later be expanded on in conversations in my apartment or his. After that, our paths crossed on several occasions. The most recent one was when I was governor and he was commander of the Third Army, today the Southern Military Command.

ISTOE: How do you assess the manner in which the government has been attempting to solve the political crisis?

Richa: The government is clearly trying to change the base of its political support, along two lines: the collaboration with the so-called democratic Center, which would be the PFL [Liberal Front Party] and a part of the PMDB; and the reestablishment of the political influence of the governors. Recently, several governors have been coming to Brasilia. They are seeking to influence, legitimately, the federal congressional benches.

ISTOE: So we are returning to the times of President Washington Luis, who inaugurated the "politics of the governors" in the 1930's?

Richa: And where did that politics lead? To the revolution of 1932. It led nowhere, because things done in an unnatural way never work out right.

ISTOE: What do you think of a 5-year term for President Sarney?

Richa: Everyone knows I have been arguing for the 5-year mandate. Now, I advocate that the executive and legislative mandates should run concurrently, which would be possible if the presidential elections were held in 1990 or 1994. Since this is not politically feasible in 1990, I feel the concurrent terms should start in 1994. And to achieve this, I feel that Sarney should serve for 5 years and his successor should serve for 5 years. After then, in 1994, when

the elections would coincide, a 4-year mandate could be established for everyone, with the right to reelection.

ISTOE: Do you think the president was wrong to take it on himself to propose a 5-year term for himself?

Richa: Yes, I think so. He should not have done this now. If he had made this pronouncement before the elections or immediately after the election of the Constituent Assembly, it would have been very well taken. But to do this after declaring that the matter would be determined by the Democratic Alliance and just before a meeting in which the issue was to be discussed....

ISTOE: Who bears most of the responsibility for the political and economic crises? The government?

Richa: I would prefer not to make any such analysis. I do not think there is any need, because it would not contribute to anything, particularly because we are not in a position to do an in-depth analysis. It would be superficial and would give the impression that we hold A, B or C to blame for the current crises when, in fact, they are all responsible. We have to be humble enough to engage in self-criticism, to learn where each of us is in error.

ISTOE: The PMDB has scheduled a convention for 13 and 14 June, when the party will come to a decision regarding the president's mandate. Do you go along with this?

Richa: If it depended on me, we would not hold this convention. Why? Because a decision by a convention could not be revised by the bench. If a point of view is established in a convention regarding the system of government and the length of mandates which is contrary to mine, what am I to do? Either I violate my conscience and vote as the convention has decided or I have to leave the party. This is the tragic conflict.

ISTOE: Is the Constituent Assembly a suitable forum to determine Sarney's mandate?

Richa: Obviously. I think President Sarney's mandate is a temporary issue which should be determined in the temporary provisions of the constitution. Before this, however, we must decide on those things that are a permanent part of the constitution, such as the system of government. These are more relevant issues and, because they are of a permanent nature, they take precedence in terms of a timely decision. Now, to the extent that the president comes petitioning, pushing and demanding an answer from the parties at the very moment when the PMDB has scheduled a meeting of the party bench to make a decision, I feel he is speaking out of turn.

ISTOE: But from what Sarney said, the root of all the country's problems lay in the uncertain length of his mandate.

Richa: Well and good, but the PMDB bench would have defined the mandate by the next day. Couldn't the crisis wait another 24 hours, since it had already waited so long?

ISTOE: Were you consulted before Sarney made his statement?

Richa: No, I was not consulted, nor am I annoyed about this, because the president is under no obligation to consult me or to communicate with me. Perhaps he had an obligation to the party.

ISTOE: So what factors would lead Sarney to be so concerned, almost obsessively so, about the length of his mandate?

Richa: It is obvious that he is partly right. Although his mandate is defined in the present Constitution--6 years--there were many pronouncements, even by members of the Democratic Alliance, questioning the 6-year term. So this was really an unsettling factor. It was unsettling even for the government team.

ISTOE: Are you a presidentialist or a parliamentarist?

Richa: I have great sympathy for parliamentarism. I think it is the best, the most efficient system of government. In a parliamentarist system of government, political crises are confined to the political arena; the crises do not come to contaminate, threaten or topple the democratic institutions, as in the presidentialist system. But I think that if parliamentarism is to accomplish its purposes, there must be some prerequisites; there must be conditions, which we do not have yet.

ISTOE: What is the precise measure of your differences with Senator Mario Covas on the issue of the mandate?

Richa: On doctrine, we are in agreement. And this is what unites people: ideas, propositions. But the problem of the length of this president's mandate is not a matter of doctrine; it is situational, circumstantial. This is where we disagree.

ISTOE: You had many affinities as well with Governor Alvaro Dias and with Senator Affonso Camargo, from whom you have drawn away somewhat, politically. What happened?

Richa: There has been no distancing. We continue to think alike. Sometimes, as in the example I have just given with Mario Covas, there is a disagreement on strategy--on tactics, more than strategy. For example, Affonso and I continue to share the same diagnosis of the situation. We continue to recommend the same remedies; we only differ on some other questions of treatment. As for Alvaro Dias, there is a temporary distancing, which I have taken upon myself, because he is beginning his term as governor. He is succeeding me, although there was a hiatus when the vice governor was serving. But the vice governor maintained my style. It is natural that I would keep my physical distance from the state, to allow the new governor to set his own style, without any tension. This distancing might appear to be a falling out, but it is not.

ISTOE: What is your opinion of the North-South Railway?

Richa: I am opposed to the railroad, not because I think the money should be spent in the south. I just think that, at this time, when the country's

investment capacity is dramatically reduced, we should be choosing our priorities very carefully.

ISTOE: Could the scandal over the North-South Railway topple the transition government?

Richa: Whenever there are political problems, anything will serve to aggravate them. The moral issue of the bidding for contracts is being blown out of proportion. Here I think the government is making a mistake by not keeping the public duly informed. Why? Because I have not seen anything up to now except an inquiry--the CPI [Congressional Investigating Committee] which is installed there in the Senate. If the hearings that the government has already ordered demonstrate that there has been fraud, this is another story.

ISTOE: What should have priority at this time?

Richa: The federal government should have a plan for the financial recovery of the states and municipios, because the Cruzado Plan left the states and municipios in a state of insolvency. The budgets which the new governors are stuck with to administer their states were established at a time of zero inflation. Between December and now, inflation has shot up, but revenues have not; they could not keep pace with the capital expenditures or costs or with personnel costs.

6362

CSO: 3342/139

EDITORIALS VIEW MILITARY REBELLION IN ARGENTINA

Alfonsin Praised for Conduct

Sao Paulo FOLHA DE SAO PAULO in Portuguese 20 Apr 87 p A-2

[Editorial: "House in Order"]

[Text] Yesterday, Raul Alfonsin's government squelched the military rebellion that had been threatening Argentina since Wednesday. A group of officers had occupied the Army Infantry School near Buenos Aires. Before that, the rebels had taken over the barracks of the 14th Airborne Infantry Regiment in Cordoba, which they surrendered when armed action was ordered.

Middle-ranking officers disapprove of the idea of punishing military men for the acts of violence carried out during the period of dictatorship. Many of them were members of the so-called task forces responsible for the torture, murder, and disappearance of thousands of citizens, and they do not accept the idea of being tried by the civilian government. The movement was demanding amnesty, an end to harassment of the Armed Forces, the replacement of Hector Rios Erenu as chief of staff, and the dismissal of 23 of the 30 generals on active duty in the Army. Insubordination could not be allowed to prevail.

While the rebel action was not aimed at taking power, Argentina's democratic future--and not just the fate of the government--was riding on a satisfactory resolution of the conflict. The country has a very strong tradition of coups d'etat, and its institutional normalization has been encountering resistance. The transition from militarism to a civilian regime has occurred peacefully, but Argentine society does not accept the idea that those responsible for the "dirty war"--the contemporary symbol of political barbarity--should go unpunished. Add to that the picture of economic difficulties--generated primarily by industrial stagnation and the foreign debt--and it is easy to foresee a climate favorable to illogical political ventures.

Any break in the process of democratization that is gradually reaching all of Latin America (with Chile and Paraguay the only holdouts) would have been intolerable. Among other advantages for the country, that process assigns to the military a role removed from politics and obedient to constitutional stability.

Throughout the episode in question, attention was drawn by the open manner in which the government acted--an important example. It showed itself to be skillful and energetic in dealing with the crisis. Argentina's people, mobilized and aware of the seriousness of the moment, supported it, as did the various national political forces. The president himself conducted the negotiations. He went before the public to reaffirm his democratic commitments and reveal his inclination to be firm. He went to the occupied barracks to demand surrender and got it--as he had promised--without any blood being shed. The rebels have now been turned over to the courts, and the house is in order.

'Let the Dead Bury Their Dead'

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Apr 87 p 3

[Editorial: "The Fragile Easter Victory"; slantlines indicate italics]

[Text] No one will deny that there are well-founded reasons for the enthusiasm for the civilian government's victory in Argentina--an elation that is shared by the entire continent. In the face of the threatened military coup, Argentine political and civil organizations were able to overcome their differences and mobilize vast crowds which gave their support to President Raul Alfonsin in the Plaza de Mayo while smaller civilian groups prepared to confront the rebels who had taken refuge in the Infantry School in Campo de Mayo. Those are the objective facts--and they will be discussed for many months--which prove that resolute willingness by civilian organizations to uphold the elected political authorities can say "no!" to the rebellious intentions of military men who, besides seeking to replace the elected rulers, are preparing to escape the penalties of justice, both civilian and military.

While those are the objective facts, it needs to be realized that they concern only the appearance of things. One needs to probe deeper in an attempt to put situations in their proper perspective and see which principles finally won out in Buenos Aires on Easter Sunday. The first thing to be noted is that in fact, the rebels had no intention of seizing control of the state apparatus. In the history of coups d'etat, and especially those unleashed by military forces, it is unheard of for the perpetrator of a coup to take refuge /inside/ his unit and forego marching out to occupy strategic positions or even the seat of power itself. The Argentine military have lengthy experience in that field, and if the rebellious commanders chose to revolt first in Cordoba and then in Campo de Mayo in Buenos Aires without going beyond the boundaries of their units, the reason is that their distraught action had a different objective. They were not aiming at the authority or power of President Alfonsin; rather, their intention was to call many people's attention to a situation too difficult to be borne by them and by others supporting them, even though it was not their desire to face the civilian government with weapons in their hands.

The issue which underlay and still underlies the events in Argentina is the way in which the "dirty war" was brought to an end. It concerns the ethical and legal problem of personal or hierarchical responsibility for the violent

acts committed against political prisoners beginning in 1976; it concerns the political question of whether the dead will be allowed to bury the dead or whether, on the contrary, an attempt will be made to go all the way in seeking to discover those who exceeded the limits of what many Argentine military men themselves regard as their duty in the light of the codes regulating their ethical behavior as soldiers.

The mutineers--that being the technical term that can be applied to them--did not want President Raul Alfonsin to be deposed. They wanted an end to the prosecution of military men, and they wanted silence in the media concerning the participation by many of them in the "dirty war" and in the torture and disappearance of prisoners, whether political prisoners or not. All things considered, the causes of the mutinies in Cordoba and Campo de Mayo were internal in nature: on the one side, the mutineers were arguing that those accused of violating codes of military ethics and civil and humane laws did so because they were following orders from above. The civilian government, on the other hand, was attempting to ignore the difficult situation and to turn it into a purely political matter: one more coup d'etat inspired by a thirst for power on the part of a few military men. But the fact is that for some time--ever since the law known as "Full Stop" was promulgated to establish a new statute of limitations for crimes committed during the time when subversion was being repressed--those interested in political affairs in our neighboring country had been aware of the agitation in Argentine barracks. That anxiety was shared by the military who had already been indicted (about 500), those against whom serious accusations had been made but who had not yet actually been indicted (about 1,500), and the vast majority of innocent military men, who were split into two groups: those who--we repeat--wanted the dead to bury their own dead and those who wanted /courts of honor/ to decide whether military men against whom so many and such serious charges had been brought could continue as members of the officer corps. The members of the latter group were not upholding the law as much as they were the matter of honor; they were thinking and are still thinking not in legal terms but in terms of military honor.

Those are not theoretical questions in Argentina. They are like red-hot iron branding each and every one. All the more since many of those indicted or under suspicion have invoked and are continuing to use as their excuse the principle of obedience: in combating subversion in the way that they did, they were following orders. By putting things in that light, those involved in the "dirty war" were throwing the blame on the military hierarchy--and that approach may have something to do with the demand by the rebels that 23 of the 30 Army generals be fired. Those generals are suspected by the mutineers of having abandoned their subordinates to what they consider the fury of the media and penalties of civilian law.

Those are the facts requiring reflection so that Alfonsin's victory over the mutineers in Cordoba and Campo de Mayo will not be celebrated as the final victory of democracy. Clearly visible in the news reports concerning these tension-filled days is the fact that the Argentine Army felt itself to be threatened internally--which is why it did not use military force to crush the mutinies. Anyone who remembers the brutal repression (including executions)

of the Peronist-inspired revolt of 1955--following the victory by Lonardi and Rojas over Peron--will understand the deep feelings which must have induced the Army to seek negotiation and led President Alfonsin to take risks and visit the Infantry School in person to ask the mutineers to surrender.

It is with that lacerated Army as its foundation that the civilian government will have to take steps to preserve its power. But when one reflects on this, when one sees that Alfonsin and the leaders of the principal civilian and political organizations have signed a document called the "Pact in Defense of Democracy"--which states that reconciliation will be possible only by "determining levels of responsibility for the behavior and events of the past"--and when one bears in mind that one of the demands by the mutineers--the firing of the Army chief of staff--was achieved by his resignation, there is reason to ask whether the mutiny has not served to strengthen and confirm those who say that the dead should bury their dead.

These facts cannot be viewed outside the broader political context, which includes the presence of a good portion of the CGT [General Confederation of Labor], if not the central leadership of that large organization which has been an important feature of Argentine history since 1943. Minister of Labor Carlos Alderete is a prestigious union leader who was brought into the government to dislodge those in the CGT who opposed the agreements with President Alfonsin. Alderete's ties with the Catholic Church (which is subject to the system of ecclesiastical patronage) are also well known, just as it is also known that the most clear-sighted sector of the business community sides with Alfonsin and supports his plans for economic integration with Brazil.

The end of the mutiny may mean victory for those arguing that in the case of the crimes committed since 1976, those already indicted should be tried and those not indicted should not be punished at all. It remains to be seen whether the theory of "due obedience" (which did not prevail in Nuremberg) will be accepted. If it is, penal and political responsibility for everything that happened after the overthrow of Isabelita Peron will fall upon the heads of the successive military juntas, who have already been arrested and convicted. In that case, we can also be sure that the Army and the CGT are continuing to be the real factors of power in Argentina and that any political project of major scope (as President Alfonsin's is said to be) will necessarily depend on support by the military and by broad sectors of the workers' organization--and now, once again, by the Catholic Church as well.

The Easter victory in Buenos Aires will bring tranquillity only if everyone accepts the idea that the dead must bury their dead. If anyone refuses to do so in the name of imprescriptible moral principles, it is to be feared that there will be new mutinies or perhaps new rebellions.

11798

CSO: 3342/116

APPOINTMENTS OF AREA COMMANDERS REFLECT PLANALTO CONCERN

Brasilia CORREIO BRAZILIENSE in Portuguese 14 Apr 87 p 9

[Article by Natalicio dos Santos]

[Text] The military ministers--who all agree in supporting President Sarney, although they disagree from time to time with the current economic policy--deny the existence of a climate favorable to a military coup, arguing that the Armed Forces are totally dedicated to their professional tasks. A full-body X-ray of the behavior of the ministers and the commanders of the main garrisons shows, however, that there is constant concern at top levels over the reaction by a few segments of the military, particularly those based in Rio de Janeiro and Rio Grande do Sul, those being the headquarters of the principal Army, Navy, and Air Force organizations.

An example of that concern is mirrored in the latest appointments of area commanders by Planalto Palace. The man appointed to head the chief military stronghold (Rio de Janeiro) was General Waldir Eduardo Martins, recently promoted to four-star rank, whereas the normal procedure would be to appoint a senior general. Not only that, but the man placed in charge of the Eastern Military Command [CML] is a senior general, Haroldo Erichsen da Fonseca, who is currently Army secretary for science and technology and who, as a result, has now become garrison commander and the only one who can authorize the use of troops on a large scale.

That double role is seen as a precautionary measure in view of the Eastern Military Command's operational complexity and the fact that its new commander is highly trusted by Minister Ivan Mendes of the National Intelligence Service [SNI]. Until just recently, he was head of the SNI Central Agency. This makes his command one that Planalto Palace can rely on. Erichsen is also a member of the High Command, to which he was appointed by Sarney. In other words, Minister Leonidas Pires Goncalves and the generals in Planalto Palace want to place the chief commands firmly in the hands of military men whom they trust and who have no commitments to the "old barracks connivers associated with coup-minded groups."

Eduardo Martins was made a general by President Geisel, whom he greatly admires. His record shows that he is a disciplined soldier who can be trusted

with difficult missions. Since former President Geisel shares the views of the government of the New Republic, the conclusion is that the civilian government's pattern of command for the CML calls for pushing aside the generals promoted by former President Figueiredo.

The Rio de Janeiro Military Garrison, which historically has been responsible for the major military uprisings, has the greatest firepower in the eastern part of the country. It has the most sophisticated infantry, cavalry, and artillery weapons and a force of over 30,000 men. It has the largest fleet of armored fighting vehicles, field and antiaircraft artillery groups with heavy- and medium-caliber guns, and highly trained troop units whose main elite organization is the Parachute Brigade, whose 5,000 men can go into action within 24 hours under any conditions and anywhere in the national territory.

Reserve

The Army Reserve, which includes the great majority of generals, is the ever-boiling cauldron in major military decisions. Although in the reserve, such important military men as former Presidents Geisel and Joao Figueiredo and former Ministers Walter Pires, Sylvio Frota, and Fernando Belfort Bethlem (Army), Joelmir Araripe Macedo and Delio Jardim de Matos (Air Force), and Maximiano da Silva Fonseca, Geraldo Azevedo Hening, and Alfredo Karam (Navy) are prominent members of the great mass of reserve officers living in the Rio de Janeiro Garrison. Directly or indirectly, they can influence the formation of a coup-minded group for overthrowing the government that took residence in Planalto Palace on 15 March 1985 and removed from power the military men who had dominated the country for 21 years.

Also concentrated in Rio de Janeiro are the principal Navy organizations and the most modern ships, examples being the sophisticated frigates with their great firepower and high speed, the Humaita and Oberon class submarines--also regarded as weapons with excellent combat capability--and a high-quality Marine Corps (about 3,000 men responsible for wartime beach operations).

The Air Force also has its principal organizations concentrated there. It has sophisticated aircraft at Campo dos Afonsos (the supersonic F-5E's and smaller planes at Santa Cruz are on permanent alert). The General Air Command, which is responsible for pushing the buttons that initiate belligerent action, operates in Brasilia under the command of General Cherubim Rosa Filho. As area commander in Rio, the commander of the Third Regional Air Command can start his uprising by breaking the discipline of command. He is an apolitical officer devoted to his profession and one of the new generals promoted by President Sarney on the advice of the current minister, Moreira Lima.

As regards the Navy, the Rio de Janeiro area is part of the Naval Operations Command headed by Admiral Faria Maciel, who was recently appointed to that post. He is an unobtrusive and disciplined officer. He was previously commander of the Brasilia Naval Command and secretary general of the Navy.

The Marine Command and the General Air Command are responsible for the operational readiness of their respective forces in peacetime and wartime.

Both Rosa Filho and Faria Maciel are military leaders devoted to discipline. It is to Sarney that they owe promotion to the posts they hold at this stage in their careers. It was President Sarney who elevated them to the important positions they occupy. Both participated actively in the Movement of 1964 as senior officers and are considered to be inflexible nationalists.

Faria Maciel and all those currently holding four-star rank in the Armed Forces who reached that status between March 1975 and November 1978 belong to the gallery of military leaders promoted by former President Ernesto Geisel, whom they deeply respect.

Power Center No 2

According to military strategists in the three armed services, the greatest center of military strength after the Eastern Military Command (Rio de Janeiro, Espirito Santo, and Minas Gerais) is the Southern Military Command, whose jurisdiction covers the states of Rio Grande do Sul, Santa Catarina, and Parana. The former 3rd Army is commanded by General Edison Boscacci Guedes, a soldier who has served in a number of intelligence organizations--including a stint as chief of the Army Intelligence Center, which he transformed into an Army "SNI" on orders from then Minister Sylvio Frota to point out what the Planalto Palace SNI was not revealing. This was done in obedience to instructions from Geisel, who preferred to pay more attention to political arguments than to professional ones. In that phase, Sylvio Frota provided Geisel with a secret report listing the leftwing politicians in the government and pointing out other instances of the indiscipline and corruption that were devastating his administration. The minister was so insistent that the president take action that he became a handicap to the government and wound up relieved of his post in an episode that almost caused a military uprising.

Boscacci, a native of Rio Grande do Sul with a most refined temperament, is a man of decision who agrees with the hardline element in the Army. Depending on the circumstances of the moment, he is capable of making high-level decisions without consulting his superiors. His command possesses modern weapons such as heavy armored vehicles and coastal, field, and antiaircraft artillery, and its strength totals over 30,000 men. Its cavalry is highly trained and also possesses sophisticated weapons, examples being large-caliber cannon at barracks located along the frontiers. This command is geared mainly to frontier defense and acts as a forward sentinel in a sensitive area which has historically nourished expansionist ambitions across the border.

Boscacci is not given to handing laurels to civilian governments except as a matter of disciplinary obedience. He is a military leader on whom Minister Leonidas Pires Goncalves (also from Rio Grande do Sul) can rely in connection with the extreme decisions that may be made during the 4 years that the Sarney administration will remain in office (if the National Constituent Assembly adopts a 6-year presidential term). If it is true, as some segments of the Armed Forces believe, that the current minister of army cherishes the ambition to enter Planalto Palace in what would be a change of attitude on the part of the military, Boscacci will be a frontline ally. If, that is, an uprising occurs within the next 12 months, since Boscacci will enter the reserve in

1988, that being the year in which he will complete his 12 years as a general--the maximum time that four-star generals are allowed to remain on active duty.

Navy

Navy strength in the Fifth Naval District is at a reasonable level in terms of both equipment and personnel, but it is far below Navy strength in Rio de Janeiro. It would have little influence on decisions calling for the prompt use of troops, since it does not have a frontline force of Marines like that existing in Rio de Janeiro. Vice Admiral Joao Batista Paoliello, the current commander, was promoted at the start of the Figueiredo administration. He supports the policy of the current government, from which he hopes to obtain his fourth star. He is a loyal friend of former Minister Maximiano da Fonseca, who was so in favor of the new political situation when the lights went out on the Figueiredo administration that he was replaced at his own request by Admiral Alfredo Kanan.

Air Force

The strength of the Brazilian Air Force's Fifth Regional Air Command, headquartered in Canoas, is relatively good, with supersonic aircraft based in Santa Cruz and Canoas. They can be used at a moment's notice and under any circumstances. The commander, Major General Fernando Luiz Vercos, is a professional who follows orders and who has profound respect for military regulations. He would never lead an insurrection in his area. His career is guaranteed, and he will soon be promoted to lieutenant general.

Other Support

The Southeastern Military Command (Sao Paulo) has played a historic role in the past, but it is now confined to the actual physical territory of Sao Paulo and hemmed in by the large area it once commanded (Mato Grosso do Sul), now the Western Military Command--which resulted from its dismemberment--on the east by the Eastern Military Command (Rio de Janeiro), Goias, and the Planalto Military Command; and on the south by the Southern Military Command. Its confinement resulted from last year's redistribution of military areas. Its strength totals about 15,000 men trained primarily for internal defense in case of labor strikes that the military and state police are unable to control. Although it has excellent troop units equipped with modern materiel, its restricted area will make it vulnerable if it opposes the goals of its besiegers. Its commander is General Dentice Linhares, who was promoted by his close friend, former President Geisel.

Linhares assumed his command recently, succeeding General Sebastiao Ramos de Castro, who, according to reports, now belongs to a group of generals in the reserve who are plotting a military coup against the Sarney administration. This is his first command as a four-star general. He has an explosive temper, but he supports professionalism in the Armed Forces. In the last election, he voted for PDS [Social Democratic Party] and PFL [Liberal Front Party] candidates. His military support will be important as soon as he is in a

position to control supplies of weapons and provisions for the rest of the country. As an ally, he will play an important role in military strategy if there is fighting.

Third Center of Power

In terms of military strategy in the national context, the Planalto Military Command (Army) and the 6th Regional Air Command (FAB [Brazilian Air Force]) in the Center-West Region are important military organizations for the protection of the three branches of government located in Brasilia. The Army is setting up new anti-aircraft artillery units and procuring tanks. It controls the most firepower on the Central Plateau.

Its local units (about 10,000 men) are highly trained, and an average of 70 percent of its troops are recruited within the area itself. If it were not supported by the FAB, whose agile Air Defense Wing in Anapolis (F-5E's and Mirage interceptor aircraft) is on permanent alert, a march on Planalto Palace would easily be intercepted. The supersonic F-5's based in Rio de Janeiro can arrive in minutes--long before ground troops even come within sight of Three Powers Plaza. Tanks travel at 60 kilometers an hour. It would take the more nimble infantry troops at least 15 minutes to reach secure assault positions. That FAB strategy (as the air arm) holds true for any area where military units are harmoniously concentrated. The Navy has a little over 5,000 Marines for carrying out an uprising in Brasilia, but nothing more. In a confrontation with military units from the South, East, and Southeast, the capital of the New Republic, like Sao Paulo, might be subjected to concentrated siege fire through Minas Gerais, which falls within the jurisdiction of the Eastern Military Command with its excellent infantry and artillery troops. An anti-aircraft artillery unit with enviable firepower acquired under Minister Leonidas Pires was recently activated in Sete Lagoas.

The Northeastern Military Command, whose weapons are considered obsolete as far as practical usefulness in combat is concerned (only now is it starting to receive new domestically produced tanks), does not represent much in the way of a fire barrier in any kind of fighting except urban guerrilla warfare, against which it would deploy its local "native"--but courageous--infantry. The distances between units in the vast northeastern desert make it very difficult to advance. The artillery in the major capitals of the Northeast is suitable mainly for defending the ports and training troops. But those "barefoot troops" should not be underestimated. They are courageous, and when they make up their minds, the result is an explosion. With its air wings in the main state capitals, the FAB can be a deterrent. The Navy, with installations in Recife and Bahia, has a reasonable level of resources--at least enough to meet local needs and security needs in the Atlantic area. Unlike Rio de Janeiro, the Northeast does not have modern frigates, powerful submarines, or a complete force of Marines.

Rivalry

In short, the ground forces, as the basic branch of service, are always the arbiter in decisions for or against governments, although today, with a

modernized FAB operating a civilian and military air traffic control system, with supersonic aircraft based at strategic points around the country, and with military garrisons (the Air Force Infantry) in the airports, it can be said that in an atmosphere of disagreement (let us say with the Army), the prompt use of aircraft to attack the barracks would be fatal to the Army of Caxias--or at least would complicate the Army's actions tremendously. With reference to action by the FAB, Lott used to say: "It takes off but doesn't land." That was in the days of propeller-driven combat planes.

The FAB represents indispensable support for the Army and Navy. Without it, how will we transport troops to strategic positions? A surprise bombing raid on the barracks (surprise being a crucial factor) would cause the troops to panic before they could even load their guns. An attack on ammunition dumps and food and fuel supply dumps would break up any uprising that had been planned without support. If the Navy set sail in support of the ground forces, for example, and took belligerent action against a city such as Rio de Janeiro with the sparse resources currently at its disposal, it would cause only partial damage to begin with. Its resistance in close combat would not last more than 6 hours. Intermittent bombing by the FAB, which now has tanker planes for in-flight refueling (and is thus able to keep up the attack for long periods), would wipe out the Navy's few warships in a matter of minutes.

"Nothing can be done without the FAB, and it is sad to carry out a revolution without the Navy." That was how one four-star Army general put it in his analysis of a clash among the individual services in an internal struggle for power. He points out that there is no genuine leadership in the Armed Forces at the moment and that the Armed Forces are not concerning themselves with the source of power. "The interests of the Armed Forces are professional in nature. They desire only to improve their technical resources so as to better fulfill their role, which is that of defending national sovereignty and law and order. We are going to exorcise the catastrophe syndrome." Those words were spoken recently by Minister Leonidas Pires Goncalves.

Presence

The paramount mission of the Amazon Military Command [CMA], which has its own characteristics, is to defend the country's extensive boundary line, support government action in the area when called upon to do so, and combat smuggling in the gold and diamond fields. It has never had any ideas about taking power, and a military insurrection in the region has no justification. With its scant military resources and small military force of only 10,000 men, it would never reach the Plateau.

The Western Military Command, recently created out of parts of the Sao Paulo military jurisdiction and the Amazon Military Command, has the same mission as the CMA but is also a military organization in the the process of formation. Its presence is important as a persuasive element in the land conflicts existing in the region.

11798

CSO: 3342/116

MEMBERS OF CIVIL POLICE JOIN RIO GRANDE DO SUL STRIKE

Sao Paulo GAZETA MERCANTIL in Portuguese 16 Apr 87 p 9

[Article by Inacio Barbosa Soares]

[Text] Porto Alegre--About 4,500 clerks, inspectors, investigators, mechanics and experts of the Rio Grande do Sul Civil Police went on strike throughout the state yesterday. They brought routine services in the institution's police stations and other departments to a complete halt, thus enlarging even further the strike movement by state employees which began on Wednesday of last week and which was joined on Friday by teachers in the public primary and middle schools. The talks that were resumed the day before yesterday and continued yesterday by a committee of four state secretaries and the state attorney general have been broken off by representatives of the approximately 90,000 teachers. They are not scheduled to resume until next Wednesday, at which time all state employees will be represented.

Although Pedro Simon, the state governor, said yesterday that he would stretch his "tolerance" to its "limit" before taking any stand against the strikers, the secretary of human resources and administrative modernization, Jose Francisco Sanchotene Felice, has already asked all the other secretaries to provide him with a complete report of absences by their employees, because the government "is not going to pay people who are not working."

Secretary of Education Bernardo Olavo de Souza yesterday ordered all of his secretariat's regional deputies to fire all principals who do not keep their schools open for students and teachers who want to work. And before yesterday was over, one principal (Souza was unable to say who or where) had been fired for closing his school.

In the Civil Police organization, Secretary of Public Security Waldir Walter was allowing his police chiefs (about 400 throughout the state) to carry out only routine tasks yesterday. A source at Police Headquarters said that such important agencies as the Traffic Department (DETRAN) and the Institutes of Criminalistics and Identification were handling only emergency situations yesterday. The same was true in Porto Alegre's 16 police stations and in most police stations in the interior. Civil Police officers want their hazardous duty pay increased from 25 percent to 35 percent of their base pay, they want

a 5-percent increase in pay every 3 years instead of every 5 years, and they want a retroactive pay adjustment equal to the two "triggers" that took effect for all other workers this year.

As he has always reiterated, Governor Simon has said that the state is not in a position to meet the demands of the government employees. In his office late yesterday afternoon, Simon met simultaneously with the southern military commander, General Edison Boscacci Guedes, and Minister of Justice Paulo Brossard.

11798

CSO: 3342/116

BRIEFS

DISSIDENT PARA INTELLIGENCE CENTER INSTALLED--Officers linked to the SNI [National Service for Intelligence] and former intelligence members have established in Sao Paulo the first mechanism of political dissidence. They have opened a center from where they are coordinating political espionage operations in the Ipiranga neighborhood of Sao Paulo. These operations range from sending agents to economy conferences and open party meetings, to telephone bugging. Institutionally, the SNI has nothing to do with this para-DOI [Department of Domestic Operations] which has sprung from renewed connections between some Sao Paulo businessmen and reserve officers who were intelligence members under the past regime. Meanwhile, all work is centered on gathering information. As always happens in these cases, the government information organizations are unable to discover enough information to punish those who undertake illegal practices. After all, the SNI has still not found out who planted the bomb in the Riocentro Shopping Mall in 1981, or who ordered the murder of journalist Alexandre von Baumgarten in 1982. [From the "Radar" page] [Text] [Sao Paulo VEJA in Portuguese 3 Jun 87 p 45 PY] /9738

AERONAUTICS ENTERPRISES INCREASE EXPORTS--Paris--EMBRAER [Brazilian Aeronautics Enterprise] will this year achieve gross sales of \$620 million, "practically doubling the volume of its exports to \$430 million," EMBRAER President Ozilio Carlos da Silva announced yesterday, the opening date of the 27th Aeronautics and Space Exhibit in Le Bourget. AVIBRAS Airspace, which also participates in this international fair, expects to do even better: contracts for the purchase of its rocket saturation [foguetes de saturacao] system Astros II have reached the \$1 billion mark since it went into production in 1982. Although the company's representatives in Paris have made no comment, Brazilian Government sources confirmed that products accounting for at least half that sum have already been delivered to four Persian Gulf customers, two of which are Iraq and Saudi Arabia. [Article by special correspondent Roberto Godoy] [Excerpt] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Jun 87 p 2 PY] /9738

ARMY TO ACQUIRE HELICOPTERS--Over a 4-year period, the Army intends to buy 52 helicopters with which to equip the recently created Army Aviation, the first unit of which will be headquartered in the municipality of Taubate, 128 kilometers northeast of Sao Paulo. International bids for this purchase should be issued in 30 days. [Summary] [Sao Paulo FOLHA DE SAO PAULO in Portuguese 12 Jun 87 p A5 PY] /9738

VEHICLES SOLD TO PRC--The General Motors Company yesterday shipped 844 vehicles bought by the PRC Government under a \$5.5 million contract. Spare parts and installation of a shop in that country are included in the shipment which comprises 710 Monza model cars, 125 Opala model cars, 7 pickup trucks, and 2 trucks. [Summary] [Rio de Janeiro O GLOBO in Portuguese 9 Jun 87 p 18 PY] /9738

FUEL PRICES INCREASE--Fuel prices have gone up again by an average of 24.90 percent. As of today the new prices in cruzados are: gasoline 22.80, diesel oil 9.25, cooking gas 115, kerosene 9.40 while a liter of alcohol costs 14.90 cruzados. [Summary] [Brazilian Radio Nacional da Amazonia Network in Portuguese 1000 GMT 9 Jun 87 PY] /9738

FIAT SUSPENDS INVESTMENT--Fiat Automobile, Inc director-superintendent Silvano Valentino announced yesterday, after a meeting with Finance Minister Luiz Carlos Bresser Pereira, that because of Brazil's uncertain economic situation his company has decided to suspend its investments of about \$300 million, which had been planned for 1987-88. Valentino also reported that slow car sales and an unbalanced cost-price relationship caused losses of \$18 million for the company in the 1st quarter of 1986, and that in July manufacturing activities will be suspended for 10 days. [Summary] [Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Jun 87 p A21 PY] /9738

CSO: 3342/144

DEMONSTRATIONS AGAINST HUNGER, UNEMPLOYMENT REPORTED

Santiago ANALISIS in Spanish 8-14 Jun 87 pp 14-16

[Article by Juanita Rojas]

[Text] "Hungry, hungry, hungry, the people are hungry!" was the chant that echoed throughout downtown Santiago on Thursday 4 June. It was repeated by thousands of poor people, students, workers, and housewives. The mass rally convened by the Unified Poor People's Command (CUP) was staged to protest the price increases and the poverty that are being felt by an ever broader spectrum of the population, within the framework of the appeal by the Assembly of Civility (AC) to dedicate the month of June to the promotion of a "Decent Living." It appears that decency had the upper hand at the street demonstration.

The actions of the Assembly of Civility got in gear in April of this year, when the CONEDUC (the AC's organization for the defense of education and culture) carried out a series of mobilizations aimed at denouncing the tragic plight of this sector. The month of May, which was dedicated to the workers, was characterized by internal actions in the trade union organizations; except for the Cariola event commemorating 1 May (which was also carried out behind closed doors), there was no evidence of any major mobilization. According to the monthly work plan, however, June was primarily the responsibility of the poor and the women, and the "change in command" was obvious.

Slow but Steady Progress

The fact is, although the large turn-out for the 4 June Hunger March surprised many who argued that the time for the people to take to the streets had already passed, most observers could see this coming. Since late May the students had been holding some demonstrations to protest the precarious situation of the universities. After the results of the fiscal credit allocation were made public, the controversy became more heated, and the students from the various provincial campuses of Catholic University came to Santiago to demand a solution to their problems. After nearly 2 days of occupying the main headquarters of that center of higher learning, the students managed to obtain a positive response to most of their demands. At the rally held by the Confederation of Chilean Students for the country's university students to express their discontent with the economic situation

last 28 May, it was clear that things were not the same as they had been in April. Numerous events, forums, talks, and street demonstrations were held that day, and the art students took over their school for over 24 hours, demanding a larger budget and the reinstatement of the extension facilities.

Although June started out with a strike, it was not exactly staged by the workers. On Monday of last week, many Santiago residents were surprised when they tried to go to work and discovered that there was no mass transit. The microbus owners had decided to pressure the authorities and stop operating their vehicles for a few hours. Despite the evident disruption of the population's activity by the strike, the mass transit operators were not punished, and the authorities held an emergency meeting with the leaders of the transit owners' association.

On Wednesday the 3rd, the poor people headed for the Economy Ministry, intending to deliver a letter demanding that the economic officials take steps to attenuate the effects of the spate of price increases for basic necessities. "The price hikes for basic foodstuffs and services in the last few months have further exacerbated the hunger and poverty that are raging out of control in our neighborhoods," stated the letter. The document demanded that prices be frozen for a number of foods and services, including bread, sugar, potatoes, pasta, fish, electricity, paraffin, mass transit, and water. Attached to the letter was a list of the goods which the group considers to be the family basket, and the amounts and prices corresponding to a typical family of 4.5 persons.

The leaders of the CUP were not received by the economy minister, as was expected. They immediately went to the Capuchinos annex, and they accompanied the journalists on their march to support their jailed colleagues (see story).

Anti-Hunger Day

The first indication of what Thursday the 4th would be like came very early. The students belonging to the Santiago Federation of Secondary Students (FESES) made a lightning strike and took over the Liceo Amunategui at 0800 hours, and even after the Carabineros arrived, no arrests were made. In less than 15 minutes, the youths carried out their protest over the prolonged detention of student Marcelo Pino. The young man was arrested on 1 May after the Cariola event, and he faces charges of abusing Carabineros.

Later in the morning, the soup kitchens, which are open to anyone who wants to participate, began operating. In the outlying neighborhoods, it was possible to discern a greater than usual presence of Carabineros by that time. Soldiers reappeared at various points, arms at the ready.

At the School of Philosophy and Humanities, nearly 200 students peacefully occupied the dean's office, protesting the budget cut and the measly fiscal credit allocated to the students in this academic unit. From noon until after 1400 hours, the students met with the dean to express their demands, and he agreed to seek solutions. At the Andres Bello Campus, meanwhile, the architecture and geography students set up a soup kitchen to deal with the lack of food subsidies.

And in case any doubts remained about how effective hunger is in spurring people to action, the answer came after 1800 hours in downtown Santiago. Numerous groups circulated around the main arteries of the downtown area, under the watchful eye of the strong police contingent on duty in that sector. The first shouting and leaflet distribution began at the corner of Alameda and San Martin, and it was there that the first arrests came also. At the same time, a parade began at Miraflores and Alameda, in which many poor people and university students tried to get as far as Ahumada. At that pedestrian mall, despite the huge number of Carabineros, a march soon began; the participants stretched the width and length of the 2-block promenade. Hunger, unemployment, the price hikes, and air pollution were all the subject of chants. Within a few seconds, the corner of Moneda and Ahumada lit up with a gigantic bonfire consisting of the garbage that groups of young people had scattered there. The police action was not long in coming. "Guanacos" [water-cannon trucks] and "skunks" [patrol units] came on the scene, but only to divert the demonstrators to the side streets. The same thing happened at various points along Alameda, from Miraflores to San Martin, and on Huerfanos and Estado.

The skirmishes lasted several hours. Many demonstrators, their clothing drenched by the water cannons, refused to give up and continued to protest. Perhaps that was the principal characteristic of the march convened by the CUP. On more than one occasion, people resisted arrest and demonstrators who were being carried to the police buses were pulled out of the Carabineros' grasp by bystanders. On Calle Estado, groups of youths moved parked cars across the artery to prevent the "guanaco" from going through.

In general, people commented that the huge turn-out for the protest was undeniable, and more than one journalist acknowledged that it was also unexpected. At around 2100 hours, downtown Santiago looked a bit damp after its hosing down--the "guanacos" even turned their powerful streams of water on the windows of nearby buildings--and the air was thick with tear gas. But the demonstrators refused to leave, and they kept setting bonfires at the corners of Estado and Agustinas and Huerfanos and Ahumada. The crackling gunfire from the Carabineros' pellet guns reverberated among the downtown skyscrapers, and many faces of arrested protesters could be seen peering out of the police buses. After 2200 hours, calm gradually returned.

30 Days in June

As CUP leader Jose Hidalgo explained to ANALISIS, the street demonstration is just one of the actions that the poor will carry out this month. "On the 11th we will deliver petitions to 10 municipalities and 2 ministries simultaneously. Then we will continue the democratization process in the communities, demanding that the municipal governments and appointed Neighborhood Boards step down and make way for democracy, so that the leaders will be representative of the residents' interests," explained Hidalgo. Since recreation is also part of a decent life for all human beings, the CUP organized a sports competition that will culminate on the 29th of this month. The winner will be awarded the Patricio Juica Cup, in homage to the resident who died during the take-over of Conchali during the Pope's visit. The month

will end with an event during which the International Year of Housing for the Homeless will be officially launched.

A gray-haired woman who lives in one of the low-income neighborhoods and who was shouting "Nothing but bread, nothing but tea!" on Calle Estado commented, "Who says the people don't want to protest? It seems that there are some who don't want to rally them, but that's another matter."

8926

CSO: 3348/379

INABILITY OF POOR TO AFFORD NECESSITIES NOTED

Nutritional Problem Described

Santiago CAUCE in Spanish 22-28 Jun 87 p 19

[Article by Javiera Jimenez]

[Text] Poverty in Chile, which affects not only the lower-income sectors but also the middle class, is a fact which cannot be concealed by government rhetoric. Cooking oil is sold in minute quantities, sugar in 1/8-kilo portions; clothing is bought used, bread day-old, and milk by the half-liter. And on every corner one comes across a child begging or sleeping on the metro grates to keep warm; or a young girl soliciting; or a singer on the microbus; or a worker cadging 10 pesos so he can get home. The anguish of the middle class is mute. Many work to pay their bills and to survive; they buy on credit if they can, and often a meal consists of a cup of tea and a piece of bread with something.

In other words, large numbers of Chileans are going hungry today, and we have reached the point of what is known as an Insecure Diet.

The official rhetoric continues, however. Agriculture Minister Jorge Prado, when asked about this situation, stated that it was not true that Chileans are eating less. What is happening, he said, is that habits have changed, and the consumption of meat, chicken, eggs, milk, and their byproducts has sharply increased.

280 Pesos per Day

The organized poor have contended that they cannot live (those who have work) on salaries of 8,400 pesos per month. Thus, they delivered their demands, which include one that insists that the government respond.

Their minimum daily expenses translate into a kilo of bread, 1/4 kilo of sugar, five tea bags, a liter of paraffin, and two microbus tickets, which adds up to 350 pesos per day. In the best of cases, they earn just 280 pesos. This does not count electricity, water, housing, milk, meat, eggs, fruit, or vegetables. Nor does it include health or education.

Without a doubt, the intense cold that has gripped several regions of the country is aggravating the misery; the hardest hit are those who do not even have any heat.

We do not believe the regime's electoral plan, which does not fool us for a minute, said the poor people, who reiterated their commitment to fighting for their rights.

Risk to Diet

A study by economist Gonzalo Martner of the Agrarian Research Group (GIA), reveals that between 1974 and 1986 the government managed to drive down the consumption of food by the population. The calorie intake fell by 19.8 percent, using eight food groups as a sample.

During the same period, protein consumption fell by 22.5 percent. This confirms, says Martner, the deterioration of the country's food situation. In addition, the official statistics on food imports, exports, and production back up this assertion.

The United Nations Food and Agriculture Organization (FAO) and the World Health Organization (WHO) agree that every human being should consume a daily minimum of 2,318 calories.

"In the case of Chile," says Martner, "the 1985 and 1986 levels are below these internationally recognized minimums. Thus, the average calorie intake was 2,240 in 1985 and 2,165 in 1986."

The conclusion is clear: "Chileans consume less than they used to, and this is the cause of the hunger that exists among more than just the extremely poor." According to this researcher, around 60 percent of households do not have enough income to buy a basic basket for an adequate diet.

[Question] Can this be called a food crisis?

[Answer] Of course, but it is not because of a shortage of food, but rather due to the lack of buying power. You can find food in the warehouses and supermarkets; anyone who can afford food can buy it. But the fact is, more than half of Chilean households cannot afford it.

[Question] But the agriculture minister said we are eating more meat, milk, eggs, and chicken.

[Answer] I think this issue is serious enough to warrant a public debate, and sure, to establish what is really going on. We are willing, as researchers, to reveal our methodology, our figures." Martner was adamant in asserting that public officials have a duty to provide an explanation to Chileans of what is happening. "And if they have other figures, let them show them. Because a country's hunger is not something to play games with, and denials or groundless assertions will not do."

Increasing Prices Blamed

Santiago CAUCE in Spanish 22-28 Jun 87 pp 20-21

[Article by J. Jimenez]

[Text] Economist Apolonia Ramirez, author of the book "Chipping In to Deal with Hunger," revealed the significance of solidarity in several low-income neighborhoods of Santiago, where hunger has been somehow mitigated by working together.

Some of the conclusions she has drawn from her research indicate that of the 36 families surveyed in the eastern part of the capital, none was able to fulfill the FAO's calorie recommendations for adults.

Nearly 45 percent of the families were taking in about 1,300 calories each, and 25 percent consumed less than 1,000 per day. The survey also revealed that some families have no lunch at all; others have no breakfast; dinner has almost disappeared, and if there is any, it consists of tea and bread, alone or with margarine when things are going better. The children do not drink milk.

These families are behind on their basic electricity and water bills; most of them have had to replace gas with a cheaper fuel; more than a third of those interviewed have other relatives (close ones) living with them; and unemployment (whether temporary or permanent) and underemployment affect both parents and working-age children.

The solution to this serious plight has come from "Chipping In," in which people resort to "dato" [sharing inside information on food supplies] and free freight, and those who are able contribute their share to make ends meet and fulfill basic dietary needs. A minimum basic basket is purchased, taking advantage of seasonally available goods.

This is a solution of solidarity that undoubtedly helps many escape hunger. "Some families confessed that their lunch consisted of onion salad alone." Others said that a "casserole" for them was simply a couple of "meaty" bones. And bread, the "vedette" of the Chilean diet, is consumed by just 27 percent of the families during the week; the figure rises to 30.5 percent on Sundays.

Through these snatches of reality extracted from A. Ramirez' research, we can see the magnitude of the results of another study. This one was conducted by the economists of the Administration Department at the "U," Nassir and Reinaldo Sapag Chain.

Cost of Services

The Sapag brothers focused their study on what has happened to nine basic services and public utilities. They concluded that between January and May, these costs rose an average of 9.6 percent. Drinking water went up 10.72 percent; paraffin, 19.65 percent; piped gas, 7.04 percent; liquefied gas, 14.72 percent; electricity, 8.4 percent; gasoline, 13.6 percent; metro fares,

28.5 percent; railroad fares, 33.3 percent; and telephone service, 8.49 percent.

If the weight of these products in the Consumer Price Index (CPI) basket is calculated, the result is that these nine products alone rose by an average of 31 percent over the total increase of 9.6 percent for the overall CPI.

And there is no doubt that many of these services are shut off if bills are not paid, so middle class families are in an even tighter bind because these rate increases take a bigger bite out of their food budget.

According to the Sapag Chains, since January 1979 these nine products have gone up by 803 percent, while the CPI rose by only 593 percent.

Piped gas	1,034%
Paraffin	755%
Liquefied gas	867%
Electricity	904%
Gasoline	723%
Drinking water	899%
Railroad fares	360%
Metro fares	1,076%
Telephone	575%

"There is no doubt," conclude the University of Chile economists, "that the increase in the prices of some products, and in particular the boost in metro fares between December 1979 and May 1987 (1,076 percent) has necessarily affected a great portion of the working population, whose wages have not kept pace with the changes in the CPI during this period."

And in this context, the electoral campaign to keep Gen Pinochet in office is moving full steam ahead. Agriculture Minister Jorge Prado called upon ranchers, farmers, and agricultural exporters to close ranks and rally around the Armed Forces, and especially around the chief of state himself, Gen Augusto Pinochet.

Prado, who thinks Chileans today are eating more and better than before, contends that "the government has been successful, and has put the nation on the road to progress so that it will become a developed country by the 21st century." Therefore, "neither campaigns nor mediations are necessary; we need only enforce the law." That is his idea of full democracy.

The above is part of the official propaganda for projecting the regime. And this is why the director of the Economic Labor Program (Academy of Christian Humanism), Humberto Vega, wonders what the regime really wants to project.

"Especially if the overall results are negative, considering the official statistics. . . Average unemployment is three times higher than it was during democratic eras. The national per capita income has fallen to the levels recorded in 1965-66."

Vega recalls that at the end of the Popular Unity government, only 8 percent of Chileans were classified in the extreme poverty category; today that category includes 32 percent of the population.

[Question] How have people managed to survive?

[Answer] The poorest groups have been able to defend their standard of living and the very lives of themselves and their families by organizing. The help of the Catholic Church and the Chilean people's tradition of solidarity have contributed to the formation of Popular Economic Organizations, housing committees, soup kitchens, chipping in, workshops, and so on. As a result, they have been able to survive, in spite of the government.

Vega believes that hope lies in the organization of the poorest people.

[Question] Despite everything, some things are irreversible: hunger, health, housing--if they are not taken care of, there is permanent damage. . .

[Answer] No doubt there is damage, and this legacy will be everyone's responsibility. Because children who suffered from malnutrition between birth and 2 years of age will be damaged for life; those who have not been educated will have fewer opportunities . . . deformed lives and lost opportunities cannot be corrected.

The economist says that the social damage to the construction of future democracy implies the application of social justice.

[Question] And what has happened to the middle class?

[Answer] It has been hit very hard, because the psychological damage caused by its declining standard of living is greater than in the poorer sectors. That is very painful.

[Question] Have they organized as the poor have?

[Answer] No, a significant group is not organizing, and is defenseless against the punishment inflicted on it by the regime. Its solidarity is very weak, although there is considerable unity in basic and mid-level education schools.

Many Chileans have yet to learn the lesson of solidarity for survival, concludes Vega.

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VICARIATE OF SOLIDARITY UNDER INVESTIGATION

Finances, Terrorist Links Scrutinized

Santiago LA TERCERA DE LA HORA in Spanish 26 May 87 p 11

[Text] "We are operating on the firm assumption that some professionals at the Vicariate have participated in the cover-up of terrorist activities," stated Prosecutor Fernando Torres when asked about the investigation into the books and bank accounts of that entity. The Vicariate of Solidarity publicly denounced the investigation.

The Vicariate, an office of the Archbishopric, issued a communique on Wednesday of last week stating that "Prosecutor Fernando Torres has requested detailed information from certain banking institutions regarding the movement of checking accounts, time deposits, and other financial instruments belonging to the Archbishopric of Santiago-Vicariate of Solidarity."

"This request by the military prosecutor," adds the statement, "is not only manifestly illegal, but is also one more indication of the excesses he has committed in his investigation. This investigation should be limited to the matters that gave rise to the prosecution, but in fact has been extended, in our view abusively, to the point that it is a veritable fishing expedition into all the activities of the Vicariate of Solidarity."

Prosecutor Torres

The magistrate of the military court, when asked about this matter, stated that "information is being requested regarding the funds placed in the Vicariate's account. I need these reports," he emphasized, "because some people at the Vicariate have been implicated in the case."

"We are operating on the firm assumption that some professionals at the Vicariate have concealed terrorist acts," stressed Prosecutor Fernando Torres Silva.

"When I say financing," explained Torres, "I am referring to the logistical aid, because those implicated in the case were provided with money in addition to medical care."

The ad hoc military prosecutor, Fernando Torres Silva, is handling both the prosecution of the case involving the assassination attempt against President Pinochet and the smuggling of weapons, and the substantiation of the case involving the assault on the Lautaro bakery. In the latter case, Carabinero Miguel Vasquez Tobar was killed on 28 April 1986. One of the extremists implicated in the murder, Hugo Gomez Pena, was wounded in the action and received medical care from professionals at the Vicariate of Solidarity. The military judge is currently investigating that situation.

Fernando Torres Silva, who indicated that he is "not investigating the Vicariate of Solidarity or the Archbishopric as such, because the criminal charges are against individuals, pointed out that the people in question are professionals linked with the Vicariate, such as Attorney Gustavo Villalobos and Dr Ramiro Olivares, among others.

Church, Vicariate Leaders React

Santiago EL MERCURIO in Spanish 27 May 87 p C5

[Text] The cardinal archbishop of Santiago, Msgr Juan Francisco Fresno, stated last night that he respects the efforts of Prosecutor Fernando Torres, but he also asked for respect for the work of the Vicariate of Solidarity. At the same time, he urged people not to misinterpret its activities.

The prelate dealt with this matter when asked about the military prosecutor's request to two banks to furnish information on the funds of the ecclesiastical entity, as part of the prosecution of two Vicariate officials.

"I think sufficient information has already been provided in this regard. He has indicated that he is trying to do his legal duty," indicated the prelate. "I respect that, but at the same time, I ask that we be respected as well, and that no one misinterpret the service that is rendered by the Vicariate. This is a humanitarian service, taking in all those who are truly in need and are seeking our help."

"We have no other intention than that," he emphasized.

Previously, the auxiliary bishop of Santiago, Msgr Sergio Valech, had expressed surprise that morning at Prosecutor Fernando Torres' request to the banks for the purpose of investigating the funds of the Vicariate of Solidarity.

The magistrate confirmed the day before yesterday that he had officially requested that several banks furnish certain background information regarding funds deposited in the accounts of that ecclesiastical entity. He explained that he had done this "because there are some professionals at the Vicariate who face charges of concealing terrorist activities, and terrorism cannot exist without financing."

When asked about the matter, Msgr Valech replied that the banks have not turned over this information, and that "I was surprised by Prosecutor Fernando

Torres' request. I think the response the banks have given is in keeping with the legal provisions regarding bank secrecy."

He indicated that if the banking institutions had acted otherwise, "I think there would have been serious concern in financial circles."

He emphasized that "the prosecutor is investigating officials of the Vicariate for what happened on 13 May 1986 in connection with an assault on a bakery in which, unfortunately, a Carabinero was killed."

He stressed that the Vicariate has at all times made it clear that it has cooperated and will continue to cooperate in this matter, because that is the process in question.

Vicariate's Statement

Meanwhile, the Vicariate of Solidarity yesterday issued a public statement on the matter, which reads as follows:

"In response to repeated inquiries about what was reported on Monday the 25th by the ad hoc military prosecutor, Fernando Torres Silva, and in order to avoid confusion in public opinion, the Vicariate of Solidarity of the Archbishopric of Santiago states the following:

"The ad hoc military prosecutor has informed the press:

"1. That he is investigating officials of the Vicariate of Solidarity, some of whom are being prosecuted by him and some not.

"2. That he has requested bank reports on some of the officials of the Vicariate, and that this is justified because they allegedly lent 'not only economic assistance, but also medical aid,' which requires financing.

"3. That the investigation is not aimed at the Vicariate, but at individuals, since it is individuals who must answer to criminal charges. Moreover, in some organs of the press, it is said that the officials of the Vicariate are being prosecuted 'in the case involving the assassination attempt against the president of the republic.'

"In this regard, the following clarifications must be made:

"A) It is absolutely illegal for the military prosecutor to demand information from the banks on financial transactions by the Vicariate of Solidarity. Article 20 of the Law on Banks and Article 1 of the Law on Checks are sufficiently clear on this matter, and they admit of no other interpretation.

"B) It is not true that the prosecutor is not investigating the Vicariate. The public is aware of several of his actions demanding information related to the Vicariate, which go well beyond the prosecution in question. He has even attempted to gain access to that information which is protected, legally and morally, by professional secrecy. Now, the information requested from the

Labor Bank and the Development Bank refers to the checking accounts, time deposits, and any other financial instrument belonging to the 'Archbishopric of Santiago, Vicariate of Solidarity.'

"C) Neither the Vicariate of Solidarity nor any of its officials have lent economic assistance or aid of any type to terrorists. In the case to which Prosecutor Torres is apparently referring, humanitarian assistance in kind, valued at 5,000 pesos, was given to an injured person, without knowing of his conduct at all. There was no secrecy or abuse involved in the act. Everything was done completely in the open, and what was done by the officials was not only known to the institutional management, but was publicly reported from the beginning of the process.

"D) The officials of the Vicariate are not being prosecuted for the attempted assassination of the president of the republic; to report that is a serious error.

"Santiago, 26 May 1987."

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FOREIGN INVESTMENT CAPITAL TO BE ENCOURAGED

Santiago EL MERCURIO in Spanish 21 May 87 pp B1, B14

[Text] Financial specialists described the bill aimed at creating "foreign capital investment funds" as an "excellent" idea that will enable Chile "to reduce its foreign debt and attract resources for its development."

The executive director of Bice Chileconsult, Jorge Errazuriz, commented that the investment portfolios in the United States have been diversifying in search of "higher-risk" projects in which to invest 5 to 10 percent of the total portfolio. Chile is considered a high-risk investment because of its economic and political situation.

"Without a mechanism such as the one called for in the bill, it is very difficult for an individual or institutional investor to invest in Chile, given the number of pesos required."

He indicated that today there is no middleman to channel investments toward a risk market other than the U.S. market, but this bill will fill that vacuum.

He added that at this time, "the foreign investment market in Chile is for specialists or for firms that have a long multinational history, but not for the private or institutional investor."

Errazuriz emphasized that the mechanism will help inform people what investing in Chile is all about, but he cautioned, "I do not believe the amounts that will be attracted at first will be terribly high. This is because of the relatively small size of the local capital market. It is an initiative that has long-term prospects."

The securities agents or stockbrokers are in the best position to create these new middleman institutions, indicated Errazuriz, and their task will be to analyze opportunities and to serve as managers and middlemen.

In his opinion, investment will be channeled primarily toward known projects, especially in the export sector. He added, "I do not believe the role of these funds will be, in the first phase, to finance new projects."

Transamerica

The general manager of the securities firm Transamerica Agente de Valores, Hipolito Lagos, stated that there are people interested in investing in Chile, and foreign banks are particularly interested also in capitalizing the debt.

Lagos stressed that "interest is growing, and there are specific orders to develop new projects in different sectors," a conclusion drawn from the contacts made by officials from his firm with investors from New Zealand and Europe on a recent trip.

So far, foreign investment has been oriented toward participating in existing firms. With the normalization of several of the largest companies in the country, however, that route "is a bit over-traveled," and new investment opportunities are being sought, especially those linked to exports, he emphasized.

Lagos indicated that investors are very interested in the economic management of Chile, and added that "there are few places to invest" in the world.

He commented that Transamerica, which is a subsidiary of the international firm Transafrica, headquartered in Spain, would be willing to form this type of fund. Contacts with foreign banks have already been made for this purpose. "The idea of forming a portfolio in conjunction with banks is attractive to us, and could have a lot of repercussions."

In Lagos' view, converting the foreign debt into capital is a good thing for the country, because it boosts exports, provides employment, and lends the economy more stability. In addition, it reduces the total volume of commitments abroad, which means lower interest payments.

Lagos went on to say that the creation of these funds to channel foreign investment stems in large measure from the experience with promissory notes on the foreign debt. This system has aroused the interest of several Latin American countries, which are now implementing the mechanism. Venezuela, Mexico, and Ecuador are doing so, while others, such as Argentina, Brazil, and Peru, have studies well underway to put the idea into practice. Peru recently formed a commission to establish the mechanism.

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COLOMBIA

MILITARY OFFICERS CRITICAL OF ANTISUBVERSION EFFORTS

Civilian, Military Roles Reviewed

Bogota EL TIEMPO in Spanish 24 May 87 pp 1A, 6A

[Interview with General Luis Carlos Camacho Leyva by Patricia Lara; date and place not given]

[Excerpts] "They taught me to command. I exercised power to the full when I had it. So I don't have any nostalgia about that now. I'm not in charge at home. My daughters are the ones who run things. But I do have a small farm where I order the farm manager around," says General Luis Carlos Camacho Leyva, laughing. He is an attorney, an intelligent man, 64 years old. Once he was the most powerful and most dreaded man in the Turbay government, and now he is on the sidelines in retirement.

This general, whose pasta consumption drew a good deal of attention when he was Belisario's ambassador to Italy, is, against all expectations, a likeable man with a pleasant temperament and a good sense of humor. But he does stick to his opinions; he says that he liked President Turbay's resolution of the takeover of the Dominican Embassy by the M-19, but that "the Palace of Justice outcome was deserved." He did say that when, as minister of defense in Turbay's government, he learned that the M-19, using an inside source, had stolen nearly 5,000 weapons from the army, he felt "anger, anxiety, frustration with the army. I felt betrayed, as a woman might say." He takes pride in the fact that they were able to recover the weapons in 17 days. He says that when he was in office people responsible for abuses of prisoners were punished. He does not like the fact that government officials are now going to the "Casa Verde" to talk with the FARC [Revolutionary Armed Forces of Colombia], and he regrets the fact that the Security Statute is not in force now. He believes that public order has deteriorated. He says that the attorney general, Carlos Mauro Hoyos, has done away with military jurisdiction. And he shows some sadness when he compares his retirement with death: "Accepting retirement from the army meant giving up over half of my life; it's like the death of someone you love; you can't believe they are going to die, and then they do."

Nevertheless, he hasn't decided to give up and die; since returning from Italy, General Camacho, along with his daughters, has been getting ready to open a legal office.

Question: General, how do you view the nation and public order now?

Answer: I believe that Colombia has not improved. The government is still persisting in its dialogue with the FARC, and it seems to me that the "Casa Verde" is not a place of hope, but rather a place of infamy. The government has no business sending emissaries there. Rather, it should be keeping the doors of government offices open, so that any citizen who needs to talk can go there. This delusion that the government has to talk with a few individuals who call themselves the leaders of the Revolutionary Armed Forces is hard for me to comprehend.

Question: When you were minister of defense you called a dialogue with the guerrillas a "moral impossibility." Do you believe that talking, as President Betancur did, was immoral?

Answer: I wouldn't say it was immoral, but it was a mistake. President Betancur did make a mistake: with the dialogue, with the way he drew those people closer to the government. He gave them oxygen to breathe. He brought them in out of the woods, out of defeatism and into the presidential palace. Just remember, the M-19 was finished then. And I wasn't the one who said that. Bateman, before he died, told Margarita Vidal that. This is the most striking piece of evidence. Nevertheless, President Betancur changed the rules of the game and gave them amnesty with no strings attached, while even in the Catholic sacrament of confession, heartfelt contrition is required. But it isn't just President Betancur who was responsible for that amnesty; congress, which approved it, also bears the responsibility.

Question: In essence, then, in your view what is the result of the peace process?

Answer: The peace process has not produced the results that were hoped. To put it better, I will say very clearly that in my opinion, peace is nothing other than the submission of everyone to the constitution and to the laws. This includes respect for law, for the authorities, for one's fellow human beings, for human rights. When everyone obeys the laws, there will be peace in Colombia. But until that time, there will be no peace. So long as 3 or 4 percent of the Colombian population wants to use force to impose their will on the other 96 percent, there can be no peace.

Question: Are you referring to the 3 or 4 percent who voted for Patriotic Union?

Answer: Yes, for I don't see any clear distinction between the Communist Party, the FARC and UP [Patriotic Union], or between Carlos Enrique Cardona and Braulio Herrera.

Question: So you believe the solution might be to return to open war?

Answer: I don't favor war because I have seen young men, 20 years old, brought back from combat in body bags. But neither do I support changing institutions created by the intelligence, hard work and sacrifice of generations of Colombians, simply because there are some people who have taken up arms to demand that they be changed. Giving in to force seems a very serious matter to me: it destabilizes the nation.

Question: But general, according to Dr Ossa Escobar, guerrilla violence is not the most significant form of violence in Colombia: he says that 39 percent of the crimes are committed by the guerrillas, and that ordinary crime, drug trafficking, and private vengeance are responsible for 61 percent of our crime. He says that since this government started, 14 percent of the crimes have been committed by the FARC. And he adds that the treatment of force used against the guerrillas during the past 25 years has been useless.

Answer: I would like to take a look to see how those statistics were compiled. But in the same report Dr Ossa said that the FARC have committed 137 assassinations and I don't know how many kidnappings and illegal actions they have been responsible for. And that isn't all they have done! And that is not a small amount for a government that has only been in office for 10 months. The people are more frightened today. Public order has gotten worse. Now I don't believe that the treatment used against the guerrillas during the past 25 years was useless, but rather intermittent. I was a witness to the fact that on countless occasions, the armed forces were prepared to put an end to the guerrilla problem. But almost always a minister, the president himself or some member of parliament called for another solution.

Question: Do you perhaps blame the civilians for not putting an end to subversion?

Answer: The blame is very widespread. And I don't want to set myself up in opposition to the civilian estate, because then we would be pitting civilians and the military against each other. But I will say that when the violence was about to be brought to an end, the civilian authorities asked that the problem be resolved with full honors: then came the amnesties and distribution of assets. And when that failed, they once again told the military that we would have to put an end to it. But then it wasn't a matter of ending it, but rather of starting up the battle once again. That happened when the army had closed off the Llanos Orientales [Eastern Plains]. And it happened with the Betancur government. It gave them amnesty, supplies, and a truce. So there was violence once again.

Question: But in breaking the truce, groups like the M-19 did lose some credibility, general.

Answer: It is certainly true that they did lose a little credibility. But when the Turbay government came to an end, the M-19's general staff was in jail, and now the violence is still continuing. It seems to me that while they may have lost a few points in public opinion, they didn't lose any of their political strength. The proof of that is that they won 300,000 votes.

Question: General, Dr Ossa said that "the conspiracy against democratic institutions" is coming from those who believed it was licit to react using violence against the loss of their social, economic and political privileges. What do you think?

Answer: I assume that those statements are backed by very trustworthy data. No one can say lightly that people who have something to lose are the ones who have organized their private justice system. He must have sufficient proof to make that claim. And he should make that proof public. I think that the ruling class, the business and political leaders have delayed too long in asking Dr Ossa for more explanations.

Question: Dr Ossa also said that the government can not depend on solutions relying on force, despite pressures from some sectors.

Answer: I am not in favor of reactions involving force exclusively. Unfortunately, if they have to be used, they have to be used. But there are other things that can be done without resorting to force: for example, strengthening the judicial authority, by adopting permanent regulations that will enable the courts to perform their duties properly.

Question: What about the Security Statute?

Answer: Unfortunately, the Security Statute is not in effect now (laughter). It is true that the regulations President Barco issued after Guillermo Cano's assassination were nothing but a repetition of the measures contained in the Security Statute.

Question: General, what is your opinion of the court's recent ruling that civilians can not be tried by the military?

Answer: That ruling helps the military because it takes away from them the work that trying civilians creates. Still, I didn't like the fact that it was issued in a drug trafficking case. I tell tell you that at this time it is very hard for the police to get a search and seizure order, or an arrest warrant; there is no judge who will dare or be willing to issue it. Moreover, the evidence needed for a search and seizure order is not presented at 0800 when the judges are available, but sometimes at midnight when judges are not in their offices.

Question: What do you think of Patriotic Union's criticism of the military, the minister of defense's response, and of the UP's counterresponse?

Answer: I can see they are trying to damage the military justice system. The attacks on the armed forces are coming from different directions. I have seen criticisms of the Special Investigations Tribunal because it doesn't cover the military. Those who say that want to cast a suspicion of criminality on the military.

Question: But the head of criminal proceedings said that some military have been involved in assassinations...

Answer: I am not denying the possibility that some isolated elements of the armed forces may at a given moment have engaged in illicit actions. But if the head of criminal proceedings knows of military who are involved in crimes, it is his professional, official and moral obligation to give their names to the appropriate authorities.

Question: In addition, the attorney general has accepted Patriotic Union's challenge against the armed forces assistant prosecutor. This means that the attorney general has established that the military are not impartial in judging themselves. What do you think of this?

Answer: I believe that the attorney general's decision was not studied carefully enough: in the first place, because on the basis of presumed partiality of the military prosecutor, the duties appropriate to his post have been taken away from him, and in the second place, because the argument that was upheld completely does away with military jurisdiction, as it will now be valid to challenge those who at a given moment must exercise their responsibilities as members of an oral or ordinary war council. The constitution requires that for crimes committed by military personnel on active service, whose crimes are related to that service, the military courts try such cases in accordance with the provisions of the Military Criminal Code. That provision is in force and it can not be repealed by an action catering to a minuscule political group trying to promote its own aims. The nation must decide if it wants military forces that are technically prepared and legally protected, or if it wants the protection of its national institutions and sovereignty to be in the hands of boy scout-type organizations, led for example by a person like Father Nicolo, who I recognize has the best of merits in his own field. Nor did the attorney general consider the impact his decision might have on the morale of the troops who, finding themselves questioned in this manner, may become fearful or complacent.

Question: But General, there is a war going on between the military and the guerrillas, in which almost everything is considered fair, because the side that destroys the other will win the war. So can the military consider killing the guerrillas a crime?

Answer: It is true that if the military kill the guerrillas in circumstances in which they shouldn't have killed them, that is a crime. But what really is happening is that the army patrols an area, meets the guerrillas, kills

them, and then people say that should be tried as a crime. Look: in this country we have an institution, the army, to defend Colombia's national sovereignty and institutions. The army receives professional military training. When internal armed conflicts arise, the civilian government calls in the military forces. But when the army makes use of its military training, then that same state which created the army for this very purpose puts it on trial. What should be tried are excesses, which violate the just use of military authority. But only the military themselves can really understand that. For example, a civilian does not clearly comprehend a crime of cowardice. The same could be said about medical supervision in a hospital, which can not be turned over to non-medical groups.

Question: But do you believe that military justice will have sufficient self-possession to try the excesses perpetrated by members of the military against subversives?

Answer: Excesses have always been tried and there are countless members of the military in jail. Military justice does work. What is happening is that we have not been giving these sentences publicity.

Question: When you were minister of defense, Amnesty International said that people were being tortured here. German Zea, minister of government, at that time claimed that 90 percent of the allegations of torture were false. In the cases in which torture was proved, were there sanctions applied?

Answer: There were a fair number of penalties given for torture. I am sure that a leader can not whitewash such excesses, because they will come back to him like a boomerang.

Question: General, let's talk about the coup fantasies.

Answer: That is indeed a fantasy. During my career in the army, I heard a lot of talk that there was going to be a coup. But in the barracks I didn't find that. It was politicians out of office who were the ones who longed for a coup.

Question: Then it is civilians who instigate the coup?

Answer: Yes. More than one civilian from both parties, people who were beginning to feel a yearning to get into office again, approached me during my service as an active-duty officer, to talk to me about getting into the government.

Question: General, at times it seems that the military are in a ghetto: they live isolated from reality; they talk to each other, go to their own clubs...

Answer: There is a certain amount of truth in that. And it works both ways. We don't know the political behavior of the civilian well enough, nor does the civilian understand the institutional behavior of the military.

Question: Then, if General Landazabal does announce his candidacy as a presidential hopeful, will you vote for him?

Answer: Sometimes I feel too lazy to vote... (laughter).

Lack of Effectiveness Cited

Bogota EL TIEMPO in Spanish 27 May 87 pp 5A, 7A

[Article by General Alvaro Valencia Tovar]

[Text] I am fulfilling my civic duty in presenting for the consideration of my fellow citizens some thoughts about a case that goes beyond the purely legal sphere, one which will have an overwhelming impact on the institutional system of the Colombian nation.

Some spectacular criticisms by the political movement that emerged from a guerrilla organization, working to destroy our democracy, were sufficient to get the ministry of justice to accept a challenge against the general responsible for overseeing the administration of justice in the armed forces. This charge was formulated by persons who are accusing members of the military of committing criminal actions, and who were being brought before the assistant prosecutor for their charges to be upheld.

As the attorney general stated, a challenge is a common occurrence in criminal trials. But it should be used for justified reasons, not presumptions. The mere fact of being a member of the armed forces does not mean that an official will cover up, conceal or favor persons who may have committed a crime in the course of their military duties.

This action seriously damages military jurisdiction, a universally accepted institution. In Colombia it is an extension of ancient Spanish law, which King Charles III stated in his Royal Decree of 9 February 1793. In this decree he defines its scope as follows: "The judges and courts which have conflicting competences (disputed jurisdiction, we would say today) will send the case to the military jurisdiction so its courts may proceed in accordance with the statutes covering military infractions... in the interest of timely action, officials may arrest individuals belonging to my armies, but once the preliminary proceedings of the case have begun, it must be immediately remitted, along with the prisoner, to the nearest military judge."

Our jurisprudence has maintained the concept of military jurisdiction since the origins of the republic. The century-old constitution of 1886 defined it

in Article 170 in the following terms: "For crimes committed by members of the military on active duty and which are related to their military service, the courts martial or military tribunals will try the case, in accordance with the provisions of the Military Criminal Code,"

This jurisdiction has a clear "raison d'etre." A soldier is not just an ordinary citizen. He is entrusted with a sensitive mission that includes the carrying and use of state weapons, in the exercise of highly responsible duties. His conduct is governed by special standards. There are crimes that are not committed in any other public organization or outside of the ranks to which he belongs. His infractions may be of either a disciplinary or criminal nature, and the penalties for them will differ from those applied during the course of ordinary justice. All this creates a specialized area, a legal tradition, a doctrine, a body of precedents and experiences, that require an organic and professional structure for trial and judgment.

This is not a matter of providing a refuge for persons who violate the law, or protection or leniency out of a consideration of "esprit de corps" or camaraderie. On the contrary, the severity with which violators are usually judged is greater in the military justice system, because of the need to preserve the armed forces from any form of moral deterioration, disciplinary slackness or ethical laxity. "Esprit de corps" is not complicity, but rather, quite to the contrary, it is a safeguard of the military's institutional values above and beyond any personal considerations.

If the argument that military solidarity prevents a Military Criminal Justice official from performing his duties with impartiality and integrity is accepted, then military jurisdiction will disappear through the facile expedient of systematic challenges. No investigating judge or trial judge, no juror of conscience, no court, could act without being tainted by this same presumption of partiality in favor of the member of the military who may have broken the law. Jurisdiction should not be interpreted as a privilege but rather as a submission to its own just, severe, impartial and responsible legal system. Nor can the system be disqualified on the grounds that the judges and defendants may belong to the same branch of the armed forces,

Military justice has appellate procedures that may even reach as far as the Supreme Court in order to ensure that justice will be done. The Superior Military Tribunal is an organization of recognized independence which in many cases has annulled or modified verdicts of lower courts, sometimes in favor, at other times against the persons who were sentenced, pardoned, or given dismissals.

In accepting the challenge for presumed institutional solidarity with the accused, the reason cited is recognized as valid. Military honor, a fundamental condition of the exercise of arms, must not be subjected to political expediency, nor can it be cast into doubt without cause, even by the highest-ranking official of the ministry of justice. This was the reason for the

justified resignation of the distinguished general who served with efficiency and rectitude as armed forces assistant prosecutor.

It is true that the Supreme Court has ruled that this position may be held by a civilian attorney. But here we aren't considering this aspect, but rather the circumstances surrounding it, which led to the resignation of the military officer who was challenged for political reasons, thinly disguised as a lack of confidence and credibility because he is a member of the armed forces.

What is truly alarming is finding that the republic is now in open retreat before an onslaught of subversion. In Colombia an army general is being challenged for presumed solidarity with military criminals, and in France there is quite a spectacle in progress, with the nation having to defend its institutional being, in a strange coincidence of timing and purposes. People who should be upholding the standards of our democracy are now bowing down in submission before the stridency of this attack, agreeing to cast doubt on military justice so that its strict compliance with duty can be overlooked when it is time to try comrades in arms.

One precisely defined objective of revolutionary strategy is weakening the instruments of the state it is trying to demolish. Among these institutions, the armed forces hold the top priority, for obvious reasons. Discrediting them in public opinion; portraying them with monstrous shapes, as brutal aggressors; accusing their members of atrocious crimes: these are an essential part of this strategy.

Facing the attack of these vociferous minorities, the republic of the silent majorities finds itself on the defensive, intimidated, suffering from a guilt complex, inclined to give in, to yield, to accept as valid the dialectics of those who are battering it apart with words and guns. So this scandalous attack is taken as a just protest; the unjustified challenge of its officials is accepted in order to better guarantee for the opponent the rights that he is not being denied.

It is painful for those of us who have defended the republic from inside and outside the military ranks, as it surely must be for those now serving in the military, going beyond the point of sacrifice, to see the republic behaving like a repentant sinner, bowing down on bended knee before noisy pressures, unaware of its enormous moral strength. As if the enemy that is beating it down could be appeased with supplicant postures.

Today precedents are being set that are opening up the way toward a virtual repeal of military jurisdiction. Other institutions which have not yet given in to this offensive will do so one after the other, until our republic ceases to exist, if we do not become aware of the dimensions of the menace and decide to face it with determination and courage.

7679

CSO: 3348/351

STATUS, PROBLEMS OF EXPORT SECTOR DESCRIBED

Bogota EL TIEMPO in Spanish 1 Jun 87 pp 1-C, 2-C

[Text] Exporters claim to be tired of having their products backed by the government only when there is a shortage of foreign currency, and have demanded that the authorities determine, for once and for all, medium and long term ground-rules that will enable them to emerge from the uncertainty in which they find themselves.

The National Association of Exporters [ANALDEX] noted that the volume of non-traditional exports increased during the first 3 months of the year, observed that sectors such as the plastics and petrochemical ones have had a great performance, and predicted declines in the performance of bananas and flowers.

In a dialogue with EL TIEMPO, Fernando Barberi, chairman of ANALDEX, made a series of statements on what the association expected of the government area, charged that, to date, no public documents had been produced to define policies for the sector, and remarked that there is great chaos in government information.

During 1986, Colombian exports brought foreign exchange amounting to \$1.444 billion. The ground lost in 5 years was recovered in current dollars, not constant dollars. There has been growth during the first 3 months of the year.

This is apart from the figures, because there is a very great discrepancy between those of INCOMEX [Colombian Foreign Trade Institute] (on registrations), those of the Bank of the Republic (repayments), and those of DANE [National Administrative Department of Statistics] (customs manifests).

The growth based on registrations and manifests has been more or less harmonious, about 30, 32, and 34 percent. The growth based on export manifests is only 4.3 percent. If it is the latter figure, we are doing poorly; but if it is any of the former, we are doing well. It is not known which one is correct.

There is always a time-lag between registrations and manifests, but not with the magnitude of the current one. The ANALDEX chairman remarked: "It gives me the impression that several things must be done in the area of export information."

The systems for accumulating data and for comparison purposes must be revised, so that the foreign trade statistics will be submitted by DANE and INCOMEX exactly the same."

At present, one bases them on items, and the other on tariff positions; which makes them difficult to analyze. Only six products are capable of comparison, but it is not clear. DANE's latest product-country information dates back to September 1986. There is an 8 month time-lag.

The Good and the Bad

In this chaos one detects trends reflecting growth in some products and problems in others. Ready-made clothing shows dynamics, with registrations increased by 114.8 percent and manifests, by 60.7 percent. This is a phenomenon that applies to the manufactures group.

ANALDEX adds that two major factors have burdened the industrial sector: It is beginning to see the effect of the peso devaluation, and the dollar devaluation has increased the competition with Korea, Taiwan, and other Southeast Asian nations.

The plastics and petrochemicals sectors are growing. In the former there has been a price reactivation on the world market, due basically to the closing of three plants which left the market; this reduced the supply, pressured prices, and provided a Colombian position on that market.

In agricultural-livestock and agroindustrial products, the value of sugar exports will be lower. Although the price reacted, the United States closed the market. Colombia is selling less sugar at the high price and it is not compensatory.

There are problems with the banana supply, and prices, which are traditionally high during the first half, have not been this year. There could be a decline.

A price depression has also been noted in flowers. This is one of the major inconsistencies between manifests, which are negative at -19.4 percent, and registrations, with an increase of 6.4 percent. The decline in flowers is explained by the charge of dumping leveled against Colombian exports.

Positive, But...

Barberi explained: "The fact that exports are growing is positive. I would hope that the rate were at least 15, because the country's external prospects require the dynamics of lesser exports to be very sizable at present."

According to ANALDEX, that is positive, but much remains to be done with exports:

1. To determine the context in which the export policy is to be directed. There is no public document setting a complete policy.

2. Necessity for keeping incentives on rational levels, and lending them stability, so that the ground-rules may be known. ANALDEX wonders: "Why not determine CERT [Tax Reimbursement Certificate] levels for the next 3 years, for example, so that we may know how far we are going?"

In the case of the Vallejo Plan, Barberi made some comments concerning recent statements by Congressman Gabriel Rosas Vega:

1. Rosas says that the Vallejo Plan is a mechanism destroying Colombian production in favor of imported equipment. Barberi: "If one observes the list of the value added of Colombian exports used in the Vallejo Plan, 78 percent, the argument is discredited."

2. Rosas claims that the Vallejo Plan is not warranted, because it generates low value added. Barberi: "There are programs in Colombia whose value added is not low. The social impact is significant. The growth in ready-made clothing is based on assembly contracts. The employment generated is huge."

3. Rosas claims that the fiscal cost of the plan is high, because it adds the tariffs that have ceased to be paid. Vallejo claims that if there is no tariff exemption, there would be no imports; therefore, the fiscal cost is zero. The cost of opportunity must be taken into consideration.

Changes

Despite the defense, exporters think that changes need to be made in the Vallejo Plan:

1. To adjust the guarantees system through a reduction in the amounts in which they must be established, and the periods in which they must be kept in effect.

2. To seek an overall guarantee that would ensure a guarantee to the state on the inventory value and that would not be made shipment by shipment, because we end up having very high guarantees with additional charges for the export process.

3. In the imports trade, the Vallejo Plan should establish a deposit in the Bank of the Republic for 95 percent of the value of the exchange permit for 21 days. It is an immediate 2 percent surcharge on the imports.

4. The approvals required for those exports must be for complete programs, and not shipment by shipment. Elimination of the procedural steps is requested.

5. The turnover and repayment periods for the Vallejo Plan programs should be approved for programs, and not changed every 3 days.

Other Factors

The system of international marketing associations: The private sector has been debating this since 1984, and every day they claim that there will be regulations for it.

The export insurance system has been suspended for 18 months, and has proven impossible to enact again.

Transportation: Work has been under way for 8 months on the regulations for the cargo allowance, and the pertinent decree is about to be issued. There have been agreements in the preliminary discussions, but, in the case of Vallejo Plan imports, the equality of terms for Colombian merchant transportation is being debated.

Regarding the recent changes in the Andean Group, ANALDEX thinks that the negotiation of the protocol has the advantage of at least having attempted to gear the ground-rules more to the real situation than to an ideal.

Non-Traditional Exports, FOB Value in Thousands of Dollars

Description	Registrations Variation		Manifests Variation	
	Jan-Mar 87	%	Jan-Mar 87	%
1. Agricultural-livestock sector	147,241	14.4	102,863	-9.4
Bananas	60,454	35.7	47,533	10.8
Flowers	41,432	6.4	32,438	-19.4
Sugar	6,143	55.0	5,156	-25.3
Cotton	9,573	-41.0	17,556 tot	-24.7
Other products	29,642	18.3	164,339	-
2. Industrial sector	238,398	39.8	58,358	-2.2
Ready-made clothing	32,392	114.8	20,403	60.7
Graphic arts	24,136	101.7	11,208	-1.9
Other products	121,550	35.9	-	-
Total: *	460,358	32.0	325,380	4.3

* Includes the agricultural-livestock, mining, and industrial sectors

2909

CSO: 3348/348

GOVERNMENT EXPENDITURE FOR SOCIAL SECTOR ANNOUNCED

Bogota EL TIEMPO in Spanish 31 May 87 p 1-B

[Text] This year, the government will make a total investment of 78,174,700 pesos in the National Recovery Plan.

The specific statement will be made by President Virgilio Barco in his speech to open the regular sessions of Congress on 20 July, in which the head of state will explain in detail the philosophy of the task of reconciliation, recovery, and normalization in which his administration is engaged.

The program has been described as a substantial part of the economic, political, social, and institutional change enacted by the government, aimed at the construction of a modern society, through the reorganization of the bases for economic growth and the integration of the regions excluded from the development process.

At the same time, it is regarded as an essential instrument in the creation of conditions to eradicate absolute poverty, through the social economic policy adopted by President Virgilio Barco.

The government is of the opinion that, although it is true that in the past efforts were expended to redistribute the social spending in areas such as mining, the energy sector, and the assurance of the industrial infrastructure, that plan did not succeed in meeting the essential needs of broad sectors of the population.

The social economy seeks to combat poverty as much in the prosperous areas where the economy has not brought its benefits to the poorest people and has exacerbated the inequalities, as in the excluded areas.

Its action is based on the priority redirection of public spending toward such regions, as well as on the reorganization of production and provision of basic goods.

Monies

This year, the National Recovery Plan is financed by appropriations amounting to 20.949 million pesos, made in the Basic Budget Law; 14.089 million included

in the additional budget; 29.922 million in contributions from the decentralized entities and state enterprises; and 13.285 million pesos originating in advance disbursements of foreign credits.

For the next 3 years, it is planned to finance it through the contracting of one or more foreign loans amounting to \$400 million for investment and operation.

Also to be promoted are the joint financing and orientation of the national, departmental, municipal, intendancy, and commissariat funds, as well as those of the state enterprises and the private sector.

Activities

Using a strategy to decentralize the government's plan and decisions based on active citizens' participation, the government is carrying out activities in four areas: economic, regional, social, and institutional.

In the economic realm, the plan is aimed at removing the obstacles that are impeding the development process in the excluded areas, where the poverty has been caused by the lack of access to the basic factors of production and to regional and national markets.

For this purpose, it seeks to decentralize land ownership, legalize the possession of it, make credit available, and broaden the marketing infrastructure.

In the regional realm, the country's real physical, economic, and social integration is being fostered, to overcome the isolation in which certain areas are living at present.

The recovery plan is carrying out the transformation of the rural and urban space, through the construction of main highways, penetration roads, and local roads, and recovery of the existing roads.

In the social realm, it is engaging in the provision of public goods and services, the improvement of health conditions, the generalization of primary education, and the enhancement of the coverage and quality of water works, sewerage systems, and electrification services.

The administration's diagnosis is that, in the depressed areas, the quality of life of the groups dominated by absolute poverty is unstable.

In the institutional realm, the government considers the increasing gap between the civil society and the state the most serious problem.

Therefore, it is working on the achievement of an effective state presence, and on a recovery of full effectiveness of the institutions, to achieve the state's reconciliation with the community.

2909

CSO: 3348/348

ADVISER ASSESSES PRESIDENT'S SOCIAL PROGRAMS

Bogota EL TIEMPO in Spanish 14 May 87 p 8 B

[Article by Patricia Lara: "Will Barco Bring About the Revolution?"]

[Text] If President Virgilio Barco succeeds in carrying out his plan to eradicate absolute poverty, he will be bringing about a revolution in Colombia.

Will he succeed in doing so?

Despite the fact that the state has no funds with which to pay the teachers, and its hospital deficit is monstrous, the presidential adviser for social development, Ernesto Rojas Morales, who is in practice a superminister for absolute poverty, maintains that such a revolution is not a Utopian dream.

Plans approved to date call for the allocation of 1.53 trillion pesos (a trillion is a million millions) for this purpose between 1987 and 1990. Of this 1.1 trillion will come from the national budget and domestic and foreign credit. An additional 300 billion will come from new resources resulting from measures which are under study, such as a new law for the financing of health care based on the reorganization of taxes on games of chance and lotteries; the investment in these social development plans of the financial income from the Social Security Institute reserves; and the allocation of 5 percent of the budgets of the municipalities for housing programs for the poor, as provided in Law 61 of 1936 and Law 23 of 1940, which have never been implemented. And if divine providence cooperates with Colombia, the other 130 billion would come from surpluses resulting from the export of coffee and oil.

"This figure (1,530,000,000,000 pesos) is approximately equivalent to 5 percent of the gross domestic product. The construction industry represents a similar figure. Thus this is not such an impossible thing," the presidential adviser, Rojas Morales, says.

Barco's Revolution

According to Ernesto Rojas, who is 46 years old and has a professorial look, is a member of the New Liberalism movement, but is simultaneously and curiously a longtime Barco supporter, "What the government is proposing is a

curiously a longtime Barco supporter, "What the government is proposing is a change in the development plan, to be reflected on the national level, which would be sent to the Congress. That body will orient the macroeconomic variables toward the social priority."

However, without the need for new laws, the government plans to carry forward five specific programs for devoting attention to the basic needs--rehabilitation of subnormal urban settlements and the creation of new settlements; making education and basic health services available to the entire population; supplying basic goods; and the program for home improvement.

Since the cost of housing accounts for about 50 percent of the income of Colombian families, modifying this cost is essential in order to improve the economic situation of the people. In the housing sector, Rojas Morales explained, the government hopes to rehabilitate the "1,200,000 housing units built without the necessary facilities, including access to water, sewage, garbage collection, energy sources for cooking and access to public transportation."

On the other hand, the Barco administration plans to improve the housing located in zones which already have services. "The BHO has established a line of credit so that the owners of large houses located in the Teusaquillo or Palermo districts, for example, can divide them into two or three housing units and rent them at very low rates," Rojas Morales said.

Finally, the government plans to establish new settlements. "This program," the presidential adviser said, "contains a whole range of offers, from a gradual development plot beginning at a very low cost and allowing the poor, as their income rises, to proceed with the building of their homes, up to completely finished apartments, such as those which will be built in El Salitre with a large state subsidy."

Rojas Morales hopes that this will then produce a massive supply of housing units which will make a reduction in their cost possible. This will be supplemented by the "reorganization of public utilities rates so as to reduce them in proportion to income," and the development of mass transport, as it has already been announced will be done in Bogota, so as to reduce transport costs for the poor as well.

Food for All

The program for supplying basic goods, the presidential adviser explained, involves "selecting the 12 food products most frequently consumed in each region, so that the Ministry of Agriculture can direct credit toward their production and toward improving their marketing so as to reduce their cost." Also, within a program called "household generics" it is hoped to place new emphasis on the marketing of products in general use, so as to reduce the prices by eliminating advertising and costly packaging.

According to Rojas Morales, "This complex of special supplies will generate a small surplus in family budgets," which will increase demand. And this will

have "great impact on economic recovery. This same program includes reorientation of the productive apparatus, because it is necessary to encourage industries to focus their production on basic goods."

Rojas Morales announced that to this end, the government will shortly submit to the National Labor Council "a proposed reform of the unemployment compensation system so as to create a fund providing credit to businessmen who produce basic goods. It is hoped, moreover, to generate jobs thereby."

In brief, the adviser for social development says that this is "a new approach," for in the past an effort was made to reactivate the economy through production. Now an effort is being made to stimulate production by increasing demand, so that recovery will result, and thus employment will increase.

With the third program, called "basic health for all," the government intends to establish voluntary family insurance. This will be provided, according to Rojas Morales, "by private units, doctors organized in associations. It is not a question of establishing another kind of social security," he said, "but of financing medical care for people who have none."

This program is only designed to cover basic medical problems, which make up 80 percent of all illnesses, and it includes childbirth and preventive care. An effort will also be made to reduce the cost of the most commonly used drugs by contracting for their production at moderate prices and distributing them through the care centers the government plans to establish.

According to Rojas Morales, this health system "will be financed by the new resources to be obtained from the lotteries on the basis of the proposal to be sent to the Congress on 20 July."

The Community on the March

Using an army of students who will provide university social service, which is already being organized by the ICFES, an effort will be made in turn to organize the community, with a door-to-door campaign, so as to support it in obtaining satisfaction of its principal needs. This is the "household improvement program," which the adviser for social development says has several aspects. They include raising the income of the poorest households, using families to improve their own neighborhoods, training those who have no vocation so that they can be employed productively, and promoting the affiliation of those with training so that they can produce more. For example, Rojas Morales said, "Seamstresses working alone do not earn the same profit as those in associations, nor do they have the mechanisms for marketing their products."

A child development program already launched by the ICBF is a part of the household improvement program. According to the presidential adviser, it involves establishing childcare centers self-managed by the community, "where mothers in the neighborhood join together to entrust the care of their children to one of them, while the others go to work. This program is designed to serve a million and a half children between 1 and 7 years of age.

With the investment of all of its resources, the ICBF was serving 200,000. The change in methods will make it possible to improve childcare spectacularly," Ernesto Rojas said.

The adviser for social development added that the program for household improvement also calls for the special distribution of nutritional elements to children and the establishment of daycare facilities for the elderly, which will also be the responsibility of the ICBF.

The fifth program is called "basic education for all." It is designed "to meet the traditional responsibility of the constitution to provide education, at least on the elementary level, for all Colombian citizens." In the educational sector as well, plans call for sponsoring self-managed schools, "so as to allow the expansion of education without the need to build new schools and hire new teachers," according to Rojas Morales. As if this were not enough, he added, "A program is being developed to provide school clothing at accessible prices and to change the system of school texts, so that they will be permanently available in the libraries at secondary schools and can be kept in use for many years."

Is Such Beauty Possible?

Ernesto Rojas Morales, whose office, like the rest of the Casa de Narino, is bare of any Belisario-era pictures, maintains that such beauty can become a fact. It is a question of redirecting public expenditures so that instead of building luxurious airports far from Medellin, for example, the basic needs of the poor people will be met.

"The instructions from the president," his adviser explained, "call for postponing the projects which have no special urgency today and doing away with those which are plainly luxuries," in order to invest the money in the elimination of absolute poverty.

But how can one guarantee the redirection of expenditures when, for example, there is talk of building a bullring and a pedestrian walk in Chaparral, Tolima, a town which does not even have an adequate aqueduct?

"This is true," Rojas Morales answered. "The country has a tradition of public expenditure which it is very hard to change. It is necessary to know where public monies are going and to have a political determination, reflected in consistency in the actions of the president, the governors, the ministers and the mayors. Moreover, the government is establishing the Urban Development Fund, for example, which is being strengthened in order to finance the municipalities. This fund will allow them to invest money in priority projects. And if they are not priority projects, they will not get national financing."

The presidential adviser for social development explained, moreover, that although the overall distribution of resources for the implementation of the Barco revolution has been more or less defined, there will be a further breakdown in distribution to each program.

By way of example, he cited the plans for financing the human settlements program. Here the municipal public enterprises will contribute 229 billion pesos during the 4-year period for drinking water and basic sewage, and 113 billion pesos for electrification. The municipal urban development enterprises will contribute government-owned land. Over the 4-year period, approximately 80 billion pesos will be made available by the 5 percent of the budgets which the municipalities will have to allocate for the construction of workers' housing. The new mortgage bonds will provide about 10 billion pesos annually. The constant value bonds will provide almost 25 billion over the 4-year period. The restructuring of the UPAC would provide about 200 billion pesos over the 4 years. About 150 billion can be obtained from the financial income of the unemployment reserves, and about half of this sum would be allocated for housing. The Territorial Credit Institute would contribute about 70 billion pesos to the program over the 4-year period, and foreign credit would provide about 45 billion pesos more.

"This is an example of how the specific sources of the sums making up the billion pesos are being established" for the campaign against poverty, Ernesto Rojas Morales said. He is one of the few government officials who is in frequent contact with President Barco.

The Questions Being Asked

There are two questions being posed in connection with the elimination of absolute poverty. The first has to do with where the money will come from, and the other with how the bureaucratic monster can be put in motion if the money is found.

"This is a great difficulty the program has encountered," Rojas Morales said. "The strategy the president has devised to deal with this situation is decentralization. The protagonists of the program are the mayors, who have new autonomy and new resources, and are much closer to the problem and the particular methods for resolving it. The protagonists and executors of the program will be the municipalities and the communities themselves."

Finally, the presidential adviser for social development said: "I believe that the benefits of the program are already beginning to be felt. It is difficult for the public to learn of them, because those who are beginning to see the benefits are those who do not have access to the mass media. But I am certain that within a year this feeling of satisfaction, of triumph, of optimism which some sectors already affected by the family welfare, rehabilitation or water supply programs have will be very great."

Would that this might come about, because if in a year this were to be the case, we could conclude that, quietly and without weapons, President Barco would have brought about a revolution.

5157
CSO:3348/341

COSTA RICA

BRIEFS

PPC LEADER RECOVERING--Political leader Manuel Mora Valverde [founder and leader of the Communist Costa Rican People's Party] is recovering satisfactorily after suffering a heart attack yesterday at 0530. According to Manuel Mora's physician, Dr Gilberto Francisco Bonilla Rojas, Mora's present condition is stable. [Excerpt] [San Jose Radio Reloj in Spanish 1200 GMT 18 Jun 87] /9604

CSO: 3248/346

CUBA

TV REPORTS REPATRIATION OF HAITIAN BOAT PEOPLE

FL112150 Havana Television Service in Spanish 0000 GMT 11 Jun 87

[Text] Forty-seven Haitians--including three women--who reached the eastern coast of Cuba in precarious vessels, have been repatriated by the Red Cross. [Video shows group of people getting into aircraft, caption reads: Guantanamo, Cuba--8 June 1987]

[Dr Enrique Ramil, deputy secretary general of the Cuban Red Cross, identified by caption] This is a fairly frequent occurrence in the eastern coasts of our country. Haitian vessels travel this route on their way to the north, to the United States and other places in the northern Caribbean. Many times, as a result of the poor structural conditions of their vessels, they run aground near our coasts, near these eastern coasts, and we end up having this situation. In this case, they expressed their wish to return to Haiti since they thought that conditions were not favorable and they could not continue the trip. They said they wanted--their wishes are documented in our Red Cross files--to return to their country. The Cuban Government had a humanitarian concern and approached me as member of the Red Cross and efforts to return them began.

[Video shows aerial view of Port-au-Prince, identified by caption, Dr Boris Chandler, vice president of the Haitian Red Cross speaking in French followed by Spanish translation] He says he takes this opportunity to sincerely thank the Red Cross International Committee and also the Cuban Red Cross, as well as the representatives who worked in the field and came here and the entire airplane crew who contributed to the repatriation of the Haitians from Cuba.

The repatriated Haitians said they were very pleased with the way they were treated in Cuba and thanked the Cuban authorities for the services provided to them.

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CSO: 3248/344

MINISTER DENIES LINKS TO DRUGS, BLASTS OPPOSITION

St Georges THE GRENADIAN VOICE in English 23 May 87 p 3

[Text]

COMMUNICATIONS
and Works Minister Dr. Keith Mitchell has dared his one-time New National Party colleagues to bring forward evidence of his involvement in the trading and use of drugs.

Saying they have gone around the country and by innuendoes linked his name to drugs. Dr. Mitchell says he will never stoop so low, to get involved in drugs, and that he is not that desperate for money anyway.

"As professor at a University, as vice president of a large corporation in the U.S.A., I made hundreds of thousands of dollars. (George) Brizan has not made it I don't need money; but Brizan needs it. I don't need drug money," he told the *VOICE* in an interview.

Dr. Mitchell says the recently resigned ministers know they have no grounds for their

accusations but because of their "deceitfulness" they go on making them to assassinate his character.

He said if they were so concerned about what they see, is his drug dealing they should not have sit in the same cabinet with him. "If they sit in a cabinet with a drug pusher, as they claim, then they too are guilty," he said. "I for one will never participate in a cabinet where a minister or even one of his close associates is involved in drugs," he added.

He said what the opposition is doing is not affecting him as much as the country. "They are bringing down the country's name; a thing I would not do to get five votes." Dr. Mitchell described his one-time colleagues as plain "deceitful and dishonest."

"They can bring no evidence of wrong-

doing by this Minister... and any responsible leader would not participate in this gutter politics," he said.

"I became the bad one only after October 1986, when I opposed an attempt to remove the Prime Minister, that's when it started. Before that I was the nice boy," Mitchell said.

He described Brizan and Alexis as both "greedy to lead" and said "each think they are using the other one in the quest."

He said he remembered in 1986 at an

NNP executive meeting Alexis promoted the idea of rotating the deputy Prime Ministership, but both he and George McGuire said, "when you get to me pass me." Mitchell added; "George Brizan didn't say a word."

He said the NNP is better off today than it was one month ago, and is going from strength to strength.

In the interview he also accused the *VOICE* of not being objective and of favouring the opposition. "What we need is objectivity," he said.

POLITICAL PARTIES, LEADERS EXCHANGE RECRIMINATIONS

Audit of Tax Opponents

St Georges GRENADA GUARDIAN in English 30 Apr 87 p 1

[Text] The remnant New National Party Government has ordered the auditing of the business accounts of the two most vocal and implacable critics in the Chamber of Industry and Commerce of the Administration's innovative Business Levy of 2.5 percent on gross trading receipts, former Chamber President Brian Pitt, and Winston De Bourg,

As one Chamber member put it: "The coincidence that these two should be picked out for auditing of their business accounts savours of victimisation and harassment."

Mr Pitt resigned as President of the Chamber last week for personal reasons which he was not prepared to give at the time but which, he said, had nothing to do with reported differences within the Chamber on the 2.5 percent Business levy issue with Government,

Mr Pitt also resigned his positions as Secretary of the Caribbean Chamber of Industry and Commerce and Acting Chairman of the National Development Foundation.

NNP 'Bankruptcy'

St Georges INDIES TIMES in English 2 May 87 pp 1, 3

[Text] The most telling part of Prime Minister G. B. (God Bless) Blaize National address Thursday 16th was not the announcement of his new Kitchen Cabinet.

The bombshell was Blaize admission of bankruptcy of NNP's economic policy. Blaize told the Nation last year, 1986, NNP borrowed \$22 million to pay public servants salaries.

He said further that for the first three months of the year the Regime has already borrowed \$10.5 million to meet the bill.

Three months mean only one third of the year has gone. If the regime continues to borrow at this rate it would chalk a debt of \$42.5 million by year end. Whoop! What a debt.

Indies Times pointed out at the time of the budget NNP had a deficit of \$28 million last year. This level of deficit has never happened before in Grenada.

NNP has become like a man who works for \$300 a month but is spending \$500. This means that every month he must find \$200 to fill the gap. Our man must therefore beg, borrow or steal to get the rest. In 1985 NNP survived by begging the U.S. Since July last year the U.S. has had nothing to give so NNP has to use the other two methods.

In the drive to get the money NNP has almost cleaned out the National Insurance Scheme (NIS). Last week we reported that NCB has also been almost cleaned out.

The mounting salaries deficit is the clearest example of the collapse of NNP so called fiscal policy. Nothing is more of a big economic fraud.

No government in the history of Grenada has had [to] borrow so fast just to pay salaries. Yet Blaize has the nerve to talk of big National debt, left by PRG. When PRG borrowed small amounts they were for capital projects, building the international airport, factories, etc. Now Blaize is borrowing big to pay non productive areas.

The PRG left a properly balanced budget. In 1982 PRG had a surplus on current account of \$300,000. NNP has destroyed all of this by Blaize's economic mismanagement.

Economic mismanagement is a crime and NNP must pay for such crimes against the people.

No one can now deny that NNP is indeed bankrupt and must now resign before creating more debt for the Nation.

Foreign Troops 'Prop' for Blaize

St Georges INDIES TIMES in English 2 May 87 p 3

[Text] Prime Minister G. B. (God Bless) Blaize wasted no time last week to move to prop up his sinking ship. He called in his yankee masters to bring in his life-savers.

While everyone thought Blaize would have been spending Holy week fasting and calling on God (as he does whenever he speaks) Blaize was instead calling on foreign troops.

Good Friday a C-130 Hercules landed at Point Salines and dozens of foreign troops jumped out. A report says that they landed fully battle ready even with vehicles. The battle ready invading troops were making a third invasion landing in Grenada.

This new invasion of foreign troops was Blaize's answer to the Brizan-Alexis move. On Thursday night Blaize made a definite attempt to blackmail the Nation by trying to refer to the 1983 crisis as a red herring. Indeed this was Blaize's way of saying he had called back the foreign troops to Grenada.

MBPM strongly condemns this new invasion.

The pattern of the NNP to call in invading troops to Grenada every time the wind blows hard in Grenada is the worst form of attack on the dignity of our people. The patience of our people with this foreign troops mania of NNP has indeed ran out. Blaize and the NNP alone would have to be the responsibility for any escalation of the tension in Grenada and any bitter prints it may bear.

Meantime reports say that the NNP is moving to shore-up its image. Badges and posters would soon be distributed around the country, a source said. Blaize will be on a popularity campaign.

So Blaize and his Kitchen Cabinet have their own carrot and stick policy in dealing with Brizan and Alexis.

Foreign troops as the big stick; with buttons, posters, cut back on the business levy as the carrot. If the whole situation was not so tragic for Grenada's future one might have sat back and laughed at Blaize's sick jokes. But NNP is destroying Grenada completely and must go from our lives.

Trinidad Senator's Analysis

Port-of-Spain SUNDAY GUARDIAN in English 10 May 87 p 6

[Article by Dr Ramesh Deosaran, Independent senator and social scientist, a frequent visitor to Grenada where he conducts legal and political research]

[Text]

HOW long again before Prime Minister Herbert Blaize New National Party (NNP) Government would fall?

This is the spicy question now seasoning the political crisis developing in Grenada.

It isn't merely that five of Blaize's 14 MP's have left the party in the last two years.

It isn't merely that Grenadians are becoming fed up to the teeth over one crisis after another. It isn't even the dangers to the critical tourist trade.

More Support

The serious question looming over the small island is, even if Blaize's government should collapse, what would fall in place?

Would Eric Gairy's political ghost find flesh and blood again? Would the NNP dissidents attract more NNP support in parliament and throw out Blaize as Prime Minister? Would Blaize dissolve Parliament and call elections any time now?

Would the latent People's Revolutionary Government (PRG) sentiment be substantially invoked? Would a new par-

ty be formed dominated by "fresh faces?"

Is it a matter of time again before the United States intervenes and brings pressure on the boys to put their falling houses in order?

How much are Cuba and Russia laughing at the current political acrobatics under the "bourgeois Westminster system of party politics?"

Really, what is going to happen to Grenada in

the near future? Or are all those resignations and infighting mere temporary political shadow-boxing, a typical Grenadian sport? And finally, how proper is it now for Caricom governments to "work discreetly behind the scenes" and help establish stability without destroying justice? Eugenia Charles, Dominica's Prime Minister came last year but couldn't help.

You know, a Grenadian newspaper, the *Informant*, has a regular column boldly headlined: "Grenadians Have Cuss." These days, that column has a lot of material.

Ill Health

What is the up-to-date story? Blaize is in the United States, one of the reasons being to look after his health.

He is 69 and known to be in ill health.

His NNP is in ill health too, and no doubt possible treatment would also come from the U.S., assuming this time the U.S. does not have a terminally ill patient on its powerful hands.

My informed sources in Grenada explain that while Blaize is looking after his health he has gone "to consult on the latest crisis facing his two-year-old government." And while he is away, three of his young opponents, Francis Alexis, George Brizan and Tillman Thomas are holding political meetings up and down the country, attacking the "ailing, inept NNP government." A senior official source in Grenada, however feels "quite sure that the U.S. is placing its bets now" behind Alexis and Brizan.

Dr Alexis was formerly Attorney-General and Minister for Legal Affairs.

Brizan was Education Minister and Thomas was a parliamentary secretary. They now sit on the Opposition benches but not yet joined with former NNP-ites Phinley St Louis and Kenny Lalsingh.

St Louis was the first to resign last year when he publicly attacked

Blaize for "lack of consultation and high-handed leadership." Today, St Louis, a steady, upright, hard-working kind of politician, is revelling in many "I told you so's." Lalsingh resigned afterwards over a scandal involving allegations against him for misusing government cement. He has denied any wrongdoing.

The other Opposition MP is a former Gairyite, Marcel Peters. In other words the opposition itself is more divided than the NNP government. But the recent resignations of Brizan, Alexis and Thomas have indeed hit the NNP a heavy blow. Brizan and Alexis had added a measure of competence and political glamour to the otherwise staid coalition NNP. Alexis with intellectual intensity, Brizan with mass appeal.

Let us go back to the last general elections of December 1984 following the October 1983 PRG collapse and U.S.-OECS intervention. Alexis entered that coalition with his externally-based Grenada Democratic Movement (GDM) and won three seats. Brizan entered with his new New Democratic Party (NDP) and won four seats. Blaize's Grenada National Party (GNP) won seven of the 15 seats.

Eric Gairy's party, the Grenada United Labour Party (GULP), won one seat. In fact, Gairy captured 36 percent while Blaize's NNP got 58 percent of the 41,041 votes cast then. The departure of Brizan and Alexis would seem to throw the electorate back into some disarray. They both led different parties which entered the victorious coalition, eager for a new Grenada and a flourishing sense of nationhood.

No doubt, the name "New National Party." Today, the opposition calls that party the "Now for Now Party," the "New National Problem." Today, personalities have clashed, rage is exchanged publicly, Parliament is much noisier, all kinds of polit-

ical permutations are now being considered, and the world seems nervously set for another fiasco in Grenada. Of course, Blaize is playing it cool. On the surface at least. Two weeks ago, at their press conference both Brizan and Alexis prophesied: "The NNP now doesn't have a snowball chance in hell of survival."

Two Rebels

Just before that Blaize had boasted in his weekly radio broadcast: "The NNP is stronger than before." He accused the two rebels of "abrogating the long-established principle of Cabinet collective responsibility which could not be tolerated."

I guess it was once again that old war between one man's "principle" and another man's "pitfall."

Blaize explained that "the NNP had 12 disunited members, now it has nine united members, so it is much stronger."

This is the kind of logic that is seasoning Grenada's politics today. Fully on the road now, Alexis and Brizan are charging the NNP and Blaize with various sins of omission and commission.

They have seized upon an economic issue to part ways. They expressed open and loud disagreement with the Cabinet decision to send home 1800 public servants.

Blaize calls it a "necessary reorganisation of the public service." Indeed, this is an issue which "instigates the working class" and adds "discomfort to the middle class." It could be easily generated into the kind of national issue of which successful political platforms are made.

Said Alexis at a street-corner meeting some weeks ago: "You know, my friends, dey sending home 1800 persons. But do you know that when you count it up it is really around 8,000 persons who would be left hungry."

Loud Clapping

The crowd, without any pondering whatsoever spontaneously, burst out into loud clapping. That was the mood. Alexis then proclaimed: "No Alexis, no NNP. No Brizan, no NNP. No Thomas, no NNP."

Now, ministerial resignations are always big political events. People are eager to hear the revelations, the "hidden scandals" and to witness the public crucifixion of high reputations. Grenada is no different.

All kinds of instant analyses are made. Many friends come forward to shake the ex-minister's hands ... for all kinds of reasons.

This was a crowd of about 400 persons in front of a small rum-shop in a little village called Beaulieu. Alexis, Brizan and Thomas, one after another, were each extolling their political virtues, demeaning Blaize and his "decadent NNP," and obviously shaping up for a showdown in 1989, the year of the next elections.

Boasted Alexis: "You know we had Guyanese judges coming here, Trinidadian coming here as judges. But as soon as I became Minister of Legal Affairs, do you know I made a Grenadian a judge?"

Call Name

A young naked-back youth with a cassette player in his right hand, shouted: "Call the name of the judge nah, call the name of the judge."

Alexis moved on, refusing to take up the constitutional challenge from the shadowy street. The crowd clapped at Alexis' patriotism, apparently ignorant of the constitutional implications of his bravado. "I have long developed a special interest in speeches from political platforms. And what keeps me so tantalised is how people keep on believing everything, they hear or read, regardless of the source. It is a morbid inducement which

seems to escape no intellectual class.

One of Alexis' favourite lines these days is "we going to give Blaize another rescue mission." The crowd like that. He and Brizan spoke highly of "Grenadian identity and self-respect." All about how to make Grenada a very productive and peaceful nation.

They are both rather persuasive platform speakers. But that was a partisan crowd, deep inside Brizan's own constituency. The night before, Alexis was in his St. Pauls' constituency.

And the brotherhood there was also teaming with applause. One of Blaize's close supporters, Dr Keith Mitchell, recalled in Parliament how an economist (Bernard Coard) and a lawyer (Maurice Bishop) "once wrecked Grenada."

Mitchell's political objective was to draw an intimidating parallel with Brizan (an economist) and Alexis (a lawyer). The sensitive Alexis spend some time shunting that label away from Brizan and himself until a young reporter standing in front of me quipped: "Yuh mean we have too much lawyers in dis politics business now. Dah is de trouble." The nearby listeners roared in laughter. Alexis missed this but he did not miss the young chap who heckled him under the street light. He cried out: "We cyar have dis nonsense at our meetings. I am calling on the police to move dis man. Officer, look dis man doesn't want to hear our meeting. Please move him." That was public or-

der in action. And the crowd laughed again.

That was how Snug at Beaulieu Corner behaved two weeks ago. In fact, when his turn came to speak, Brizan baptised it "The University of Snug Corner." And an instant feeling of political importance seemed to engulf the place and the people. They murmured and clapped.

Other Elements

The young rebels are revelling in "the retrenchment issue," but the fact is there are other elements which Blaize would no doubt raise. For example, many of the 1,800 are retired civil servants now on contract. Others have agreed to receive a lump sum payment.

Nevertheless, Opposition Leader St Louis said:

"The 1800 is joke compared to the number of daily and temporary workers now being let go. This is where the potential for unrest exists.

"Indeed, I am alarmed at the large number of idle youths seen along Grenada's roads at all hours of the day. Which leader could mobilise this ideal army of (40%) unemployed youths? Bishop's sentiment is still strong among the youth even though in 1984, the Maurice Bishop Patriotic Movement (MBPM) got only 5 percent of the votes and all its candidates, including its leader, Kenrick Radix, lost their precious deposits. A few months ago, Radix's meeting in downtown St. George's attracted some 300 — a

sizeable increase from previous MBPM meetings.

Blaize and his party faithfuls repeatedly boast of "the 58 percent mandate" they received in 1984. In fact, NNP loyalist, Dr Keith Mitchell publicly called upon all the NNP rebels to resign "on principle" since they won their seats on an NNP platform.

Crime Rate

Whatever the merit in this call, political leaders should not make the tragic mistake of treating an election victory as some constant, static result.

Electoral sentiments are more likely political variables, subject to sharp fluctuation within the five-year period.

And rather than arrogantly relying on their "electoral mandate" for almost everything they do, they should sometimes be more sensitive to the fluctuating phenomenon. The voter does not always freeze his political loyalty with his vote.

Beneath all this political uproar, Grenada faces very serious national problems. Its judicial system is in need of a complete overhaul. Its crime rate is on the disturbing rise. The "drug culture" is now on the loose.

It has an 18 month-old Constitution Review Commission Report still awaiting serious attention. Its unemployment rate is reputed to be between 35 and 40 percent. Foreign aid has steadily subsided during the last year. There is a negative

trade imbalance of \$150 million.

There has been some economic progress within the island's economy.

For example, the economy achieved an overall growth of 4½ percent of the Gross Domestic Product while average prices fell by one percent in 1986 compared with an increase of almost two percent in 1985.

Inflation, too, is on the decrease. Between 1985 and 1986, tourist arrivals increased by 20 percent. In other words, while there are serious problems, the country has a good chance of steadying itself in these hard economic times. Can it really afford one political crisis after another?

Businessmen are feeling some pressure these days with a 2½ percent tax levy on their gross profits. But there is some demonstrated confidence in the island's economy through the 27 percent increase in bank deposits between 1985 and 1986.

Six Months

What is the political medicine for Grenada at this time? Maybe, Prime Minister Blaize should seriously consider calling a general election within the next six months.

If he holds on in the present circumstances, all signs indicate that his political problems would get worse and the credibility of his 1984 support would remain in sharp question under the unrelenting haranguing of the Alexis-Brizan team.

Jobs and infrastructural expansion are going to be critical items on the political agenda.

Attack on Brizan, Alexis

St Georges GRENADA GUARDIAN in English 15 May 87 pp 1, 14

[Text] It was no different for NNP deserters Brizan and Alexis at River Road last Thursday. No matter where they go on their 'fool the people tour' they are greeted with boos, unanswerable questions and "you lie".

There is nothing these two extreme leftists could do or say to convince anyone that they had nothing to do with VAT, Property Tax, Sales Tax, 100% increase on drivers' licence--the whole range of atrocious fiscal measures, including retrenchment, that the NNP Government while they were in it, piled on the people's shoulders,

On the contrary, their 'fool the people tour' is back-firing. People are remembering that Mr Blaize had headed Government before but never attempted to inflict taxation burdens of this sort on our citizens nor anything like retrenchment,

Before the last elections many persons predicted that Brizan who has been visiting Cuba and other communist countries will project that kind of burden which may well apply to communist countries but can never work in Grenada, because the conditions here are very different from those existing in the communist countries visited by Brizan.

Both Brizan and Alexis have failed to recognise some of the very significant and basic differences in life-styles between the people of Grenada, Carriacou and Petit Martinique, as against the people of Cuba, Rumania, Czechoslovakia and even Russia.

Brizan's and Alexis' contribution, based on their ideology, must have resulted in the burdens and inflictions presented in the budget. Brizan and Alexis must understand that Grenada is a simple little country with an agricultural base, and in which people have been accustomed to live and love and to reap the harvest of the lands, giving thanks to God for such an enviable haven.

Certainly, many persons had also predicted that with Brizan and Alexis in any government there must be unbearable burdens on those governed, with chaos and confusion and the eventual collapse of any such.

It is therefore no surprise that their 'fool the people tour' is greeted with such vibrating boos, unanswerable questions and "you lie" government.

Carriacou Meetings

St Georges THE GRENADIAN VOICE in English 19 May 87 pp 1, 3

[Text]

CARRIACOU
was the centre
of political activity last weekend as officials both of the New National Party government and

the three parliamentarians who recently resigned held a series of meetings on the sister island.

As both factions

promoted their meetings with loud-speakers through the town of Hillsborough on Saturday afternoon, one man sitting near Agnes Joseph's shop on Main Street said; "Like they transfer their battle from Grenada to here or

what? Carriacou is the battlefield now?"

The N.N.P held a meeting at L'Esterre on Friday afternoon, and on Saturday an "international" cricket team led by Works Minister Dr. Keith Mitchell and Sports Minister George McGuire played a friendly cricket match in Dover, following which they presented cricket gears to the home team. On Sunday morning the ministers moved to Petite Martinique where they held an official ceremony for the opening of a new telephone exchange. In the afternoon, Prime Minister Herbert Blaize joined the ministers in holding a political meeting at the Hillsborough Recreation Ground, on the other side of Mr. Blaize's house. The Prime Minister in fact addressed the 100-large gathering from his verandah.

On Saturday night the three N.N.P "fugitives", George Brizan, Francis Alexis and Tillman Thomas addressed crowd of about 200, for most of the time in virtual darkness. Electricity was taken off soon after the meeting started and returned just before it ended. The

speakers said they felt it was "no coincidence", pointing to the fact that the same thing also happened at a similar meeting they held in Gouyave a few weeks ago.

However at Sunday's N.N.P meeting, Senator Bernard Bullen said that the taking off of the light was in fact a coincidence. He said it was "no sabotage" of the "fugitives" meeting. Bullen said the outage was necessary so that a bad line to Belair (where the hospital is situated) could have been repaired. He said they had to do it then because there was an emergency at the hospital where there was no power, the manager of the Carriacou Electricity Company Donald Peters confirmed the story to *VOICE*.

Works Minister Dr. Keith Mitchell told the *VOICE* that as far as the N.N.P was concerned the clash of meetings on the same weekend was a "co-incidence" and that they are "not involved in any melee with anyone". He said if anything, the "fugitives" were the ones who had done it deliberately, since they had a similar "clash"

recently in Victoria on the mainland. "I don't like it, I really don't like it," he said. "It gives people the impression as if there is political instability or something."

The various meetings of both sides turned into one of charges and counter-charges, and defending previous charges in the continuing saga since Alexis, Brizan and Thomas resigned from the NNP government just over a month ago. Since the resignations the accusations and counter-accusations have been almost ceaseless in the media and at public meetings.

Mitchell accused Alexis in particular of leading a campaign against him because "I have a lot to say, and he knows I have a lot to say But I won't say them till the right time," he said. "Anytime I stand up and speak, Alexis shakes in his boots. No wonder he sends people to tape my speeches."

The resigned ministers have constantly implicated Mitchell in wrongdoings in public office, and as far as they are concerned, "he has lost all moral authority to govern."

However Mitchell accused them Saturday of playing "dirty" politics, "the kind of game even (Eric) Gairy won't play". He said what they have been doing is attacking his private life, which has no relevance to his politics. He added; "I (am) no saint".

[portion omitted]

server described as a "warm welcome" in what one Hillsborough resident described earlier as "Blaize's country". The crowd at the meeting was particularly incensed when the

The three "fugitives" received what one oblight was taken out, and booed workers of the electricity department as they passed by.

The former NNP members were pleased with the response and say they will return shortly for a series of meetings instead of one.

"This week-end looked as if an election campaign is on," observed one Dover young lady. "But the best thing will be for them (those) politicians to leave us alone, because one good leader we had and they kill him already."

New-Party Considerations

Port-of-Spain TRINIDAD GUARDIAN in English 20 May 87 p 5

[Text]

ST GEORGE'S, May 19, Cana—CHIEF SPOKESMAN for three Grenada Government Ministers, who resigned last month, says they will not be rushed into forming a new political party. "We expect, as our activities continue and expand, that a political organisation would grow out of it," said former Education Minister George Brizan.

"We are not rushing madly into anything. We want to let it grow on its own steam, because that would be the alternative to take the country into the 21st century," he told Cana.

Brizan's remarks were the latest in the war of words with members of the Herbert Blaize administration, since he, former Attorney General Francis Alexis and parliamentary secretary Tillman Thomas quit last month, because of differences over economic and labour policies.

Responding to charges by Public Utilities Minister Dr Keith Mitchell's prediction of a straight fight between the ruling New National Party (NNP) and the Labour Party of Sir Eric Gairy, at the next election, Brizan described the NNP as the weakest political force on the island.

He told Cana that Mitchell's statement was a panic reaction, since the NNP was comprised only of elements of the former Grenada National Party (GNP), which he described as "finished."

The GNP and two younger parties, headed by Brizan

and Alexis, merged in 1984 to form the NNP.

"The people who support the three resigned ministers constitute the most powerful political elements in the country today, and this is going to grow from strength to strength," he said.

Gairy No Serious Threat

Brizan described as "favourable" the response by the public to a series of public meetings they have been holding all over the island to explain their resignations.

He said that Gairy, whose party won 35 per cent of the vote in the 1984 polls, was unlikely to pose a serious threat in the next election.

"I know what his strength is. He (Gairy) would have a problem with numbers, in terms of support. In an electorate of about 65,000, I think Gairy could only boast, right now, of an optimum of about 14,000," Brizan said.

"He doesn't pose a threat, although he is a factor (in the elections)...His base has been eroded during the last two-and-a-half years," he added.

Mitchell on 'Coup Attempts'

St Georges THE GRENADIAN VOICE in English 23 May 87 p 1

[Article by Milton Coy]

[Text]

There have been five coup attempts against Prime Minister Herbert Blaize, according to Works Minister Dr. Keith Mitchell.

He made the revelation while addressing a crowd in Carriacou on the week-end.

Describing one time when the attempt was made, Dr. Mitchell alleged that the "darker one came into my house in April 1986. That time we were still friends and the man start(ed) off."

Dr. Mitchell said his then colleague Dr. Francis Alexis was sweating heavily and told him, "BroMitch I can't take Herbert Blaize any more.... the man is leading the

country down the drain". Mitchell said while I sympathised with some of the reasoning Alexis put forward I did not agree with the "removal of the Prime Minister".

Mitchell claim he told Alexis to remove Herbert is to "mashup" the country. The Works Minister alleged Alexis told him "sometime you have to mashup something to build it up".

The Works Minister said he had a lot to say but he is not saying much for now. Dr. Mitchell claimed himself and Dr. Alexis were very close and he (Alexis) told him a lot of things. Mitchell said; "I will disclose them in time and I will

let him sweat".

Dr. Mitchell told the crowd that five attempted coups have taken place in two and a half years and the only reason why they jumped out of the house now is because they felt there is little or no hope of wresting control of the leadership of this country from Herbert Blaize.

Dr Mitchell blamed all the problems the country was having on the two ex-ministers. The minister said those "text book solutions" being offered from the platform "for Grenada's problems" are simply text-book solutions.

St Louis Blast at Taxes

St Georges THE GRENADIAN VOICE in English 30 May 87 p 16

[Text]

LEADER of the Opposition, Phinsley St. Louis in a statement this week referred to the Provisional Collection Taxes Act as "inequitable and cruel", and condemned it.

Mr. St. Louis issued a press statement this week to coincide with the posting of the preliminary list on the assessment of properties, on post offices and police stations.

The Parliamentary representative for St. Georges South reiterated the tax is "one that can cause certain persons to lose their properties". The one-time NNP member and Deputy Speaker in the House, noted that it is "quite clear that the Government did not study sufficiently the economy of the country before attempting to introduce its fiscal policy." This tax, he said, "is an indication of Governments' bad fiscal policy".

Mr. St. Louis said he hopes that as a result of this all property owners throughout Grenada, Carriacou and Petite Martinique should take the opportunity to look at the lists to satisfy themselves that their properties were pro-

perly assessed or if not, they would have filled their protest.

"The Real Property Tax Act directly affects this entire nation, not only owners of property but everyone," Mr. St. Louis said.

As a result of this tax, he added, "persons who live in rented homes can expect their rents to be increased by their landlords".

"In examining some of the increases inflicted by this new property tax measure, I have observed that there are increases of over 2000 per cent and simply a large number of persons will not be able to pay this tax", he stated.

Noting that this year, 1987 is was declared by the United Nations as the "Year of Shelter for the Homeless" the Opposition Leader said "this NNP implemented a tax measure, which can remove the shelter from the heads of those who already have shelter."

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CSO: 3298/246

UNION RAPS GOVERNMENT IN MAY DAY PROTEST; MINISTER UPBEAT

March Against Retrenchment

St Georges THE GRENADIAN VOICE in English 5 May 87 p 1

[Article by Reginald Lord and VOICE desk reports]

[Text]

"May Day" celebrations here turned into a demonstration against government's retrenchment plans.

About 1,000 workers turned up last Friday to celebrate workers' day most incensed by the New National Government's plan to do away with 1,800 civil servants.

The traditional march from Otway House on the Carenage to the Queen's Park was filled with anti-government sloganeering both on placards and in chants. Slogans such as "retrench the retrenchers," "we want we back pay" and "ca-ca-roach in the government" were the order of the day.

Minister of Labour George McGuire received a hostile reception when he came to address workers at the Queens Park rally. His speech was interrupted numerous times with "boos". Then at one point, much later in his speech, they reverted to "slow hand clapping".

Most of the solidarity messages at the rally from the seven unions that make up Grenada's Trade Union Council were on the retrenchment issue, and there were widespread criticisms of the plan.

But one union president, Wilfred Hayes, the leader of the Technical and Allied Workers' Union (TAWU) was

"coolly" received and was jeered by some workers while delivering his solidarity message.

Hayes has been strongly challenged for the leadership of TAWU from Chester Humphrey, and has been in the centre of controversies over TAWU's annual general meeting which was attempted to be held here earlier this year. (Refer to the VOICE edition of March). Some Humphrey supporters have also accused him of being too close to Works Minister Dr. Keith Mitchell, and therefore affecting him taking any tough stand against the authorities. TAWU is one of three unions that has been locked in negotiations over a wage hike and bonuses for workers for over three years.

One union president who was more warmly received was the boss of the Public Workers Union Basil Harford, who called for more unity among local trade unions, saying this is important if they are to strengthen their bargaining position.

President of the T.U.C, Anslem DeBourge delivered a main address in which he said there are growing concerns within "organised labour" about the "changing industrial relation practise" in the country. He said that some employers are openly resisting trade unions, while there have been witnessings a rise in dismissal, intimidation and sexual harassment in some work places.

One observer at last Friday's celebrations said the mood of most of the workers was an "ominous" sign to government that some of them are willing to "take on" the authorities.

The growing sign of worker dissatisfaction began to show at last year's May Day celebrations when the dispute between three unions and the authorities over wage hikes and "back pay" were still fresh in their minds. The workers were not as vocal as

they were now, and did not interrupt the speech of then Labour Minister Francis Alexis though they chanted "way the man with the money gone" just before his speech.

But since then, the wage and "back pay" dispute have not been solved, and the issue of retrenchment has been added to the list of the trade unions' ills.

Government has insisted that the plans for retrenchment are vital to save public finances from collapsing.

McGuire Comments

St Georges THE GRENADIAN VOICE in English 12 May 87 p 6

[Interview with Minister of Education and Social Services George McGuire, also responsible for labor, local government, fisheries, cooperatives, youth, sports, culture, social security, and civil aviation, by Reginald Lord; date and place not given]

[Text]

Q. *Mr. McGuire you are responsible for nine separate departments in the new cabinet structure. Don't you think this is too much of a workload for one man. How is it affecting performance?*

A. My Ministry is run by officials, permanent secretaries -- we have organisational structure -- we have a minister of state, we have two parliamentary secretaries, senior assistant secretaries executive secretaries, that's the organisational structure, and if one is properly organised, one does not have to carry an onerous workload. I picture that I have sufficient time to do all the things that I enjoy doing.

Q. *How are you coping to the new ministries that was added to those you had previously?*

A. I quite enjoy it. It's a challenge. I like challenges. I don't think that it has depressed my spirit at all. I'm even more buoyant I would say.

Q. *Are you comfortable with the present labour climate in the country? Especially after the May Day protest?*

A. Well, what we saw on May Day, we had some vocal people who were giving vent to their feelings and with respect to burning issues, one of which is unemployment and the other, the much de-

nounced and emphasized retrenchment programme. But I do not think that that is an indicator of disquiet on the labour front. I want to say that to me, workers of Grenada are now sensitive to the labour management relations and how it affects their ability to produce, take care of their lives and work productively. I have to commend all workers in that they have shown a keen spirit of understanding and restraint where labour management relationships are concerned over the past years. Two years, we have had excellent labour management relations and there is no reason why, those relations should not continue. There is a pressing issue with respect to negotiation with the public service. The government has

stated quite clearly that it would wish to get back to the bargaining table to settle this issue as soon as possible. In fact we have expanded our negotiating team, giving it ministerial texture in order to expedite the negotiations, so that all the contending parties would have this issue behind them, and that is a fervent wish that the long overdrawn negotiations with the public service would soon come to an end.

Q. *On the question of local government, how far are we away from local government elections, noting that it was supposed to have taken place last June.*

A. I do not know when it was supposed

to take place - all I can say to you is that the infrastructure arrangements are definitely not in place for holding local government elections. If you were to have local government elections in June, where would you put all the elected councillors, the mayors etc.? Where would they go -- on the streets? We don't have buildings, we don't have materials, we don't have equipment. I think that I have adopted a very sensible approach to the re-introduction of local government, by having commissions and committees -- by appointment of a Local Government Commissioner which the present law allows to ensure that the business of local government is carried on and this commissioner will prepare the way for the holding of elections and the reinstatement of all those who are so chosen in our local authorities. I have people who are very keen and excited, working on the problem of bringing together all the factors that affect local government. Progress to my mind has been quite satisfactory.

Q. How much do you think it would cost the government to introduce local government fully?

A. The budget is now being prepared; I cannot say. I made a tentative figure last executive meeting. I think I said it would cost us something like \$12 million that is just

a rough estimate, I don't like giving rough figures but I think it is within that range of expenditure.

Q. How has it been taking over the Ministry of local government from Dr. Francis Alexis?

A. That is not a question that I can comment on.

Q. How is the government going to deal with people working in Grenada without work permits?

A. Just wait and see. We have a very strong move now on, which the immigration department, the commissioner of police the ministry of national security and my ministry are putting out ideas together, and we are now coming up with a plan a strategy, for dealing with this very vexing problem. I have announced that on May Day, and it is something that we are making wonderful progress on.

Q. How do you see the fishing industry, in respect to absorbing unemployed workers?

A. We think that the fishing industry can absorb thousands of Grenadian young people, both in terms of processing of fish and in terms of modernising our fishing techniques. We have been looking for the introduction of large trawlers, opening a fishing

school here to train thousands of Grenadian young people and that is something, we are almost certain to introduce. So I am excited about the prospects of exploiting towards greater advantage in the very rich fishing reserves that lie just a few miles off shore.

Q. What sort of incentives, have been created by the ministry for the people who do fishing in the rural areas?

A. Well we would continue to assist them through the artisanal project, facilitating their efforts to go out to sea, then making sure that loans are more accessible, all these sorts of things would continue but we have now a massive movement to modernise the fishing techniques.

Q. Sometimes it is said, it is difficult to bring people together in the rural areas, especially when they are involved in the same trade; How would the ministry get the individual fishermen in these areas to form a co-operative?

A. Well we have a functional Co-operative department, and it is only a process of educating, having dialogue with the fishermen, listening to their ideas, analysing their difficulties and coming up with solutions; one, making sure that they

are all dynamic groups, that they interact with each other and it is really a process that deals with the educating of the fishermen and improving his thinking skills; we think that we are adequately prepared to harmonise all our efforts, with respect to improvement of the living conditions, operating conditions and enhancement of the style of life of our fishermen. We are well prepared for that. Basically it is part of the educating process that we have started.

Q. The fishermen in the rural areas always talk about the problem of storage facilities. How is the government getting along with that?

A. Well as you know, we have been upgrading storage facilities, we have now refrigeration plants in all the major fishing villages, St. Andrew's, St. John's, St. George's, St. Mark's and the new initiatives that we have started may bring for us large trawlers with refrigeration capacity and that is something that only time alone would show the results of. So if one is a bit patient, one would see that the government has a very serious plan for modernising the fishing industry in Grenada and bringing in large trawlers with refrigerating capacity.

Q. Now the financial burdens now faced by the

government. How is it going to affect the number of scholarships given to primary school students this year?

A. I can see no effects on it at all. We gave 1,200 scholarships last year, that's the most given by any government in the past and I think that we can continue giving scholarships at this level. The number of advance training scholarships would be increased markedly and the government has a new thrust to ensure that many more of our youngsters are given advance training opportunities so I believe that we had done enough of the foundation work in education, to reach out to young people and prepare them, give them the necessary tools and equipment in which to bear active participation in evolving the democratic process of our country.

Q. How is the

nation responding to the continuous education programme (CEP) in particular the people who are considered as illiterates?

A. Well the nation is responding admirably, to the C.E.P. programme I set up. We have virtually gone into every village, we have looked at skills training, non formal educational programmes, formal educational programmes and literacy-based training programmes. The area of culture, community development programmes all these have been withing the armpit of the continuous education programme and we are much encouraged by the excellence of the achievement, so far recorded. Grenada does not have a illiteracy problem. The figures show that Grenada is 96% literate and our problem is that of functional literacy. We

have geared programmes to improve the thinking skills of adults and young people.

The Continuous Education Programme continues to play a major role in making sure that all our citizens have an intelligent understanding of the issues that face their lives. So I want to say to you that adult literacy programmes have received our attention. We are on target with respect to the training of facilitators for that programme and training of parish co-ordinators. Right now in progress (at the time of the interview) we have an OECS meeting of all adult educators, so to speak, who are comparing notes and looking at ways for tackling the Caribbean problem of illiteracy. So let me express much satisfaction with what have been achieved by the Continuous Education Programme. I am satisfied that every household in every

parish of Grenada knows of the existence of this programme and know that they can seek personal growth through what is happening in that programme.

Q. A lot of people are interested in the CEP programme which was introduced in Richmond Hill prisons some time ago. Could you comment on the progress made so far, since it was introduced.

A. Well that is a very recent programme, we have to allow it some time to settle. It's too early to judge the success, but from what I have heard, I visited the prisons personally and I have been told, that this programme is well supported by all the inmates and with time we will be able to play the role that we have to play in terms of the rehabilitation of the programme.

BANK REPORT DETAILS ECONOMIC GROWTH, PROBLEMS FOR 1986

FL111800 Bridgetown CANA in English 1657 GMT 9 May 87

[Text] Bridgetown, 9 May (CANA)--The economy of Grenada expanded 4.3 percent in 1986, compared with 3.5 in 1985, says the Caribbean Development Bank (CDB) in its annual report.

At the same time, unemployment decreased, prices fell and the public-sector deficit declined, but external debt payments continued to exert great pressure on the balance of payments.

Difficulties facing the agricultural sector such as poor marketing facilities, poor harvesting practices and inadequate extension services were only partially reversed. As a result, growth in the sector was mainly influenced by higher prices and the abolition of export duties on the major export crops.

Banana production amounted to 5,768 tonnes, compared with 6,283 tonnes produced in 1985, while the volume of cocoa produced fell by 24 percent to 1,633 tonnes.

As a result of a pricing agreement between Grenada and Indonesia, the price of nutmeg more than doubled in 1986 and the Nutmeg Association was able to sell all of its accumulated stocks. Nutmeg output during the first nine months rose by 17.5 percent over the level in the comparable period in 1985 to reach 2,018 tonnes, while export earnings more than doubled to reach U.S. 2.7 million dollars. Similarly, mace output rose by 41.6 percent to reach 210 tonnes.

The tourism sector benefitted from better airport facilities and an easing of the bottlenecks in accommodation by the opening of the 200-room Ramada Renaissance Hotel in March 1986 and overall the improvements evidenced in 1985 continued in 1986.

Arrivals of stopover visitors increased by 10.2 percent to 57,305, compared with 52,001 in 1985, and arrivals of cruise ship visitors increased by 25.5 percent to reach 113,900. Estimated earnings from tourism stood at 26.7 million, an increase of 12 percent over 1985.

Commercial bank lending increased during the first nine months of 1986 to 12.9 million dollars from 8.6 million in the comparable period in 1985. Despite government's policy of fiscal restraint, credit to central government and

statutory boards grew by 81,2 percent during the first nine months of 1986, compared with 24,6 percent during the same period in 1985.

Meanwhile, growth of credit to the tourism and personal sectors was buoyant during the first nine months of 1986, increasing by 26.5 percent and 51.2 percent respectively, over the comparable 1985 levels.

Prices fell by 0,8 percent in 1986, compared with an increase of 1.8 percent in 1985. Price increases were recorded in food, tobacco and alcohol, while household supplies, fuel and light, transport and communication and clothing registered declines.

In 1986 the visible trade deficit continued to increase, moving up to 55.3 million dollars from 46,7 million in 1985. Domestic exports increased from 21,7 million dollars to 25,3 million, while total imports increased by 20,7 percent to reach 83,1 million.

The major thrust of the budget presented in February 1986 was to maintain the objective of reducing central government deficit.

In a bid to correct the persistent fiscal imbalance, as well as to lay the groundwork for more fundamental fiscal adjustments over the medium term and spread the tax burden more evenly, steps were taken to simplify the complicated tax structure.

The principal components of the new tax package were: the abolition of company and personal income taxes as well as stamp and export duties; the introduction of a 20 percent value-added tax on all goods and services imported or produced for sale in the country; modifications to the system of land tax, providing for a levy of 2 percent on the assessed value of land; and a 10 percent levy on the gross income of companies.

At the same time, the foreign exchange tax as well as the motor vehicle and petrol taxes were retained. The value-added tax, company levy, land value and petrol taxes are projected to generate at least 45 percent of total revenue.

It appears unlikely that the strong recovery of domestic demand in 1986 will continue into 1987, but strong export growth is expected to continue, the bank said.

Despite continued expansion of residential and business investment, total private investment is projected to grow only a little, due to problems of access to medium and long term capital.

Likewise, public consumption and investment are both expected to decline, in line with budgetary considerations. Consequently, GDP growth is expected to be modest, and total employment is likely to contract as labour shedding in the public sector may outweigh increases in private sector employment, the bank said.

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CS0: 3298/246

NUTMEG ASSOCIATION REPORTS SURPLUS EARNINGS in '86

St Georges THE GRENADIAN VOICE in English 30 May 87 p 16

[Text]

THE Grenada Co-operative Nutmeg Association (GCNA) has reported a trading surplus of 9.1 million dollars between July 1 and December 31, 1986.

In presenting the report, GCNA Chairman Norris James said the surplus was 8.3 million dollars more than the 783,825 dollars of the corresponding period of 1985.

According to the report the association earned 18.3 million dollars from sales of nutmeg and its by-product mace during the last six months of 1986 as opposed to 8.8 million dollars in the 1985 corresponding period.

"It is our firm conviction that the

marketing agreement between Indonesia and Grenada will ensure a continuation of the present price," James told growers.

Under the agreement, the two countries have drawn up formula to set prices for various grades of nutmeg and mace sold on the international market.

The GCNA paid nutmeg producers a record 5 million EC dollar bonus in December for the last financial year.

James who represents the farming community in the Senate indicated in the report that developments in the nutmeg market continue to be encouraging.

But he expressed concern with the fact that some producers were engaged in over-

deliveries of nutmegs and that steps are being taken to stop this practice.

Late last year, James spoke about some farmers selling the GCNA more nutmegs than their property was capable of producing.

James also expressed concern over the failure of government to pay attention to the repeated requests of the GCNA for the commodity associations to be represented on statutory boards.

"All give assurances that agriculture is the basis of the economy and it is hoped that the utterances by those in responsible positions will be translated to reality by acceding to this request," he said. (CANA).

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CSO: 3298/246

MINISTER OF AGRICULTURE LASHES MINOR SPICE ASSOCIATION

St Georges THE GRENADIAN VOICE in English 2 Jun 87 p 12

[Text]

GRENADA'S Agriculture Minister Ben Jones has criticised the operations of the Grenada Minor Spices Society which has the monopoly on the export of spices such as cinnamon and clove.

Addressing a farmers meeting here, Jones said he considers the society "incompetent" to deal with the island's spices trade.

His remarks follows a scathing attack made on the society by a farmer who was

complaining of the low prices offered by the organisation.

"I am telling you now as the Minister of Agriculture, I am not satisfied that the producer of minor spices is getting the best deal that he can," he told farmers.

"I feel that it is unfair to the producer to put him in the position where he cannot sell his produce outside of these people and derive the maximum benefit that he could," Jones said.

He stated that after looking at the operations of other commodity boards such as cocoa, nutmeg and bananas, the same could not be said of the Minor Spices Association.

"I find that it is

unfair that he (the farmer) should be forced to sell to them and accept prices lower than he could obtain if we were selling otherwise," he remarked.

In 1985 the Minor Spices Society reported a trading loss of nearly 14,000 EC dollars from about 50,000 pounds of spices sold.

Jones urged the farmers to make representation to government to look at the situation with the society.

"...What I am suggesting is that you give consideration to it and make the kind of representation that would call upon government to look against at the legislation that now puts you in the unfortunate position," he said.

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CSO: 3298/246

BRIEFS

GUYANA TRADE MISSION--Trade and Tourism Minister Winston Murray is in Grenada at the head of a three-man trade mission to discuss the expansion of bilateral trade between Guyana and that sister Caricom country. Among the items that have been identified as possible exports to Grenada are rice, sugar and forestry products. On the import side the delegation is expected to pursue proposals for the importation of nutmegs, cloves and spices from Grenada, a Ministry of Information release said. The team's visit to Grenada is the result of discussions between President Desmond Hoyte and Grenadian Prime Minister Herbert Blaize on the possibilities for expansion of trade between the two countries. Minister Murray is accompanied by Cde Avinash Bhagwandin, Director of Foreign Trade in the Ministry of Trade and Tourism, and Cde Claude Housty, General Manager of the Guyana Rice Export Board. [Text] [George GUYANA CHRONICLE in English 21 May 87 p 1] /9274

NATIONAL AIR CARRIER--St George's, Sunday (CANA)--The Grenada Government has designated Air Antilles, a St Lucian-based airline, as the island's national carrier, it has been announced here. According to state-owned Radio Grenada, an agreement to this affect has been signed between Air Antilles and Grenada government officials after months of negotiations. Air Antilles would replace Grenada Airways which was closed down last December after it ran into severe financial difficulties. The airline has promised to provide Grenada with 30,000 seats annually on a number of routes from North America and Europe. [Text] [Port-of-Spain DAILY EXPRESS in English 1 Jun 87 p 15] /9274

CSO: 3298/246

NICARAGUA

MINISTER DISCUSSES ECONOMIC INCENTIVES, 'CENTRALISM'

Managua BARRICADA in Spanish 12 May 87 p 3

[Interview with Minister of Labor Benedicto Meneses by Silvia Torres; date and place not given]

[Text] In an effort to obtain answers to the questions about the present wage policy which BARRICADA most frequently receives from its readers, we interviewed Minister of Labor Benedicto Meneses.

Prominent among these questions are the influence wage adjustments will have on the increase in the prices of basic products and the constant complaints from businesses about "centralism" in the Ministry. Other subjects at issue include the subject of wage scales, making the SNOTS more flexible, and finally, revision of the Labor Code.

We are publishing here some extracts from the interview.

[Question] Will periodic adjustments continue to be made in wages? What is the logic in this, and what relation do these increases have to prices and productivity?

[Answer] These wage adjustments are being made in an effort to balance a situation which has allowed wage earners to enjoy a more comfortable standard of living than is objectively possible.

However, at no time can we limit this policy to nominal wages. It is necessary to take real wages into account, and this includes the purchasing capacity of the worker, which is protected by a minimal supply which is given priority through the CAT and the commissariats.

It will also be necessary to take into account those services which the state has continued to subsidize, such as medical care, education and transportation.

[Question] For years there was talk of the advantages of freezing salaries as a means of preventing prices from rising. To what is the change due?

[Answer] In fact, until 1983 wages were kept frozen, and thanks to the subsidies, the inflationary indices were low.

However, in 1985 the situation changed. Subsidies began to lead to a certain monetary imbalance, which discouraged production, and this forced us to make an important change in the application of this policy.

By that time the revolution was already experiencing limitations in terms of foreign credit and suffering from the effects of the North American blockade. To this we must add the cost of the war of aggression, which reached its highest point in 1984.

More Dynamic Policy

These were the conditions which led us to review the economic situation, and we began by recognizing the cost-price ratio as an incentive for production in more objective fashion.

It will be remembered that the situation reached such an extreme that it became cheaper for producers to purchase from the ENABAS than to produce.

This recognition of costs resulted in an increase in supply, but it also put the purchasing power of the wage earners out of balance. This precisely is the origin and the goal of these adjustments. However, wages are not the most important component in costs, and therefore in prices.

To protect the economy of the worker and the country, these adjustments--I do not say increases--were accompanied by an increase in production through the adjustment of norms and the payment of incentives for overfulfillment.

[Question] On the subject of incentives, has the MITRAB made any assessment of their role in retaining the labor force?

[Answer] In fact, in production, a worker who is efficient could even succeed in doubling his wages and earning more than another individual who is on a higher level but is inefficient.

Here too, demands such as that for priority supply, and others, come into play, but they should go along with productivity.

It would not be fair for us to treat the good workers and the bad the same. The purpose is to encourage the more efficient ones, and it is toward this end that the agreements and the production incentives are working.

Indiscriminate distribution of incentives means leaving the labor force unprotected. It is, then, a complex of factors which works toward retaining the labor force.

[Question] With the application of incentives for effort in the service sectors, is there a danger that this will become a kind of hidden wage?

[Answer] That depends on how the enterprise directors and trade unions apply them. Sometimes, in order to avoid problems with the workers and to keep them happy, suggestions which do not serve to improve efficiency are accepted, and this is self-deception.

When this happens, what should be a contribution to efficiency becomes an additional cost which exerts pressure on the prices of other products and services.

There is here a tremendous political responsibility, because the incentives for effort should be adapted to the reality in each enterprise.

[Question] How will these incentives be measured, if they pertain to processes which cannot be normed?

[Answer] There is a mechanism, such as the establishment of special parameters to apply to accountants, warehouse supervisors, Kardex-system clerks and other jobs.

For example, it can be established whether accounts are up to date or if materials have been properly stored, whether there is a current inventory, and other things which have an effect on production.

Now then, the goal is to encourage the best workers, and not everyone. In this connection, and using the financial system as an example, where everyone has achieved 100 percent fulfillment, I see problems.

One of two things may have happened. Either the evaluation was badly done or the parameters were set very low, or both. This is counterproductive. I am pleased, then, that thanks to their revolutionary responsibility, the UNE comrades are aware of this.

[Question] When these incentives go into effect, what role does the differentiation by level play?

[Answer] The grouping of jobs on the various levels is a very important point of departure, so that on the basis of his effort, an individual can earn greater income.

The first step was to survey vocational qualifications and their grouping on each level. This information allows us to know exactly what qualifications the labor force in the country has.

Making the SNOTS, as the incentives program is called, more flexible is a second step which is a part of the system, along with other components, as was planned from the beginning.

[Question] For some time we have heard the trade-union leaders and enterprise directors talking about what they call "centralism" in the Ministry of Labor. What role will you play in implementing incentives for effort?

[Answer] We will provide methodological guidance to launch them, basically, in the sense that these incentives are based on a wage fund, to which, I repeat, they have access--not all, but the best workers. The only requirement for beginning to apply it in the enterprises is registry with the Ministry. In due time, we will check on whether what they have paid out is consistent with the policies of the revolution, and we will adopt the pertinent measures.

It must be borne in mind that the productivity policy is not the property of the Ministry of Labor. We are only the tool for applying it and checking on it.

[Question] There is then a change from the role you played in earlier years. To what is it due?

[Answer] Initially, in beginning to implement these measures, it was necessary to overcome the reluctance to change the payment system from an hourly rate to piecework.

There were shortcomings in the establishment of the norms, and some were set so low that there were instances in industry and the rural sector in which the worker fulfilled "three norms." This was the reason for the supervisory role we had to play. We demanded that the norms be approved at the Ministry, to prevent their becoming a hindrance.

At this point, the workers and the trade-union leaders have become aware of this. There is great support for ideological work and experience. Thus they, along with the enterprise directors, will be responsible for implementation.

[Question] What role will the Ministry play, then?

[Answer] We can devote ourselves to such tasks as organizing the labor force, its training needs, and seeking and popularizing the best experience in labor organization, among other things.

[Question] Finally, what do you think of the opinions voiced by some trade-union organizations about the revision of the Labor Code?

[Answer] It is definitely necessary to revise it.

The first thing which must be taken into account is that the revolution transformed the Labor Code. From a tool of the exploiters, it turned it into a tool of the workers.

On the other hand, the labor legislation has not been static. For the application of Article 116 on dismissals, which formerly depended on the arbitrary decision of the employer, just cause is now required.

Other requirements contained in the present code have been totally outdated--for example, paid vacations. In the past the employers, in collusion with the old labor court judges, denied the workers this right.

Obviously, then, it is necessary to improve the code. Such features as norming and incentives which are not included, but which now are part of the labor legislation, must be introduced.

There are even concepts which have changed. Work is a right, but also a responsibility. An individual who does not fulfill that responsibility is failing to abide by an important constitutional precept.

Thus we are deriving new principles from the current labor practice. In any case, the main concerns of the workers at this time are supply, norms, incentives, and above all their participation in the making of decisions in the enterprises and the country. In this regard we are progressing.

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CS0:3248/326

NICARAGUA

MANAGUA: BERGE IN BULGARIA, PREDICTS CONTRA 'LIQUIDATION'

PA142102 Managua Radio Sandino in Spanish 1930 GMT 11 Jun 87

[Text] Nicaraguan Interior Minister Commander Tomas Borge today predicted in Sofia, the capital of Bulgaria, that the counterrevolution will be definitely liquidated in his country next year. However, he admitted that small groups of rebels--who will engage in pillage, banditry, and murder--may survive. But he said that the Interior Ministry will confront that activity, and it will be eliminated sooner or later.

The Sandinist leader, who is on an official visit of Bulgaria that began on Monday, said that the U.S. Government and the anti-Sandinists failed in all their attempts to organize an internal front in Nicaragua.

It is no secret that the State Security Office was able to infiltrate the contra ranks, Borge said, stressing that in various operations carried out recently the Sandinist forces were able to seize 50 tons of plastic explosives from the enemy.

Beaten by the EPS and neutralized by the State Security Office, the counter-revolution has been losing ground. It has not been able to reach any of its goals, and it can be responsibly stated that it is already strategically defeated, Commander Borge said.

Borge, Who is also member of the FSLN National Directorate, said that Nicaragua is experiencing a very difficult economic situation mostly because it has to devote 50 percent of its resources to defense. As long as the war continues, there is no possibility of effectively resolving the serious economic problems the country is facing, he noted.

However, he emphasized, Nicaragua will not suspend its health and education program. He remarked that despite the war, the nation is laying the groundwork of a strategy that, within a medium term in history, will permit the beginning of an economic takeoff.

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CSO: 2200/112

AD, COPEI PRESIDENTIAL NOMINATION VIEWED

Caracas EL NACIONAL in Spanish 5 Jun 87 p A-6

[Commentary by Arquimedes]

[Text] The pieces in the political chess game are arranged in such a way that at this point in the development of the game that will culminate in December 1988, one can predict, with no additional extrasensory abilities and without a great margin of error, what movements and variables will emerge. At least, this is true for the next 4 months before the official start of the election campaign.

In the Democratic Action (AD) line-up, the situation looks openly favorable to the candidacy of Carlos Andres Perez, who has his internal adversary in a permanent state of check. This calls for the Lepage followers to bow out gracefully; otherwise, the result will be a mathematically inevitable, overwhelming, unabashed checkmate in the electoral colleges. This move has already been calculated in every detail.

Neither chance nor surprise nor last-minute moves can alter the course of a game that has been executed steadily, unhurriedly, intelligently, with a great deal of intuition and finely tuned senses. This careful execution reveals a profound knowledge of causes and circumstances, a precision which will make this game one of the classic events in our contemporary political history.

The fact is that an overwhelming majority of the functional bodies of AD, its trade unionists, its agrarianists, its educators, its professionals and technicians, its youths, its parliamentarians, its women, its municipalists, 21 of its 25 sectional executive committees, and 17 members of its National Executive Committee (CEN), are openly and enthusiastically in favor of Carlos Andres Perez' candidacy. This fact is a reflection of the sentiments, expectations, and desires of the party rank and file, and it reveals, ipso facto, the denouement of the chess game. Consequently, the logical outcome will be--barring one of those capricious and irrational human imponderables that sometimes obsess a few powerful people in decision-making positions--a friendly understanding that will spare the party from unnecessary trauma and keep the chess pieces in good shape to gear up for the ensuing battle. That confrontation promises to be bloody, difficult, and inevitably polarizing.

At least this is the outcome indicated by common sense and by more than one leading foreign political and communications adviser, not to mention their local counterparts. The latter agree in their assessment of the political future, a magnanimous, grandiose vision in search of success and wellbeing for the political collectivity.

This sharp, refreshing, clearly defined situation means that AD--like the Movement Toward Socialism (MAS), in which the candidacy of Teodoro Petkoff is a foregone conclusion--will now move on to a second stage. Then COPEI will dominate the headlines, given that its battle lines are still loosely drawn and the communication lines have been shutting down, paving the way for a confrontation whose outcome has not yet been revealed.

This can be seen in the most recent statements by leaders of the stature of Rafael Caldera, Godofredo Gonzalez, and Oswaldo Alvarez Paz, who have simply challenged the legitimacy, the propriety, and the morality of many of the actions taken by Eduardo Fernandez and his team of followers and financiers. In passing, they have brought to the fore some delicate questions about the management of funds, about the origin of those funds, about the presumed contributors, and about that fuzzy line--in this case--between personal interests and desires and those of the party as a whole.

Indeed, how else can anyone explain Eduardo Fernandez' squandering of money during a period of crisis?

Wouldn't it be an excellent contribution to "the new democracy" for him to reveal the full names of his contributors, the amounts he has taken in, and what he has spent the money on? Wouldn't this be an initiative that would reinforce his self-touting as a squeaky-clean administrator? Wouldn't this enable us to see the bonds that gave rise to the partnership of accomplices? Wouldn't this help us determine whether or not any extraordinary commitments were made, affecting the development and the democratization of a system that is increasingly controlled by small cliques? Isn't it sufficient response to say that there is a dirty campaign? The game that is being played in AD and the MAS is crystal clear. In COPEI, the battle has just begun with salt being poured into an already festering wound that may have been caused by the infamous checks of the National Development Bank (BND).

8926

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CARLOS ANDRES PEREZ ON CORRUPTION CHARGES, COPEI CANDIDATES

Caracas EL NACIONAL in Spanish 9 Jun 87 p D-11

[Article by Roberto Giusti]

[Text] Former President Carlos Andres Perez believes that he is the only politician in this country with a certificate of honesty. Not only that, but he adds: "The others are suspect."

This assertion was made in response to a question about his supposed vulnerability as a presidential candidate, an argument wielded by his internal adversaries in the battle for the presidential candidacy.

Perez appeared on the radio program "Forum," broadcast by Radio 1300, where he was interviewed by a panel of journalists. One of them cited that argument.

"It is painful," he said, "for them to say things which will be later picked up and used by the opposition. Passion and intransigence blind people. I can say that I am the only politician with a certificate of honesty. The others are suspect. I was the victim of a conspiracy to discredit me (Perez was referring to the Sierra Nevada case), and to undermine me politically. But I was strengthened by that ordeal, and my popularity did not drop a point. The investigation was exhaustive and detailed, and was not limited to the domestic scene. Consulates and embassies tracked down every possible lead, every check, any clue that might implicate me. And no one found anything. After all that, then, I can say that I am the only politician with a certificate of honesty."

[Question] You are doing very well in the polls; you seem to enjoy popular support, but it is said that President Lusinchi, who supports Octavio Lepage, is ready to block your victory.

[Answer] That is the greatest insult, the greatest slander that anyone could levy against Jaime Lusinchi. Lusinchi is a political fighter, he is my colleague, he is my friend. He fought against the Bolivarian Civics, against the PDV. He is politically aware, and it was not a matter of chance, or of winning at poker, that he ended up in Miraflores. I am certain that Jaime Lusinchi will never tarnish his brilliant record as a leader and as president by interfering in the results of the electoral college voting. Moreover, no

threat of any sort can work against the vote. President Lusinchi has every right to support Lepage, and I will guarantee that right.

Perez asserted that his victory in the internal electoral process is already a fact. But he warned that the national elections are quite a different matter. In them, "we will have to fight very hard." He believes that if Caldera is COPEI's candidate, he will win by a wide margin; but if, on the other hand, the COPEI standard-bearer were to be Fernandez, his victory would be a landslide.

"But I don't want to strike a triumphant pose," he indicated. "I don't want to be like the hare in the fable, who was so over-confident that he lost the race with the tortoise," he explained in discussing his advantageous position in the internal competition.

[Question] And who is the tortoise?

The hare ignored the question as he raced on, but afterwards Rossana Ordonez returned to the issue.

[Question] While the tortoise and the hare are competing, the tiger may eat them up . . .

The former president burst out laughing: "Remember that Uncle Hare always has outwitted Uncle Tiger."

Commenting on an advertisement covering a 2-page spread in the press, in which the professionals and technicians of Democratic Action (AD) offer their support to Lepage, Perez stated: "I would have to take the trouble to scrutinize who is on that list. I have had to keep a few friends from publicly protesting because their pictures were included there without their authorization."

Perez was asked about the possibility of cheating in the electoral colleges.

"First of all, I will not accept cheating. That would mean destroying Democratic Action. But I can guarantee that the elections will be organized in such a way that cheating will be impossible."

He ardently defended his government's economic policy, and asserted that Caldera is the father of the debt, and Luis Herrera its son.

"The debt contracted during my administration was to build, to carry out investment plans, not for current expenses as happened during the perverse COPEI government. What I borrowed is worth 20 times more today in property inventory. Our funds abroad yielded higher interest than those generated by the loans, so the former could be used to pay off the latter."

He went on to list the projects begun during his administration: Guri, the Sidor Plan IV, the regional aqueducts, the aluminum plants.

He refused to take a stand on the results of the meeting at which the finance minister defended the government's position on the foreign debt problem.

"The seriousness of the situation cannot be denied, but we should also not forget that the one to blame for it is the disastrous, perverse COPEI administration. The arrogant attitude of the industrialized countries now meeting in Venice may lead to a rise in interest rates, and the government should be on guard."

He advocated continental unity with respect to the search for solutions to the overwhelming burden of the foreign debt.

"Three fundamental elements are needed here: the elimination of protectionist barriers, the establishment of concessional interest rates, and a limit on the amount paid by each country to 10 percent of its earnings from exports."

At the end, he stated that neither of the two great powers is averse to the possibility of his returning to the presidency, "because the Soviet bloc knows I am not an agent of the United States, and the United States knows my attitude and is aware that I will not connive with the Soviet Union."

"Reagan has a great deal of respect for me, despite my criticism of the situation in Central America. But I do not preach strategic hatred against the United States."

A journalist reminded him of the doubts raised by the fact that he appointed to his cabinet "upstarts" like Arria and Gumersindo Rodriguez. Another asked him if it was true that Rodriguez had been recommended by Luis Pinerua, and after he declined to answer, journalist Rossana Ordonez commented on Rodriguez' accurate economic predictions.

"But he was a good minister," added Perez.

[Question] Would you include him in your cabinet once again?

[Answer] I don't repeat ministers.

[Question] Why are you trying so hard not to criticize the government? Why are you so anxious to force your identification with the current administration?

[Answer] Because I am an Andean, and we Andeans are very loyal.

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CALDERA ON COPEI UNITY, NEED TO WIN CARACAS ELECTORATE

Caracas EL UNIVERSAL in Spanish 5 Jun 87 p 1-12

[Text] Former President Rafael Caldera exhorted the leadership of his party in Caracas to make a great effort to help COPEI recover from some severe blows it has sustained recently.

Caldera stated that the task that awaits COPEI members is very difficult, and it would be a tragic error to believe that Democratic Action (AD) can be defeated merely by the law of the pendulum.

"We have sustained some severe blows which should be of great concern to us: We lost the elections in the Engineers Association by a wide margin; we were defeated in the Economists' Association, and we are in third place there, after Democratic Action and the Movement Toward Socialism (MAS); we lost the university elections, and we have lost student elections after many years at Catholic University. Moreover, we are being hit hard, and we cannot bury our heads in the sand; we must make a very great effort."

The founder and top leader of COPEI expressed his concern about the cool attitude toward the Permanent Electoral Registry, because COPEI has been unable to arouse the enthusiasm of new voters so that they will feel encouraged to exercise their right to suffrage.

"I am not saying this to scare anyone," he noted. "I am saying it to encourage, to pledge, to wake people up to the fact that the task that lies ahead is for us to make inroads for the party so that it will be more respected, and to show Venezuelans that this political force is really a ray of hope that this situation will be overcome."

The founding leader of the Venezuelan Christian Democratic movement spoke to the leaders of the parishes of La Vega, Antimano, El Paraiso, San Juan, Caricuao, and Macarao, who offered him their support and asked him to be the standard-bearer for COPEI in the 1988 elections.

The former president urged them to maintain party unity, "because the enemy is very powerful, and will not know how to govern, even though it does know everything about winning elections."

"I cannot accept an absurd division in the COPEI party between Eduardists, Pedropablists, and Calderists. There is nothing but Copeists here. That is my concern, and that is my message, and that is one of the reasons why I have not wanted to make the decision you are asking for. I want to take all the necessary time, so that if there is going to be, as there necessarily has to be, a competition among various aspirants, it will take a short time. In that way, there will be no wounds that would be difficult to cure later on."

Caldera cannot conceive of a situation in which one party member regards another as an enemy, and in which a Copeist who favors another candidate prefers Carlos Andres Perez to Caldera.

"That is absurd. That cannot be," he asserted emphatically. "And I know that this is the way the party rank and file feel. There are some misguided leaders, but I don't want to judge the reasons for their sometimes desperate behavior when everything has its time and place."

Caldera claimed that he has no hard feelings against the party members who are involved in another campaign, and who sometimes take positions against him which are a little incomprehensible and unfair. "When I was in office, I didn't govern with Calderists, I governed with all of COPEI, and with people from outside of COPEI as well."

"I don't want to veto anyone; I don't want feelings of hatred to germinate in my heart. I urge those who are with me not to think like that, not to attack them, not to fight with them, but to try to convince them."

Caldera discussed COPEI's situation in Caracas, and admitted that this is one of the most difficult positions the party has been in, because for one reason or another, for lack of contact or information, people are more obstinate. The party must work from the outside in, "because the party must wrap up Caracas, convincing people, and that must be in the hands of our leaders," he said.

"I would like to cite an example for you: The government is currently waging an intensive campaign that is rather intelligently directed, to make the parish of Caricuao feel indebted to President Lusinchi: They saved it from a calamity that was perhaps the result of negligence in connection with the Francisco Fajardo Highway, and they were forced to use a section of the metro for a week."

The speaker reminded the COPEI leaders of the effort his administration had made to improve the situation in Caricuao, despite the fierce opposition of AD members. He expressed regret that no one was able to convince those people in the last elections that the one who took care of them was none other than Rafael Caldera.

The senator-for-life called upon the regional party leadership to pay more attention to the metropolitan area, in all aspects of its political and social situation.

"To conclude, I can say to you that if we win Caracas, we win Venezuela. But winning Caracas is a very serious commitment, a commitment by all of us, but primarily by you."

END

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