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10 August 1983

LATIN AMERICA REPORT

No. 2721

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BRIEFS

CUBAN REFUGEES IN LIMA--The Lima newspaper EL COMERCIO has reported that Cuban antisocial elements in the San Luis camp in Lima mismanaged the economic aid that the United Nations gave them through the UN High Commissioner for Refugees; they used up all the funds in superfluous expenditures. As is known, these antisocials entered the Peruvian Embassy in Havana some time ago and were later brought to Peru. The financial aid was intended to cover basic needs and to build small houses, but the antisocials squandered the funds on such things as parties, a reliable source has said. Many of them are making efforts to enter the United States. [Text] [PA201900 Havana International Service in Quechua 2200 GMT 13 Jul 83]

CSO: 3348/569

ECONOMIC POLICIES SHARPLY CRITICIZED IN TALK AT ESG

Rio de Janeiro GAZETA MERCANTIL in Portuguese 13 Jul 83 p 3

[Report by Pedro Dafardo]

[Text] Sao Paulo--Businessman Dilson Domingos Funaro, director-president of Trol and former planning and finance secretary for the state of Sao Paulo sharply criticized the economic policy that has been adopted in Brazil in recent years, in a talk at the War College (ESG) on Monday in Rio de Janeiro. In a few words, the businessman summarized it for this newspaper yesterday: "I said that they are destroying everything that was built in 30 years of Brazilian industrialization and I maintained that that is unacceptable."

On completing his statement in a panel on science and technology in which civilian and military graduates of the ESG participated, Dilson Funaro was given a standing ovation. The applause lasted about 3 minutes and obliged the businessman to return to the conference room to express his thanks for the demonstration.

Dilson Funaro severely criticized "the orthodox doctrine that is leading the crisis to an unbearable level and the country to despair." And he suggested that the renegotiation of the foreign debt with the creditors must be part of a national plan so that the social effects may be the least deleterious possible. In the first place, according to Funaro, the method of negotiating must be changed so that it may be done in accordance with the yearnings of the nation and not "in accordance with the purposes of three ministers, because that is even extremely vexing for them."

Funaro said in his talk that payment of the foreign debt must be linked to a percentage of exports; the terms must be extended and the interest rates fixed. In the domestic area, he considers tax reform basic and proposed the correction of the "aberrations" of the current economic policy by: elimination of the linkage between the public debt and the foreign exchange correction; freezing the funds of Resolution No 432; price control and interest rate scheduling; and dual foreign exchange [rates].

However, in the opinion of the businessman, it is essential to prevent the continuity of a "blind and recessive economic policy." It is a

short-term policy the horizon of which is this year's balance of payments even at the cost of greater indebtedness in the future and a brutal economic slowdown whose costs are immeasurable."

The country is on the brink of a "general wave of insolvencies" and a greater deindustrialization of the economy, warned Funaro. He cited Argentina which, "through a fierce policy of orthodox monetary adjustment, succeeded in ruining its industrial park without resolving the problems of its balance of payments.

The same orthodox policy applied in Brazil, said Funaro, is leading the country to the greatest crisis in its history, with an economic slowdown and high interest rates.

Regarding that area of interest rates, Funaro told this newspaper, "the government is committing an enormous social injustice" by rewarding the investments of "nonrisk capital" with real profits for 3 years in a row. In the meantime, "industrial production, considering the 1982 level, is 1.78 percent below that of 1979; the capital goods sector, the one penalized the greatest, has a production level 21 percent below that of 1975 and with a 49 percent idle capacity."

Wage Policy

Although he had not included it in his advance text, in his talk Funaro added sharp criticism of Senator Jutahy Magalhaes' bill which proposes the free negotiation of wages and is being encouraged by the government and viewed favorably by the IMF. "Anybody with any dignity cannot call for the free negotiation of wages at a time like this of serious curtailment of economic activity. It would be a massacre for the working class," he declared "because there is no balance of forces."

The "purge" of the National Consumer Price Index (INPC), according to Funaro, will cause an unfair real drop of wages, which will reduce the consumption of goods and aggravate the recession.

The isolated attempt to de-index that is being made, in Funaro's opinion, "will end up causing a chain of economic problems and even negative effects in fighting the deficit" of the public sector. Thus the purge of the monetary correction "would seriously affect the already weakened housing financial system and would not solve the problem of the public deficit, today practically all indexed to the dollar."

Industrial Policy

Funaro said that investment in technological development must necessarily be accompanied by an industrial policy that defines a reserved market for national companies and a frontier of new investments.

He regarded as "correct" the data-processing policy of the Special Secretariat for Informatics (SEI), of reserving a market, until we achieve the

level of production necessary to insure competitiveness. The industrial policy conceived by Funaro should contain selective legislation that "differentiates and selects the entry of foreign capital."

None of those proposed changes, however, can be made without credibility, according to Funaro. "And you do not gain credibility by decree or with decrees. The return of the nation's credibility in economic policy will only occur with the institutionalization of the country," he said.

8711

CSO: 3342/153

EMPLOYMENT POSSIBILITIES DOWN IN EIGHT MAJOR CITIES IN MAY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jul 83 p 36

[Text] Brasilia--In the past month of May, the over-all job supply fell in comparison with the previous month in eight of the country's 10 metropolitan areas: in the order of 0.34 percent in Sao Paulo and Fortaleza; 0.16 percent in Rio de Janeiro; 0.31 percent in Belo Horizonte; 0.90 percent in Recife; 0.05 percent in Salvador and Curitiba; and 0.02 percent in Porto Alegre. Those results of the survey made by the National Employment System (SINE) were revealed yesterday by the Labor Ministry. In a press note, the ministry pointed out that from an over-all view, general losses of jobs continue to occur in the majority of the areas surveyed with the exception of Brasilia and Belem, where the job supply increased during the same period, 0.23 percent and 0.60 percent, respectively.

By sector, the aggravation of the job market was confirmed in the civil construction sector with the highest percentages of reduction of the job supply. Of the 10 metropolitan areas, six showed a reduction in the civil construction job supply; Sao Paulo, 4.39 percent; Recife, 8.09 percent; Rio de Janeiro, 1.82 percent; Curitiba, 1.03 percent; Porto Alegre, 3.36 percent; Fortaleza, 2.22 percent; and Brasilia, 0.21 percent.

The SINE survey shows that Sao Paulo civil construction today employs only 50.29 percent of the number it employed in February 1977 when the job supply survey was begun. In Brasilia, civil construction employs only 46.97 percent of the manpower it employed at that time. With the exception of Belem, the job supply in this sector was reduced in comparison with 1977 in all of the country's metropolitan areas, with the exception of Belem.

With the exception of Belem the job supply in industry also dropped in all metropolitan areas last month in comparison with April: in the order of 0.25 percent in Sao Paulo; 0.23 percent in Rio de Janeiro; 0.26 percent in Belo Horizonte; 0.53 percent in Recife; 0.80 percent in Salvador; 0.41 percent in Fortaleza; 0.45 percent in Curitiba; 0.49 percent in Porto Alegre; and 0.01 percent in Brasilia.

In the commercial sector, there was a reduction in the job supply rate: in Curitiba, 0.68 percent; Porto Alegre, 0.77 percent; Brasilia, 0.21 percent; Belo Horizonte, 1.13 percent; Fortaleza, 0.09 percent; and Belem, 0.27 percent. The services sector was the one that showed the smallest reduction in the job supply. The reduction was confirmed in four metropolitan areas, with the following percentages: Sao Paulo, 0.13 percent; Belo Horizonte, 0.13 percent; Recife, 0.24 percent; and Rio de Janeiro, 0.01 percent.

IBRE PROJECTS INFLATION MAY REACH 170 PERCENT BY YEAREND

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jul 83 p 25

[Text] Porto Alegre--The director of the Brazilian Economics Institute (IBRE) of the Getulio Vargas Foundation (FGV), economist Julian Chacel, said in Porto Alegre yesterday that the country's "potential" inflation for this year, based on the indices of the first half year, could reach 170 percent by the end of December. He expressed the reservation, however, that this figure could be lower, according to the effects of the latest economic "package"--limiting interests and wage readjustments--or not, as a result of the shortage of some food items which the floods in the south are going to cause. He considered too optimistic the rate of 125 percent which the government is promising in its letter of intent to the International Monetary Fund (IMF).

He believes that the limitation of interests and of wage readjustments will have positive effects on the general price level within 3 or 4 months. In the meantime, the losses of grains in agriculture are going to cause a supply shock with adverse results: "Whereas, before, that shock could be attenuated by imports, today they are limited by the need for a \$6 billion surplus in the balance of trade," he explained. And concluded: "It is possible that we will not reach the 170 percent inflation this year. By analogy, the first quarter of 1964 presented a potential inflation of 150 percent projected for the whole year, but in December the index closed at 90 percent. Now, I consider that 125 percent very optimistic."

Julian Chacel declared that controlling interests and wages together with reduction of the subsidies for agriculture and the activation of the mechanisms of the Interministerial Price Council (CIP) are consistent decisions that complement one another. For everything to produce the hoped-for results, it will be necessary "for the bankers to become aware that they also have to make their share of sacrifice" and that the workers understand that "the wage policy that went into effect on October 1979 had adverse influence on the level of employment." According to him, that policy took the Sao Paulo ABC, where labor represents 9 to 11 percent of final production cost, as a basis, whereas, half of the country's Gross National Product (PIB) comes from the services sector. In this half, the ratio between labor and the final cost is very different. It was precisely from that that arose the recessive consequences, the jolt in the employment level and, at the

same time, the reduction of the purchasing power of the middle class, forming a complete cycle." There was an attempt to redistribute income not between wages and profits but between the wage-earners themselves."

In that regard, he made an indirect criticism of the general strike scheduled for tomorrow. "It is a strictly political strike," he observed. "Until today I have not understood that strike of the oil workers. With the open unemployment and the refineries working below their capacity, the unions led the workers to strike. It had to end as it did." He also condemned some status-seeking by both the government and the private sector which he considers incompatible with the national situation. He gave two examples: the creation of spaces for first class in air travel and the existence of custom car factories. According to him, "they are status symbols that clash with reality. Without wanting to be a Methodist preacher, we have to live more simply," he added. "The country has no way of redistributing income if we do not change our life-style."

On the part of the government, this simplicity should be represented by a revision of the investment policy. Chacel believes that graduated investment should give way to modular investments, as advised by businessman Ermirio de Moraes. The investment targets should also be set very carefully so that they will respond to some premises: 1) That they have relatively rapid maturity--graduated investment only permits the return of the money utilized in the long term, which accelerates inflation; 2) That they do not depend, or depend minimally, on imports--when they are indispensable--and that they generate a good number of jobs.

8711

CSO: 3342/153

POLL SHOWS 49 PERCENT IN FAVOR OF RECENT STRIKES IN SAO PAULO

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Jul 83 p 23

[Text] Practically half of the adult population of Greater Sao Paulo (49 percent) was in favor of the recent strikes of the oil workers and metalworkers of the ABC, according to a poll conducted by the Gallup Institute between 8 and 10 July in which 598 persons of both sexes and all social levels were interviewed. That shows that almost 3 million people supported the strike movement which, according to the Gallup poll, does not mean that they desired the work stoppage but only that they considered it valid because it was based on the economic difficulties of the wage-earners.

According to the poll, at least 500,000 persons would be willing to participate. Another 900,000 would only be in favor. Of those interviewed, 66 percent said they were concerned about the strikes: 41 percent admitted that they became "very concerned." About 25 percent said they became "a little concerned," while another 26 percent said they did not become concerned over the movement. According to the poll, the middle class was the one that became most concerned. The repercussion of the strikes in Sao Paulo was very great: 9 out of 10 interviewees knew of the stoppages while only 8 percent said they had not heard about the movement.

According to the Gallup Institute, 31 percent of the adult population of Greater Sao Paulo were against the strikes and 12 percent preferred to say that they held a "neutral position." The willingness to participate in the strike was greater among the persons with less purchasing power (11 percent) and who sympathized with the Workers Party (PT) (18 percent). Those who were most opposed were, in their majority, those with greater purchasing power (43 percent) and sympathizers of the Social Democratic Party (PDS) [42 percent).

Of the 49 percent who expressed themselves in favor of the movement, 9 percent would be in favor, supporting and participating; 26 percent would be in favor, supporting without participating; and 14 percent said they would be in favor, but without supporting or participating. The greatest percentage of those who expressed themselves in favor are from the ABC region (63 percent), while in the capital only 45 percent were in favor of the stoppages. The great majority of the youth (65 percent) supported the movement.

Economic Causes

Predominantly economic causes: that is the opinion of the majority of those interviewed on the reasons that led the oil workers and the metal-workers to stop their activities last week. The main reason indicated by the people for the work stoppages was the struggle for better living and wage conditions (46 percent). The second reason most mentioned was the guarantee of employment or protest against unemployment (22 percent).

According to the poll, the third reason is also of an economic nature: the current inflation and the cost of living (18 percent). Only 3 percent of those interviewed said that the strikes had a political motive, although 12 percent attributed the movement to a demonstration of dissatisfaction against the measures of the economic "package" announced in June.

With Regard to the Strike:	All adult population	Ages			Reside	
		18-29	30-49	50	in capital	in ABCD
		(all figures indicate percentages)				
- would be in favor, supporting or participating	9	13	10	-	9	11
- would be in favor, supporting without participating	26	36	23	10	24	32
- would be in favor without supporting or participating	14	16	15	10	12	20
- would be against	31	22	32	45	32	26
- would be neutral	6	3	7	9	7	2
Did Not Reply	6	3	6	12	6	6
Did Not Hear of the Strike	8	7	7	14	10	3
Totals	100	100	100	100	100	100

8711

CSO: 3342/153

REVENUE FROM EXPORTS REMAINS DEPENDENT ON 10 PRODUCTS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jul 83 p 26

[Text] Rio--The revenue from Brazilian exports remains concentrated on only 10 products since in the first half of this year they yielded \$4,278 billion, representing 41.13 percent of the total foreign sales of \$10.4 billion. Compared to the same period last year, the same products generated revenues of \$2.952 billion, corresponding to 40.2 percent of total exports of \$9.245 billion.

That information was given in Rio yesterday by the Foreign Trade Department of the Bank of Brazil (CACEX), which listed as the leading sources of revenue: raw coffee bean, soy meal, hematite, fuel oils, iron plates, orange juice, leaf tobacco, iron ore aggregate, soybean, and boilers, machines, and mechanical equipment and instruments, which make up a single group.

The product that produced the greatest revenue during the first 6 months of 1983 was coffee, which amounted to \$990,105,000, followed by soy meal, with \$920,930,000, and in third place by hematite, with \$513,884,000. In last place were the boilers, machines, mechanical equipment and instruments, with \$189,948,000.

Of the products listed, according to CACEX, six are primary and four are manufactured. The primary products performed very well in the first half of this year compared with last year, outstanding being the revenue of soybean, which amounted to \$230,759,000 from January to June, compared to \$90,208,000 in the first half of 1982, a representing balance of \$140,551,000.

Among the manufactured goods, the best performance during the first half of 1983 was marked by fuel oils, the exports of which yielded \$355,988,000, compared with \$220,114,000 during the same period last year, representing a balance of \$135,874,000.

Obstacles

CACEX explained also that despite the various obstacles that have been preventing a greater development of Brazilian foreign trade, such as the

world surplus of products on the country's export schedule and the persistence of protectionism by the developed nations, our exports have maintained an increasing rate during the last 4 months. It pointed out that during the first half of the year, they exceeded \$2 billion.

CACEX experts attributed that "excellent performance," in the first place, to the maxidevaluation of the cruzeiro, which stimulated exports and raised the price of imports, reducing them more and more. And then, the recovery of the U.S. economy and the drop of interest rates in the world market.

8711

CSO: 3342/153

ASI ISSUES STRONG CRITICISM OF DUARTE, PDC

San Salvador LA PRENSA GRAFICA in Spanish 29 Jun 83 p 29

[Text] With regard to the recent statements by Eng Jose Napoleon Duarte, in the sense that he and his political group have been and are believers in and defenders of free enterprise, the Salvadoran Association of Industrialists, ASI, as an institution, finds it needs to take the following into account:

The climate of political violence during these last years, destructive to society, morality, the economy, and law, has strengthened the resolve to all Salvadorans to defend and experience an authentic representative democratic system. In order to strengthen and direct this resolve, it is essential to recall and review some of the background on the causes and participants in the tragic situation we are presently experiencing.

Over 10 years ago, the leaders of the Left joined in a master plan for taking power, either by means of a process of destabilization or by violent means through revolutionary acts. The first step was the consolidation of what might be called "the political Left," made up of all the parties with a socialist, communitarian, and marxist ideology, that is, the MNR [National Revolutionary Movement], the Christian Democrats and the UDN [Nationalist Democratic Union], ideologically compatible political groupings. The next step was the formation of the so-called fronts or mass groups, in which the present guerrilla and terrorist movements of the militant Left had their origin and development, under the leadership of the political Left, with the meaningful participation of some elements of the national and foreign clergy. This was during the 1970's.

We must emphasize that all sectors of the Left are participants in the same ideology, but differ only in matters of method and strategies. The Christian Democrats operate according to the hypothesis that power must be seized by availing themselves of whatever opportunity arises for doing so, while the most extremist groups rely solely and exclusively on violence and armed force forces.

Later, in the year 1980, a sector of the leadership of the Christian Democrats, that is, of the political Left, joined the paper in the government.

When the Christian Democrats had the chance to run the government, it excluded from the new junta, which was about to be formed and from its government cabinet, all the representatives of the country's productive sector, so as to introduce unopposed "communitarian" ideology, which is nothing more than a brand of coercive socialism. At the same time, they announced that their coming to power meant salvation for El Salvador.

Alarmed by the economic, institutional and social decay into which the nation was being plunged, the productive sectors of the nation made extraordinary efforts and offered their help to the government. At the same time, they made suggestions and formulated constructive criticisms, etc. Nothing could be achieved. Engineer Duarte's reply took the form of an interview he granted to THE NEW YORK TIMES, in which he stated that the Salvadoran productive sector was the greatest enemy of the government and even more dangerous than guerrilla bullets.

Now the facts speak. The 2 years of government by the PDC [Christian Democratic Party] have been disastrous; the problems have steadily grown so bad they cannot be worse, and the country is so exhausted that it will be many years before it may again reach levels it reached before through the sober work of reconstruction.

Lastly, the PDC took part in the electoral process which culminated on 28 March, 1982, in the belief that, by exercising power, it would achieve complete victory, which would afford it control of the Constituent Assembly, the election of a provisional Christian Democratic president, and the issuance of a constitution of "communitarian" profiles in the political, social and economic orders.

The people, after the bitter experience of 2 years under Christian Democratic government, denied them its support, and Engineer Duarte had to leave office.

The Salvadoran Association of Industrialists deems that the Salvadoran leaders of the Christian Democratic Party sustain principles which are not similar to or compatible with free enterprise, nor do they believe in the rightness of a system of individual freedoms.

Again, we wish to sound the alert, as we did in August, 1980, to the danger these partisan organizations based on socialist and internationalist doctrines stand for, since if they were to win in the upcoming elections, the economy and individual freedoms in the country would be completely destroyed, which is proved by their past and present conduct.

We seek a free, democratically organized country, without the control of ideologies which are a threat to freedom, peace, and the dignity of nations.

12448
CSO: 3248/1033

ARENA PROPOSES CREATION OF URBAN CIVIL DEFENSE GROUPS

San Salvador DIARIO LATINO in Spanish 8 Jul 83 pp 2, 14

[Text] The Republican National Alliance Party [ARENA] suggested yesterday the creation of civil defense groups in districts and suburbs of the urban areas of San Salvador and other cities so that they may collaborate with the Armed Forces in their struggle against the communists..

Major Roberto D'Aubuisson, accompanied by Dr Mauricio Gutierrez Castro and Dr Calderon Sol gave a press conference to divulge certain lines of ARENA thinking and the form of its thinking "in view of recent national events."

They said that ARENA will demand of the authorities an exhaustive investigation into the manacing plan of the FMLN-FDR groups to eliminate political leaders, such as the crime against ARENA Deputy Rene Barrios Amaya and other leaders of that party.

If the country had been prepared beforehand with civil defense groups in the cities many crimes would have been avoided; for example, the case of Barrios Amaya, as it has been learned that for days before his death suspicious vehicles had been seen near his home, waiting for a day when he would appear alone.

D'Aubuisson said that the civil defense groups could even operate unarmed and it would be enough in some cases for them to only denounce to the authorities any kind of suspicious movement which is being concocted.

D'Aubuisson said that ARENA neither inspires nor promotes violence and for that reason he considers that the assumption of power should be effected by the peaceful path of the ballot. However, it is a duty, he explained, to collaborate with the Armed Forces to defend the democratic system of the republic. D'Aubuisson added that ARENA knows that many citizens would be interested in participating in those civil defense groups.

Political Campaign

In continuation, the ARENA leader said that when the political consitution is approved he will retire from the presidency of the Constituent Assembly to wage a political campaign for his party.

12116

CSO: 3248/1064

ARENA STATES POSITION ON TERRITORIAL ISSUE

San Salvador DIARIO LATINO in Spanish 9 Jul 83 p 4

[Text] Under no circumstances could the Salvadoran Government cede the most minimal part of its territory to Honduras, ARENA leader Major Roberto D' Aubuisson, president of the Constituent Assembly, said yesterday.

Salvadoran territory is inviolable, as maintained by the Constitution of 1962, still in effect. The same right or disposition has been established in the projected constitution he explained.

He further explained that nevertheless there are ill-defined boundaries and that in such cases it would be impossible to guarantee what agreement would be reached. However, inviolability will be respected on the historically recognized boundaries, D'Aubuisson emphasized.

With regard to the latest Honduran position of announcing a time limit of 90 days to reach a solution on borders, D'Aubuisson said that it might be the result of a preoccupation on the part of the neighboring country because of the proximate promulgation of the new constitution of El Salvador, due to a belief it will legislate against the interests of Honduras.

12166

CSO: 3248/1064

AGEPYM OPPOSES APPOINTING LABOR OFFICIALS

San Salvador LA PRENSA GRAFICA in Spanish 11 Jul 83 p 15

[Text] The administrators of organisms representing workers' unions should be elected by the people they represent, said AGEPYM [General Association of Public and Municipal Employees]

In this sense, Article No. 159 of the projected new constitution of the country established that the presidents of autonomous official institutions shall be appointed by the president of the republic.

At present, AGEPYM says, these appointments are regulated by the laws creating such organisms. As a consequence, if one talks about our country heading toward authentic democracy, the functionaries in charge of administrative organisms should be elected by those they represent in each institution.

For example, the president of INPEP [Salvadoran Institute of Social Security] should be elected by the unions of workers who pay contributions to that organization and the president of the Social Fund for Housing by its duespayers.

On the altars of an authentic democracy, the deputies of the Constituent Assembly must reflect on the composition, study and approval of this article of the new constitution, spokesmen of the General Association of Public and Municipal Employees closed by saying.

12116

CSO: 3248/1064

BRIEFS

TELEPHONE SERVICE RESTORED--Telephone service in the town of San Miguel, which was interrupted as a result of the terrorist assault on the "EL Pacayal" booster station, has been completely restored. This news was reported by the general manager of the National Telecommunications Administration, Colonel Mauricio Daniel Vides Casanova, immediately after phoning the San Miguel Department head to confirm resumption of service and congratulate the technical and administrative personnel who worked out without a break to restore service. Colonel Vides Casanova also said that an intense effort is being made to restore service in the Departments of Usulután, Morazan and La Unión. It was further reported that phone service on the metropolitan level is continuing to expand in order to satisfy the huge and increasingly growing demand for telephones. Besides, the installation of the coaxial cable will improve phone service in the towns of Sonsonate and Santa Ana. [Text] [San Salvador DIARIO LATINO in Spanish 27 Jun 83 p 3] 12448

FINANCE MINISTER TOURS EUROPE--The newly designated finance minister, Nicolas Rigoberto Monge Lopez, left last week for Europe to visit several countries on an official mission, the ministry reported, though the true purpose of the trip was not specified. A ministry spokesman said that "the minister himself will disclose the nature of his mission upon his return." Unofficially, however, it appears that Monge Lopez must be trying to get help from the European Economic Community, EEC, which recently expressed its wish to the countries of Latin America. It was also learned that the finance minister is traveling with other government officials, and that all of them will be in several countries, two of which--Sweden and Switzerland--were mentioned by name. It was revealed that Monge Lopez will return at the beginning of June. [Article] [San Salvador EL MUNDO in Spanish 27 Jun 83 p 29] 12448

CSO: 3248/1033

SOSUMAG DEFICITS, NEED FOR SUBSIDY ANALYZED

Subsidy Requested

Point-a-Pitre FRANCE-ANTILLES in French 4 Jun 83 pp 1,3

[Text] The General Council of Guadeloupe, in its third meeting, which ended yesterday evening, examined the general and financial situations of two semi-public companies, SATA [expansion unknown]-Air Guadeloupe and SOSUMAG [Marie Galante Sugar Company]. In an earlier issue we presented a report on the former and the harsh criticism it has been receiving. In this article we devote ourselves exclusively to the situation at SOSUMAG, on the basis of a report presented to the Departmental Assembly by the chairman of the board of directors of that SEM [semi-public company], Marcellin Lubeth, the St Anne county councilman.

SOSUMAG is a limited company with capital of 3,900,000 francs, whose company headquarters is in the Abymes; it operates two plants, one at Grand' Anse in Marie Galante and one at Beauport in Port Louis, whose lease-management it took over on 1 August 1982. It is known to be experiencing great difficulties, technical as well as financial. Its equipment is broken down, necessitating considerable investment for replacing or modernizing it, but also, and above all, its cane production is inadequate, hence crushing--and naturally, production--are reduced. SOSUMAG, or we should say "the SOSUMAGs," must therefore be assisted quickly, not only by the state but also by the department and the region. Also, as we predicted in a previous issue, Charles Edwige, the mayor and councilman of Port Louis, has appealed to the communes to contribute also, under decentralization, some aid to this company, proposing in particular that a "communal pool" be created.

It is an established fact today that the situation for SOSUMAG is serious. Let us see, with Mr Lubeth, exactly where it stands.

An Inadequate Harvest

The Marie Galante sugar plant was started up on 10 March of this year; the delay was due to the late arrival of a steam turbine rotor and to the abundant

rainfall that fell on the large dependency until mid-January; since then the plant has been running at the rate of 1,500 tons per day; last 24 April, grinding totaled 51,000 tons of cane, whose yield this year regained its former value, even increasing since the startup. The current yield is 10.79 for a general yield of 10.06 and an efficiency coefficient of 8.16 of normal. If the tempo is maintained, the yield should increase farther and could be maintained at a high value during most of the harvest.

Unfortunately, the harvest is estimated at 135,000 tons of cane, a quantity that is completely inadequate to balance the accounts of the Grand' Anse plant. The estimates were for somewhere around 150,000 to 160,000 tons. The increased yield partially makes up for this reduced production, and sugar production could be 13,000 to 13,700 tons.

When SOSUMAG took over the management of the Beauport agro-industrial center, it found it in extremely bad condition. Plantations virtually abandoned, the plant in critical condition, necessitating considerable human and financial efforts to put it back into good condition, in order to ensure that the 1983 harvest would take place in the best possible circumstances.

The inter-harvest expenditures supported by SOSUMAG were from 2.3 to 2.5 MF [million francs] greater than they should have been if the agricultural maintenance had been programmed sooner, and if the plant's condition had been that of a proper sugar mill.

Despite all the care with which the cane was maintained, and in the wake of the drought that raged in July and August 1982 in northern Grande Terre, the 1983 harvest forecasts had to be revised downward from 220,000 to 180,000 tons of cane. In 1983, the Beauport sugar mill is not a totally reliable plant, although considerable work has been done in all of the plant's stages. The main boiler in particular is showing worrisome signs; however, it should ensure the present harvest.

Mr Lubeth states that SOSUMAG, like the Beauport Company SA [limited], was unable to resume the investment program of the SAUB [expansion unknown], being able only to improve the efficiency of that factory's manufacturing. The Beauport plant is operating this year, under the same conditions as in previous years, with relative efficiency.

The sugar plant was started up on 11 March 1983; as of last 24 April nearly 80,000 tons of cane were crushed, with a general yield of 9.44, higher than the estimated yield. As in the case of Marie Galante, it may be hoped that the final yield will be above 8.80, and if a crushing of 180,000 tons is realized, sugar production could be between 16,200 and 16,700 tons.

The Financial Situation at Grand' Anse and Beauport

As for SOSUMAG's financial situation at the Grand' Anse and Beauport plants, it is just as precarious.

As far as the Grand' Anse plant is concerned, thanks to aid from the department and the region SOSUMAG was able to close out its 1981-1982 fiscal year, and to establish its 1982-1983 season's credit at 9.81 million francs, thanks to the intervention of the general council and the board.

But that did not happen until the end of November, because the banks found the commitments to take over deficits estimated at 4 MF for each SOSUMAG unit were not explicit enough, and requested that the People's Bank participate in SOSUMAG's banking pool. On the other hand, an investment loan of 1.4 million francs from SODEGA [expansion unknown], for which the department offered its guarantee, could not be put in place. And the related investments were realized for the most part out of the company's treasury.

Because the crushing was reduced to 135,000 tons, 1982-1983 losses for the Grand' Anse plant were on the order of 7.75 million francs; the treasury's need for 7 million francs corresponds to that loss.

Where the Beauport plant is concerned, thanks to the guarantees granted to its loan requests by the General Council, SOSUMAG was able to establish a medium-term credit of 2.2 million francs, needed to provide the initial fund, and a medium-term credit of 1.65 million francs to replant cane from the Beauport Direct Investment (guarantee of 2 million francs).

In addition, SOSUMAG presented to SOCREDOM [expansion unknown] a request for an investment loan of 2.4 million francs (which was to be settled on 10 May 1983) and it was able to establish its credit for the season at 13 million francs, with the same difficulties encountered by the Grand' Anse plant, except for the forming of a smaller banking pool for the Beauport plant. Moreover, it received 80 percent of the participation loan that the state had stipulated for the Beauport plant, amounting to 3.52 million francs.

For Beauport as for Grand' Anse, the significant reduction in crushing from 220,000 to 180,000 tons will bring with it a 1982-1983 operating loss much higher than the 4 million francs initially predicted. This loss will be on the order of 9 million francs, with the plant operating under normal conditions.

It should also be pointed out that SOSUMAG at Beauport was forced to keep the railroad, whose personnel costs will rise to 3 million francs, whereas last year Beauport SA had received a subsidy of 2 million francs, 1 million from the state and 1 million from the General Council, to operate the system for 9 months.

All in all, the financial needs of the two SOSUMAGs are 7 million francs for the Grand' Anse plant and 9 million francs for the one at Beauport.

In the Immediate Future, an 8-million Franc Subsidy and the Department's Guarantee of Other Loans.

At the time the draft budget for 1983 was being studied, SOSUMAG asked the General Council for an 8-million-franc subsidy, 4 million for Grand' Anse and 4 million for Beauport.

Mr Lubeth's report, which was presented to the General Council during the current third meeting, states that in order to prevent any delay in the banking pools or in establishing credits before handing over these subsidies, it would be necessary for the Departmental Assembly to deliver to SOSUMAG certification showing that its subsidies had been written into the Assembly's budget. He adds that as far as the additional financial needs of 8 million francs are concerned, it is up to the Assemblies, departmental and regional, to consult together in order to provide the financing.

Moreover, SOSUMAG has asked the Beauport banking pool for a middle-term replantation credit for 1983, to replant 310 hectares, from Direct Investment; the pool accepted a loan total of 2.56 million francs, which SOSUMAG asked the department to guarantee.

But concerning the 2.4-million-franc investment loan which the department has already guaranteed, it no longer corresponds to the rise in prices of materials since 1980, and the fact that no agricultural orientation subsidy was granted to SOSUMAG, the leasing, non-owner manager of Beauport, to add to the total of investments scheduled at Beauport under the Haberer protocol; according to Mr Lubeth, it should be replaced by a loan of 2.6 million francs, needed to provide Beauport's manufacturing shop with complete efficiency; to reduce the mill losses, molasses losses and miscellaneous losses. SOSUMAG is therefore asking for the department's guarantee for the second investment loan of 2.6 million francs.

Following those investments, Mr Lubeth's report states, the Beauport plant should regain the good coefficient of efficiency that it formerly had. And he concludes: "To sum up, pursuing the activity of these two sugar units lies in increasing cane production from 135,000 to 190,000 tons for Marie Galante, and from 180,000 to 270,000 tons for Beauport; otherwise, SOSUMAG will just continue to run up deficits.

Department's Indebtedness Poses Obstacle

Pointe-a-Pitre FRANCE-ANTILLES in French 6 Jun 83 pp 1, 12

[Excerpts] The third session of the General Council ended last Friday evening. It was a curious plenary session in which the reports presented had to be profoundly revised before being adopted. Concerning SOSUMAG's, it was even necessary to adjourn the session temporarily in order to arrive at a common conclusion that would be acceptable to all the parties represented. But above all, this session made it possible to make everyone aware that the department was on the brink of bankruptcy, and that for this reason it was unable to intervene alone to support SOSUMAG financially. So an appeal was made to the government. And then, we were able to find out, concerning the bombing attacks, that opinion was very much divided: the parties on the left refused to pass a motion in which the General Council condemned such acts of terrorism.

The Situation in the Sugar Industry

SOSUMAG's report was presented by Herman Songeons; it is well known that this company, which operates the Grand' Anse plant in Marie Galante and the Beauport plant at Port Louis, asked the department to guarantee loans for replanting 310 hectares of cane as direct investment, and for continuing the investment program, and that in addition the General Council is including in its 1983 supplementary budget an 8-million-franc subsidy. The chairman, Mme Michaux-Chevry, is anxious that each elected representative should face up to his responsibilities: everyone wants to save the cane in Guadeloupe, but can the department, which is on the edge of bankruptcy, allow itself to write such a credit into its budget? It is of course urgent that in the immediate future

the replanting of the cane is ensured, and it is better to wait until the financial instrument can provide solutions. Rene-Serge Nabajoth himself is wondering whether the department will be able to grant such a subsidy. As for Mr Lubeth, who, we recall, is the chairman of the SOSUMAG board of directors, he is worried, because if the General Council does not soon find a solution to come to the aid of the company, by the end of June, it will have to suspend payments.

Mr Genies of the PCG [Communist Party of Guadeloupe] then requested that the session be temporarily adjourned, so that all the political parties working together could find common conclusions. Finally, the decision was taken to create an ad hoc committee composed of elected representatives (Messrs Chaulet, Nabajoth, Genies and Songeons), the prefect or his representative, the TPG [expansion unknown] and the DDA [expansion unknown]; the committee was to be responsible for making a financial audit, finding solutions, proposing positions on the problems of SOSUMAG in particular and the sugar economy in general. At the same time, the company would establish an adjustment plan. The final decisions will be the subject of a contract between the state, the region and the department in favor of SOSUMAG, for a period of 3 years.

Finally, the report states that the General Commission believes that the Assembly must agree on a loan guarantee for a total of 2.56 million francs to ensure the replanting of the cane to profit SOSUMAG; it is asking the Assembly to authorize the chairman of the General Council to go ahead as far as the supplementary budget with all reallocations of credits, section by section of the departmental budget, in such a way that credits harmful to operations in progress can be released to prevent an eventual suspension of payments on the part of SOSUMAG, which would seriously jeopardize salaried workers and small planters. The Commission urges the Assembly to call the government's attention to the urgent necessity for substantial financial intervention on its part, to cover the considerable deficit of SOSUMAG, which the departmental budget is not in a position to deal with alone. The Commission reiterates the hope that the government will finally take into account the Departmental Assembly's decision to create an investment fund from the sea tax, that part of these resources may be used to benefit the sugar industry and the cane. Finally, the Commission reminds the reader that the department's condition of indebtedness does not permit it to resort to any other measure.

Thus amended, both reports were adopted.

It then proceeded to study the report presented by Dr Beaujean concerning the Hotel Copatel in Moule; the department's guarantee is granted to the commune of Moule for a loan of 6 million francs from the Deposits and Consignments Fund or the Guadeloupe Agricultural Credit Fund, representing the participation of local groups in capitalizing a semi-public company with 10 million francs, of which 4 million are from private contributions, to buy back the Hotel Copatel. The report is adopted.

8946

CSO: 3219/33

NEW PARTIES OPPOSE IMMEDIATE ELECTIONS

Guatemala City DIARIO EL GRAFICO in Spanish 11 Jul 83 p 20

[Text] Guatemala City, 10 Jul--The committees of recently formed parties as well as some parties that have come into being in the past 2 decades are opposed to immediate elections to the National Constituent Assembly, which would not permit the establishment of the institutions proposed as guarantees that electoral fraud and lack of respect for the people's will do not return.

The secretary-general of the committee of New Force, Mario Montenegro, said in this regard: "The electoral process should not be rushed and the timetable which provides for announcing the elections on 23 March, holding the elections on 29 July and installing the Constituent Assembly on 15 September 1984 seems quite suitable to us. It should be kept in mind that the control organizations which will ensure the purity of the elections have to be installed.

"If we were to act without these control organizations' having been installed and in operation, we would be doing what the people do not want: returning to a doubtful electoral process which does not assure the voter that his will has been respected."

Popular Democratic Front

For his part, the secretary-general of the forming Popular Democratic Force Party, Francisco Reyes Ixcamey, said: "It is not proper for them to accelerate the electoral process and move up the dates of the timetable which has been tentatively set. We must be aware that even the committees are not legally functioning, within the framework of a full legal order. Their petition has not yet been accepted and the committees do not even know whether it will be...

"The public document of the committees which is the basis of their formation likewise has not been prepared because this would have to be done with the sole identification document. I think they are trying to speed things up to discredit the political opening."

8143

CSO: 3248/1091

SUPREME ELECTORAL TRIBUNAL PREPARES FOR ELECTIONS

Affirms Its Autonomy

Guatemala City DIARIO DE CENTRO AMERICA in Spanish 14 Jul 83 p 1, 8

[Text] "We can say that we are not and will not be under the thumb [of the president]; we will retain our autonomy at all costs; however, that does not mean we should shut ourselves up in a tower, as democratic opening means specifically opening the doors to everyone." That statement was made this morning by Arturo Herbruger Asturias, president of the Supreme Electoral Tribunal as he was received during an extraordinary session of the Council of State.

In response to an invitation sent to them, the following magistrates met this morning with the Council of State: Herbruger Asturias, Gonzalo Menendez de la Riva and Manuel Ruano Mejia, while two other magistrates of the Supreme Electoral Tribunal, Justo Rufino Morales and Rene Bucaro Salaverria, made their excuses for workload reasons.

The magistrates were greeted by Jorge Serrano Elias, council president, who told them that their presence on the Supreme Electoral Tribunal was a guarantee of the purity of the elections and of respect for the people's will.

For his part, Herbruger Asturias said that the Council of State had developed the legislative process which culminated in the electoral laws and that this demonstrates the organization is and will continue to be one of the keystones of the democratic opening process which has been initiated and which will culminate in the election of the Constituent Assembly.

"The electoral timetable," the magistrate said, "must inevitably make provision for the documentation process, as there can be no elections if a substantial percentage of the people are not duly registered. That is the responsibility of the National Population Registry.

"There are those who look with distrust on our connection with the electoral process and think that the Supreme Electoral Tribunal could lose its autonomy and become an instrument of the chief executive; but that is erroneous and fails to recognize the constitutive bases of the Tribunal which originated during a meeting of the universities and culminated in the Supreme Court of Justice."

"There will be no telephone-lines court," Herbruger Asturias said later, "because we are not a tribunal that can take orders. We sincerely hope that public opinion supports us and has confidence in our rectitude as veterans in the exercise of law. We feel that we cannot act in any other way if we want to achieve the objectives of a real democratic opening."

Budget Approved

Guatemala City DIARIO DE CENTRO AMERICA in Spanish 14 Jul 83 pp 1, 8

[Text] The budget approved for the Supreme Electoral Tribunal is 442,200 quetzales, according to information released today by the Secretary of Public Relations of the office of the president of the republic, Gonzalo Asturias Montenegro.

"These funds will permit the normal activity of this Tribunal for the rest of the year," the official said.

The government spokesman emphasized that the installation of this Tribunal, which took place on 30 June 1983, and the start-up of its work are solid steps toward the country's real and hoped-for democratization.

Asturias Montenegro also said this morning that the members of the Tribunal are holding meetings at present in the Supreme Court of Justice building but that it will move shortly to the 10th floor of the Guatemalan Institute of Tourism (INGUAT), as soon as its offices have been installed.

Secretaries Resume Work

On another subject, Asturias Montenegro reported that the personal secretary of the presidency, Francisco Bianchi, was again performing his normal duties.

What is more, it was learned that Alvaro Contreras Valladares, private secretary, will resume his work next Monday. Both government officials were absent on vacation for a few days.

Open to Dialogue

Guatemala City DIARIO EL GRAFICO in Spanish 8 Jul 83 p 5

[Text] Guatemala City, 7 Jul--Once the Supreme Electoral Tribunal is definitively installed, its doors will be open for immediate dialogue with all the political parties, the president of that organization, Arturo Herbruger, said yesterday.

"What is happening," he said, "is that the Supreme Electoral Tribunal is not yet operational; and for this to take place, the following things are needed:

"a. approval of the budget so that we can appoint personnel, buy furniture and equipment, rent buildings for its central and departmental offices, etc.;

"b. organization of the People's Registry and its 21 departmental delegations."

"Once the installation is completed, or as this is being accomplished, the basic plan calls for the systematic preparation of voter-registration lists and the legalization of political parties which meet the statutory requirements," Arturo Herbruger continued.

"These are the basic conditions for the holding of the first national election, that is the election of deputies to the National Constituent Assembly, which will be held after it has been called," our interviewee added.

Other Legal Aspects

With respect to the laws which will govern this process he said that in reality there is a combination of laws, some of which have already been issued while others have not.

For example: The Population Registry Law provides for the issuance of ID cards which will be used specifically to permit the citizen to cast his vote;

The law which established the Supreme Electoral Tribunal calls for supervision of the entire electoral process through an electoral inspection and the departmental delegations;

The Voter Registry Law provides for the preparation of voter registration lists which will contain the names and IDs of all citizens;

And, finally, the Electoral Law, which has not yet been issued but which will regulate everything connected with the mechanics of the electoral process.

8143

CSO: 3248/1088

JULY ELECTIONS, GOVERNMENT'S NEUTRAL ROLE SUPPORTED

Guatemala City DIARIO EL GRAFICO in Spanish 12 Jul 83 p 7

[Editorial: "Toward Real Political Reform"]

[Text] The political reform now in progress in Guatemala has not yet penetrated the consciousness of the people. The Guatemalan people have not yet understood the scope of this opening, of this new political model that has been unprecedented in Latin America up to now. Neither in Argentina, nor Uruguay nor in other Latin American countries has there been reform based on the dismantling of an outdated system and its replacement through implementation of a new party system more in line with the national reality, as is the case with the political reform of Guatemala.

Internationally, however, it is no secret that the reform taking place in Guatemala may offer a suitable way out of the country's crisis. The principles of authentic representation and broad participation are the guarantees that Guatemala's political regime is en route toward real democracy, because it is not out of order to again mention that the problem of internal confrontation between extreme forces finds its reason for being in the imperfection and poor functioning of the old party system and in the existing impossibility of participation due to the negative positions related to the prevailing concept of the principle of the government's policy. The country is retarded in development because there has been no political freedom. If there had been such freedom, more wealth would have been produced and a greater percentage of that wealth would have been distributed. However, the principle of alternativeness has not been respected in Guatemala; and if that principle is not respected, democracy cannot function. But this happens when continuity is possible, and in dictatorial regimes continuity is indeed possible.

On several occasions, the president of the republic has stated that there will be no government party and that, on the other hand, there will be free and representative elections. The president has given his word not only in his capacity as the chief executive but also as a person with profound religious convictions and as commander in chief of the army. And he has been categorical: there will be no cover-up or anything of the sort. According to the president, both the army and the chief executive intend to hold really pure elections, first to the constituent assembly and then to change the country's authorities. However, many people think that there are no good intentions,

that there will be a distortion and manipulation of the political future. And this is explained by the degree of mockery which has been made of the people's will. Therefore, we must be clear; and we must make the people aware that the process is going to be conducted properly.

For this reason, it was insisted that the electoral timetable be prepared, that the electoral law be promulgated as soon as possible, etc. because this would offer credibility. The people want concrete deeds, not merely promises. The chairman of the Electoral Council, Serrano Elias, has already proposed dates for the carrying out of this process; however, it is necessary for the president to announce them publicly, no later than the meeting he will hold this week with the political leaders. Remember that there are two political currents: the conservative current whose entities are calling for immediate elections (MLN [National Liberation Movement], CAN [Authentic Nationalist Federation], PNR [Reformist National Party], FUR [United Revolutionary Front], PR [Revolutionary Party]) and all the pro-party committees which are in accord with the proposed dates. We agree with this current, as we think the dates proposed for the calling and holding of the election and the installing of the constituent assembly are suitable: they neither exaggeratedly prolong the process of return to constitutionality nor do they accelerate it inconveniently.

The new parties need enough time to organize, to gather 4,000 signatures and to establish their structures. Parties which in some way have been fractionated also need time to regroup or find another course. Therefore, it is advisable for the elections to be held next July. But it is necessary for the government to respect the timetable, hold free elections and install the constituent assembly. And above all, it should in no way alter or influence the process but should remain on the sidelines of said process. The role of the military government should be exclusively that of an arbiter and guarantor of the new political process. Guatemala is on the way to finding the real road to democracy. Let neither private interests nor manipulation of any kind interrupt that process.

8143

CSO: 3248/1085

MLN, DC, CAN GIVE JOINT RESOLUTIONS TO PRESIDENT

Guatemala City EL IMPARCIAL in Spanish 14 Jul 83 pp 1, 10

[Text] A proposed "political pact" was delivered to President Efraim Rios Montt by leaders of the MLN [National Liberation Movement], CAN [Authentic Nationalist Federation] and DC [Christian Democracy], according to a statement made by Dr Hector Aragon Quinonez, an important MLN figure, in reference to meetings they have had with the chief executive and the so-called "political cabinet" of the government.

"This political pact," he said, "would change the way politics are conducted in Guatemala. The parties are aware of the importance of their participation in the resolution of problems of that kind in national life, as they understand that the political problem per se is involved, as well as economic, social, etc. problems."

He added that the above-mentioned pact contains very interesting matters such as the following: defense of the democratic system as a form of government for Guatemala; maintenance of alternativeness in government and participation in periodic elections in accordance with the law, as some of the tensions being experienced are the product of the "dirty tricks," fraud and corruption which have existed and which in the preceding 10 years have brought a non-elected official into the presidency, the MLN leader added.

The political pact also deals with the defense of valid elections as the only process to accede to power, with a view to keeping the process from being attacked through violation of ballot boxes, with the road to power being via popular vote; acceptance of the electoral results as the people's verdict as to the party called upon to govern. The other parties losing in an honest and just competition should accept the winner, respect the results and give him their support to lift the country out of the convulsive situation it is now experiencing and to defend the principle of government by the majority with inclusion of the minorities.

The political pact also mentions the need for representivity in the congress of the republic so that the governing party will have the majority of the deputies, if that is the way the election turns out and not through maneuvering.

"By doing this," he said, "we believe that we in the MLN, DC and CAN are making a contribution to the political tranquility of the country."

CAN Proposal

A proposal on the timetable of the elections to the Constituent Assembly was made today by the political parties to President Efraim Rios Montt during a meeting they had with him, according to Mario Aguilar Arroyo, secretary-general of the CAN.

"In the name of the multiparty system," he said, "we offer you a proposal which in our opinion suits the country's political situation. To this end, the leaders of the four [as published] parties which make up the political entente (MLN, DC, CAN) met beforehand to prepare the document which was delivered this morning to President Rios Montt during a meeting he was holding in the presidential house with the Ministers of Defense, Government and Foreign Affairs, who make up the 'political cabinet'."

The political meeting was scheduled after the one that was held last week in the same place at which time the guidelines were established to be followed in the dialogue to seek solutions to the problems being faced in the political sector.

8143

CSO: 3248/1091

FOUR HUNDRED MILLION DOLLAR BOND ISSUE EXPLAINED

Guatemala City DIARIO EL GRAFICO in Spanish 12 Jul 83 p 4

[Text] Guatemala City, 11 Jul--This evening, with an impressive audience of businessmen in attendance, the Guatemalan Chamber of Industry held a symposium on the subject: "Exchange Rate Reform and Stabilization Bonds 1983," in which the president of the Bank of Guatemala, Armando Gonzalez Campo, and Garbiel Castellanos, adviser of the same banking establishment, took part.

"It is a fact that we Guatemalans are spending more than we can afford to spend," Gonzalez Campo said. "The basic purpose of the bond system is to give foreign suppliers exchange rate and trade guarantees, which produce confidence on the part of foreign banks, as these are guarantees of payment," the conferees said.

Some 400 million quetzales worth of bonds will be issued which will be used for the payment of foreign obligations due which at present are called the "banking system pool" [presa bancaria]. "There are two sources for the amortization of the bonds to be issued: on the one hand, revenues from exports calculated at \$750 million for 1983 and, on the other hand, possible financial credits obtained abroad to the extent that confidence in our repayment capabilities increases," Gonzalez Campo said.

In the event the foreign creditor refuses to accept the bonds--these will be paid within a period of 5 years at an annual interest rate of 6 percent per year--the Guatemalan importer will have to make a deposit in quetzales in order to purchase bonds equivalent to the amount of his debt, whereupon the Bank of Guatemala will act as the depository and guarantor; therefore, the supplier will have to wait for a prudential period of 7 to 8 months for the importer to pay off his debt, that is, an automatic payment delay will be produced.

The bond system is only applicable to debts that have matured, not to new debts, and their purpose is to maintain bank liquidity without exerting pressure on the price system; if there is no foreign exchange available at the time the request is submitted, the requester will have to accept bonds, which will be issued on behalf of the supplier but which moreover are negotiable.

Mechanisms of Repayment Under Study

In other actions, the conferees said that they are studying a change in Article 37, which has been suggested to the president by the Monetary Board; also the period of the pool will depend on the amount of the pool to be covered by bonds, which at present is calculated at \$400 million; however, in the event it is less than that, the period for the reconversion of the bonds will be shorter.

The conferees also pointed out the advisability of the bonds' being subject to a repurchase program, which could be the drawing system [sistema de sorteos], for example, but this will only be determined when there is an exact idea of the bond-covered pool and of the amount in the latter at the end of December.

In a related development, the president of the Bank of Guatemala reported that the pool had tended to stabilize beginning on 31 December 1982, as it did not increase. This he attributed to the effectiveness of the import quotas, calculating that revenues of foreign exchange from exports will total \$750 million and outlays for imports will be about \$1.1 billion this year; therefore, a balance would be achieved with the \$400 million in bonds.

Business Fears of Losing Liquidity

The greatest fear expressed by the businessmen revolved around the danger of their being without liquidity and without foreign suppliers, to which the experts of the Bank of Guatemala replied that it was quite the opposite, as the bonds system will give the supplier certainty of payment and security in the face of any possible commercial and exchange risk; therefore, such fear was described as a "lesser problem."

"At present, about \$8 million worth of imports per month do not require foreign exchange from the Bank of Guatemala but instead are purchased on the parallel market. The bonds do not pretend to constitute a mandatory means of payment which is forcing the creditor to accept this kind of securities but rather on the contrary with these bonds we are seeking to assure credit abroad and protect it against a possible devaluation.

Deadline for Purchase of Bonds Is 31 August: An IMF Condition

The deadline set by the Bank of Guatemala for the purchase of the stabilization bonds will be 31 August 1983, beginning with a sale date of 1 August; the reason for giving only a 1-month period is that this was one of the conditions associated with the initiatives being made to the IMF, which indicated that the period still seemed to be "very long" but it is the only way of giving assurance to potential sources of international credit that Guatemala will meet its obligations, they concluded.

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CSO: 3248/1088

INCOME TAX REFORMS OUTLINED ; EXPORT INCENTIVES NOTED

Guatemala City DIARIO EL GRAFICO in Spanish 12 Jul 83 p 6

[Text] By means of Decree-Law 73-83, the government of the republic decided to introduce substantial reforms into the Income Tax Law and to establish incentive mechanisms for exports. These actions were taken within the framework of the tax reform package developed to bring about the recovery of the national economy and to provide incentives for the country's productive activity.

The income tax reforms establish fairer and more reasonable tax reductions and rates, prevent double taxation, stimulate business capitalization and encourage foreign investment by providing realistic criteria for the application of an equitable tax rate, with account taken of the average tax rates in capital-exporting countries.

Reforms are introduced in Article 1, paragraph c and in Article 6, paragraph o, which deal with dividends and interest generated abroad; and in Article 8, paragraph f, which provides that there will be no deduction for producers with respect to the consumer tax on liquors, wines, ciders, beers, carbonated drinks and cigarettes, provided they are the payers of said taxes, because for purchasers, including importers of these products, the applicable tax is part of the purchase price.

Other changes provide that payments of honorariums to professionals will be deductible, provided proper documentation and bills are submitted. Similarly, there is stipulation of the mechanisms for obtaining refunds for excess payments and the obligation to make deductions of employer withholding taxes, with exceptions being made to the withholding of taxes for diplomatic and consular missions and international agencies and organizations accredited to the country.

Incentives for Exports

Beginning today, Tuesday, the Decree-Law becomes effective which provides incentives for exports through a 50 percent reduction in income taxes on exports until 30 June 1984 and a 75 percent reduction from 1 July 1984 until 30 June 1985, with both provisions totally repealed on 1 July 1985.

The Decree stipulates that the export tariff list will remain in force with its respective annexes, in which such products are classified; in this regard, the decrees that set the tariffs on exports of coffee, cotton, bananas, sugar, beef, mutton, pork, poultry and shrimp are repealed.

Also, on 1 November 1983 Tax Payment Certificates will be issued for nontraditional export products, equal to 10 percent of the FOB prices of these products, the certificates will be issued in national currency, will not pay interest, will be nominative and transferable upon endorsement and will in addition be free of any assessment, tax or levy. Tax Payment Certificates may be used to pay any tax, assessment or levy, including import duties and will have a 1-year maturity date beginning with the date of issue; the minimum denomination of each certificate will be 100 quetzales, except in the case of craftsmen for whom it could be a lesser amount.

For nontraditional products destined for countries with which Guatemala does not trade or does not have bilateral or multilateral free-trade agreements, or even if it does have such trade or agreements, provided these products are not included on the lists, the tax rate will be 15 percent.

Decree 74-83 regularizes and increases the taxes on alcoholic beverages and issues mechanisms which permit verification of the controls on payments of these taxes; similarly, imports of such products are taxed.

Tax Table for Individuals

(1) Renta Imponible	(2) Impuesto	(3) Complemento de renta imponible hasta	(4) Impuesto sobre complemento
Q. 1 000.00	Q. 50.00	Q. 1 000.00	5.00%
1 500.00	76.25	500.00	5.25%
2 000.00	103.75	500.00	5.50%
2 500.00	132.50	500.00	5.75%
3 000.00	162.50	500.00	6.00%
3 500.00	193.75	500.00	6.25%
4 000.00	226.25	500.00	6.50%
4 500.00	260.00	500.00	6.75%
5 000.00	295.00	500.00	7.00%
5 500.00	331.25	500.00	7.25%
6 000.00	368.75	500.00	7.50%
6 500.00	407.50	500.00	7.75%
7 000.00	447.50	500.00	8.00%
Q. 8 000.00	Q. 531.25	Q. 500.00	8.25%
8 500.00	575.00	500.00	8.75%
9 000.00	620.00	500.00	9.00%
9 500.00	666.25	500.00	9.25%
10 000.00	713.75	500.00	9.50%
10 500.00	762.50	500.00	9.75%
11 000.00	812.50	500.00	10.00%
11 500.00	863.75	500.00	10.25%
12 000.00	916.25	500.00	10.50%
12 500.00	970.00	500.00	10.75%
13 000.00	1 025.00	500.00	11.00%
13 500.00	1 081.25	500.00	11.25%
14 000.00	1 138.75	500.00	11.50%
14 500.00	1 197.50	500.00	11.75%
15 000.00	1 257.50	500.00	12.00%
16 000.00	1 318.75	1 000.00	12.50%
17 000.00	1 382.50	1 000.00	13.00%
18 000.00	1 448.75	1 000.00	13.50%
19 000.00	1 517.50	1 000.00	14.00%
20 000.00	1 588.75	1 000.00	14.50%
21 000.00	1 662.50	1 000.00	15.00%
22 000.00	1 738.75	1 000.00	15.50%
23 000.00	1 817.50	1 000.00	16.00%
24 000.00	1 900.00	1 000.00	16.50%
25 000.00	1 986.25	1 000.00	17.00%
26 000.00	2 076.25	1 000.00	17.50%
27 000.00	2 170.00	1 000.00	18.00%
28 000.00	2 267.50	1 000.00	18.50%
29 000.00	2 368.75	1 000.00	19.00%
30 000.00	2 473.75	1 000.00	19.50%
32 000.00	2 582.50	2 000.00	20.00%
34 000.00	2 695.00	2 000.00	20.50%
36 000.00	2 811.25	2 000.00	21.00%
38 000.00	2 931.25	2 000.00	21.50%
40 000.00	3 055.00	2 000.00	22.00%
42 000.00	3 182.50	2 000.00	22.50%
44 000.00	3 313.75	2 000.00	23.00%
46 000.00	3 448.75	2 000.00	23.50%
48 000.00	3 587.50	2 000.00	24.00%
50 000.00	3 730.00	2 000.00	24.50%
60 000.00	4 275.00	8 107.50	25.75%
70 000.00	4 822.50	10 682.50	27.00%
80 000.00	5 372.50	13 382.50	28.25%
90 000.00	5 925.00	16 207.50	29.50%
100 000.00	6 480.00	19 157.50	30.75%
125 000.00	7 537.50	22 232.50	32.25%
150 000.00	8 597.50	30 295.00	33.75%
175 000.00	9 659.00	38 732.50	35.25%
200 000.00	10 722.00	47 545.00	36.75%
250 000.00	12 347.50	56 732.50	38.75%
300 000.00	14 025.00	76 107.50	40.75%
400 000.00	17 862.50	96 482.50	43.00%
500 000.00	21 862.50	139 482.50	45.50%
		184 982.50	48.00%

Key:

- 1. Taxable Income
- 2. Tax

- 3. Supplementary Income Taxable Up To
- 4. Tax on Supplementary Income

8143

CSO: 3248/1085

PACIFIC COAST BEAN PRODUCTION SHOWS GREAT POTENTIAL

Guatemala City DIARIO DE CENTRO AMERICA in Spanish 14 Jul 83 p 8

[Text] It is possible that in the very near future some very significant changes in bean production will be recorded in Guatemala. The Institute of Agricultural Science and Technology (ICTA), the most outstanding institution for agricultural research in our country, has been actively engaged in the development of technology for areas that offer a huge potential and which traditionally have not been considered bean-producing regions. This is true of the Pacific coast, whose broad, fertile plains may be transformed shortly, under the influence of modern technology, into huge bean-producing fields.

Characteristics of Production

Our country produces approximately 226,000 quintals [46 kg. measure] of beans in monoculture, of which Peten produces a little over 92,000 quintals, followed by Chiquimula with 37,000 quintals and then by Izabal, with approximately 30,000 quintals. The production of beans associated with corn that in 1979 came to a figure of 180,000 quintals is significant in the departments of Guatemala, Baja Verapaz, Santa Rosa, Chimaltenango and Jutiapa, whose combined production exceeded by a slender margin the production of Peten.

Profitability of growing beans

Dr Porfirio Masaya, coordinator of the ICTA Bean Program and who is conducting important research on beans at the ICTA Production Center in Cuyuta, Esquintla, reports concerning the subject under discussion: Growing beans is not profitable on the altiplano, and marginally profitable in the southeast where beans are grown in along with corn. In Jutiapa, for instance, during 1979 the output of beans produced this way was 5.6 quintals per manzana [1.75 acre measure]. This is because of the use of indigenous varieties susceptible to diseases and to the combined effect of several natural enemies.

Since 1974 the ICTA has faced up to the problem of low bean production and has generated technology for this important sector of small farmers. In 1979 the plots where the technology generated by the ICTA was tested but handled by the farmer produced a yield of seven quintals per manzana more than the

average yield for beans either as a single crop or in association. When this technology becomes widespread, the number of families benefited solely in the departments of the central altiplano, the west and in the southwest may come to 150,000, that is, nearly 1 million people.

By simply replacing the indigenous varieties with the varieties from the ICTA, farmers may achieve an increase of 1,300,000 quintals of beans in national production, which, when sold at a price of 15 quetzals per quintal, means generating almost 20 million quetzals extra in a single growing season.

The problem of production for this important group of farmers is practically solved, for it is reported that the specialized organizations are in the process of disseminating it to the greatest number of farmers in the aforementioned regions.

New Possibilities

In continuing his statements, Dr Masaya said: We are now exploring the possibilities of producing beans on the coast and great possibilities are opening before our very eyes. Thanks to the patient research work being done for the last 8 or 9 years, the ICTA has developed varieties resistant to Rhizoctonia, a fungus disease that has been the main limiting factor in production. For this reason, bean production in this region is insignificant, for it amounts to only 6,000 quintals. But thanks to the research carried out, we now have varieties that besides being resistant to diseases of fungus and virus origin, and to the attack of the green harvest bug, has shown excellent adaptation in growth and production, with yields between 30 and 35 quintals per manzana.

Fertilization and insect control

The technology successfully being used in Cuyuta is the following: application of three quintals of 16-20-0 at planting time, together with 30 lbs per manzana of Furadan 5G or other product with equivalent action. This insecticide, with systemic action, affords protection to the bean plant infested with clouded tortoise beetle, aphids, whiteflies, etc., for a period of 20 days.

Subsequent protection may be afforded by applications of contact insecticides every 10 days and to strengthen growth of the plants suitable application of a leaf fertilizer during the first application of liquid insecticide.

Weed Control

Pre-emergent application of Prowl at the rate of 1.4 liters per manzana, which has given very good results even in plots infested with coyolillo.

Variety

The variety which is increasing is ICTA Quetzal, although as Dr Masaya reported, new, more promising genotypes will be included in ranch tests to evaluate them with farmers.

Great Production Potential

There is no doubt that the feasibility of producing beans on the Pacific coast offers tremendous possibilities and that just like soybeans, this crop will allow making the most of the available manpower, land, and capital resources for the benefit of hundreds of thousands of Guatemalans that will see their family's food basket enriched without affecting their incomes too much.

12448

CSO: 3248/1089

FISHING COOPERATIVES GIVEN INCENTIVES FOR DEVELOPMENT

Part of Economic Reactivation

Guatemala City DIARIO DE CENTRO AMERICA in Spanish 11 Jul 83 p 1

[Text] The Ministry of Agriculture, Livestock and Feed supports the development of the Pacific fishing cooperatives, said the incumbent in the department, Agronomy Engineer Leopoldo Sandoval Villeda last Saturday after a visit to the FEDEPESCA plants in Iztapa, Escuintla, which groups together five cooperatives.

He also stated that all the problems and projects set forth by the FEDEPESCA cooperatives, among them the Curvina, Champerico, Copesmar, La Sirenita and Empalizada cooperatives, will be considered for the purpose of stimulating their development and turning into a reality the wish by the government of General Efraim Rios Montt to give real help to Guatemalans who need the resources of the state in order to achieve a better standard of living and participate in a positive way in the economic reactivation of Guatemala.

One way of helping, engineer Sandoval Villeda explained, will be to grant permission to catch shrimp and for other activities of the cooperatives, which have been limited, thereby stifling their effective growth.

Mr Daniel Hernandez, president of FEDEPESCA, reported that currently they are working with six ships, of which three are active, and that 40 species of fish plus shrimp are caught. To increase the fish catch, he sought permission to catch shrimp for export and 1,600,000 quetzals in aid, with which 1 million tons more of fish a year will be caught, with additional earnings for the country of 5 million dollars, plus work for 500 families more, on which 1500 people depend.

During the visit, the assistant minister, Dr Victor Manuel Orellana, Dr Ricardo Ortiz Flores, director of DIGESEDE [General Directorate of Livestock Services], Colonel Orlando Sierra, supervisor of INACOP [National Institute of Cooperatives], and other officials and leaders of the cooperatives were present.

Operations Will Double

Guatemala City DIARIO EL GRAFICO in Spanish 11 Jul 83 p 15

[Text] The Pacific fishing cooperatives will be able to double their operations and take in almost 2 million pounds of ocean products per year. This would represent a foreign exchange income of 5 million per year, since the main market is the U.S., especially where shrimp is concerned.

This was reported to Engineer Leopoldo Sandoval, minister of agriculture, in a visit he paid last Saturday to the Federation of Fishing Cooperatives (FEDEPESCA), which has its headquarters in Iztapa, Escuintla. The government official visited the aforementioned federation accompanied by Dr Victor Manuel Orellana, assistant minister, and by the president of the National Institute of Cooperatives, INACOP.

The three government officials even boarded one of the fishing boats and took to the high seas to familiarize themselves with fishing methods, problems and results.

The aforementioned federation is made up of the five following cooperatives: Curvina, Champerico, Copesmar, Sirenita and Empalizada. Together they have 120 members and directly or indirectly provide work for about 600 people.

12448

CSO: 3248/1089

BRIEFS

PARTY COALITIONS--A bottleneck is being produced at the level of incipient party committees and at the level of parties that have functioned during the past 2 decades as legal public institutions. The recently established committees are trying to form a political force that will permit them to participate in the constituent assembly elections but with the right to exist afterward. Therefore, they are analyzing the possibility that in their first constituent assembly elections they will be allowed to set up civic committees, for which they say provision is made in the law. This would enable them to form alliances, without having to have 4,000 members immediately afterward as a party. In a related development, the traditional parties are trying to assemble political forces to accommodate the committees of the incipient political parties in an alliance of understanding. In these parties, two forces are also being produced: forces that were a party to the government of repressive Lucas Garcia and forces that were not. [Text] [Guatemala City DIARIO EL GRAFICO in Spanish 11 Jul 83 p 20] 8143

CROC LEADER CRITICIZES CTM RESPONSE TO WORKERS' NEEDS

Monterrey EL NORTE in Spanish 27 Jun 83 p 18

[Text] Raul Caballero Escamilla can say whatever he wants against the Revolutionary Confederation of Workers and Peasants (CROC) because the real labor movement will never pay attention to him because the workers know who is the true and responsible leader who does not resort to ridicule and insolence.

The secretary general of the CROC National Executive Committee, Alberto Juarez Blancas, said this and added:

"Caballero Escamilla calls us (?weak) trade unions because he is not familiar with the true language of the worker, from which he has become alienated and therefore who can understand him?"

At the conclusion of the Constituent Congress of the Revolutionary Federation of Workers and Peasants (FROC), the CROC leader said that the workers are the ones who rate the performance of their leaders.

"And from a man like that (Caballero Escamilla) what can be expected?" he stressed.

During the interview, Juarez Blancas condemned what he called "a mockery" of the workers' needs by "rabble-like" attitudes in clear allusion to the Confederation of Mexican Workers [CTM].

"They deceived salaried workers in these difficult times that the country is experiencing, because many received no increase; and what is worse, the right to strike, sacred symbol of the workers which has cost many lives, was scorned."

He maintained that the pay that the CTM receives in response to the mockery of its leaders is the loss of their credibility which has been expressed in the states of Nuevo Leon, Jalisco, Baja California Norte and Sur and the Federal District.

He criticized that "There is a large number of workers who have deserted not only the CTM but other central organizations because they have become

disenchanted, because they are used to support trade union leaders in their political posts."

Nevertheless, when asked the total number of new members because of that situation, he answered that it cannot yet be quantified.

Regarding whether CROC constitutes the vanguard of the labor movement, the secretary general of that organization pointed out:

"Those who know us say that the strength of our trade union is not the 2.5 million members in the country but the dependability and character of those joining our ranks."

CSO: 3248/1080

NAVY SECRETARY ANNOUNCES NEW PROJECTS, NAVAL UNIVERSITY

Mexico City EXCELSIOR in Spanish 24 Jun 83 pp 5, 28

[Text] Admiral Miguel Angel Gomez Ortega, secretary of the navy, announced the following projects yesterday: creation of a naval university, construction of nine larger, speedier and better-armed vessels for coastal surveillance, economic development of Guadalupe and Socorro islands, prevention of marine contamination by hydrocarbons and the drawing up of nautical fishing charts that will increase catches to provide food for the people.

In a press interview, the official added that, in all these programs, which are in response to provisions of the National Development Plan and will help overcome the crisis through which the country is passing, the navy's own already installed plant and technology will be utilized.

He also announced the forthcoming departure for Japan and Korea of the training ship "Cuauhtemoc," which will take final-semester students from the Veracruz Naval School on a 5-month training cruise.

The navy chief acknowledged that our country, like many others, is the victim of fishing piracy, but noted that so far this year 150 U.S. fishing boats had been seized and fined and their proceeds and shipments of fish confiscated, because the navy now has modern coast guard ships equipped with helicopters, which enlarge their area of operations.

With regard to the naval university, Gomez Ortega said that this has been a dream for many years that it is hoped will be realized in a short while, since the navy and maritime sector generally need to educate here the architects and engineers who are now following such studies abroad.

The head of the navy added that, with a little effort, the naval school could provide for education in those careers, as well as oceanography and other careers needed for the country's development.

Development of the Islands

He said that President De la Madrid has approved the construction of larger ships for the navy, utilizing the already installed plant and technology of the navy shipyards, in which 10 vessels of the Azteca type and tunny boats have already been built.

According to the admiral, nine ships of the Aguila type, with a displacement of 920 tons--similar to the six recently bought in Spain--will be built, four of them in the first stage, two in Tampico and two in Salina Cruz, where work will begin in March 1984 and November of the current year, respectively.

Designed by Mexican naval engineers, the Aguila-type ships have a length of 67 meters, beam of 10.5 meters and draft of 5.50 meters; they will be powered by 13,320 HP engines that allow them to develop a speed of 24 knots, manned by a crew of 45 and carry a 57 mm cannon in the prow, a 40 mm cannon in the poop and a helicopter.

Insofar as the general development of Guadalupe and Revillagigedo islands is concerned, he said that he will go back to the federal agencies that, six years ago, signed an agreement designed to promote industry, agriculture, stockraising and fishing in each of them and other islands as a basis for development.

He also spoke of the work that the Navy Ministry is carrying out, in coordination with the Ministry of Urban development and Ecology, Ministry of Fisheries, PEMEX (Mexican Petroleum) and other agencies and institutions, to keep the oceans unpolluted and to conserve and protect the marine environment. This program has two purposes: to obviate contamination by ships and to support the National Emergency Plan, which is designed to combat the spilling of hydrocarbons and other harmful substances into the sea, as occurred with the Ixtoc.

In this regard, he noted that the fish in Campeche Sound are unaffected and there have been no apparent effects of contamination, though short-, medium- and long-term studies are being pursued.

He also stated that fishing charts are being prepared, indicating to fishermen where to go, so as to increase the possibilities of obtaining marine products.

12336

CSO: 3248/1069

ILLEGAL IMMIGRANTS EXPLOITED, TAKE JOBS FROM NATIONALS

Monterrey EL NORTE in Spanish 17 Jun 83 p 1

[Article by Francisco Duran]

[Text] Traffickers in illegal aliens have converted the provisions market into a nest of Salvadoran and Guatemalan refugees, cargo handlers at this provisions center disclosed yesterday.

Fruit and vegetable merchants are exploiting these Central Americans, hiring them for low wages and without fringe benefits and at the same time putting Mexicans out of work.

Those concerned said that the merchants bring back Salvadoran and Guatemalan refugees in the frontier area together with merchandise from the southeast and hide them in rooms located over the shop or improvised quarters in the basement of the market, where fruit and vegetables are kept.

"This place has been converted into a refuge for Central Americans who are feeling the violence that has existed in their countries for several years and are looking for work to survive, thus putting us out of work," said the cargo handler Jesus Gonzalez.

He indicated that the Mexican cargo handlers are dissatisfied because the shop owners will not allow them to form a union and they are exploited and sometimes have no work as foreign labor is given preference over themselves.

"They are satisfied with what they get as long as they eat and are not reported to the Interior Ministry," he said.

Jesus Gonzalez, who has been working at the above-mentioned commercial center for 18 years, said that the shopowners have spared no effort to prevent the cargo handlers from organizing to defend their interests as workers.

He explained that for the last 2 years the Central Americans have been given preference in hiring, because they are young and satisfied with what they get to eat and, as they have no family in the city, can sleep in the shops and guard them, while also avoiding arrest by the Interior Ministry.

Another cargo handler, who preferred to remain anonymous, declared that he did not know how they managed but the shopowners protected the foreigners so well that agents of the Interior Ministry had never come looking for them.

He indicated that the illegal immigrants are brought to San Nicolas in the same trucks that transport fruit from Chiapas and Tabasco.

They said that those who periodically carry out the trafficking in illegal immigrants are the owners of banana and fruit shops.

"As the number of foreigners continues to grow, we Mexican cargo handlers are reduced to living on the tips that they give us to haul away boxes and fruit or vegetables that we scavenge from the merchants," explained one of those concerned.

They Are Dangerous

The market security guards said that they can no longer put up with the Salvadorans, who get drunk at night inside the market and to whom nothing can be said, because they are armed with switchblades and knives.

Someone warned the illegal immigrants of the presence of reporters, so that some ran to hide and others threateningly took out machetes and brandished them.

The watchmen declared that the shopowners control the situation to such an extent that 3 weeks ago a flatbed truck ran over an old cargo handler who lately had been working as a bootblack and killed him and, even though the accident was due to the driver's carelessness, nothing more was heard of the matter.

A Salvadoran, who said his name is Gabino Saenz Cruz, stated that he arrived here 4 years ago when clashes between the guerrillas and army in his country were becoming serious and a large number of American factories and in-bond plants were closing.

"I was working on the preparation of essences for perfume in the Heg factory located in San Salvador, where I earned 45 quetzals a day," said the 26-year old man.

Stammering, he said that he did not want to be naturalized as a Mexican, because this country is following the same path as El Salvador: the climate of crisis, mistrust, massive work stoppages in factories and demagoguery that are prevalent here are the same things that were prevalent in his country some years ago.

Nor, he stressed, do I intend to return to El Salvador, at least for as long as the violence lasts.

He indicated that he had been about to make a mistake when he left the perfume factory because of the low wages and was thinking of joining the guerrillas to fight.

"I decided that I did not want to die, because at that time the National Guard was well-armed with weapons the United States was giving it, so I chose to come to Monterrey, where they told me I could work and would not be bothered," he said.

"I am not a bad person and I do not want to hurt anyone, I just came here to get away from the violence, and the only problem that I have had here was once when I had no money to eat and I stole a box of prickly pears and a police patrol, number 96, picked me up and booked me and afterward let me go," he said.

Saenz said that he had entered the country as a tourist and for 3 years has been working as a cargo handler for Heriberto Rodriguez, owner of a shop where he sleeps with eight other Salvadorans.

"I like it here in the provisions market, because I think it is like a private estate where immigration agents will never come to bother us," he declared. Saenz Cruz said that his work day is from 4 a.m. to 2 p.m., for which he receives wages fluctuating between 500 and 600 pesos a day, without medical coverage, but with the advantages that he has a place to sleep and they give him fruit and greens to eat.

He said that he has had no trouble with the judicial police, because he can recognize them immediately by the way they dress and walk and, without getting upset, evades them to avoid problems.

Immigration Denies It

For his part, Ignacio Gomez Del Campo, the Interior Ministry's local immigration agent, said that there are no illegal immigrants in Monterrey or the metropolitan area and that the only foreigners are students, who represent a good source of income for the country.

He said that so far he has received no report nor had any knowledge of the existence of illegal immigrants in the provisions market.

12336

CSO: 3248/1069

PSN LEADER MAKES STATEMENT ON PARTY'S ANNIVERSARY

Managua BARRICADA in Spanish 4 Jul 83 p 5

[Text] The Nicaraguan Socialist Party (PSN) reiterated the pledge to continue to contribute to and enrich the revolutionary tasks through the commitment to territorial integrity, sovereignty and the decision of the people to fully exercise their right of selfdetermination.

Luis Sanchez, secretary general of the PSN, made that known on the occasion of the 39th anniversary of the founding of that party.

The event was attended by Subcommander Rafael Solis, delegate of the Sandinist National Liberation Front (FSLN); Eli Altamirano, secretary general of Communist Party of Nicaragua; Cesar Delgadillo for the Revolutionary Patriotic Front (FPR); Rodolfo Robelo and Salvador Gaitan for the Independent Liberal Party (PLI).

The ceremony was also presided over by: Francisco Herrera of the Marxist-Leninist Popular Action Movement; Edgardo Garcia for the Union Coordination of Nicaragua and diplomatic representatives of socialist countries and special guests.

The secretary general of the PSN declared that defense is the main axis of the revolutionary tasks and that his party and all the revolutionary forces in the country consider and continue to consider defense as the priority and essential task.

Stating that the defense of the revolution is a complex and multifaceted phenomenon just as imperialist aggression is complex and diverse, he pointed out that in the circumstances of aggression and declared war against the process, armed defense is the basic pillar for the defense of the revolution as a whole.

The economic aspect of defense is also important to combat the material difficulties and to respond adequately to the legitimate demands and aspirations of the people, he said.

He attached great importance to revolutionary defense in the field of political and ideological activity, the struggle against diversionism, and the fight against the influence of bourgeois ideology among the masses.

"We believe," he said, "that the process of political institutionalization of the revolution must continue its course despite the difficulties imposed by imperialist and counterrevolutionary aggression.

For the PSN, democracy and political and ideological pluralism are and must continue to be the basic pillars of the process. They are inherent in our revolution and must continue to be developed on the basis of a greater and more effective political participation of all revolutionary parties and forces that exist objectively in the country, said Sanchez.

He termed the elections not a tactical recourse for export or a maneuver to give the appearance of democratic formalities but as an integral part of the process of political institutionalization of the revolution, a strategic element for the consolidation and intensification of the revolutionary project.

For his part, Subcommander Rafael Solis, in name of the national leadership of the FSLN, of members and fighters, referred to the prominent participation of the PSN in the revolutionary tasks as part of the FPR.

"We appreciate with the greatest respect the attitudes and positions of the PSN in being at our side and at the side of the other allied parties in the consolidation and defense of the revolution; and we are drawn even closer together by the integration of comrades of the party in defense of the trenches, where they are fighting the enemies of the people.

"We also count on that support in the basic tasks, in the political tasks in the area of the institutionalization of the revolution, and we are marching together in the approval of laws which we consider vital for the process of institutionalization of the revolution."

The Sandinist leader valued the tasks assumed by the PSN in the Revolutionary Patriotic Front and gave assurance that they will remain together with the allied parties, united to consolidate the common goals, "because we are all for building the new man and a new society," he stressed.

8711

CSO: 3248/1076

PLAN TO RESETTLE OVER 500 PEASANT FAMILIES DETAILED

Managua BARRICADA in Spanish 3 Jul 83 pp 1,5

[Text] San Carlos, Rio San Juan--A contingency plan to rescue more than 500 peasant families, victims of the counterrevolutionary, criminal activity, was detailed in this department seat yesterday by the Sandinist National Liberation Front (FSLN), the Sandinist People's Army (EPS) and the regional government.

In a press conference at which the chief of the Border Guard Troops (TGF) for Special Zone Number 3, Captain Bosco Centeno, declared that the invasion assault of traitor Eden Pastora has been smashed, the minister-delegate of the Junta of the Government of National Construction, Captain Alejandro Guevara stated that the resettlement plan which is already at an advanced stage has demonstrated the complete identity of purpose of the people of Rio San Juan with their vanguard and their revolutionary government.

The plan consists basically in the resettlement of some 500 families on arable land with the support of all the organs of the state and the speeding up of the agrarian reform programs.

The conference was attended by Comrade Javier Alvarez, political secretary of the FSLN and 1st Lieutenant Ricardo Tiffer, delegate of the MINT in this zone.

They denounced the diversionist offensive of Costa Rican communications media which, in keeping with the aggressive plans of imperialism, echo the truculence of the traitor's radio stations in that country.

At the press conference, nine peasants who were investigated regarding links to the Contra were freed at the same time that several prisoners, among them a former Somoza guard who surrendered in combat, were introduced.

To Guarantee a Productive Frontier

The regional government, headed by Captain Guevara, explained the reasons for the contingency plan before a large audience of representatives of mass organizations, armed forces and national and foreign newsmen. Radio 13 de Octubre, the local radio station, broadcast the whole event.

Everything is implemented, he declared, with the presentation of land and construction material for the homes of the brother peasants, which will be located in the environs of the communities of Morrillo, La Azucena, Los Chiles and Laurel Galan.

There is adequate land in those places and cooperatives which they can join, because it is a matter of guaranteeing a productive frontier. We have to guarantee the level of food production and we will achieve it, and also give them the possibility of self defense and the protection of our army.

A large sign saying "All Arms to the People" dominated the conference room of the regional government, also marking the start of the Campaign of the Fourth Anniversary of the Revolution in the Special Zone.

A large part of the plan has already been carried out and its success has demonstrated the complete identity of purpose of our people of Rio San Juan with their vanguard, declared Captain Guevara; that was confirmed later by one of the mobilized peasants who identified himself as Andres Hernandez Roblero.

"We have suffered the consequences of the actions of the traitor and those of the worst curse we have in the country--imperialism," said the peasant.

"It is assured that in the medium and long term, the revolution will be able to take to these brothers the basic social services which they could not get before because of their dispersal in the middle of the mountain," added Guevara.

Another Bastion of the Revolution

The department of Rio San Juan has become another bastion of the revolution, declared Captain Bosco Centeno, giving an account of the details of the defense, the combats and the serious defeats inflicted on the so-called Democratic Revolutionary Alliance (ARDE), headed by the traitor.

The revolution has turned its potential upside down: Health is readapting programs; Education, its program with the People's Education Centers (CEP); the Ministry of Construction builds bridges and repairs roads; the Ministry of Agriculture-Livestock Development and Agrarian Reform (MIDINRA) made soil studies, chose the best lands and now is turning them over to the peasants to produce, he added.

Lieutenant Ricardo Tiffer made a detailed presentation on counterrevolutionary activity and mentioned the names of at least 12 counterrevolutionary encampments that are located in a border strip on Costa Rican territory.

The methods of criminal operation of the traitor do not differ at all from the other "champions of Reagan" who enter from Honduras: kidnappings, murders, peasants who have joined the process are threatened, robberies and destruction.

At least 15 peasants were murdered by Pastora's ARDE in the last 3 months. In that period, there were 47 counterrevolutionary activities. By contrast, since 19 July 1979, only three actions had occurred in the zone, indicated Captain Centeno. That is the main reason for the contingency plan.

A number of encampments in Barra del Colorado, Costa Rican territory, serve as training camps. From there, came the 200 henchmen who have entered Nicaraguan territory since last Tuesday and who are being pursued by our troops.

How the Contra Was Born

The speakers related the history of the birth of the Contra in the country; their coercive methods, the threats and the crimes were based on pseudoreligious work in Las Azucenas, where the foreign priest Timoteo Merino used the Delegates of the Word to deceive the peasants. They succeeded in taking out 150 of them in March and training them in the encampments of Las Brisas, El Olvido, in the ranch of a counterrevolutionary named Calazans Parrales, in Costa Rican territory; in Las Tiricias, in another encampment called Berlin and others, Tiffer explained.

The political secretary of the FSLN, Javier Alvarez, pointed out that lies have served to transform into "cannon fodder" scores of these humble Nicaraguans, many of whom come from the western party of the country, forced by the Somoza regime to move to remote regions with false promises that were never kept.

Plans Aborted

Centeno and Tiffer used a map of the zone where they indicated the different combat sites and where various encampments were dismantled.

The plans of the Contra have been aborted: 97 counterrevolutionaries have been killed and 12 Nicaraguan brothers fell in the defense of sovereignty.

They operated to a depth of up to 30 kilometers in the direction of Nueva Guinea and fighting took place in Las Azucenas, Fatima, and Santa Fe, declared Centeno.

They entered from Poco Sol, a ranch of the Contra Calazans Parrales, and deployed in El Pavon and Las Minas and we struck definite blows against them since early April. On the 4th and the 13th, we dismantled those encampments and 30 percent of the peasants who participated as forces of the traitor were captured. Many of them have also been freed.

The participation of mercenary Costa Ricans and Panamanians has been proven. In Papaturo, a former major of the Costa Rican Civil Guard died in combat in the ranks of the enemies of our people.

Comrade Alvarez indicated that up to now we know of 20 peasants kidnapped in the last 30 days. "Most of those who went were led to believe that they were persecuted for professing religious beliefs, he added, but the spirit of generosity continues to be demonstrated, and we will continue to do so with those who do not commit crimes against our people."

Nine Freed

Many of these peasants continue to desert the ranks of the traitor and nine of them were freed yesterday in Sal Carlos.

Those freed were identified as Francisco Davila Moreno, Agapito Betancourt Davila, Blas Aguilar Gomez, Juan Moreno Varela, Ricardo Gonzalez Gutierrez, Santos Varela Aguirre, Antolin Davila Blandon, Juan Maria Brenes Roque and Felix Parrales.

Davila Moreno told BARRICADA that it is true that the foreign priest Merino carried out negative propaganda against the Sandinists. They were investigated for a time and now the regional government announced that they will also be protected by the programs of the contingency plan.

They expressed gratitude. None of them was mistreated and they were treated "like this revolution has always maintained a man should be treated, as a human being," stressed Comrade Alvarez.

Another 15 peasants were freed last 1 May on the occasion of International Labor Day; 10 others were freed in Las Azucenas and others will continue to gain their freedom.

A Former GN and a Youth Contras

The counterrevolution as the daughter of imperialism has committed savagery in the south as well as in the north. Almost at the end of the conference, several prisoners who are in the investigative stage were presented.

Santos Ramirez Sevilla, a former Somoza guard from Achuapa, confessed that he was recruited for the Contra by a former cattle-breeders union judge named Daniel Zeledon; he knew "Robinson" (a Panamanian), Santos Gomez and Luis Lopes, three Contra chiefs in Costa Rican territory; he detailed the weapons they carried; and he saw four radios with which they communicated with San Pedro, a place in Costa Rica.

"Their thinking was to take Los Chiles, La Azucena, but they are never going to beat the Front. I surrendered and I am very happy because they have treated me well," he told the audience.

A young boy, named Abraham Martinez (age 14), was recruited by force. "Get mad, we are going to fight against the communist clowns [piricuacos]," he said a fellow named Pilar Sevilla told him.

Against the wishes of the young boy's father, one day Sevilla forced him to take a rifle. He mentioned a certain Daniel Zeledon, that the Contras said a helicopter was going to arrive from Costa Rica with arms to gain victory, and other details.

The Ministry of the Interior yesterday freed that San Juan boy, a victim of the criminal activity of traitor Pastora and imperialism.

Another captive, named Bonifacio Soriano Pozo (24 years), also of very humble appearance, after relating how they forced him to be a Contra, said: "I tell my friends, don't let yourselves be deceived by the traitor."

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COMMENT ON LESSON PROVIDED BY FAILED CHILEAN ECONOMIC POLICY

Lima EL OBSERVADOR in Spanish 9 Jul 83 p 12

[Editorial]

[Text] In recent days, popular protests against General Pinochet's dictatorial regime have demonstrated the abysmal failure of his policies. A central element of these has been the economic model imposed by economists of the Chicago school, whose mentor is Milton Friedman.

In Peru, rightist spokesmen have invoked the Chilean example as a demonstration of the "success" of the free market. They have invited Friedman and other defenders of this model to participate in debates the objective of which was to popularize the thesis of the "Chicago Boys."

The more discreet and clever ones tried to separate the Chilean Government's villainous and dictatorial aspects from its alleged economic success and advanced the idea of a market economy in a democracy. There was even a famous Peruvian novelist who, in a television program, referred to the virtues of the Chilean economic model, even while putting distance between himself and the dictatorship.

Now the falsity of all this stands revealed. We know not only that the model failed but also that, in the Chilean case, dictatorship was the indispensable condition for the operation of an economy so oriented that it has disadvantaged the vast majority of the people.

In Peru, the economic team has adopted a model that, while not identical with the Chilean one, strongly resembles it. Here, all the evils of structural changes under the military government and, later, the international economic crisis were blamed in order to impose, and afterward persist in, a management of the economy that cannot show a single positive economic indicator. This represents a resounding failure, in the face of which the president ought to change the managers of the economy and replace them with more realistic and pragmatic people, who would be willing to change direction and correct mistakes.

It should be pointed out that the present economic policy neither conforms to Popular Action's traditional programs nor formed part of the campaign promises that Belaunde made as a candidate; consequently, the mere demonstration of its failure should be reason enough to change it.

This is precisely the advantage of democracy, that it is a system based on dialogue and continuing debate and, as compared with dictatorship, tends to offer a greater capability for directional changes. If the Chilean dictator's obstinacy is aggravating the problems of our southern neighbors, Peruvian democracy with its greater flexibility ought to bring about the policy rectifications that the great majority of public opinion has been hoping for.

12336

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IMPACT OF POSSIBLE CARRIER PURCHASE BY CHILE CONSIDERED

Lima EL OBSERVADOR in Spanish 29 Jun 83 p 13

[Commentary by Edgardo Mercado Jarrín]

[Text] British Government sources in London have stated that preliminary conversations with the Chilean navy will begin this week on the purchase of the British aircraft carrier "Hermes," which will be retired by the Royal Navy in 1986. This purchase, and perhaps others, would destroy the balance of naval power that the Argentine, Chilean and Peruvian fleets have attained (see insert) and would force Argentina and Peru to make readjustments in their naval acquisition plans, which would result in costly expenditures at a time when the three countries are going through the worst economic and financial crisis in their independent existence. (Chile has an external debt of 18 billion dollars, and its economy last year suffered an unprecedented decline of 14 percent.)

On the other hand, such a purchase would mean that Chile is the first country to have understood the military lessons of the Malvinas war. In many ways, what was the Malvinas theater of operations strongly resembles the possible theater of operations in the Beagle Strait, where a military decision, as was the case with the former conflict, will depend to a greater extent on naval task force capabilities and aerial possibilities than on the opponents' ground operations. In the face of the Malvinas crisis, there was much talk about the effectiveness, cost and vulnerability of aircraft carriers and doubts were expressed concerning their future, but one of the most important military lessons of the war derives precisely from the employment of the aircraft carriers "Hermes" and "Invincible." In effect, their employment showed that the aerial balance calculated in terms of the effective presence of Argentine planes in flight--a ratio of five to one--was neutralized by the number of flights that English aircraft made from carriers, which was six times the number of Argentine flights. In general, Argentine aviation could make only one sortie per plane per day, a single mission from the far-distant coast to its objectives in the archipelago, while, on the other hand, English carrier-based aviation could make six sorties a day and carry out six different missions.

Furthermore, the Sea Harrier planes, with which the "Hermes" is equipped, showed great versatility in effecting most of the classical missions that normally require different kinds of planes, as they carried out interception, reconnaissance, naval and ground support missions, both from the carriers and from

landing strips, and reached the Malvinas under their own power (with in-flight refueling) or aboard the carriers and fighting ships. Recently, a Harrier that had strayed from its carrier and was out of fuel landed on the deck of a Portuguese cargo ship in the Atlantic, which demonstrates the plane's advantageous maneuverability.

The possible Chilean acquisition of the "Hermes" would neutralize the Argentine advantage entailed in its possession of the carrier "25 de Mayo," introduce a more versatile type of aircraft into the area and add weight to the superiority that its three cruisers already give Chile.

With respect to the south Pacific, the question arises: with the acquisition of the "Hermes," will Chile regain hegemony? With the advances that have been made in aviation, hegemony in the south Pacific has ceased to depend on naval power alone. Such hegemony depends on superiority in the air as much as on the balance of naval power. A slight strategic imbalance resulting from differences in naval forces could be corrected by sufficient air power. Military superiority in the south Pacific will depend more in future on a skillful combination of naval forces with an air force armed basically with modern missiles and anti-missile missiles.

A naval force has the mission of projecting power. In the south Pacific at present, even if a fleet achieved naval superiority and denied the enemy the use of its own waters, it could not use those waters to land troops if the enemy possessed an effective air arm that, in contrast to the Malvinas case, had nearby land bases assuring it a number of sorties per plane per day obviously superior to the number of sorties made by enemy aircraft.

Under the hypothesis that hegemony in the south Pacific would result from an adequate combination of naval and air power, Chilean acquisition of the carrier "Hermes" would strengthen this combination in a balanced manner and consequently would alter the present strategic naval balance in Chile's favor; however, it would not presuppose the attainment of hegemony, unless Chile had an air force capable of maintaining an obvious superiority in sorties per plane (planes in flight) in the theater of operations in question.

Therefore, the acquisition of the carrier "Hermes" does not have the strategic importance that the purchase in London of the armored vessels "Cochrane" and "Blanco Encalada" had in the last century. This does not mean, however, that we should forget that wars are won and lost in peacetime.

Balance of Naval Forces (x)

	Argentina	Chile	Peru
Aircraft carriers	1	-	1
Submarines	3 (xx)	1	10 (x)
Cruisers	-	3	3
Destroyers	8 (xx)	7	9
Frigates	-	5	2 (xx)
Corvettes	3 (xxx)	-	-
	To Be Added	To Be Added	To Be Added
	(x) 2	x (2)	(x) 2
	(xx) 4	xx (1)	(xx) 2
	(xxx) 6		

Source: "The Military Balance 1982-83"

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END