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Senate

TUESDAY, MARCH 17, 1987

The Senate met at 2:30 p.m. and was called to order by the Honorable ALBERT GORE, JR., a Senator from the State of Tennessee.

The PRESIDING OFFICER. Our prayer today will be offered by Bishop Smallwood Williams of the Bible Way Church of Our Lord Jesus Christ World Wide, Inc., in the District of Columbia. Bishop Williams is sponsored by Senator HATCH.

PRAYER

Shall we bow our heads, please.

Eternal, invisible, all wise God, we are privileged to come to Thee at this prophetic hour in this historic place. Thou hath invited us saying, "Come unto Me all ye that labor and are heavy laden, and I will give thee rest," and "Blessed be they that cometh in the name of the Lord." Therefore, in the name of Jesus Christ, we are thankful for this great Nation that was founded 200 years ago. Destined to be the leader of the free world, demonstrating to the world the feasibility of a social order of human freedom, dignity, and prosperity.

We thank Thee for a national recognition of the prophetic structure of the universe and its moral requirements that we have visibly engraved on our currency "In God We Trust." May this inscription be a supreme reality regardless of all difficulties and challenges therein involved. In spite of the turbulent difficulties of our time, may the upward curve of our historic progress continue.

We thank Thee for the privilege of our preaching ministry of 60 years in this great city and attaining the age of fourscore years. Fifty years ago, we voluntarily prayed on the granite steps of this building for inclusive social justice. Today, we are honored to pray from the podium of this august body interpreting our presence here as a progress report of this Nation's advance in the area of human dignity and brotherhood.

May the waves thereof touch the shores of all nations of the world to heal the hurt and hurting, inspiring new hope for a better tomorrow "When the day break and the shadow shall flee away."

In His name we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. STENNIS).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, March 17, 1987.

To the Senate:

Under the provisions of Rule I, Section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable Albert Gore, Jr., a Senator from the State of Tennessee, to perform the duties of the Chair.

JOHN C. STENNIS,
President pro tempore.

Mr. GORE thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

THE JOURNAL

Mr. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

DISAPPROVAL RESOLUTION OF ADDITIONAL ASSISTANCE TO NICARAGUAN DEMOCRATIC RESISTANCE

Mr. BYRD. Mr. President, the distinguished Republican leader and I have discussed the calling up of Senate Joint Resolution 81, introduced by Mr. WEICKER. Under the law, there is no debate on the motion to proceed to the consideration of Senate Joint Resolution 81. Mr. DOLE and I have determined that there will be no request for the yeas and nays on that motion to proceed. Therefore, I ask unanimous consent that at no later than the hour of 3:30 p.m. today the Senate proceed to the consideration of Senate Joint Resolution 81.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BYRD. I thank the distinguished Republican leader. That being the case, I see no need for any rollcall votes today. I think I can so state to the Members.

Now, the distinguished Republican leader and I have also discussed the possibility of reaching a time agreement as to an hour for the final vote on Senate Joint Resolution 81 tomorrow, and I will be interested in any suggestions thereon that the Republican leader may have during the day. I hope that, before the day is out, we can announce to our colleagues on both sides of the aisle the hour for the vote on tomorrow on the disapproval resolution.

Mr. DOLE. Mr. President, will the majority leader yield?

Mr. BYRD. Yes, I will be happy to yield.

Mr. DOLE. We are certainly willing to work out a satisfactory time tomorrow for the vote, perhaps sometime around 4 o'clock or whenever we can work it out with the majority leader.

Mr. BYRD. Very well. Mr. President, I thank the Republican leader.

Now, I have some time under the standing order, Mr. President. I ask unanimous consent that I may reserve my time for later in the afternoon.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The distinguished Republican leader is recognized.

Mr. DOLE. Mr. President, I thank the Presiding Officer. Let me indicate again to the majority leader we will certainly try to work out a time that is satisfactory. I will consult with the author of the disapproval resolution, Senator WEICKER. We hope to have some agreement yet this afternoon.

CRUZ RESIGNATION/CENTRAL AMERICANS UNDERSTAND THREAT

Mr. DOLE. Mr. President, over the past few days I have commented on a number of aspects of the situation in Central America. And I have inserted material in the RECORD relevant to our upcoming vote on Contra aid. Today, I want to put two more related items into the RECORD.

KIRKPATRICK OP-ED ON CRUZ RESIGNATION

The first is an op-ed piece which appeared in last Sunday's Washington Post, written by former United Nations Ambassador Jeane Kirkpatrick. I

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

ask consent that the text of this op-ed be included in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE CRUZ RESIGNATION

(By Jeane Kirkpatrick)

Opponents understood they did not have the votes to block payment of the last $40 million of the $100 million in contra assistance approved by Congress last year. So, by voting a resolution to delay payments, they hoped to send the Reagan administration the message that no new aid would be forthcoming from this Congress. But the margin of the vote (230 to 196), the timing and surrounding circumstances indicate instead that a maximum effort could indeed produce new assistance for the contras this year.

The voter followed a pattern that has become familiar since the struggle over military aid to El Salvador in the early 1980s: belated administration efforts, harsh Democratic attacks and predictions of inevitable defeat, new unsubstantiated charges of human rights violations. This time, however, the issue had also become entangled in the Iran scandal and a highly publicized struggle among the contra leadership that reached its climax when, two days before the vote, Arturo Cruz resigned from the organized resistance with a scathing attack on his erstwhile colleagues.

Instantly, congressmen who never saw Cruz' leadership role as a reason to support the contras seized upon his departure as an additional reason to oppose them. Administration spokesmen, especially those in the State Department who had consistently backed Cruz, were visibly shocked by the fact, the manner and especially the timing of his leaving.

Cruz' fellow Nicaraguans were less surprised. They already knew him to be a man of mercurial temperament. Cruz had lived outside Nicaragua for 20 years before he returned to work for the Sandinistas in July 1979. It seemed to many Nicaraguans that he was never comfortable working in the framework of Nicaraguan politics.

In fact, Arturo Cruz is intelligent, articulate, but not a political man. He is a technocrat—and technocrats usually believe there is one answer to a question and that they have it. Cruz broke with the Sandinistas when they disappointed him and now has broken with the anti-Sandinista resistance. First he fought to have Adolfo Calero eliminated from the directorate of the United Nicaraguan Opposition. After he succeeded, he turned on his erstwhile collaborator, Alfonso Robelo; the publisher of Nicaragua's last independent newspaper, Pedro Joaquin Chamorro; and the whole Nicaraguan assembly-in-exile, which comprises representatives of all of Nicaragua's democratic political parties, trade unions and private enterprises.

Cruz says his former colleagues were inadequately devoted to reform. They say Cruz cannot stand it when he does not get his own way. In their view, Cruz' conception of reform consists of giving him full power.

Cruz has long seemed to evoke more intense admiration among North Americans than Nicaraguans. UNO, the organization of which Cruz was a part, was created in Washington by a handful of liberal Democrats who persuaded Lt. Col. Oliver North and certain State Department officials that there would be a better chance of winning congressional support for the contras if they were part of a "civilian" political structure headed by "Social Democrats." Cruz became one of UNO's three directors, along with Robelo and Calero.

The existence of UNO may, in fact, have helped in winning enough Democratic votes to provide $100 million in contra aid in the last Congress. But it should be remembered that the vote took place against a background of growing Sandinista repression and ever-clearer ties to the Soviet Union.

During the past year, Cruz and his band of American supporters moved to take personal control of the contra fighting forces by eliminating Calero from the directorate. However, there were serious problems with their plan.

The contras, who risk life and limb in their war against the Sandinistas, had no confidence in Cruz or his proposed chief of military operations. Neither did the Nicaraguan assembly, nor Cruz's colleagues in the UNO directorate. After losing two votes, Cruz resigned.

His resignation on the eve of the congressional vote seemed to some Cruz detractors proof that he had never been a reliable supporter of the Nicaraguan democratic resistance. Some even thought Cruz and his supporters had sought control over the contras in order to negotiate their surrender to Managua. We will never know.

By week's end, there was wide agreement among Nicaragua's exiles in Central America and Miami that every effort should be made to strengthen the assembly and expand the elected directorate. Chastened, State Department officials seemed to agree.

Nicaraguan politics have never been easy for outsiders to follow. Like France's Radical Socialist Party, which was neither radical nor socialist, Nicaragua's conservative party was not conservative, and its liberal party was wholly controlled by Somoza.

The tradition of semantic confusion has been maintained since the overthrow of the Somoza regime. The Sandinistas do not follow the nationalist principles of Sandino, the Coordinadora is not coordinated, and the United Nicaraguan Opposition has never been united. Some would say it is not even Nicaraguan. If Nicaraguan politics are difficult for us to understand, however, think what America's politics—typified by Congress' complicated posturing last week—must look like to Nicaraguan exiles.

Mr. DOLE. Last fall I was able to persuade Jeane Kirkpatrick to become a member of the Central American Commission established in the same legislation providing aid to the Contras. I picked Ambassador Kirkpatrick because I felt the issues at stake in Central America were so important to American national security that the Commission ought to be made up of absolutely topnotch people. I might also note that Ambassador Kirkpatrick agreed despite rather heavy burdens on her time, precisely because she agreed with me on the overriding importance of the issues involved.

The op-ed I want to put in the RECORD is one more indication of the creative and precise thought Ambassador Kirkpatrick brings to her consideration of Central American issues. The op-ed deals with the recent resignation of Arturo Cruz from the leadership of the UNO and, contrary to much of the other commentary one sees on that subject, Jeane's comments are: One, based on facts; and, two, show real insight into the nature of the UNO and its relationship to the struggle going on over the future of Nicaragua.

As Ambassador Kirkpatrick points out, the Cruz resignation is neither so unexpected nor so damaging to the Contra effort, as some would have you believe. Her article reminds us of the real bottom line here: It is not who heads up UNO, but what happens to Nicaragua and to American security interests in Central America. I urge all Senators who have not already done so to read and give careful consideration to Ambassador Kirkpatrick's comments.

CENTRAL AMERICANS SUPPORT AID TO CONTRAS

The other item I want to put in the RECORD is a set of tables outlining the results of recent public polling undertaken in Central America by USIA.

We hear a great deal about what the people of Central America want or think. A good bit of what we hear is hogwash, based on nothing more than the point of view of the person doing the talking. These polls represent one of the few efforts to find out what the Central American people really want or think—by actually asking them.

I would particularly like to point out the responses to two of the questions asked. When asked whether they supported U.S. military aid to the Contras, the people of Central America overwhelmingly said yes. In Costa Rica, 70 percent supported aiding the Contras; in Honduras, 81 percent; in El Salvador, 69 percent; and in Guatemala, 68 percent. I hope all of us will keep these results in mind, the next time we hear claims about how our friends in Central America oppose our policies there.

The other question I would point out is whether or not the Central American people believe their own governments ought to aid the Contras. Again, the answer, overwhelmingly, was yes. In Costa Rica, 61 percent of the respondents said the Central American democracies, themselves, ought to aid the Contras. In Honduras, the figure was 74 percent; in El Salvador, 63 percent; and in Guatemala, 54 percent.

Mr. President, it is not for us to speak for the people of Central America. But it is for us to listen to them. And to take into account their views of the kind of threat they face from the Sandinistas, and the kind of response we ought to make.

I ask unanimous consent that the full results of the poll I have cited be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TABLE 1.—SANDINISTA TREATMENT OF NICARAGUAN PEOPLE

"How justly does the government of Nicaragua treat the people—very justly, somewhat justly, with little justice, or not justly at all?"

[In percent]

	Costa Rica	Honduras	El Salvador	Guatemala
Very justly	3	6	4	5
Somewhat justly	5	13	15	19

[In percent]

	Costa Rica	Honduras	El Salvador	Guatemala
Subtotal, justly	8	19	19	24
With little justice	29	31	39	40
No justice at all	56	40	23	27
Subtotal, unjustly	85	71	62	67
No opinion, no answer	7	10	19	9
Totals	100	100	100	100

TABLE 2.—OPINIONS OF THE SANDINISTA GOVERNMENT

(a) Representativeness

"Would you say the government of Nicaragua represents the majority of the people or that it represents a minority?"

[In percent]

	Costa Rica	Honduras	El Salvador	Guatemala
Represents majority	11	14	18	27
Represents minority	79	75	64	64
No opinion, don't know	10	11	18	9
Totals	100	100	100	100

(b) Popular support

"Which side in the conflict do you think the majority of the people of Nicaragua support—does the majority favor the Sandinista government forces, or favor the Contra opposition forces?"

[In percent]

	Costa Rica	Honduras	El Salvador	Guatemala
Majority supports:				
Sandinista forces	12	14	20	23
Contra forces	72	75	46	60
No opinion, don't know	16	11	34	17
Totals	100	100	100	100

TABLE 3.—PROBABILITY OF ATTACK ON OWN COUNTRY

"Now a question about the future. Some people say that our country will probably be attacked militarily by another country in the next two or three years. Other people say that while this is possible, it is not likely (probable). What do you think—would you say that an attack on our country in the next two or three years is very likely, fairly likely, not very likely, or not at all likely?"

[In percent]

	Costa Rica	Honduras	El Salvador	Guatemala
Very likely	9	19	6	3
Fairly likely	29	33	15	17
Subtotal, likely	38	52	21	20
Not very (little) likely	31	30	43	32
Not at all likely	30	16	33	42
Subtotal, unlikely	61	46	76	74
No opinion, don't know	1	2	3	6
Totals	100	100	100	100

If answered very or fairly likely in preceding question, ask: "Which country is the one that would attack?" "Any other?"

[In percent]

	Costa Rica	Honduras	El Salvador	Guatemala
Nicaragua	38	50	17	12
Cuba	3	3	9	5
Soviet Union	1	1	1	4
All others	2	7	2	5
No opinion	3	2	2	
Not asked	62	48	79	80

Note.—Totals exceed 100 percent due to multiple answers.

TABLE 4.—IF ATTACKED, COUNTRIES THAT WOULD HELP

(a) "Which country, if any, would come to our aid immediately if we were attacked?"

[In percent]

	Costa Rica	Honduras	El Salvador	Guatemala
United States	86	88	80	70
Panama	22	(*)	2	1
Venezuela	15	(*)	5	(*)
Others (including other Central American countries)	9	10	35	39
No answer, don't know	8	9	12	8

Note.—(*) signifies less than 0.5 percent. Figures may add to more than 100% due to multiple responses.

(b) "In your opinion, can the U.S. be relied upon to help us defend our country in case of future military attack?"

[In percent]

	Costa Rica	Honduras	El Salvador	Guatemala
Yes	91	88	84	88
No	4	5	7	8
Don't know	5	7	9	4
Totals	100	100	100	100

TABLE 5.—TREATMENT BY COMBATANTS OF PEOPLE IN WAR ZONES

"There are people living in the area of Nicaragua where there is armed conflict between the Sandinista government forces and the Contra opposition forces. Which of these two forces generally treats the people with more consideration?"

[In percent]

	Costa Rica	Honduras	El Salvador	Guatemala
Sandinista government forces	6	6	10	18
Contra forces	72	74	46	60
No opinion, don't know	22	20	44	22
Totals	100	100	100	100

TABLE 6.—OPINION OF U.S. AID TO CONTRA FORCES IN NICARAGUA

(a) "As you may know, the United States is giving military aid to the opposition forces known as 'Contras.' What is your opinion of this?"

[In percent]

	Costa Rica	Honduras	El Salvador	Guatemala
Approve strongly	40	37	35	24
Approve somewhat	30	44	34	44
Subtotal, approval	70	81	69	68
Disapprove somewhat	10	5	11	18
Disapprove strongly	11	4	12	10
Subtotal, disapproval	24	9	23	28
No opinion, don't know	9	10	8	4
Totals	100	100	100	100

(b) "The U.S. also gives nonmilitary aid to the Contra forces. What is your opinion of this?"

[In percent]

	Costa Rica	Honduras	El Salvador	Guatemala
Approve strongly	51	40	39	32
Approve somewhat	26	42	37	42
Subtotal, approval	77	82	76	74
Disapprove somewhat	7	6	9	14
Disapprove strongly	7	3	8	7
Subtotal, disapproval	14	9	17	21
No opinion, don't know	9	9	7	5
Totals	100	100	100	100

TABLE 7.—VIEWS ON OTHER CENTRAL AMERICAN COUNTRIES GIVING AID TO CONTRAS

"Do you agree or disagree that other Central American governments should give aid to the Contra forces?"

[In percent]

	Costa Rica	Honduras	El Salvador	Guatemala
Agree	61	74	63	54
Disagree	29	17	27	38
No opinion, don't know	10	9	10	8
Totals	100	100	100	100

TABLE 8.—COUNTRIES NAMED AS SUPPLYING ARMS TO SANDINISTA GOVERNMENT

"Which countries give military aid to the Sandinista government forces in Nicaragua?"

[In percent]

	Costa Rica	Honduras	El Salvador	Guatemala
Cuba	66	75	87	56
U.S.S.R.	66	64	78	49
Libya	4	6	12	2
All others	12	12	26	21
Don't know	23	19	8	21

Note.—Figures will add to more than 100 percent due to multiple answers.

TABLE 9.—OPINION OF MILITARY AID TO SANDINISTA GOVERNMENT

"What is your opinion about provision of (this) military aid to the Sandinista government in Nicaragua—do you approve strongly, approve somewhat, disapprove somewhat, or disapprove strongly?"

[In percent]

	Costa Rica	Honduras	El Salvador	Guatemala
Approve strongly	6	8	4	5
Approve somewhat	3	4	6	9
Subtotal, approve	9	12	10	14
Disapprove somewhat	9	13	23	26
Disapprove strongly	59	52	54	33
Subtotal, disapprove	68	65	77	63

[In percent]

	Costa Rica	Honduras	El Salvador	Guatemala
No opinion, don't know	23	23	13	23
Totals	100	100	100	100

UNHAPPY ANNIVERSARY

Mr. DOLE. Mr. President, anniversaries are supposed to be happy affairs—celebrations. But yesterday, the family of Terry Anderson noted an anniversary that is a sad one for them personally—and for the entire Nation. For it was on March 16, 1985, that Anderson was taken captive in Lebanon. And he now bears the unfortunate distinction of being the longest held American hostage in that war-torn land.

Anderson was the Associated Press' Chief Middle East correspondent when he was taken prisoner. At a news conference held yesterday, the president and general manager of AP, Louis D. Boccardi, said:

We owe him two pledges: First, that we will serve, as ably as we can, the high ideals his sacrifice evokes; and second, that we will not rest until he is once again with us, turning that bright mind and caring heart once more toward spreading the truth, as best as an honest reporter can know it.

On Sunday, Baptist congregations across America sponsored a "National Day of Prayer for the Hostages." Father Lawrence Jenco, who, himself, was held hostage in Lebanon, wrote a letter to Anderson, in which he said:

There are so many things I want to talk to you about. Although I am free, I frequently find myself in the same room with you. I am sure I told you that when I was in the closed closet, just knowing you were outside my door gave me comfort.

Mr. President, I ask unanimous consent to have printed in the RECORD, at the conclusion of my remarks, an article from the Los Angeles Times, describing Father Jenco's letter.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mercedes-Benz that disappeared down a Beirut street. The 39-year-old has been imprisoned longer than any of the other eight Americans still held hostage in Lebanon.

On Sunday morning, Father Jenco shared the letter with 250 worshipers, wearing yellow ribbons, who had gathered at First Baptist Church in the Wilshire district to participate in a "National Day of Prayer for the Hostages" sponsored by Baptist congregations.

In the letter, Jenco recalled moments he shared with Anderson and expressed hope that the ordeal would soon be over for all the hostages.

"There are so many things I want to talk to you about," the soft-spoken Catholic priest wrote." Although I am free I frequently find myself in the same room with you. I am sure I told you that when I was in the closed closet, just knowing you were outside my door gave me comfort.

"Living with you for a year, in a very strange way, was a blessing," continued Jenco, who noted that he has become a compulsive radio listener in hopes that he will hear good news from the Middle East.

Jenco's letter was prompted by a call from the Associated Press, which wanted to observe the anniversary of Anderson's kidnaping. The AP asked Jenco and two other former American hostages, the Rev. Benjamin Weir and David P. Jacobsen, to write about their former companion. Jenco's was the only one in letter form.

Jacobsen wrote an article that recalled that he and Anderson were cell mates for 16 months. When they first met in a chilly room lit by a green, 25-watt light bulb, they stretched as far as they could in their shackles so they could shake hands.

While their political, economic and social philosophies were different, a bond was struck. To kill time, the two played chess with pieces made from foil wrappers and played hearts with a homemade deck of cards. Jacobsen said he had never met anyone better read or more articulate.

Jacobsen recalled that Anderson, the father of two girls, was "frustrated that the American public really wasn't listening to what he was reporting. He wanted America to be informed as to the symptoms and the causes of terrorism.

"He risked his life to inform you," Jacobsen said, "Were you listening? Did you care?"

Weir recalled Anderson as an energetic, spirited man who found confinement difficult after a whirlwind life as a foreign corre-

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RUSH!

Executive Memorandum

The Heritage Foundation 214 Massachusetts Avenue N.E. Washington, D.C. 20002 (202)546-4400

Number

8/31/87 174

CONTRAS SCORE MILITARY GAINS INSIDE NICARAGUA

In Nicaragua's civil war, the democratic forces, popularly known as the Contras, have been making impressive military and political gains. Today some 14,000 Contras are fighting in approximately half of Nicaragua. Their ability to sustain operations in such a large portion of the Nicaraguan territory is a solid indicator of the high degree of support that they enjoy among the rural population.

Since the Contras began military operations five years ago, they have grown from a force of a few hundred to an experienced, well-trained, and highly disciplined force of more than 14,000. Most of them are peasants. Sandinista defectors account for about half of the resistance forces.

In the first half of this year, the Contras had 1,360 military contacts with the Sandinistas, a total higher than that for all of 1986. Through this July, the Contras have destroyed 55 military posts and temporary bases of the Sandinista army, 15 bridges, 142 poles and transmission line towers, 83 military trucks, five jeeps, and nine pick-up trucks. In the same period, the Contras shot down at least five helicopters made and provided by the Soviet Union. Of these, two were MI-24s, commonly known as flying tanks; three were HIP models, generally used for carrying troops. Other seriously damaged Soviet helicopters included four MI-24s, one MI-17, and one MI-8. In addition, two more helicopters have been downed this month. This has been a significant blow to the Sandinista army, given its heavy reliance on air power to attack the democratic resistance.

Passing the Test. An ability to carry out coordinated attacks on major military targets is a key test of a fighting force. The Contras have passed this test. They have conducted six major attacks during the past four months. One of these was on San Jose de Bocay on July 16. San Jose de Bocay is the main Sandinista army base in the north-central region of Nicaragua and thus is heavily defended. The Contras, however, penetrated the Sandinistas' defenses and destroyed several military installations. To carry out this assault the rebels brought together and combined the efforts of a number of different combat units operating in the region.

There is evidence that in zones of heavy combat the Sandinista army is being forced on the defensive. The Contras have seized tactical initiative and the Sandinistas are now reacting. The Sandinistas appear to have been forced to withdraw from the battlefield some high-value military equipment, such as PT-76 amphibious tanks and some heavy artillery. They apparently feared that these would be captured or destroyed by the Contras.

A major Contra success has been political unification. After years of division and political strife, the major Contra organizations assembled in Miami in May, where they established a unified anti-Sandinista front: the Nicaraguan Resistance (NR). This organization, democratically elected by a 54-member assembly and represented by a 7-member directorate, includes and unites all sectors of the democratic opposition fighting against the Sandinistas. All the Contra forces were consolidated under one military command, the Nicaraguan Resistance Army (NRA). The NRA, in turn, is under the authority of the civilian directorate of the Resistance.

Popular Support. The Resistance, meanwhile, has won the support of the majority of Central Americans. A Costa Rican affiliate of Gallup International conducted a survey in Guatemala, El Salvador, Honduras, and Costa Rica (in Nicaragua surveys are forbidden) to explore how Central Americans feel about the Contras. Among the survey's results are the following:

◆◆ Three-fourths of all Central Americans view the Soviet Union as responsible for fomenting violence in the region.

◆◆ The majority of Central Americans believe that the anti-Sandinista rebels enjoy the support of the Nicaraguan people.

◆◆ Two-thirds of the Central Americans approve of the U.S. military and humanitarian aid to the Nicaraguan Resistance.

Another Gallup survey recently published in Costa Rica shows that approximately 80 percent of Costa Ricans have little or no confidence that the Sandinistas will comply with the current peace plan.

While the Nicaraguan Resistance is making military and political gains, the Sandinistas are losing some of their international support. West Germany, for example, is one of the nations that has decided to put an end to an important aid program to the Sandinista regime. France also has reduced earlier aid commitments to Nicaragua. In June, the Netherlands announced that it was reducing economic aid to Nicaragua by about 50 percent. The decision was taken because the Netherlands is convinced that civil and human rights consistently are violated in Nicaragua.

Jorge Salaverry
Policy Analyst

RUSH!

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Since the Contras began military operations five years ago, they have grown from a force of a few hundred to an experienced, well-trained, and highly disciplined force of more than 14,000. Most of them are peasants. Sandinista defectors account for about half of the resistance forces.

In the first half of this year, the Contras had 1,360 military contacts with the Sandinistas, a total higher than that for all of 1986. Through this July, the Contras have destroyed 55 military posts and temporary bases of the Sandinista army, 15 bridges, 142 poles and transmission line towers, 83 military trucks, five jeeps, and nine pick-up trucks. In the same period, the Contras shot down at least five helicopters made and provided by the Soviet Union. Of these, two were MI-24s, commonly known as flying tanks; three were HIP models, generally used for carrying troops. Other seriously damaged Soviet helicopters included four MI-24s, one MI-17, and one MI-8. In addition, two more helicopters have been downed this month. This has been a significant blow to the Sandinista army, given its heavy reliance on air power to attack the democratic resistance.

Passing the Test. An ability to carry out coordinated attacks on major military targets is a key test of a fighting force. The Contras have passed this test. They have conducted six major attacks during the past four months. One of these was on San Jose de Bocay on July 16. San Jose de Bocay is the main Sandinista army base in the north-central region of Nicaragua and thus is heavily defended. The Contras, however, penetrated the Sandinistas' defenses and destroyed several military installations. To carry out this assault the rebels brought together and combined the efforts of a number of different combat units operating in the region.

There is evidence that in zones of heavy combat the Sandinista army is being forced on the defensive. The Contras have seized tactical initiative and the Sandinistas are now reacting. The Sandinistas appear to have been forced to withdraw from the battlefield some high-value military equipment, such as PT-76 amphibious tanks and some heavy artillery. They apparently feared that these would be captured or destroyed by the Contras.

A major Contra success has been political unification. After years of division and political strife, the major Contra organizations assembled in Miami in May, where they established a unified anti-Sandinista front: the Nicaraguan Resistance (NR). This organization, democratically elected by a 54-member assembly and represented by a 7-member directorate, includes and unites all sectors of the democratic opposition fighting against the Sandinistas. All the Contra forces were consolidated under one military command, the Nicaraguan Resistance Army (NRA). The NRA, in turn, is under the authority of the civilian directorate of the Resistance.

Popular Support. The Resistance, meanwhile, has won the support of the majority of Central Americans. A Costa Rican affiliate of Gallup International conducted a survey in Guatemala, El Salvador, Honduras, and Costa Rica (in Nicaragua surveys are forbidden) to explore how Central Americans feel about the Contras. Among the survey's results are the following:

◆◆ Three-fourths of all Central Americans view the Soviet Union as responsible for fomenting violence in the region.

◆◆ The majority of Central Americans believe that the anti-Sandinista rebels enjoy the support of the Nicaraguan people.

◆◆ Two-thirds of the Central Americans approve of the U.S. military and humanitarian aid to the Nicaraguan Resistance.

Another Gallup survey recently published in Costa Rica shows that approximately 80 percent of Costa Ricans have little or no confidence that the Sandinistas will comply with the current peace plan.

While the Nicaraguan Resistance is making military and political gains, the Sandinistas are losing some of their international support. West Germany, for example, is one of the nations that has decided to put an end to an important aid program to the Sandinista regime. France also has reduced earlier aid commitments to Nicaragua. In June, the Netherlands announced that it was reducing economic aid to Nicaragua by about 50 percent. The decision was taken because the Netherlands is convinced that civil and human rights consistently are violated in Nicaragua.

Jorge Salaverry
Policy Analyst

Elliott Abrams

Current
Policy
No. 982

Latin America and the Caribbean: The Paths to Democracy

United States Department of State
Bureau of Public Affairs
Washington, D.C.

Following is an address by Elliott Abrams, Assistant Secretary for Inter-American Affairs, before the Washington World Affairs Council, Washington, D.C., June 30, 1987.

Events in Panama this month have highlighted a dilemma central to U.S. foreign policy. It is the challenge of how to support democratic change—not against the will of a closed communist dictatorship tied to the Soviet Union but with a friendly people with whom we have a record of cooperation and a base of common democratic values on which to build. This challenge creates a genuine dilemma because change in friendly countries may, in the short run, entail some risks—of instability, polarization, and uncertain relations with the United States. We know that. But we also know that the risks will become much larger—unacceptably large, in the long run—if there is no opening toward a democratic political order.

I want to speak today about this issue, not only in Panama but also in four other countries in this hemisphere—Chile and Haiti, Paraguay and Suriname—where the transition to democracy is in trouble or in doubt. I want to put to the side for a moment the very different problems of Nicaragua and Cuba and concentrate on states which do not define themselves as Soviet allies and which claim to adhere to our own democratic ideals. Since my 3½ years as Assistant Secretary for Human Rights and Humanitarian Affairs, this has seemed to me a central issue in U.S. foreign policy.

Panama: The Need for a Transition

I would like to begin with Panama, where the foremost public issue today is, quite simply, democracy.

Panama and the United States share deep historical ties and important commercial and strategic interests. The Panama Canal is the source of a unique relationship. In 1979, after many years of negotiations under four U.S. Presidents, the United States and Panama were able to reach agreement on two treaties that establish a 20-year blueprint to transfer the canal to Panama and which provide a regime for its permanent neutral operation. The commitment of the United States—of our government, of both major parties, and, with them, of the American people—to those agreements is firm. The Panama Canal Treaties are in no way affected by this month's events in Panama.

What these events do affect is Panama's position in the growing community of democratic nations. The 1984 national elections, the first since 1968, suffered from glaring imperfections but seemed to help propel Panama into the flow toward democracy that is powerfully moving the hemisphere and, indeed, the world. But in 1985, Panama's civilian president was forced to resign. Constitutional procedures were followed, at least formally, and Panama remained an open society consistent with its position as a world crossroads. Nevertheless, the setback to democracy was real. This month's events are a second major setback.

There is no one model for democracy, and there is no one path all countries must follow to get there. Panama's solutions must be homegrown. But the resurgence of democracy in Latin America and throughout the world does more than inspire the many Panamanians now calling for their own democracy. It also establishes standards of freedom and tolerance that must be met if the outcome of a democratic transition is to earn the respect and support of democrats around the world.

The calls for democracy in Panama have already prompted some curious reactions. Fidel Castro's press has rallied to support the Panamanian military leaders against the people of Panama. Last week, Nicaragua's *Comandante* Daniel Ortega even went himself to Panama to praise the "brave and decisive" actions taken to repress opposition. I imagine everyone here saw that photo of General Noriega in happy comradeship with his Sandinista visitors. Praise from the communist dictators of Cuba and Nicaragua is a telling sign that

Panama needs international democratic support.

The protests in Panama followed allegations of wrongdoing leveled by the former second-ranking military officer shortly after he was forcibly retired. The officer charged widespread corruption and involvement by the Panama Defense Forces (PDF) in electoral fraud in 1984 and in the 1985 murder of a prominent government opponent, Hugo Spadafora. These are not new accusations, but it is the first time they were made by a member of the Panama Defense Forces.

These charges touched a raw nerve. There were several days of demonstrations in Panama's major cities. Opposition activities were spearheaded by a group called the Civic Crusade, a coalition of business and civic groups, political parties, and the Catholic Church. At the height of the protest, the Civic Crusade called for the removal of the commander of the Panama Defense Forces; for immediate national elections; and for the military to get out of politics. The coalition urged nonviolent opposition to the government and called for a general strike; from the banging of the pots and pans to respecting that general strike, the people of Panama responded. Protests reached a peak by June 12; it was not until June 16 that the Civic Crusade announced suspension of the general strike.

On June 11, in response to these activities, the Panamanian Government imposed a nationwide state of emergency which suspended many constitutional guarantees. There were violent incidents, and hundreds of persons were arrested, most of them for a few hours or overnight. To protest government censorship rules, major opposition newspapers—traditionally vocal, outspoken, and irreverent in their criticism of the government—stopped printing. Until then, their ability to publish had helped keep Panama from being more widely perceived as a dictatorship.

After several days of unrest, business activity returned to normal. But one fundamental thing has not returned to normal. The old complacency inside and outside Panama over the inevitable dominance of the Panama Defense Forces in the nation's politics is gone. As Panama's Catholic archbishop described it, "This crisis really shook the country. If we simply close our eyes, we're going to have deeper and deeper rifts."

An extensive and previously underestimated political opposition has emerged, with the participation of the Catholic Church, a broad cross section of the business community and civic associations, and people from a wide economic and social spectrum. These newly active groups, together with the political parties already in opposition, will continue to press for democracy.

These events occur in a mixed context. In recent years, many nations of Latin America have worked hard to escape the classic cycle of unstable alternation between civilian governments that lack the authority to govern and military governments that lack the legitimacy to last. While Panama's 1984 elections were its first direct elections for president in more than 16 years, the lack of sustained progress toward democratic rule has been a growing disappointment. The 1984 elections succeeded only partially in moving the country away from military dominance. Many Panamanians believed they had been manipulated to favor the regime's preferred candidate, Nicolas Ardito Barletta, who was an honorable man and a capable economist but inexperienced in politics. In 1985, even this tenuous democratization suffered a strong setback when President Barletta was pressured into resigning after reports that he intended to name an independent body to investigate the Spadafora murder. He was succeeded by Eric Arturo Delvalle, the civilian vice president.

Panama's human rights record has been a relatively even one. The 1985 murder of regime opponent Hugo Spadafora—a crime which, to our regret, remains unsolved—still stands out as an aberration, not as part of an established trend. Similarly, the recent limits on press freedoms have been particularly disturbing because Panama has generally experienced substantial press freedom. This failing is especially disappointing in a country which has such close historical ties with the United States. Let me state flatly that we view the recent press censorship in Panama as utterly indefensible.

How can Panama move toward democracy? Panamanians alone can answer that question. But, as President Reagan has said, the United States can and must "foster the infrastructure of democracy—the system of a free press, unions, political parties, universities—which allows a people to choose their own way, to develop their own culture, to reconcile their own differences through peaceful means."

At this key moment in the history of Panama, we are making our views clear—in our private discussions with President Delvalle and General Noriega and in our public statements. Our starting point is that freedom of expression and an end to press censorship are essential prerequisites if the people of Panama are to resolve their problems by democratic means.

Freedom of expression is, in turn, a critical step toward democratic reforms that will lead to free, fair, untarnished elections in which all political parties may participate. The timing of elections is a matter for the people of Panama themselves to decide, and we are and will remain impartial in the struggle among the candidates in those elections. But we are not neutral on democracy, and Panama needs to hold free elections to satisfy its people's demand for democracy.

We hope the lifting of the state of emergency and the end to censorship this morning will prove a step in this direction, and we congratulate the Government of Panama for this move.

In Panama, as in other troubled countries, there is a need for broad dialogue to discuss the grievances of the opposition. The calls for public information on the 1984 election and the Spadafora case are not irresponsible demands; they deserve a serious response.

A political dialogue could lead to consensus on holding of the next Panamanian elections. But the agreement to hold elections would only be the first step. A successful, fair election requires extensive civic education, registration of voters, and arrangements for election observers who can guarantee impartial counting of ballots. The hemisphere's move to democracy has accumulated much potentially helpful experience in these areas. The *Conciencia* group in Argentina is the most prominent example of grassroots action to support the electoral process. The Costa Rica-based Inter-American Center for Electoral Assistance and Promotion has made major contributions as an adviser to Caribbean and Central and South American governments.

In the long run, of course, democracy in Panama will depend on more than just elections, even regular and competitive elections. It will require changes in the relationships between the military and civilians. Civic organizations in Panama, and, indeed, many in the United States, should remember that the Panama Defense Forces have provided unique services in those rural sections of Panama often ignored by the urban elites. Its contributions to national security and rural development make the PDF a vitally important part of the fabric of Panamanian society. For their part, military leaders must remove their institution from politics, end any appearance of corruption, and modernize their forces to carry out their large and important military tasks in defense of the canal.

In this last endeavor, the Panamanian military can count on the support of the United States. Strict adherence to the canal treaties by both partners is a fundamental part of Panama's democratic future. Deep military involvement in politics neither supports civilian rule nor helps Panama fulfill its role as defender of the canal.

Over the years, the Panama Defense Forces have made substantial progress in these areas, and we are proud of the support provided to these ends by the United States. We look forward to the day when the Panamanian military has earned a new basis of respect—respect based on enhanced professional military capacity to guard national borders, defend the canal, and to continue to fight drug traffic and maintain public order; national respect based on the defense of a democracy which serves the hopes and aspirations of all of Panama's citizens.

Other Transitions in Trouble

Friendly countries other than Panama are also having their troubles in achieving the democratic transitions to which they are committed.

In Haiti, General Namphy's calendar for transition to democracy—intended to bring about the inauguration next February of a freely elected president after a generation of despotism—has hit an obstacle. At issue is the relationship between the government and the provisional electoral commission created by the new constitution adopted with strong popular support just last March. The impasse, which we hope will be promptly resolved, could put at risk the many accomplishments of the transition to date.

General Namphy's government has made a commitment to a successful democratic transition. Haitian democrats have invested a year and a half of hard work to make it happen. The integrity of the provisional election commission is the best guarantee of a result that the Haitian people will respect. Haitians, not Americans, must decide upon the proper balance. Fortunately, the government, the election commission, the political parties, the churches, and other responsible democratic bodies have all expressed a willingness to keep the process moving forward through dialogue and a spirit of common effort.

The vast majority of Haitians want democracy. And they want successful, well-prepared elections. In these objectives, they have the unqualified support of the United States. Of that, no one should have any doubt.

The Haitian military did not seek, but has accepted, its responsibility to guide Haiti to free elections. To date it has fulfilled this responsibility admirably, and we congratulate them for their efforts and General Namphy for leading these efforts. But some, including some within the military and some representing the deposed clique, seek to manipulate events in a way that would return Haiti to the feudal form of government that existed under its Duvalier presidents-for-life. Just as no one should doubt our support for dialogue and democracy, no one should doubt our willingness to terminate aid to any government that abandons, thwarts, or prevents this transition to democracy. Our assistance to Haiti will continue, and will continue to enjoy bipartisan support, only as long as Haiti remains on the democratic path. We will do all we can to assist this transition to democracy and all we can to defeat the scheming by Duvalierists, Macoutes, and their henchmen to restore the old order.

In Suriname, the Bouterse regime has once again promised to restore democracy and respect human rights under pressure from rising popular discontent and a deteriorating economic situation.

We hope these promises are kept. However, the published constitution leaves open to the military more power and privilege than is consistent with the normal standards of democracy. The memory of the regime's cold-blooded murder of 15 prominent civic leaders in December 1982 inhibits the free expression of political views and a genuine debate of the future of the country. Most troubling today is the continuing brutality toward the Maroons or Bush people in Suriname's interior who are suspected of resisting the central government.

There are some positive signs that bear watching. The Government of Suriname has advanced the timetable for general elections to November 1987 and has invited the OAS [Organizaiton of American States] to send observers to monitor the elections. We commend the Government of Suriname for these welcome moves.

We hope these steps bear fruit. We especially hope that the elections to be held in Suriname in November will be free of intimidation. For this to be the case, human rights violations of all kinds, including those against ethnic or racial minorities, must cease.

Our relationship with Suriname will depend on these two issues: democratization and human rights. The choices that the Government of Suriname makes on these issues will determine whether we and they can move to the kind of friendly relationship both countries would prefer.

In Paraguay, the give and take of democratic politics has been absent since Gen. Alfredo Stroessner took power in 1954. In more recent years, however, the examples of Paraguay's neighbors have led to calls for political reform and a democratic opening. Now in his seventh term as President, Stroessner has announced his intention to seek an eighth term that would begin in 1988.

We have been particularly critical of limits on freedom of the press and assembly. We have strongly protested the closing of Paraguay's independent newspaper, *ABC Color,* as well as restrictions or harassment of independent radio stations. We have urged the Paraguayan Government to create the conditions conducive to dialogue, free expression, and free association. At the same time, we have noted positive changes this year as some important exiles have returned to Paraguay, an independent labor confederation was allowed to hold a May Day rally, and the decades-old state of siege in Asuncion was allowed to expire.

We hope these developments are part of a trend and not isolated events. If they are a trend, the tensions which characterize our relations with Paraguay will begin to dissipate. We urge the Government of Paraguay to allow the people of that country to join in Latin America's democratic wave. Any other practice not only portends more tensions with the United States, but protests, divisions, and, ultimately, unrest in Paraguay itself.

In Chile, since the armed forces deposed the Marxist government of Salvador Allende in 1973, President Pinochet and his military colleagues have made repeated promises to return the country to civilian, democratic rule. Fourteen years of military rule later, Chile's democratic future is still very much in doubt.

Escalating polarization, armed conflict, severe repression, further international isolation—all are likely if the Chilean people's democratic aspirations remain blocked indefinitely. The new democracies among Chile's neighbors are already grappling with critical national problems such as military-civilian relations and achieving sustainable economic growth. Instability next door can only sap energies best directed elsewhere.

There is another dimension as well: Chile remains a special target for foreign Marxist-Leninists. The discovery last summer of massive quantities of terrorist arms, which U.S. experts determined were smuggled into Chile with the help of Cuba, has removed all reasonable doubt. The communists' strategy is long term. Their secret arsenals were stored in a way that made clear their design for future use. Chile's communists and their foreign backers are betting that Chilean armed forces will not fulfill the promise to restore democracy, that President Pinochet will not step down when his current term ends in March 1989. They reason, and with some logic, that their strength and popular appeal will rise if the democratic opposition is unsuccessful in bringing about a transition through dialogue, as was sought by Chile's National Accord.

The Pinochet government has put into place a framework for an institutionalized transition to what it calls "a protected democracy." According to the controversial constitution adopted in 1980, no later than March 1989 there is to be a plebiscite on a presidential candidate selected by the military junta, which includes President Pinochet. If this candidate is not approved, open, competitive elections are to be held within a year.

Many within Chile have urged a constitutional change to replace this single-candidate plebiscite with the type of free, competitive election used in democracies to elect leaders. Some have urged selection of a consensus figure to lead the country back to democracy. President Pinochet has not announced his candidacy, but officials of his government have made clear that he is running.

Chile is, thus, approaching a crucial turning point. It could go either way, toward democracy or toward protracted confrontation, toward a government based on a popular consensus or toward the chaos that would accompany a government whose legitimacy is broadly questioned at home and abroad. Whether election or plebiscite, some test at the polls is set to occur, perhaps as early as September 1988.

What is clear now is that if the next Government of Chile is to have the legitimacy necessary to move the country to full democracy, it is essential that the electoral and political process in Chile be fair, honest, and transparent. The public must have access to views of peaceful political opponents of the Pinochet government through all means of communication, including television. As the Chilean Catholic Church recently made clear, the voter registration process, which has begun but is proceeding very slowly, needs the active support of all Chileans to ensure broad participation in the critical choice Chileans will face.

What can we do to help? Recognizing that our leverage is limited—we provide no military and no developmental aid to Chile—we can still do a great deal to provide encouragement to those working for democracy. Although we are barred by Congress from providing training, we can try to enhance contacts with the Chilean Armed Forces, who have the key role in a democratic transition. The Chilean military has a long and proud history of professionalism, which many would like to revive. We can continue to make clear, as we have, that the United States supports democracy and human rights in Chile. To be most effective, we need to tailor our actions to individual circumstances—and not to undercut those in Chile who are working toward a democratic outcome. This means endorsing and publicly supporting steps by the democratic opposition toward flexible and pragmatic positions—as in the National Accord. It also means speaking out against the violent communists and urging the government to agree to political dialogue and to curb human rights abuses, especially by prosecuting those responsible for human rights violations. We can translate these concerns into action, as we did by sponsoring and joining consensus on fair human rights resolutions on Chile in the UN Human Rights Commission in 1986 and 1987 and by continuing to withhold our support of international development bank lending to Chile.

Our goals are clear: it is our policy to support a transition to a fully functioning democracy in Chile as soon as possible.

A New Role for the Military

Since 1979, dictatorships or military regimes have been replaced by democratically elected governments in Ecuador, Peru, Bolivia, Argentina, Brazil, and Uruguay in South America and in El Salvador, Grenada, Guatemala, and Honduras in the Caribbean Basin.

Without exception, the democratic leaders of these countries have enjoyed our support. They have had it at critical moments when they came under fire from the guerrillas of the communist left. They have had it at critical moments when the death squads of the right moved against civilian politicians. And they have had it at critical moments when some in their countries' own military establishments made the mistake of believing that order was possible without democracy or that the United States would countenance coups.

In all of the successful transitions to democracy, military leaders and institutions have made important contributions. In Brazil and in Uruguay, in El Salvador and in Guatemala, the military has played a leading role in seeking a new democratic relationship with civilian institutions.

In all of the countries I have discussed today, the military has a large role to play and a special choice to make. Their decision is of historic importance for their own institutions and for their countries.

They can decide to follow one kind of advice—the advice to "maintain order" or to "keep a strong hand"—by remaining in power or by designating a civilian government of their choice. In this case, as protectors of their own narrow interests and of one political faction, they would be not the guarantors of but the roadblock to national development.

This path is well traveled in Latin American history, and it has sometimes provided stability in the short run. Under today's circumstances, however, it cannot end internal pressures for democracy, and it certainly cannot be the basis of support from this hemisphere's democracies, including the United States.

The other decision the military can make is in favor of a true democratic opening. Because election results are unpredictable, this choice may appear to entail some risks. But this is short-sighted—free, regular, and open political competition is an essential asset in their nation's quest for security and development. A military establishment that leads the way to such a solution will be a truly national institution, protecting the nation as a whole in its exercise of political freedom. This is the best guarantor of long-term stability; it will earn the military the respect of its citizens and the support of the United States.

The civilian and military leaders of Panama, Haiti, Suriname, Paraguay, and Chile who are seeking democracy have our support. They have that support not because we seek to intervene in internal politics or because we are playing favorites. Quite the contrary—respect for human rights and for democratic procedures is the best guarantee of nonintervention and self-determination in the face of abuse and aggression from the communist world and the far left as well as the far right. And it is the only path to smooth, respectful, productive relations with the United States.

In the words of the National Bipartisan Commission on Central America, recent events have "destroyed the argument of the old dictators that a strong hand is essential to avoid anarchy and communism, and that order and progress can only be achieved through authoritarianism."

Those who believe the United States will countenance disruption of the movement toward democracy, who believe we will accept self-appointed spokesmen for "order" against popular cries for democracy, misread both the Congress and the Administration. In this matter there is no partisanship, there are no divisions between legislative and executive; here, truly, politics stops at the waters' edge. ■

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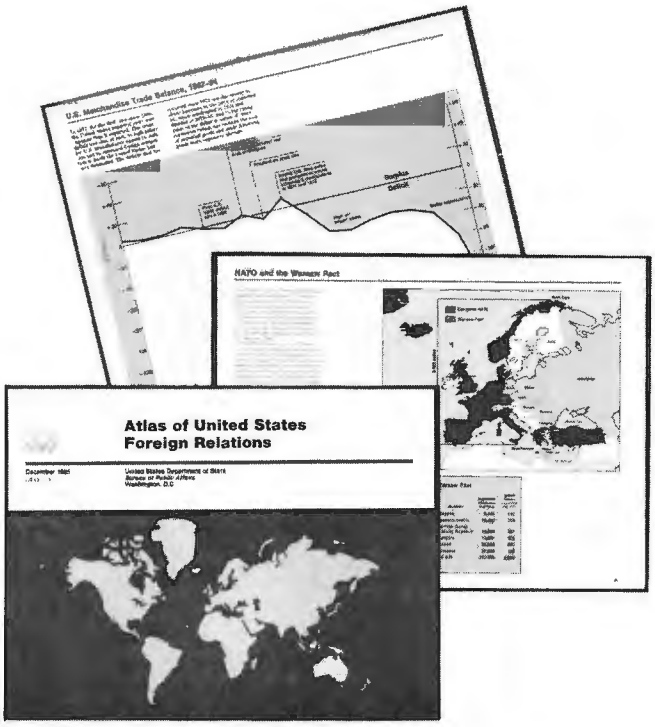
Atlas of United States Foreign Relations

The *Atlas of United States Foreign Relations,* December 1985, provides basic information about U.S. foreign relations for easy reference and as a educational tool. This is the second, revised edition of the atlas (first published in 1983). For this edition, most of the displays have been revised or updated, and some have been expanded or recast to reflect recent developments. Comprising 100 pages with 90 maps and charts, it is divided into six sections dealing with:

- Foreign relations machinery;
- International organizations;
- Elements of the world economy;
- Trade and investment;
- Development assistance; and
- U.S. national security.



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Kenneth N. Skoug, Jr.

Current
Policy
No. 976

Cuba's Growing Crisis

United States Department of State
Bureau of Public Affairs
Washington, D.C.

Following is an address by Kenneth N. Skoug, Jr., Director, Office of Cuban Affairs, at the University of Minnesota, Minneapolis, Minnesota, May 27, 1987.

Thirty years ago, two remarkable revolutionary figures were struggling for existence in the Caribbean region. It was an era when the democratic ideals of the wartime and postwar period were challenging military dictators and oligarchical, tradition-based societies.

One of these individuals, Romulo Betancourt, was eluding the grasp of the Perez Jimenez dictatorship in Venezuela, a state which had known the rule of strongmen throughout most of its century and one-half of its existence. On January 23, 1958, with the help of progressive military officers, the regime in Caracas was overthrown and parliamentary democracy rapidly introduced. Betancourt was elected president, served a 5-year term, and then permanently left office, living modestly

"We are in crisis, a growing crisis."

Fidel Castro to the Ministry of Basic Industry, Havana TV, January 31, 1987

thereafter as a leader of the social democratic political party and as a symbol of limited, constitutional government until his death in 1981. His legacy has been six free elections, four peaceful transitions of the party in power, a military subordinate to civilian authority, an independent judiciary, freedom of the press and assembly, human rights, and the rule of law.

Betancourt's spirit lives on in Latin America today. Brazil's President Sarney told the UN General Assembly in September 1985 that Latin America's extraordinary effort to create a democratic order is the most stunning and moving political fact of recent years. There is, in fact, a trend running in that direction. It stems from that legacy of the democratic pathbreakers of the 1950s and 1960s, like Betancourt, who demonstrated that freedom and self-government flourish after all on Latin American soil. The trend is notable in South America, Central America, and the Caribbean. It enjoys our enthusiastic support, even though we may and do strongly disagree with some of the views and policies of democratically elected leaders in Latin America, just as we must elsewhere.

The future of Latin America is today at the crossroads, pulling away from the past but not yet certain of the future. If the model of the future is Venezuela or the traditionally democratic Costa Rica, we will all be well served. Democratic societies tend to make good neighbors.

The Power of the Gun

The other chief revolutionary figure in the Caribbean 30 years ago was Fidel Castro in Cuba. Like Venezuela, Cuba then enjoyed a comparatively high economic and social level, akin to Argentina and Uruguay and well above that of the other states of the Caribbean or Central America. Its only experiment with political democracy had ended badly in 1952 with a military coup led by Fulgencio Batista, a military leader who, ironically, once had been the victor in democratic elections and had peacefully left office. Regrettably for the future course of history, Batista did not leave peacefully or permit free elections the second time around. He fled only when his authority vanished, leaving behind a political vacuum in Cuba. Almost all Cubans cheered his departure. Few Cubans and even fewer foreigners knew what was coming. The U.S. Government, which had embargoed military assistance to the Batista government early in 1958, also knew too little for too long. It saw no communist threat in Fidel Castro.

On January 1, 1959, Cuba lay at the feet of the revolutionary liberator whose own hallmark had been violence but who had pledged to restore democracy. He himself was still at the other end of the long island, in Santiago, where, prophetically, he told a crowd that night that they would not lack weapons, that there would be plenty of weapons, although he did not explain for what purpose the weapons would be needed. Prophetically, too, he told the women in the

"The combative potential of our people, among men and women, comprises nearly six million citizens. . . . We will never forget our origins when with only seven rifles we renewed a war against 80,000 men. . . ."

Fidel Castro, Santiago, Cuba, July 26, 1983

crowd that they would make fine soldiers. They did not know, nor did his countrymen know, that 6 months earlier he had pledged to lead a longer, larger war against the United States, a war which he said would be his "true destiny." This was not hyperbole. It offers a key insight into the subsequent development of Cuba and U.S.-Cuban relations.

Since January 1, 1959, Fidel Castro has been the only leader Cuba has known, making his the third longest reign in Latin American history. There have, indeed, been plenty of weapons, weapons which self-styled Cuban "internationalists" have since carried to other countries and to other continents. If Venezuela is a model of sorts for the remainder of Latin America, Cuba has also been a model of another kind. The differences between the two models are multiple and fundamental. One of the most significant differences is the fact that Cuba has consistently engaged in stimulation and support of armed revolution aimed at the creation of like-minded societies. When opportunities have presented themselves, Cuba has moved swiftly to take advantage of them for both ideological and strategic purposes.

It was Mao Zedong, not Fidel Castro, who first observed that all power grows out of the barrel of a gun. Actually, this is, no doubt, a very old idea. But Castro has been a case study of the application of the thesis in practice. He was and is, first and foremost, a *caudillo,* a classic man on horseback, even if his military campaigns were Fabian in nature. Whatever support he may have enjoyed or may now enjoy in Cuba—and he is a charismatic leader, highly effective one on one or with multitudes—he has never put his legitimacy as ruler of Cuba to any other test than that of the gun. The way he himself described it in an inverview with the Spanish news agency EFE on February 13, 1985, was as follows:

> The secret of remaining in power is not to be found in constitutional mechanisms or electoral systems.... It is a matter of holding on to the support of the people, and if you have that, you can retain power without any mechanism.

Stalin, Franco, Porfirio Diaz, and Stroessner could have said the same. It is a theory for rationalizing any form of rule.

Once all the guns were silent in Cuba, except those of Mr. Castro's armed forces, it was a case of endorse his revolution or enjoy no rights at all. In a celebrated speech in June 1961, in the National Library of Havana, he declared:

> Within the revolution, everything; against the revolution, nothing.... It is a fundamental principle of the revolution. Counterrevolutionaries, that is to say, enemies of the revolution, have no rights against the revolution because the revolution has a right: the right to exist, the right to develop and the right to be victorious.

The everything possible within the revolution has remained a figure of speech. There has been no free press, no free speech, no right of association, and, obviously, no free elections. But the other side of the coin was already only too apparent.

In Venezuela, Romulo Betancourt was building the rule of law. In Cuba, Fidel Castro ruled without restraint.

"Internationalism" and Force

Fidel Castro also asserted his right, later defined in Article 12(c) of the Cuban Constitution as the right and duty of the Cuban people, to support revolution in other countries. Given this premise, it is no surprise that Betancourt's Venezuela was an early target of revolutionary Cuba's efforts to depose by military force neighboring governments, whether ruled by military men or elected officials. Like Trotsky in revolutionary Petrograd, he tended to see Cuba surrounded by enemies to be deposed by force. Castro failed in Venezuela, as he did elsewhere with similar attempts in the 1960s to create a revolution on the model of his own conquest of power. But he did not abandon his goals. Castro has shaped his extraterritorial objectives into a foreign policy imperative. Alongside the complete transformation of Cuba itself, the Castro regime has always looked abroad for its fulfillment. Despite its lamentations of U.S. hostility, it has never been under any serious challenge from abroad. On the other hand, through its survival as a militant revolutionary entity—training, arming, advising, and abetting revolutionaries from and in other countries with material Soviet support—Cuba has become a regional power challenging the future of Latin America as a democratic order.

> ***"Internationalism is a willingness to leave your children, relatives and loved ones to fulfill a mission anywhere."***
>
> **Fidel Castro to the Fifth Congress of the Communist Youth Union, April 6, 1987**

Under Fidel Castro, Cuba—a small nation of 10 million persons with no history of international prominence, except as an object of contention, but with a skilled and highly trained cadre—has become a powerful actor on the international stage, with a demonstrated capability of projecting military power within the hemisphere and beyond.

Under Castro, Cuba has practiced the sovereign alchemy of being both the foremost power among the so-called nonaligned while, at the same time, being more closely aligned with the Soviet Union, militarily and strategically, than most members of the Warsaw Pact, providing services to the Soviet Union that its East European neighbors neither could nor would offer, and receiving a massive annual economy subsidy of well over $4 billion that Moscow provides to no one else. At the same time, Cuba has dominated the Nonaligned Movement, as evidenced anew by its most recent meetings in Zimbabwe and Guyana, where Cuba's cadre provided the whole administrative network for the conference, frustrating efforts by truly nonaligned states to inhibit the anti-American nature of the exercise.

Cuba has long since become the Mecca for Latin American revolutionaries—a status which, however, might be increasingly challenged by Nicaragua, to which it has provided training, arms, advice, and support in conjunction with the Soviet Union. In turn, the revolutionaries regard Cuba as the blueprint for their own projected future.

At the same time, Cuba has asserted with increasing force a seemingly incompatible desire to be the leader of a Latin American bloc aimed at the United States. Without ceasing to maintain close and, as the cliche goes, fraternal ties with those seeking to replicate the Cuban internal system in other countries, Havana's envoys now cultivate influence with the newly democratic states of Latin America which Cuba formerly regarded as a ring of enemies. The Cubans have been successful, at times, in playing upon the fears of democratic leaders in Latin America, who hope that by establishing diplomatic relations with Cuba, they can confound their own domestic left and dissuade Cuba from stimulating or abetting violence in their own societies. Some may believe they can obtain more attention to their economic or social problems from the United States if they open the door to Cuba.

Paradoxically, Cuba has claimed to welcome trends toward greater democracy in Latin America, even though history has demonstrated that revolution from the left has succeeded more often against military dictators than against democracies. Yet in Cuba

itself, even the effort to form legally another political movement has been a proven ticket to prison.

Cuba has long enjoyed flaying others for real or imaginary violations of human rights, but it has never permitted any bona fide outside scrutiny of its own practices, which have become known instead through the testimony of those victims who have survived Cuban prisons and found their way from Cuba's shores. For an unconscionably long period of time, those Cuban practices were ignored by a world more impressed by the Castro mystique than it was interested in probing the reality. The situation at last appears to be changing.

Cuba under the Castro regime has become one of the chief propagandizing nations of the world. Havana broadcasts 245 hours weekly to Latin America, often with highly unflattering and not seldom provocative references to the governments of those states as well as favorable commentary from and about revolutionaries in those countries. It broadcasts 200 hours weekly to North America, primarily in Spanish. A main target is Puerto Rico, which Cuba has never forgiven for its choice of association with the United States. But Cuba reacted to the startup of U.S. broadcasting tailored to Cuba as if such broadcasting represented a gross violation of a supposed right to monopolize what the people of Cuba should see or hear about events affecting their lives. This event led Cuba, 2 years ago, to suspend a properly functioning bilateral agreement on migration that it had signed only 5 months before. The entire migration agreement had been negotiated well after the United States had acted to establish a Cuba service in the Voice of America. This service, called "Radio Marti," has met the test Congress set for it to broadcast objective news, commentary, and other information to the people of Cuba to promote the cause of freedom there.

The Road to Rectification

At the core of the Cuban model stands the assertion that it offers a superior system of economic development, one that should be imitated by other countries. It is sometimes argued on behalf of the Cuban revolution that the almost total deprivation of freedom for more than a quarter-century is justified by the economic and social progress that has allegedly occurred. The egalitarian nature, at least in appearance, of Cuban society is cited along with gains made in reducing differences in economic and social standards between urban and rural areas, between whites and blacks. Leaving aside the nonmonetary perquisites of the governing elite, such as access to automobiles, superior housing, and special goods, Cuba does contrast with much of Latin America in this respect.

However, the economic price of Cuban policy has been a stagnation rendered tolerable only by the remarkable willingness of Moscow to pay the cost. Cuba was a prosperous and relatively advanced society in 1959, with economic and social statistics that compared with the best in Latin America. Aside from its social vices and the unequal distribution of income, the economic shortcomings of pre-Castro Cuba were monoculture and dependence on trade with one country. The advantages were that the product it exported was wanted on the market and paid for in dollars. The Cuban revolution today is very far from having successfully transformed Cuba's economy. It has achieved a certain uniformity of consumption by the maintenance of a system of rationing that has largely disappeared elsewhere in the communist world. It has concentrated on producing teachers and doctors well in excess of Cuba's own needs.

"This country, which was the last one to liberate itself, experienced over four centuries of direct colonialism, of corruption. After that, it existed for almost 60 years under the corrupt republic. We have had four and one-half centuries of corruption. That was the only thing they learned. They learned to cheat, steal, sell things, and to steal from here and there. It is somewhat in the people's blood. We are not disciplined. . . . "

Fidel Castro to the Third Congress of the Committees for the Defense of the Revolution, September 26, 1986

Castro recently conceded Cuba has 10,000 teachers too many, but it has fallen behind many other Latin American states in growth and income.

Cuba has remained a society of monoculture in a world where declining relative demand for that product and the spread of alternative suppliers has made sugar less valuable than production costs, were it not for the massive subsidy price paid by the U.S.S.R. What is more, Cuba, by its own choice, has been drawn ever deeper into the Soviet-led communist trading system. Cuba, which as recently as 12 years ago still had 40% of its trade with the West, is now unable even to pay the interest on its debt to Western suppliers, and only 10% of its trade is with the West. An investment journal late last year ranked Cuba 17th in the hemisphere as a credit risk. There is, thus, a growing reluctance by Western countries to loan to a government which is insisting Western trade partners loan it new money but which is now distinguished by having an unpayable debt to both East and West.

The Soviets, too, seem to assess Cuba's prospects pessimistically, judging by one Soviet scholar who ranked Cuba, 1 year ago, 20 on a scale where the Soviet Union would be 100 and East Germany 140. Even Mongolia ranked higher than Cuba in this assessment.

Almost all basic commodities are rationed in Cuba—even sugar, even beer. Cuba has received sharp criticism from the Soviet Union for its failure to meet trade commitments to satisfy the Cuban consumer. That Cuba is suffering from serious economic and social problems is also clear from the words of Fidel Castro himself. He has frequently warned that future generations will suffer privation in Cuba. His so-called rectification campaign launched in February 1986—the conclusion of the Third Congress of the Communist Party of Cuba—has condemned economic conditions in Cuba. Unlike reform efforts in other communist countries, however, the Cuban leadership has stressed ideological revival. Castro has lambasted the waste, greed, and corruption he claims to see around him. Having found "vipers" in such limited institutions as the farmers' market and housing market, Castro abolished them and reestablished revolutionary enthusiasm and shame for alleged wrongdoers as the two poles for revitalizing Cuban society. "When it is decided to give up, abandon and scorn voluntary work, how can you ever make a communist out of this man?" he asked rhetorically. "When you corrupt a man and keep him thinking about salaries and money, how can you expect that this man will perform the greatest task of solidarity, which is internationalism?"

In the 29th year of the Castro era, Cuba features billboards proclaiming "With Fidel to the Year 2000." There is no good reason to doubt that the new century will see him at the helm in Havana, but there is also no reason to believe that the next 12 years will achieve for Cuba what the first 29 have not. Recently, a slogan appeared, quoting Castro: "Now let us really begin building socialism." The slogan quickly disappeared. Perhaps too many Cubans had inquired under what system they had spent the greater part of their lives.

Twenty-nine years into the age of Castro, the leader's place in history and his control over Cuba are firm, indeed, but he does not rule over a happy society or a just one.

The Closest of Thorns

It is no revelation to say that Cuba, over the entire period of the Castro regime, has been a serious foreign policy problem for the United States. The introduction of a harsh dictatorial regime, always passionately and often provocatively hostile to the United States (even Cuba's diplomatic notes speak of "hatred" for the U.S. Government and its representatives), only 90 miles from our shores, came as a shock to the American people. Cuba still enjoys the lowest assessment of Americans in public opinion polls, an assessment that, judging by recent sampling, seems to be shared in other countries on the Caribbean littoral.

The causes for Cuba's unpopularity include the fact that Havana allied itself eagerly and wholeheartedly to the chief threat to the national security of the United States; that is has sought to undermine and, if possible, overthrow other governments in the hemisphere; that it has endeavored increasingly and at considerable cost to its own status to rally Third World countries against the United States and toward the Soviet Union; that it has tried to organize Latin America against the United States; and that it has imposed a regime on the Cuban people that has driven over 1 million Cubans to flee the country—frequently at the risk of their life and heavy punishment, if unsuccessful—while countless thousands of others have suffered the tragic fate the regime accords to those who are outside the

"Today we are a sort of moral vengeance of the oppressed of this world."

Fidel Castro to the Fifth Congress of the Communist Youth Union, April 6, 1987

revolution and have no rights at all. Incidently, it is curious in light of the indignation which Cubans allegedly feel toward the United States—at least if Cuban propaganda is to be believed—that almost every Cuban leaving that country wishes to make his or her home in the United States.

As little as the United States likes the internal order in Cuba—and I intend to mention a few representative cases which illustrate the nature of that internal order—it is Cuba's unfriendly conduct in international affairs that lies at the heart of our differences. Cuba enjoys massive Soviet assistance—almost $5 billion annually, counting military deliveries—because a hostile Cuba on our doorstep has been deemed by Moscow to serve its strategic interests. The U.S.S.R. gives this for strategic interests—no ones else receives the same high level of Soviet aid. Cuba's self-appointed role is to be a thorn in the side of the United States, a safe haven for Soviet reconnaissance and intelligence activities directed against the United States, a linchpin between Latin American revolutionaries and Soviet power, and a close ally for Soviet policy in Africa.

But Cuba, which freely chose its association with Moscow and is now increasingly tied to the Soviet-East European economic order, is more a junior partner than a satellite in this symbiotic relationship. Although there was a time in the 1960s when the Soviets opposed Cuba's foreign policy adventurism, Cuba's effective use of force in Africa since the mid-1970s and its successful promotion of Cuban-style revolution in Central America since the late 1970s have resulted in a fundamental change: the Soviet Union has been ready to give strong material and moral support to Cuban conduct in international affairs.

The Cuban-Soviet relationship is not trouble free. For their part, the Soviets need to worry lest the combative approach of Havana draw them into a conflict not of their choosing. Moreover, while the Cubans have paid obligatory lip service to some of Gorbachev's foreign policy initiatives, there are indications that when KGB Chief Chebrikov recently visited Havana to discuss Gorbachev's policies, he found a suspicious and unpersuaded Cuban leadership. The Soviets do not relish wasting their money and have tried to encourage greater productivity in Cuba, but Castro's rectification campaign, which seems to be the very antithesis of the material incentives long the vogue in Eastern Europe and subsequently endorsed by Moscow, may strike the Russians as singularly unlikely to achieve its objectives.

For Cuba, Soviet guarantees can never be sufficiently strong. The lesson of Grenada, where the U.S.S.R. reacted mildly to developments that stunned Havana, still rankles in Cuba. Nor is Soviet advice invariably welcome. Castro's celebrated refusal to attend the funeral of Konstantin Chernenko seems to have been a sign of the Cuban leader's pique, even though he stoutly denied it in his 1985 interview with Dan Rather, insisting that he was too busy. The only pale reflection of Gorbachev's *glasnost* in Cuba today is the incitement of the Cuban media to expose wrongdoers, relentlessly. Castro told the Cuban Journalists Congress last October:

> We have to criticize strongly all those... who are responsible for this.... We have to criticize the workers and the groups and we have to call people by their names. No one can imagine the strength of shame.

Yet, in the final analysis, the Soviet-Cuban relationship is vital and highly advantageous to both parties. Castro could not be Castro if it were not for Soviet backing. While the Russians may sometimes bridle at his displays of independence, they are much too shrewd to think of jeopardizing such an asset. What the Soviets would like would be more Western financial and trade assistance to the Cubans, thereby reducing the economic burden on the U.S.S.R. without affecting the close and parallel world view which Moscow shares with Havana. The largest Cuban export for convertible currency is no longer Cuban sugar but Soviet oil; Cuba needs these dollars to buy from the West. But this oil could otherwise earn the U.S.S.R. badly needed dollars for its own purposes.

Cuba's African War

"I think it is forgotten that we had links with the MPLA [Popular Movement for the Liberation of Angola] since they started their war of independence, for almost twenty years."

Fidel Castro, interview with the *Washington Post*, January 29–30, 1985

Cuba has pursued, at least since 1975, the foreign policy role of a major military power. It maintains 300,000 men and women in active or ready reserve status, the largest army in Latin America and the one with by far the most combat experience, almost all gathered far from home in the pursuit of "internationalism." In addition, there is a militia of more than 1 million, ready to fight a "war of all the people" in case the regulars and reservists are insufficient to defend Cuba. Cuba's schools, factories, and apartment buildings prominently display the sign "No one surrenders here." Cuba's forces overseas have the same orders. The fact that a number of Cubans surrendered on Grenada and lived to tell about it is the apparent cause for this slogan. Cubans are supposed to return from internationalist missions either victorious or not at all.

Cuba's biggest unfinished war showcase is Angola, where the Cubans remain engaged in a civil war 12 years after they went in to make sure the faction favored by them and the Soviets secured total control. Forty thousand Cuban soldiers are present, some performing combat roles as tankmen and helicopter gunship pilots. Whereas the United States has sought by diplomatic means to bring about Cuban withdrawal from Angola to promote internal reconciliation in that country as well as to get South Africa out of Namibia, the Cuban leadership appears to desire to stay indefinitely. Without even consulting the Angolan faction which Cuba supports, Fidel Castro announced on September 2, 1986, at the Nonaligned Movement summit in Harare, Zimbabwe, his decision "to maintain the troops in Angola so long as apartheid exists in South Africa." Thus, instead of putting to the test South Africa's pledge to leave Namibia as soon as the Cubans leave Angola, Castro has devised a new test to postpone indefinitely their departure.

Although it will not divulge the numbers, Cuba has suffered substantial loss of life in Angola. Resistance to this war may be growing in Cuba, where the realization that returning internationalists may bring disease in their wake is an additional cause of concern. On the other hand, Cuba derives hard currency from Angolan oil revenues, so the war represents little if any financial sacrifice by Cuba; nor would Castro relish the prospect of 40,000 soldiers joining the ranks of the underemployed in Cuba itself.

Destroyer and Unifier

In Latin America, Cuba follows a two-track policy, cultivating diplomatic relations in some cases and supporting armed revolution as Havana sees fit. Ironically, Cuba's own domestic difficulties have coincided with establishment of diplomatic relations with several South American countries, a result due more to the reestablishment of democracy in the latter than anything done by Cuba. At the same time as it establishes embassies in Montevideo and Brasilia—embassies bustling with Cuban visitors—however, Havana actively supports armed revolutionaries in Chile, where the discovery of massive arms caches along the Chilean coast illustrates the versatility of the Cuban fishing fleet in the southeast Pacific.

Cuba's attitude toward the two major Spanish-speaking countries on the Caribbean littoral, Colombia and Venezuela, is less clearly defined. Cuba has normal diplomatic relations with neither and has a long history of vigorous support to Colombian revolutionaries. The existence of diplomatic relations with other Andean countries has not deterred Havana from maintaining close ties with armed revolutionaries in Ecuador and Peru, whereas Cuba's approach to Bolivia is particularly ambivalent, seeking to upgrade diplomatic relations but highly critical of the Bolivian Government.

It is Central America, however, where Cuba currently sees its greatest opportunities, thanks to the successful monopolization of power in Managua by armed revolutionaries organized on the Cuban model. Fidel Castro, whose support to the Sandinista factions was nodal to their achieving success in the fight to take power, has described the policies being followed by Ortega and the *comandantes* as "perfect" and as ideal for other revolutionaries in the hemisphere. Cuba has been a training ground for revolutionaries in El Salvador, Guatemala, and Honduras, where the presence of elected governments has not affected the Cuban outlook. Havana gave a careful look at all the recently elected heads of state in Costa Rica, Honduras, and Guatemala to see if they might be

"The future does not belong to Europe, it belongs to Latin America."

Fidel Castro to Ricardo Utrilla and Marisol Marin of EFE, February 13, 1985

helpful in promoting Cuba's prime objective in the region—the consolidation of the Nicaraguan regime—but it now appears to have decided that they failed Cuba's test. Cuba has provided consistent support to the Salvadoran guerrillas with a minimum objective of maintaining them as an armed opposition until the day when seizure of full power will be more feasible than at present.

In the Caribbean, where Cuba lost a particularly promising friend in the Bishop regime in late 1983, the Cubans have chosen to work quietly through sports and cultural contacts, trying to mend battered fences. Havana is particularly active in the Spanish-speaking islands: the Dominican Republic, which Cuba is carefully wooing, and Puerto Rico, where Cuba deals with a minuscule minority of *independentistas* as if they were the oppressed majority.

The Bilateral Agenda

"Communism will require a communist conscience or there will be no communism, only societies of beasts like those we see in the United States and elsewhere."

Fidel Castro to the Congress of the Union of Cuban Journalists, October 26, 1986

The principal U.S. response to Cuba remains to try to keep Havana's options limited and to support friendly governments economically, politically, and militarily. While it is argued that Cuban hostility has not been touched by this policy, there has never been an iota of evidence that U.S. concessions would have altered Cuba's world view. Fidel Castro, in explaining why Cuba needs to devote so much of its energy to military purposes, has stated that even a Marxist-Leninist United States would pose a threat to Cuba and require Cuba to maintain the massive armed forces it has had for the past three decades. This is, perhaps, the clearest indication that Castro's sense of his own destiny has not changed since 1958 and that he still needs the United States as a necessary enemy and the Soviet Union as a utilitarian friend. After January 1, 1959, we could have had a different Cuba only by the direct application of armed force against the island, a policy which every U.S. Administration has resisted.

On the other hand, Cuba's propensity to use force in the pursuit of its own foreign policy objectives has been greatest when the United States has been distracted by other problems, such as a Berlin crisis or Vietnam, or when our capacity for presidential action has been weakened by domestic events such as Watergate. Firm and consistent U.S. policy has given Cuba pause, whereas vacillation and uncertainty have been exploited. The administration in Cuba never changes. Hence, the next administration in Washington will face the same reality when it assesses Cuba's role in the region as a formidable military power aligned with the Soviet Union and actively promoting objectives hostile to our own interests.

There is also a smaller agenda with Cuba, which we share as neighbors. The United States has been ready to deal with these because it has believed there are better prospects for success than on those issues where Cuba's sense of revolutionary mission is so prominent. In the past 5 years, on U.S. initiative, we have sought solutions to migration and refugee issues and to radio broadcasting interference. On the other hand, Cuba,

with one partial exception, has been unresponsive to our initiatives. Only in the case of migration were we able to induce Havana to sign an agreement, one which committed the Cubans to take back 2,746 common criminals and mentally ill persons whom the Castro regime sent to our shores in 1980, mixed in with 125,000 persons fleeing the island. Although the agreement was implemented and signed in good faith, it was quickly suspended by Havana on wholly extraneous grounds—the startup of the Cuba service of the Voice of America, which had been known to Cuba long before the migration talks even began.

Cuba's suspension of the 1984 migration agreement on May 20, 1985, adversely affected the interests of thousands of persons in both countries and had negative consequences for Cuba as well. It sent bilateral relations on a downward spiral that has not yet been reversed. Acting on information that Cuba was prepared to restore the agreement, we met with a Cuban delegation last July in Mexico City, but it took only a short period to establish the fact that Havana wanted us to buy the migration agreement a second time at a unnegotiable price that involved putting up to 100 U.S. radio stations off the air so that Cuba could increase its own broadcasting to the United States.

Resumption of the migration agreement remains the key to any improvement in our bilateral relationship. While we cannot realistically expect any change on the major world issues, which stem from the fundamental approach of the Cuban leader, there is no good reason why an agreement which has been criticized by neither side cannot be put back into force. If that happened, other issues on the small agenda could also be considered in order of importance.

Human Rights

I could not conclude remarks devoted to Cuba without reference to the effect which the system in Cuba has had on the human beings who reside there. The regime has its supporters, of course, and Fidel Castro may have more, judging by the statements at the Communist Youth Congress last month, where one student seemed to reflect the mood of that body when she said, "Why is it every time there is a problem anywhere—and we know some people are hiding the fact—we say, ah, comrades, if only Fidel knew. Poor Fidel. If he only knew." This is the view, at least, of someone with access to a microphone in a communist society.

There are many Cubans, however, who see problems and do not wonder if Fidel knows. They may even suspect he is the cause and not the solution. These persons lack any legitimate means of expressing their views, which would surely put them outside the revolution. There are also those whom the regime already knows and despises: the worms, the counterrevolutionaries, whose crime was or is to oppose the imposition by force or continuation of a system that unashamedly gives them no rights at all. Armando Valladares has described the fate of some of these persons all too well

"The revolution never told a lie. . . . There is not a single case of torture in the 28 years of the revolution. Not one!"

Fidel Castro to the Congress of the Union of Cuban Journalists, October 26, 1986

in *Against All Hope.* Arnold Radosh inquired in the *New York Times Book Review* why it had taken 25 years to find out the terrible reality of Cuba's political prisoners. Thanks to Valladares; thanks to the courage of persons still in Cuba like Ricardo Bofill, President of the Cuban Human Rights Committee; thanks to our own efforts in February of this year at the UN Human Rights Commission in Geneva, the world is learning about these persons. The more that is learned, the better it will be for the struggle for human rights in Cuba.

While there is no time to describe this issue in detail, I want to mention a few representative cases that illustrate the irony and the shame of the regime in Cuba.

Roberto Martin Perez. Perhaps the longest held political prisoner in the Americas; he was 25 when caught in August 1959, being infiltrated back to Cuba, and he has spent 28 years in prison, since 1979 incommunicado in the infamous Boniato Prison in eastern Cuba. In 1956, 3 years earlier, Fidel Castro had infiltrated into Cuba from Mexico after spending somewhat over 1 year in jail for organizing a bloody attack on his country's armed forces in 1953. History has absolved Fidel Castro, because in Cuba he decides what history shall mean, but it has not absolved those who rebelled against his tyranny.

Gustavo Arcos Bergnes. He fought at Castro's side in the attack on the Moncada and later was Cuban Ambassador to Belgium until 1965, when he was jailed for criticizing the revolution. After being imprisoned and released, he tried to leave Cuba to join his wife and a son in the United States who was semicomatose from an accident. He has been in jail since 1981, living in a 6- by 8-foot cell with his brother.

Elizardo Sanchez Santa Cruz. Vice President of the Cuban Human Rights Committee, arrested again in September 1986 for disclosing the arrest of colleagues to British and French journalists, who were immediately expelled from Cuba. A prisoner of conscience adopted by Amnesty International, he desperately needs medical attention which is denied him while he remains under interrogation.

Aramis Taboada. An attorney well-known in Cuba who defended five Cubans sentenced to death on January 25, 1983, by the Chamber of Crimes Against State Security of the Havana Principal Tribunal on grounds of "industrial sabotage." The five were among 33 persons seeking to found a trade union based on the concept of the Polish Solidarity in a country where one trade union is all that is permitted. The fate of the five was commuted to 30 years in prison, thanks in part to Taboada. After first denying that anyone was under arrest, the Central Organization of Cuban Trade Unions ultimately denounced the alleged "industrial saboteurs," asserting: "It is ridiculous to suppose that there is any group in Cuba that proposes to create a labor organization, even a local one. The workers themselves would make this impossible." Taboada was arrested in 1983 and died under mysterious conditions in 1985. After his arrest, the Minister of Justice, former President Dorticos, committed suicide.

Andres Solares. A civil engineer arrested November 5, 1981—and condemned to 8 years for the crime of "enemy propaganda." He wrote abortive letters to Senator Kennedy and French President Mitterrand asking for advice on how, legally and openly, to form a democratic political party to be called the Cuban Revolutionary Party. He was convicted of incitement against the socialist order and the socialist state and is presently serving his sentence. One leader; one party; one people.

There are hundreds of cases like the above. The number of political prisoners in Cuba, including those convicted of trying to leave the country illegally or refusing to register for military service, has never been disclosed by Cuban authorities, nor have they permitted

independent organizations to review the situation in Cuba's prisons. We can only assume that there are several thousand such persons in Cuba today.

Several years ago, an official of the Cuban Interests Section in Washington told two U.S. officials that he was afraid Cuba would run out of political prisoners the United States wanted before Cuba really got anything in exchange. Whatever the assumptions about the United States that may have prompted this remark, which is cited by one of the U.S. officials present in a forthcoming article, it is erroneous to assume that Cuba can sell or trade its victims to the United States. We welcome these persons, and we are accepting as refugees former political prisoners and their immediate families as Cuba gives them permission to depart, but the Cubans must understand that it is in their own interest to change fundamentally the approach to society which has created this nightmare of persecution in Cuba. Unfortunately, there is still no sign that this will soon occur. Far from running out of political prisoners, the system creates them anew. Until Cuba recognizes that the way out of its crisis is not through new adjurations of orthodoxy but through recognition of the creative genius of the unfettered human conscience, Cuba will remain beyond rectification. ■

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BRAZIL

South America

Unstoppable

Brazil, which keeps tripping over its own feet and banging into the international financial system, seems set nevertheless to stride clumsily forward into the twenty-first century. Two years after its fragile democracy was born, amid the rapture depicted above, Robert Harvey reports on the world's youngest and most awkward giant

Brazil is the unstoppable colossus of the south; a major regional power already; the first big third-world country knocking on the door of the club of developed democracies; and a potential United States in the next century.

Those might seem extravagant claims to make as its club-footed economy trips and stumbles in spectacular fashion: its latest economic blueprint, the Cruzado Plan, has just gone disastrously wrong. In an attempt to steady itself, Brazil is taking action over its huge external debt which is unsettling even steel-nerved international bankers.

Yet, after more than a decade of watching, heart-in-mouth, for a fall, this correspondent is convinced that Brazil's long-term prospects are glowing; that its very bravado is one of the main reasons why it can look forward to the future much as, say, the United States did in the 1890s. If this view is right, then foreign bankers, investors, potential migrants and, not least, governments ought to be looking at Brazil as carefully as their precursors did at the United States in its early maturity.

This survey will argue that Brazil has reached major-power adulthood, although not yet the responsibility—and caution—of middle age. This is best illustrated by a quick trot through statistics which are familiar to Brazilians, although all too little known to outsiders, who view the country as a tropical, carnival-loving, economically slapdash, semi-authoritarian Latin American republic.

Brazil is the fifth largest country in the world, after Russia, Canada, China and the United States. Its 8.5m square kilometres take up a touch under half of the whole Latin American continent, covering a land area comfortably bigger than all of Western Europe. It has a population of 135m, the sixth largest in the world, behind China, India, Russia, the United States and Indonesia. With a GDP of around $280 billion, Brazil is the eighth largest economy in the West. Its GDP is just over half that of Britain, but about $50 billion more than Spain, its nearest rival, and about $100 billion more than Australia, the runner-up in the southern hemisphere.

Among developing countries, Brazil is already number one. It produces around $80 billion more than India. East Asia's stars—Hongkong, Taiwan, Singapore, South Korea—are export-oriented states,

Sources: Getulio Vargas Foundation; Statistical & Geographical Institute

each with a GDP that is a fraction of what Brazil produces for its internal market. Brazil's output is more than four times those of Africa's giants, South Africa and Nigeria, and twice that of Saudi Arabia in the Middle East. Mexico is Brazil's only challenger among Latin American countries—and then only laggardly, with a GDP of around $130 billion.

Brazil's steel production is the seventh largest in the world, and a quarter of that of the United States; Brazil is the world's ninth largest producer of cars; the second largest producer of iron ore and the eighth largest producer of aluminium. In agriculture, Brazil ranks among those right at the top: it is the world's largest coffee exporter, accounting for a third of world output; it is the second largest soyabean producer, behind only the United States; it is the world's biggest sugar producer, ahead of Cuba, and the second biggest cocoa producer. More surprising still, it is the third largest corn (maize) producer, behind the United States and China, and the second largest cattle producer, behind only India.

Brazil's position in the league tables is worth recalling because it is so often overlooked. Much more striking, however, is the speed with which the country has developed. One of President Sarney's closest, and most detached, advisers points out that there have been two spurts of economic growth: the first between 1948 and 1961, when average growth was around 7% a year, before the country lapsed into economic chaos and political paralysis; and the second between 1968 and the debt crisis of the early 1980s, when growth averaged 8.9% a year.

He believes that the period beginning in 1984 (economic growth has averaged 7% over the past three years) may mark the beginning of a third 15-year boom which could carry Brazil into the ranks of the developed countries by the end of the century—Mr Sarney's stated ambition.

Certainly that postwar record must finally lay to rest the old view of Brazil as a boom-or-bust commodity producer. That view originated in the sixteenth century, when sugar boomed, opening up the country's north-east; sugar dwindled as an export earner over the next couple of centuries when faced with fierce competition from the West Indies. Gold came next, being discovered in the southern state of Minas Gerais in the eighteenth century.

As the gold ran out, coffee took over, accounting, by the middle of the nineteenth century, for half of Brazil's export earnings. By the end of the century Amazon rubber was all the fashion, symbolised, as John Ure's masterly, fascinating account of the development of the industry in his book "Trespassers on the Amazon" (published by Constable at £10.95) puts it, by the rubber barons' extravagances: "their opera house at Manaus; their wives' Parisian clothes; their Portuguese tiled houses; their Havana cigars; their laundry being sent to Europe (the Amazon water was deemed to taint the whiteness of their linen suits)". The boom fizzled out when an English botanist smuggled a shoot from an Amazon rubber tree to Malaya, where it thrived much more cheaply than in Brazil.

This exotic, boom-or-bust picture haunts Brazil. It always seems to be an economy with great expectations that are never fulfilled. This survey will argue that from being a single-crop plantation society with a small population (there were only 4m people when the country gained its independence in 1822), Brazil has transformed itself into a major industrial power with as solid a foundation of infrastructure and internal markets as most developed countries and with an ability to export that exceeds most Pacific-basin countries.

This transformation has been masked by the unorthodox way in which these successes have been achieved and by the awesome economic problems the country now faces. There is a big danger, too, in Brazil's growth-before-social-improvement philosophy; and the whole achievement rests on a political structure that is as frail as a spiderweb now that the army has withdrawn, not before time, into the background. For all that, Brazil has enough national identity and social cohesion, this correspondent believes, to make it not just a second-rank power behind the United States and Russia, but also one of the most interesting and different places of the twenty-first century.

The height of ambition: the Itaipu dam

Superboy . . .

. . . could with time and luck grow into Superman

What are the things that make the big countries of the industrial West take an outsider seriously? The first two have already been touched on: size and population. Brazil has both, and will have more of both, for there is plenty of virgin territory outside the Mato Grosso and the Amazon waiting to be opened up, and even these two inhospitable regions have large reserves of things Brazilians want, including minerals and oil.

Brazil's population, too, will grow to an estimated 180m by the year 2000. Its growth rate has slowed down from about 3% in the 1970s to about 2.1% today and may fall as low as 1.7% by the end of the century. The pressure of people on resources should thus start to ease in the next few years. This reflects the movement of Brazilians from the countryside, where birth rates are high, to the cities, where they are much lower. In 1960 55% of Brazilians lived in the country and 45% in the cities. Today 72% live in the cities and 28% in the country.

Population size provides a kind of importance; it can also be a drag on a country's natural resources and so helps to explain Brazil's search for the third ingredient of national success, economic growth. For some countries, the fourth element in economic success may be a large internal market which can generate demand, particularly when exports are slack. This Brazil also has: only around $23 billion worth of goods, or under a tenth of Brazil's $280 billion GDP, goes abroad in exports (and only around $10 billion worth come in as imports). The rest of the economy consists of Brazilians providing goods for themselves—because of protection, not always efficiently.

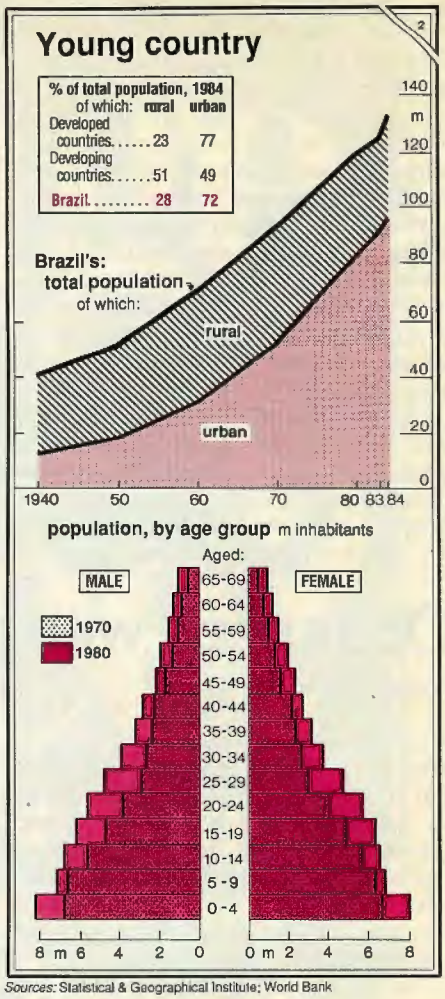
A fifth ingredient of success is a diversified and regionally based economy, so that if there is a slump in demand for one good in one part of the country, the slack can be taken up in demand for other goods in other parts of the country. Brazil's switch from commodity exports has done the trick: its exports of primary products (over $10 billion last year) were more than outstripped by its exports of industrial products (over $13 billion).

Brazil has a pretty wide shop-window of agricultural goods to sell abroad, including coffee, worth around $2½ billion in 1984; soyabeans worth $1.7 billion; cocoa worth $700m; grain worth $400m; orange juice worth $700m; meat worth $700m; iron ore worth $2 billion; and tobacco products worth $420m.

Brazil now also sells the world around $2 billion-worth of cars and parts; $830m worth of machines; $670m-worth of electronic equipment; $2.7 billion-worth of metallurgical products; $1.5 billion-worth of chemical products; $1.4 billion-worth of footwear and leather products; $700m-worth of oil derivatives; and $1.1 billion-worth of wood, paper and cellulose. Few developing countries can boast such a range.

A sixth milestone in development, particularly in a country as huge as Brazil, is a modern infrastructure. Some of the projects, like the Sao Paulo-Santos highway, the superb $4 billion Rio Niteroi bridge, the international airports at both cities (although why must the Brazilian airline announcers in both sound like Marlene Dietrich the morning after?) and the Sao Paulo (although not the Rio) subway, were long overdue and were, if anything, inadequate. Others like the country's internal road network are of more doubtful value. The government's commitment to communications is hardly in doubt, even if it sometimes gets things wrong.

The seventh and eighth characteristics of developed countries are more nebulous: national identity and, linked to it, the kind of society which pulls together and is not always fighting itself. Brazil has both of these qualities in abundance. The sense of identity, unusual in the new world, stems from a splicing of African and Portuguese cultures. This allows some Brazilians to claim that theirs is the only developed African nation. The mixture is evident in their writing: Machado de Assis, Brazil's best nineteenth-century writer, was a mulatto; the African-based samba is a national obsession for all classes and colours. Brazilian music, visual arts and, now, films ("Pixote", a mod-



Sources: Statistical & Geographical Institute; World Bank

Coffee is no longer king

ern Oliver Twist, and "Kiss of the Spider-woman", a political thriller-turned-morality-tale) are distinctive and are making an impression on the outside world.

Brazil also has political cohesion—which is astonishing for a country with so many divisions, geographical, racial and social. This cohesion was evident in the way Brazilians stoically put up with what, in its last days, was the discredited and incompetent military dictatorship of General Figueiredo, and also in the moderate way in which they voted after it fell: at last November's election, the avowedly left-of-centre parties polled only 20%.

Three explanations for this steadiness may be ventured. First, Brazil's very geographical diversity makes it, like the United States, a land of opportunity: if a Brazilian is fed up with his lot, he does not start a revolution but goes to try his luck elsewhere. Second, Brazil's blacks, who are at the bottom of the pile in Brazil (social standing in Brazil can be guessed at pretty accurately by the shade of a man's skin) dominate the country's culture, which makes their lot somehow more bearable while the ease of intermarriage makes it improvable. Third, Brazil's economic growth, while not improving everybody's lot, has offered hope to everybody. Until recently, anyway.

These three features explain the one characteristic that can be described as truly Brazilian: their laid-back, unpompous, informal approach to life. Brazilians do not stand on ceremony, like their Spanish-American counterparts; they prefer to go tieless, to clap their friends on the back, to live it up at *feijoadas*, and to talk big, like Americans. Sometimes they talk too big.

Obsessed with growth

Young country in a hurry

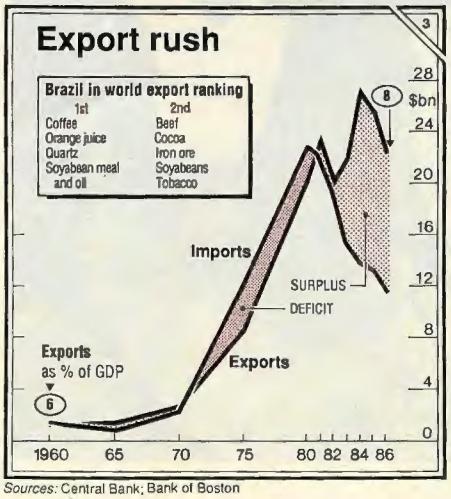
Brazil is home to "developmental" economics, a school of thought which holds that all traditional economic goals should be subordinated to one—economic growth. In practice, many things have gone wrong; but enough have gone surprisingly right for the Brazilians stubbornly to refuse to abandon their rush for growth.

Developmental economics were the brainchild of Getulio Vargas, a kind of cross between Mussolini and Roosevelt, who wrenched Brazil out of the torpor which followed the great depression of the 1930s with a programme of crash industrialisation spearheaded by corporatist state companies. When the economy overheated, Vargas was toppled by the army, which then, however, reverted to his policies while helping itself to some of the proceeds. When the economy overheated again, the army withdrew and Vargas returned; but his high-handed political methods led to an imminent coup, which was pre-empted by his own suicide in 1954.

His successor, Juscelino Kubitschek, proved more developmentalist still. He created Brasilia and bankrupted the economy in the process, yet left office on a wave of popularity following his decision to thumb his nose at the International Monetary Fund. A conservative with a Groucho Marx political style, Mr Janio Quadros, came to power in 1961 and sought the backing of the army to impose austerity on Brazil against the howls of the pork-barrel politicians in congress. He resigned, expecting to be brought back to power by the army. Instead, the soldiers dumped him, allowed his silly, populist, cowboy vice-president, Joao Goulart, to take over and make a hash of the economy, and then moved in to seize power for themselves.

Brazil's best economist, Mr Roberto Campos, was sent for to impose the necessary austerity. He also put into place an ingenious system of indexation whose main purpose was to allow the creation of the credit deemed necessary for development without letting inflation rip. Wages were cunningly indexed to the average of past and "expected" inflation, which in practice meant they rose more slowly than inflation.

Brazilian growth resumed and the brakes were let off by Mr Campos's arch-developmentalist successor, Mr Antonio Delfim Netto. This was the era of great projects like the Trans-Amazon highway, the Itaipu dam and Brazil's nuclear power stations. In 1973, Brazil grew by an amazing 13.6%. By 1974 the programme was in modest trouble, as a result of an over-expansion of the money supply. The trade balance slid into the red. The first oil shock came as a big blow, increasing the cost of imports by 120%.



Sources: Central Bank; Bank of Boston

Brazil's newly chosen military president, General Ernesto Geisel, dispensed with Mr Delfim and replaced him with the less exuberant Mr Mario Henrique Simonsen. The new minister decided to tackle the crisis in two ways. First, through a modest programme of social reform, he tried to defuse some of the tensions that were emerging from the breakneck development of the boom years. Second, he tried to finance continuing expansion through borrowing from the ready supply of international credit made available when the dollar-bloated oil producers banked their gains.

The National Development Plan was born. Mr Marcilio Marques Moreira, Brazil's present ambassador in Washington and one of the country's best middle-of-the-road economists, puts it this way:

> Borrowing can be interpreted as the postponement of the taxation the OPEC countries had levied in the oil crisis, a postponement financed by the commercial banks with the very dollars deposited with them by the oil exporters from the proceeds of their taxation.

Brazil's borrowing in 1974 was equal to the total new debt Brazil had accumulated from the beginning of the nineteenth century to the year 1972; by 1979, $40 billion had entered the country, 85% as loans and 15% as equity. The money was borrowed on floating, but low, interest rates and put into investment projects that, on average, were expected to generate a healthy 15% rate of return. Mr Marques Moreira defends the decision to borrow thus:

> Although there were errors of judgment, for which Brazil paid a high price, the decision to grasp the only concrete post-world war II opportunity to attract massive resources that would allow her to pursue a programme that would modernise her fragile industrial base and consolidate her economy's infrastructure appears to have been the right one at that moment . . . I think that future generations of Brazilians would one day condemn her leaders if they had failed to take the opportunity that presented itself.

The main priorities for investment were:

- The consumer goods industries.
- Massive import substitution in steel, petrochemicals and fertilisers.
- Oil substitution. The main features of this were: Brazil's dotty gasohol programme; an inadequate search for offshore oil, of which more later; and the giant hydro-electric projects of Itaipu and Tucurui.
- Communications, including the rail

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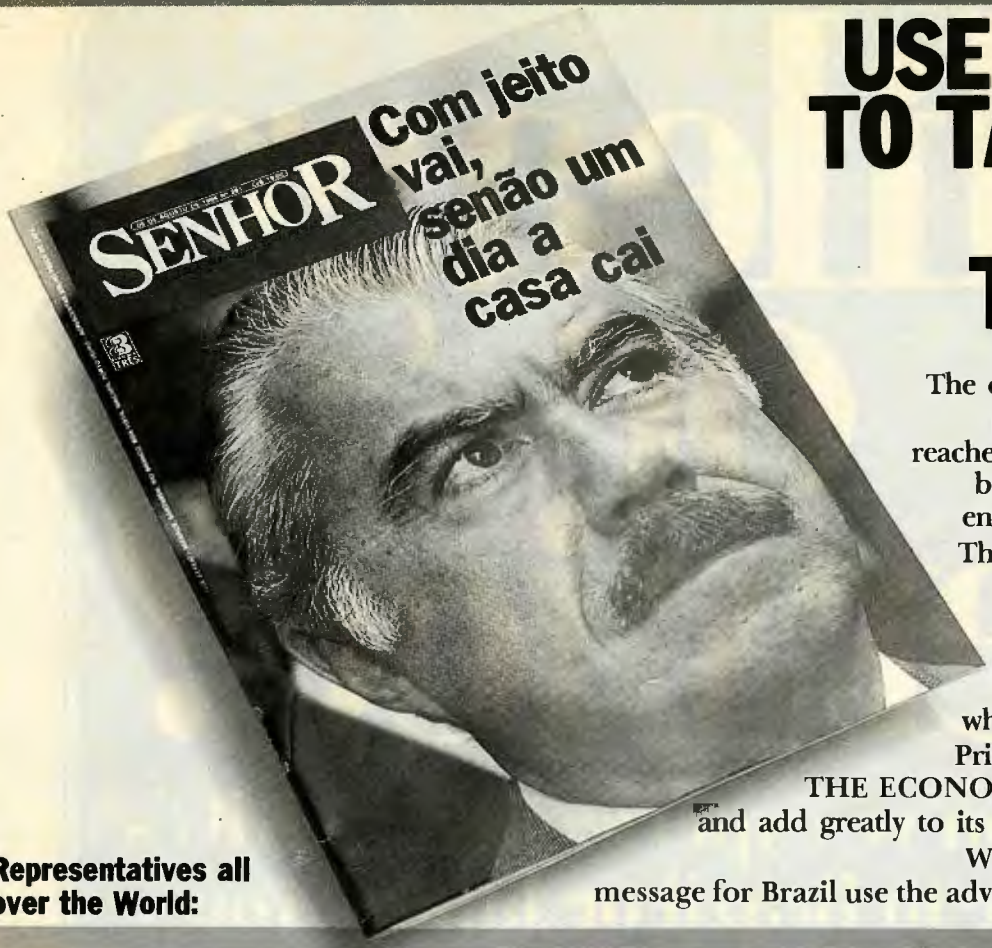

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Campos pulled back, Delfim expanded, and Funaro tried the impossible

and subway networks in Sao Paulo and Rio and the opening up of Brazil's interior with roads.

Some of these investments were to stand Brazil in good stead: about $10 billion of the country's $13 billion trade surplus can be traced back directly to them. They transformed the country's exports. Coffee accounted for 44% of Brazilian exports in 1965; two decades later, industrial goods accounted for 67% of exports.

The 1979 oil shock upset all calculations. Besides doubling the cost of oil, interest rates shot up and commodity prices fell. But borrowing was still available abroad, and Mr Delfim, who had been recalled to the planning ministry from exile as ambassador in Paris, put his foot on the economic accelerator again. During this reckless period, the government sent teams headed by Mr Delfim abroad to borrow money supposedly for state projects, but often in practice to finance the buying of oil and to cover interest payments on the debt.

Matters got so out of control by 1980 that the government shot into reverse, throttling the economy. In three years Brazil's GDP per head fell by 11%; inflation, which had been escalating dangerously to 110%, fell back below 100%. The outgoing military government staggered on to congressional elections in November 1982 and then sought an emergency $25 billion rescue package from Brazil's creditors. The International Monetary Fund stepped in to inspect the books and give advice.

Brazil was asked to meet specific targets on inflation, the public-sector deficit and the external account. This it failed to do. When the IMF got tough, the Brazilians stopped paying the debt principal, although not the interest, coming due. However, the position was eased by the astonishing turnaround that Brazil achieved in its trade balance: by 1984 this had jumped $13 billion back into the black, thanks to a 70% devaluation of the cruzeiro in real terms, the collapse of internal demand in recession-hit Brazil and the coming-of-age of many of the big investment projects. Mr Delfim slammed his foot on the accelerator again.

At this stage, politics creeps into the picture: in 1984 General Joao Figueiredo's military government was so unpopular that the succession was wrested from its nominee in the hand-picked electoral college by the main opposition candidate, Tancredo Neves. He died before he could come into his inheritance. Mr José Sarney, his vice-president, lacked the authority to do anything but continue the dash for growth, which had run at 4.5% in 1984.

Thanks to a policy of rapid devaluations, the trade balance stayed healthy; but "imported" inflation—that is, higher-priced imports—plus a surge in government spending pushed the rise in prices to the dizzying height of 225% in 1985. The IMF, which had even been given an office in the presidential palace by General Figueiredo—a massive affront to Brazilian pride—had by now reverted to the role of helpless spectator. The economy grew at the highest rate in the world that year—by 8.3%. By early 1986 the central bank reckoned that inflation could hit 800% that year. Mr Sarney was in desperate trouble, and desperate measures were called for.

Please stop the world

But the economy would not play ball

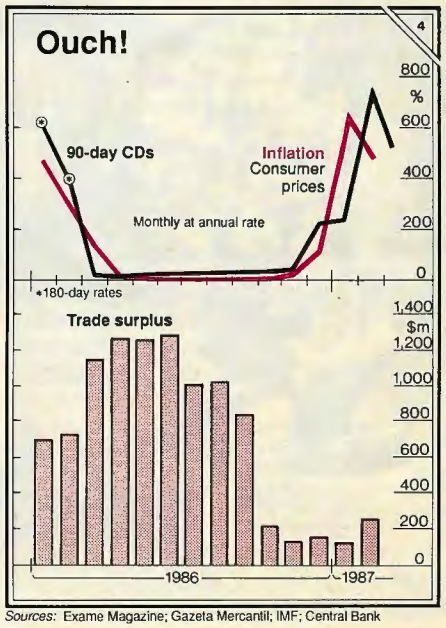
Three main measures were set out in the Cruzado Plan, decreed in February last year: a freeze in prices; the ending of indexation; and the knocking of three noughts off the Brazilian currency unit, the cruzeiro, to create a new one, the cruzado. The aim of all three was to break Brazil's "inflationary psychology" through what the plan's main architect, an economics professor, Mr Francisco Lopes, called a "heterodox shock" (in contrast with the "orthodox", monetarist shocks practised in countries like Chile).

Inflation did, momentarily, stop dead in its tracks: prices actually fell in March 1986. Mr Sarney's popularity, crawling along at a 36% net disapproval rating soared to a 68% approval rating in the polls. But the government failed to freeze either wages or government spending.

Night followed day. Wages in real terms had already gone up by 15% in 1985. For 1986, the government decreed a 15% increase in the minimum wage—at a time of frozen prices—and awarded an 8% pay bonus for other workers. It also promised to reintroduce indexation for wages each time inflation rose in multiples of 20%; the labour minister argued that this provision was safe, because inflation would never reach such levels again. Altogether, real wages rose between 15% and 20% last year.

Government spending also soared. On its narrowest definition (and the Brazilians have plenty) the public-sector deficit went up from a modest 1.4% of GDP in 1984 to 3.9% in 1985, dropped to 2.5% last year and is expected to run at 8% this year. On a wider definition, this year's "operational" deficit, which does not take account of the dampening effect of indexation, will be around 14% to 15% of GDP. The increase is being caused by greater state spending on investment projects as the freeze on the prices of their products and services will require extra subsidies.

What followed was, first, a massive 23% real increase in demand as workers spent their wage increases on price-frozen goods: industries suddenly found themselves working at full capacity. Products intended for export were switched to the



Sources: Exame Magazine; Gazeta Mercantil; IMF; Central Bank

internal market and imports flooded in. Meat and a variety of consumer goods disappeared from the shops. Airlines were booked solid for cross-Brazil holidays.

A thriving black market sprang up, in which prices were anything but frozen. Unemployment among Sao Paulo workers, which had been at a record level only four years before, fell by 8% almost overnight; that further increased the bargaining power of the trade unions bidding for higher wages. Throughout 1986, industrial militancy was on the rise.

The drop in exports and the surge in imports hit the one thing that had been going right for the Brazilian economy: its trade balance. A surplus which was running in January 1986 at around 16% higher than in the same month the previous year, and 14% higher in February, turned to one running around 44% lower in October and 45% lower in November. Because the government had also frozen the exchange rate (although, inevitably, an illegal one sprung up in which the cruzado traded at around 70% less to the dollar), this problem did not automatically cure itself, as in previous years. Even the fall in oil prices seemed unlikely to save Brazil from a too-modest increase in the trade surplus of $9.5 billion in 1986 to, at most, $11 billion this year.

Then, to everyone's surprise, savings, instead of increasing, fell sharply, from around 25% to well under 20% of GDP. This was partly because Brazilians preferred to buy up as many goods as possible while they remained cheap; and partly because Brazilians were jolted out of their old habits of playing the money markets as the roulette wheel of indexation had come to a stop.

As the economy got increasingly out of control in 1986, the government refused to act before the November congressional election, which Mr Sarney won overwhelmingly. Within a week, he brought in the Cruzado Two, which allowed for some mini-devaluations of the currency, to try to help the balance of payments, and unfroze the prices of cars, beverages and tobacco, as well as pushing up the price of petrol. President Sarney's popularity plummeted to a net 22% disapproval rating, and angry crowds took to the streets. Even so, the measures were woefully inadequate.

By December, industrialists, who had benefited initially from the surge in demand, were finding their margins squeezed by frozen prices and embarked on a campaign of civil disobedience, raising their prices without permission. President Sarney denounced these sober-suited businessmen as "anarchists", but did not prosecute them. Interest rates, in anticipation of hyper-inflation, went up to around 400% on an annual basis. Inflation in December was 15%; for 1987, the prediction was that prices would rise by anything between 100% and 300%. MI went up 290%; it was explained that this was not the government's fault because people were cashing in their savings to buy, buy, buy.

In the face of this calamity, Mr Sarney's ministers played cribbage in the cardroom of the *Titanic*. The three main players were: Mr Dilson Funaro, the languid, detached finance minister who had once been a prominent business leader and has since been raising eyebrows among his old colleagues; a brilliant academic economist, Mr Joao Sayad; and the labour minister, the good-looking, weary-before-his-time Mr Almir Pazzianotto.

The main argument revolved around how to allow the country's frozen prices to catch up with the real world. Mr Funaro favoured a single major realignment of prices followed by the reimposition of price controls on a third of goods, mostly essentials like wheat and steel. Another third would be frozen at the discretion of state governments and the rest would be allowed to float freely. Mr Funaro's hope was to defuse the inflationary pressure in a single, spectacular "big bang". Mr Sayad argued that prices would go up so fast under this proposal that Brazil might be catapulted back into its old hyper-inflationary mentality and that prices would accelerate in every succeeding month. Instead, he favoured allowing price increases of, say, 30% a month until the inflationary pressures had spent themselves.

One of the advantages of the Funaro big bang would have been to trigger the *gatilho*, the wage indexation threshold, which allows for an increase if inflation rises above 20%, only once. Mr Sayad's proposal would have done so several times.

The minister of labour, Mr Pazzianotto, showed every sign of rueing the day he thought up the *gatilho*: "There is a danger, if there is hyper-inflation, of the *gatilho* being triggered off like a machine-gun. Nevertheless, at the moment it is a law and must be fulfilled." But he admitted the government might seek to reform it. Mr Pazzianotto's solution was to seek a "social pact" with the principal trade unions in Brazil's hour of need, although, so forlorn were his hopes of getting one when he met your correspondent, that he would not even admit that this was his intention.

Brazil was behaving, all too cussedly, like the free society it had become. Brazilian trade unions used to be cosy corporatist arms of the state, set up under the Vargas regime. No more. The two main union organisations, both concentrated in Sao Paulo, are the United Confederation of Workers (CUT), which claims around 15m members, and the General Confederation of Workers (CGT), with around 25m. The CGT is tied to the ruling party, the Brazilian Democratic Movement Party; but under its leader, Mr Joaquim dos Santos, it is a tail that wags the dog.

The CUT's general secretary, Mr Jair Meneguelli, is closely tied to the Workers' Party led by the charismatic former leader of Sao Paulo's metalworkers' union, Mr Luis Inacio da Silva (Lula). The Workers' Party is socialist but not Marxist. Its hold over many of Sao Paulo's big industries is formidable, thanks to Lula's brave and fiery leadership during a series of strikes at the beginning of the 1980s, when Brazil was still under military rule. The CGT cannot afford to be much

Where it hurts

less militant than the CUT, for fear of losing members.

The unions' bottom-line demands were for a moratorium on the external debt and the scrapping of the inadequate price adjustments in the second Cruzado Plan. Poor Mr Pazzianotto had his work cut out in trying to persuade the unions to accept a much tougher measure of price adjustment in Cruzado Three.

Unsurprisingly, he failed. At the end of February, Mr Funaro, over the protests of Mr Sayad (who resigned last month) and Mr Pazzianotto, freed most prices, although not by quite as much as he had hoped: most prices jumped by 30%. Strikes multiplied. Army units occupied the country's paralysed oil refineries. The unions hoped that wage indexation would protect their purchasing power—at the cost of further fuelling inflation.

Most people reckon that an historic opportunity was lost to forge a social pact with the unions when the first Cruzado Plan was introduced; such was the government's popularity in the first days of controlled prices that wage restraint might have been made to stick. After the first success in reducing inflation, the price freeze could have been relaxed.

In retrospect, the plan seems to have been an unmitigated disaster. One government official says, "Most people knew it wouldn't eliminate inflation; but we thought a lower rate of 20%, 40% or 50% a year was possible. . . It seems that of the three priorities of full employment, growth and zero inflation, most Brazilians would opt for the first two".

The Cruzado plan's architect, Professor Lopes, blames its failure on the "administration of economic policy". He admits that Brazil faces the prospect of 150% inflation this year (or 450% if the wrong measures, in the professor's view, are taken). "Never in history has there been such a rapid deterioration." Brazil, he concludes gloomily, started the new year "ten goals down".

Few people expect Mr Funaro to survive long as finance minister after he has taken the further unpopular measures needed to put Brazil back on course. The favourites to follow him are Brazil's ambassador in Washington, Mr Marques Moreira, and a man who sends a chill down the spines of international bankers, Mr Celso Furtado, the present minister of culture and a long-standing advocate of a Brazilian debt moratorium. The appointment of Mr Mario Henrique Simonsen, a former finance minister, would do most to reassure the bankers; but he says he does not want the job, and has been a scathing critic of the government's economic policies.

The Sarney government still seems committed to one surprising view: that economic growth must go ahead. In January, President Sarney flatly reiterated that his goal was growth. Brazil, it is felt in official circles, could stand a fall in its annual growth rate from 8% to 6%, but not a rate much closer to Brazil's annual population increase of around 2.1%.

Mr Sarney's industry minister, Mr Jose Hugo Castelo Branco, claims that Brazil has "a mission" to grow, and that the country has so far barely scratched the surface of its huge internal market. If inflation is the price for growth, the government, after last year's disaster, now seems prepared to pay it. "Back to normal" was the sardonic comment of one banker as inflation started to climb vertically again in January.

The politics of debt

"Damn the bankers" is the New Republic's rallying cry

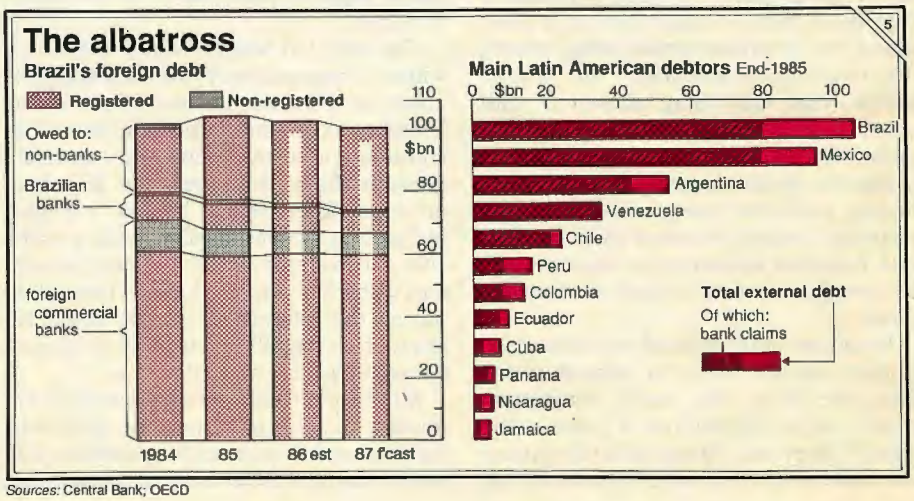
Simple answers that capture the public imagination become attractive when a government makes a mess of things. For Brazilians to accept the dose of austerity needed to control their runaway inflation, the weak, unpopular Sarney administration had to take radical action. The one action calculated to rally support around the president was to confront the country's external creditors. On February 20th, the government announced that it would suspend interest payments on the foreign commercial debt. "We are not", said President Sarney in a television broadcast, "going to pay the debt with the hunger of the people."

The moratorium was indefinite, and Mr Funaro has made it clear that he is seeking a long-term renegotiation on Brazil's terms, prompting fears among many bankers that, unless he gets his way, Brazil may go it alone, paying only as much as it thinks it can afford. The decision of the energy minister, Mr Aureliano Chaves, to order Brazilian oil tankers out to sea the same weekend in case of sequestration hardly reassured the bankers.

The government's new policy on the debt has everything to do with rallying support among Brazilians, and less to do with Brazil's ability to pay. This year, even with a deteriorating trade balance, the Brazilians could probably have squeaked through on their international accounts. The decline in the balance on trade in manufactured goods is expected to be made up by a harvest so plentiful that the minister of agriculture has had to bring in an emergency plan for storing excess grain. Cheap oil has also been a help.

At worst, Brazil's surplus could slip from $13 billion in 1984, $12 billion in 1985, and $9.5 billion in 1986 to around $8 billion this year. Mr Funaro reckons it is more likely to reach $9.5 billion, and the rosy-cheeked central bank thinks it could be as high as $11 billion. Brazil needs around $10½ billion to pay the interest on its debt (technically, no principal repayments are due on its commercial debt this year). On the worst assumption, Brazil would have to dip into its reserves to find some $2½ billion. This could be troublesome, as foreign-exchange reserves have fallen from $9 billion to around $4½ billion (some people say the true figure is closer to $2 billion). But the worst, in Brazil, seldom happens.

Brazil's foreign government creditors, grouped together in the Paris Club and alerted by their ambassadors of the crunch the country is facing (one senior diplomat admits that the Brazilians may go their own way on the debt problem and says this is the "central political issue in the country") have fallen over back-



Sources: Central Bank; OECD

wards to be reasonable. The Club has rescheduled the $3.8 billion debt falling due this year without insisting on an IMF programme (although the IMF will in practice quietly inspect the books at the end of the year). The Brazilians have flatly refused to allow closer IMF inspection.

The Brazilians also reckon they can count on some $2 billion in new money from the World Bank and the Inter-American Development Bank, which is being nudged by the American treasury secretary, Mr James Baker, and others, to put up new money for development. The real problem has been the private banks, with which Brazil had hoped to conclude a rescheduling agreement on debt falling due by 1990. America's Mellon bank had infuriated the Brazilians by refusing to reschedule their debts and was formally asked to leave the country in January. Other banks have up to now been bullied by their central banks into rescheduling, for fear that they would stand to lose the $75 billion or so of their money tied up in Brazil in the event of a deadlock. Now they are deeply reluctant to throw good money after bad.

Debts to pay, sweets for sale

What all of Brazil's creditors have overlooked is that the debt problem has become an increasingly political issue in Brazil, and one which the Sarney government has seized upon to cover up its own mistakes. An increasing number of Brazilians right across the political spectrum question the principle of having to earn some $10 billion a year on the trade balance to pay interest on old debts incurred by an unconstitutional government. Brazil has paid out nearly $55 billion in interest on the debt over the past five years—more than it borrowed in the first place. Imagine, say the Brazilians, if that quantity of money had been invested in Brazil.

Beneath this grumble, there are a number of sub-grumbles. Brazilians point out that their massive export effort is itself giving rise to protectionist feeling among the countries—particularly the United States—that are being showered with cheap Brazilian exports. Brazilians also point out that, with the huge potential avalanche of debt hanging over them, no banks, and few foreign investors, are stepping forward with new money to put into Brazilian industries for fear it would be swept away in a default or financial crisis.

Brazilians make light of the threat that, if their country were to behave rashly over the debt, the world community would cut it off without a penny. "So what?", they ask, "Brazil is hardly getting any new money anyway." And they say that for a developing country to transfer, year after year, around 5% of its GDP and four-fifths of its export earnings to the developed world is unjust, as well as economically unsound.

This correspondent, who has long been baffled by the good behaviour of the Brazilians and other debtor countries up to now, will confine himself to giving a bird's eye view of Brazilian opinion on the subject, across the political spectrum. For now that Brazil is more or less a democracy, public pressures are making themselves felt.

Take, first and most predictably, the left. The Workers' Party leader, Lula, is in favour of an "indefinite moratorium" on the debt, followed by its repayment over a 20- or 30-year period at a much lower rate of interest. The two main union organisations, the CUT and CGT, back him.

The only left-winger with a chance of winning the presidency, the outgoing governor of Rio de Janeiro, Mr Leonel Brizola, takes a more sardonic view. He considers that the debt was incurred through shady deals between Brazilian economic interests and bankers engaged in "an orgy of irresponsible lending". He cites the example of Rio's subway, which cost some $2 billion to build. "Instead of paying the interest on this, it would be cheaper to pay 30,000 taxis to transport the subway users every day."

Mr Brizola would set up an audit commission to look into how the debt was incurred and to uncover irregularities. He would then tell Brazil's creditors that the country "in accordance with our possibilities," would pay a fixed percentage a year of that part of the debt reckoned to have been legitimately incurred. He would also require fixed, low interest rates.

Brazil also has a strong tradition of more conservative nationalists; the unofficial leader of these is the disarmingly impish—but not less formidable for that—Senator Severo Gomes, a former industry minister. He wants to suspend all payments on the debt and enter into a government-to-government dialogue with the creditor countries.

The aim of the talks would be to stretch out repayment periods and to reduce interest rates (Brazilians of all political persuasions return repeatedly to the point that the debt was incurred at low floating rates of interest which were expected to stay low; in the past Brazil's debt was incurred at fixed rates). The repayments would be fixed at a percentage of Brazil's exports, and would take account of such things as a sudden increase in the price of commodities like oil.

What if the creditors refused? Mr Severo Gomes shrugs. Brazil would go its own way:

> There would be sacrifices by the people, but at least sacrifices for our country and its independence, not as they are today. We would get back the 5% of our GDP that is at present being paid out to our creditors. There might be some rationing, or maybe not. The people would understand. As it is, we are being treated by the industrial powers as Germany and Japan were not after the second world war. We're being suffocated. We're bleeding.

What if the West imposed economic sanctions? "They need our trade, they're not mad. Sanctions never work." And if they seized Brazilian assets abroad? "If they take a Varig [one of Brazil's main airline fleet], we'll help ourselves to a multinational over here. They won't do it."

This is an extreme view. Mr Gomes has, however, helped to persuade his party, the Brazilian Democratic Movement Party (PMDP), Brazil's biggest, to adopt many of his views. The party's largest gathering to date, of all its congressmen and newly elected state governors, approved a document in January which claims Brazil is spending seven times as much in interest payments as on social spending, and lambasts the debt for "having been largely unilaterally imposed, illegal, with unsupportable interest rates, paid for out of the suffering and hunger of our people." The statement calls for "the suspension of part of the debt and the reduction in transfers to a fixed rate of GDP or foreign exports."

Strong stuff, coming from Brazil's majority party.

Brazil's minister of industry, Mr Castelo Branco, himself a director of three banks and a leader of establishment opinion, is hardly more restrained:

> As a banker myself, I look first for a debtor's capacity to pay and second for securities I can set against the debt; the international banks should have done the same when they were lending . . . Of course we will pay up to the limits within which we can . . . but it is madness that Brazil is a net capital exporter when we need foreign capital to develop our huge resources and our large internal market. If the creditors behave like a cartel, the debtors will have to behave like a cartel.

Senior government officials privately concede that while Brazil has no desire to break with the international financial community, the banks must take into account Brazil's need for new money and should be prepared to offer a deal that reduces the country's interest spreads (the amount the banks take in profit out of the interest) from among the highest in the western world to at least the level achieved in Mexico's debt renegotiations.

Mr Funaro's view is that:

> Recession and Brazilian effort alone are not a solution to any crisis. Some bankers know the effort Brazil is making. They know we cannot continue to make this effort.

Brazil's President Sarney says his country is being "crushed" by the debt which is

> . . . leading to recession and unemployment and affecting our capacity to grow. This policy weakens our leadership, worsens our social problems, threatens our institutions, affects law and order and consequently our democratic structure . . . our people have reached the tolerance point . . . Either we realise that the solution to the foreign debt problem is a task to be undertaken by both creditors and debtors, or we risk setting fire to the powder keg threatening the continent . . . It is a miracle that the torch illuminating Latin America at the moment is that of liberty and democracy and not convulsion . . . we have opted for growth without recession without submitting ourselves to conditions that would force us to relinquish our right to development. Brazil will not pay for its debt with recession, unemployment or hunger.

Just rhetoric? Brazil has always come back to the table, although less readily than other debtors. Western bankers have long pooh-poohed this kind of talk. Diplomats in Brasilia take it more seriously than that. The emergence of a national political consensus should have been of concern to the bankers long ago. The simple, unifying issue of the debt is being used in Brazil as a way out by economists anxious to obscure their own failings and by politicians anxious to shore up what is still a fragile political system.

Democracy in nappies

The coming months will be crucial

Brazil's "New Republic", a democracy which has evolved largely by accident, is one of the most peculiar political hybrids in the world. It is run by an unelected, right-of-centre president who, two years ago, was a senior member of the civilian party, the Social Democrats, that was a constitutional figleaf for military rule. Yet he is now nominally a member of the left-of-centre grouping, the Brazilian Democratic Movement Party (PMDB) which has an overwhelming majority in congress and controls 21 out of 23 Brazilian states.

That party is considered a right-wing lapdog by Brazil's socialists—the Labour party, run by Mr Brizola, the Workers' Party, led by Lula, and the Communist party—which were all soundly defeated in the general election of November 15th. A conservative president thus leans on the support of a left-of-centre majority party to protect him from the extreme left.

This correspondent recalls meeting Mr Sarney during the twilight of the military dictatorship. A shrewd political calculator with a serious expression and a sober manner, he was then leading a group of defectors from the ruling Social Democrats to the opposition PMDB in the electoral college that would choose the next president, in 1984.

The college had been set up by the army and was stacked to ensure that, after 20 years of military rule, the next president would be handpicked by the outgoing General Figueiredo. The army, however, chose such a lamentably unsuitable candidate in Mr Paulo Maluf that Mr Sarney and others threw their lot in with the veteran Mr Tancredo Neves, a cheerful, honest, wizened politician of the centre, supported by the PMDB. His selection, with Mr Sarney as his vice-president, deflected the massive popular pressure for a direct presidential election.

Mr Neves died on the eve of taking office and the improbable Mr Sarney stepped up. His accession was made possible by a decision by the PMDB's veteran parliamentary leader, Mr Ulysses Guimaraes, not to press his claim—or that of his party—for the top job, or to agitate for immediate direct presidential elections. Lacking charisma and authority, Mr Sarney struggled through his first year as a kind of cuckoo president, imposed upon another party. It did him little personal good, however. The right-of-centre party he originally came from was trounced in November's congressional and state elections: the Brazilian Democratic Movement Party won 225 seats in the 559-strong congress, compared with 136 for Mr Sarney's conservative Liberal Front Party and its smaller allies. After the collapse of the Cruzado Plan, his position is still weaker.

His authority has been ebbing steadily. When "Cruzado Two", the second set of unpopular economic measures, was decided upon last November, the president consulted only Mr Guimaraes in order to secure PMDB support. This created such a storm among party members that a full meeting of the party and its kingpins, the governors, had to be convened to secure approval for this year's austerity measures.

Mr Guimaraes is the link between the president and the majority party in congress. Tall, slow-worded and tortoise-like in appearance, he is president of his party

Fragile link: Sarney and Guimaraes

as well as of congress and the assembly now writing a new constitution. His policy has been to behave so reasonably that Brazil's fidgety army will be denied the opportunity of staging another coup. Rather than press for direct elections immediately, he preferred to wait for the new constitution, which would set a presidential term; at the end of this, in due course, there would be a direct election to pick a successor to Mr Sarney.

The key issue is how long due course is. Both Mr Guimaraes and the outgoing governor of Sao Paulo, Mr Franco Montoro, the kingpins of the PMDB, are in their 70s, and are thought to favour an early election. If a four-year term is chosen, a presidential election would take place as early as next year. If six years, as Mr Sarney wants, he will be something less of a lame-duck president—but Brazil will continue to be run by a man who was not popularly elected. Mr Brizola, the outgoing governor of Rio and the government's most dangerous critic, is scathing on this point:

> This is a transitory presidency. Sarney had an important historic mission to lead us to the promised land, out of captivity in Egypt. Instead he has stopped to worship the Golden Calf. His only legitimacy was in being transitional.

Mr Brizola believes that Mr Sarney should have presided over a constituent assembly over the past couple of years, then held direct elections this year. Instead Mr Sarney has been trying to sort out Brazil's problems, to disastrous effect—"controlling inflation by decree, by signing a paper. Bang, inflation ends. It couldn't work, because he lacked the authority."

Mr Brizola and others fear that, losing support, Mr Sarney may have to depend upon repression to impose austerity—which could lead him to depend on the army. This is a touchy subject in Brazilian politics. The soldiers' peaceful withdrawal from power and their comparatively humane human-rights record during their last years in power (under the repressive General Medici in the late 1960s, the army was a lively innovator in torture) have left a less sour aftertaste than in, say, Argentina. There have been no calls for those who committed human-rights violations to go on trial.

But the vigour with which the army suppressed criticism and strikes is well remembered by the left. Few Brazilians doubt that the soldiers would step back in, given the opportunity. "We'll wait for the politicians to make a mess of things; then we'll come back", said a young Brazilian army major. The army's continued interest in politics finds expression in its elite think-tank, the Escola Superior da Guerra. So sophisticated is the political debate within the army that in 1974 a kind of general election among several hundred senior officers was held, which put the (relatively) liberal candidate, General Geisel, into office.

Yet the economic collapse of the 1980s badly dented public respect for the armed forces. Among senior officers there seems no desire to step back into the political spotlight. Rather, the soldiers want to act as the bottom-line defenders of Brazil's institutions. This at least is the wish of the constitutionalist army chief, General Leonidas Pires. Brazil's other top soldier, General Goes Monteiro, who heads the Supreme National Council of Security, the main intelligence service, is said to be tougher.

The government's left-wing critics view with suspicion the decision in January by President Sarney to revive the Council of Economic Development, set up by a previous military government, which will include not just the economics ministers but two top generals. Mr Sarney's purpose seems to be twofold: to get the backing of the top brass if tough action has to be taken—thus, while ostentatiously consulting them, making it difficult for them to criticise him.

The army's role in suppressing last December's general strike has also been observed with raised eyebrows. In Sao Paulo, the state police, under the order of the central government, stood aside while the soldiers pushed past the picket lines at a steel mill. In Rio, the army was out on the streets in tanks, supposedly to thumb its nose at the man the generals most dislike, Governor Brizola.

A Brizola presidency is considered the event likeliest to provoke a military coup in Brazil. Mr Brizola, questioned on the subject, is teasing. He claims that he has a "love-hate relationship" with the army (most people consider the love to be missing), which he claims, is "the backbone of the nation". He suggests that Mr Sarney's disastrous economic policies are leading Brazil towards a military coup—a suggestion that brought an instant rebuff from the army chief, General Pires. Mr

Always present, always watchful

Brizola seems almost to be flirting with the nationalism of his old martial adversary. The low salaries of senior officers—a colonel with 35 years service earns around $22,000 a year—may be radicalising officers, and certainly makes them no lovers of the well-heeled private sector.

The role of the armed forces is one of the principal points being debated in the constituent assembly which first met on February 1st. A large section of the ruling party, the PMDB, is pushing for a constitutional change which will limit the army's role to that of defending the nation from external, rather than internal, threats. Under military pressure, this proposal is not expected to pass.

There is a range of other thorny issues to be debated in the assembly:

- A commission set up under an eminent jurist, Mr Afonso Arinos, to produce a constitutional blueprint has reported back to the president that it favours writing a 40-hour working week, "just" pay rates and the right to strike into the constitution. The first two proposals could be wildly expensive for industry.
- Many congressmen want Brazil to set aside sectors of the Brazilian economy as "market reserves", from which foreign competition would be banned. This would probably draw retaliation from abroad.
- More sensibly, the commission has proposed that the tussles between president and congress be resolved by setting up a mixed European-style political system. Specifically, a directly elected president would share power with a prime minister responsible to parliament, as in France. A German-style electoral system would be introduced, under which half of congress would be chosen through party-list proportional representation and half through single-member constituencies.

If the Brazilians opt for such a system, they will be heavily diluting Latin America's tradition of a strong presidency—which is tempting to putschist generals and demagogues alike—and maybe making a leap towards democratic maturity. Brazil's previous attempts at democracy have foundered on the clashes between a powerful executive and a free-spending congress; a system of closer co-operation could prove more manageable.

Many people believe that Brazil may soon evolve away from its American-style personality-and-patronage politics (a kingpin president and powerful governors who more or less run the state congressmen), towards more ideological parties. The left of that great umbrella party, the PMDB, may join up one day with Lula's Workers' Party and Mr Brizola's Labour Party; already Mr Brizola is wooing Lula for his support in the presidential election. On the right, a former conservative president, Mr Janio Quadros, now seems to be pushing the untried governor of Sao Paulo, Mr Orestes Quercia, as a presidential hopeful with the backing of the PMDB's conservative wing.

The hardening of Brazil's democracy in the mould should be interesting to watch. Some fear, however, that it could be knocked over first. In early December, following the second Cruzado plan, a mob materialised from nowhere in Brasilia, that most sterilised of capitals, and set off down the ministerial avenue, demonstrating in front of the finance ministry, then setting fire to several cars and looting shops farther down, while the president attended Mass across the road.

Official Brazil, which had never seen anything like that before, was shocked. The capital, with its wide avenues, is easily policed; it seemed astonishing that a riot of the kind that might happen in Sao Paulo could happen there. The Workers' Party was thought by its opponents to be behind the trouble, although others suggested that far-right *agents provocateurs* had a hand in it.

There are those who fear that, as the economy deterioriates and tough measures have to be taken, the constituent assembly could find itself deliberating with angry demonstrations taking place outside, and be pushed into adopting a more radical constitution than it would prefer. Almost certainly the army would then step in, spelling a premature end to Brazil's hopeful democratic experiment. The next year will be crucial to the establishment of Brazil's democracy and its claim to be mature enough to take its place among the world's politically developed nations.

Revolution in the fields

Taking from the idle rich and giving to the poor

Agriculture, or rather land reform, has long been a political cauldron in Brazil. The Sarney government came into office pledged to an ambitious programme of redistribution of land from those unworthy wealthy farmers who leave their acres lying fallow to the landless poor. The reform ran into tough opposition from the landlords, which has slowed it down to walking pace.

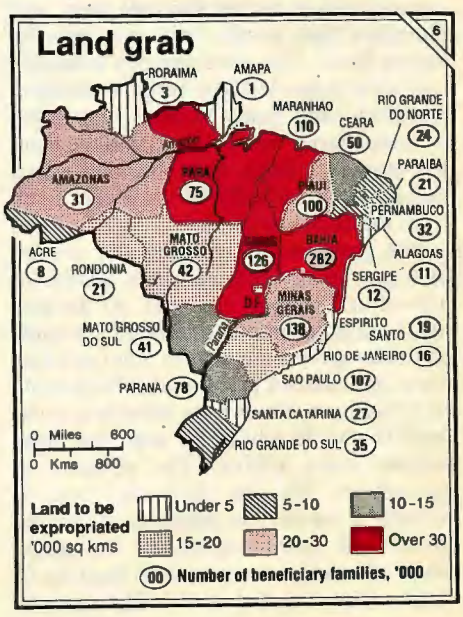
Now it seems to be speeding up again. Clashes between the landless, moving onto farms and then being pushed off them by gangs hired by the landowners, have been widespread, with many lives lost. The minister for agrarian reform, Mr Dante de Oliveira, claims that such clashes had been frequent, but unreported, before the reform was introduced and are now in any case beginning to taper off.

In Brazil, everything is big, and the scale of the reform is ambitious by any standard. The plan is to expropriate around 107m acres, an area the size of Spain, and to settle around 1.4m families (7m people) there. The idea is to boost the small proportion—currently 3.2m people of the 12.6m who work on the land—who own economic farms. At the moment, Brazil has around 300,000 big landowners, 3m agricultural workers, 2m smallholders who are pressed to make ends meet, 3m people with slightly larger, more viable farms, 2m seasonal workers and around 2m who appear to derive no living at all.

A timetable was drawn up under which 150,000 families would receive their properties last year, 300,000 more this year, 450,000 in 1988, and 500,000 in 1989. The operation is well behind schedule, as landowners fight the expropriations through the courts and resort to strong-arm methods; but it is speeding up.

The government has set up a points system to determine the value and size of a property. Any property worth under 600 "points" is exempt from the reform. Compensation is paid on property values that are based upon (usually understated) tax returns made by landowners. If a farm of over 600 points is being fully utilised, it is reckoned to be a "rural enterprise", not a "latifundia" and therefore exempt from land reform. If land is lying idle, it is up for grabs.

The landlords complain that Brazil, with its enormous tracts of empty land, is hardly a suitable case for what Mr Oli-



veira calls "the most revolutionary land reform programme ever undertaken in peaceful, democratic conditions". The minister replies that where there is land, there are no people, and where there are people, there is little land. Some 45% of the land being expropriated is in the north-east, where some 600,000 families are to benefit, although as many as 107,000 families should benefit from the redistribution of 17,000 square kilometres in Sao Paulo state. The best new empty part of Brazil now being opened up is in the south-west, relieving the pressure on land in the south, but too far away to affect the north-east.

Mr Oliveira's other priority is to try to reduce the number of uneconomic smallholdings of 25-30 hectares or below by making credits available for farmers to buy each other out, and by encouraging the pooling of resources—such as tractors and fertilisers—between them. Adding a touch of revolutionary zeal, the bushy-bearded Mr Oliveira claims he is trying to increase the "collectivist spirit" in farming—which makes him even less palatable to the landowners.

Unlike many agricultural reforms in other countries, this one does not seem to have damaged production. This year the country is set for a record harvest: the crop of corn, rice and soya is expected to top 62m tonnes, compared with an annual average of 50m tonnes over the past decade, with corn rising by 21% since 1986, to 28m tonnes, beans by 21% to 2.7m tonnes, soya by 19% to 16m tonnes, sugar by 5% to 272m tonnes, rice by 4% to 11m tonnes. Only manioc, up 1% to 27m tonnes, and cotton, down 13% to 2m tonnes, are expected to lag.

Apart from good weather, one explanation for this success is the way that well-off farmers have stopped playing the money market during the past year, and ploughed their profits back into improving the land. Also, more money in Brazilian pockets has led to a surge in demand for food—and many farmers responded by temporarily withholding produce from the market, adding to a shortage which caused meat virtually to disappear even from the tables of the rich.

The government is on sounder ground in trying to get the country's system of agricultural support changed. At the moment, huge quantities of money are wasted as the government buys from producers at guaranteed prices and sells cheaply to consumers. The wheat subsidy is reckoned to cost $1.4 billion a year, the sugar subsidy some $500m. The minister of agriculture, Mr Iris Rezende, who is himself a farmer, is thinking of issuing bread and milk coupons to the poor, while allowing other prices to float up to their proper market value. The government last year bought some 2m tonnes of cut-price wheat from Argentina, at a cost of $110m, in an attempt to force Brazilian producers to be a little more competitive.

Brazil's other perennial headache has been its policy of promoting export crops at the expense of crops for the domestic market. Between 1967 and 1977, there was a 13% rise in the production of export crops, compared to a 1.7% increase in food for the domestic market. Mr Rezende is seeking to put this right by pushing for self-sufficiency in rice, wheat, beans and milk. He has plans to increase grain production over the next three years to around 72m tonnes. An ambitious system of rural credits, costing some $2.7 billion, will be used to encourage farmers to produce for the home market.

Soil-improvement programmes are designed to bring the barren Mato Grosso plateau into production. In the north-east, ambitious irrigation schemes are under way. Finally, a south-north "grain railway" is being built, running all the way from Goias to Brasilia to the port of Sao Luis, linking the country's grain-producing areas with the export markets of Europe and North America—if these are not entirely closed by trade wars.

The good, the bad and the expensive

In industry, the Brazilians think big and sometimes fail spectacularly

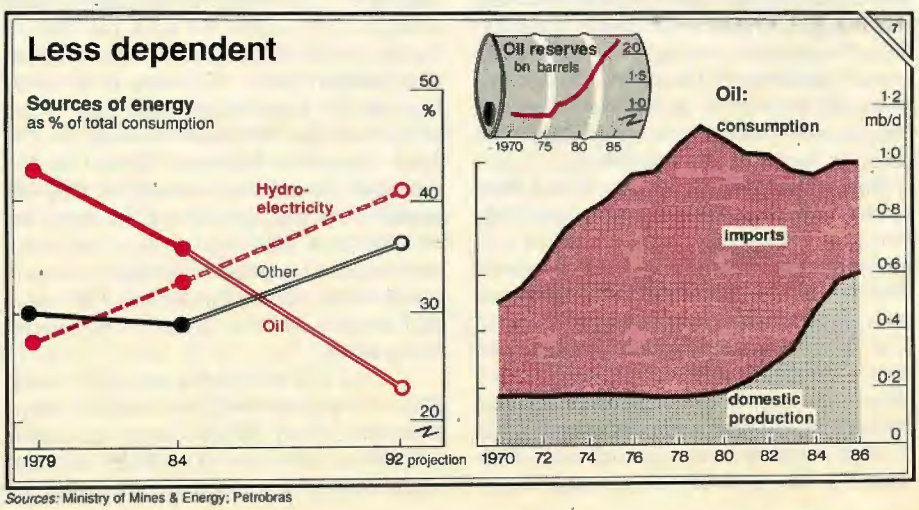
The biggest myth about Brazil's industrial "miracle" is that it is an example of free-market economic development. In fact, the country's economy is one of the most state-dominated outside the Soviet block. The military men or politicians who run the government and the men who direct the bureaucracy and major state enterprises are extremely powerful. Some 60% of Brazilian industry is in the hands of the state, while the multinationals and the local private sector divide up the rest.

Both grumble bitterly about the way the state creams off 70% of the country's savings; yet domestic savings form only a part of the capital used for the country's growth. Much of the rest comes from borrowing abroad, a debt which, the planners believe, will one day be redeemed when productive investment comes on line.

That is fine, when the investments indeed turn out to be productive. Many have been. But the trouble with a centralised economy, as Soviet planners have found, is that appalling mistakes can be made. A glance over the recent big investments shows the duds and the jewels:

- The biggest mistake of recent times was certainly the failure of Petrobras, Brazil's giant state oil company, to embark on a big programme of oil exploration during the 1970s, to reduce the country's mushrooming import bill. Brazil being the size it is, it was only a matter of time before oil would be found; and now, belatedly, it has been.

Instead the country embarked on a ruinously expensive programme to substitute alcohol for oil. The best things that can be said about this programme are that it created a lot of jobs and that this source of renewable energy can be set against a day when oil prices hit the stars again (gasohol costs the equivalent of an oil price of $40 a barrel). Worse still, Petrobras, which produces oil at around $18-20 a barrel, has to raise its prices artificially high to make the gasohol competitive, and—adding insult to injury—pay the



Sources: Ministry of Mines & Energy; Petrobras

difference into a fund to offset the government's losses in the gasohol programme.

Ordinary Brazilians grumble that the fuel (which comes in two forms, hydrated alcohol, which is pure, and anhydrous, which is four-fifths oil, one-fifth alcohol) is bad for their car engines. Yet around nine-tenths of cars now use the stuff.

Petrobras's misjudgment of those days is set out in a book by one of Brazil's best journalists, Mr Alberto Tamer:

> The production of oil was neither increased, nor the growth of consumption reduced. On the contrary, this continued to grow every year . . . while other major industrial nations revised their energy programmes . . . Brazil expanded as if there was no threat at all.

He points out that while domestic production stagnated at around 170,000 barrels a day during the 1970s, consumption increased from 500,000 barrels a day in 1970 to 1m in 1980. As a result of the OPEC price hikes, Brazil's oil bill went up from $280m in 1970 to $10 billion in 1979. Petrobras's response was to increase its refining capacity and reduce its spending on offshore exploration, while the government's answer was to go all out for gasohol.

Now that Petrobras has been looking for oil, it has found it. Production is running at around 600,000 barrels a day, 60% of it coming from the Campos field off Rio de Janeiro. The country's reserves are estimated at 2.3 billion barrels. A major field, Albacora, just beyond Campos in the deepest water ever to have been explored (1,165 metres), is reckoned to have over 3 billion barrels and will allow Brazil's production to be doubled, making it self-sufficient in oil.

In the Amazon basin, after 30 years' rather desultory searching, Petrobras is "very optimistic" about a big find at Uracon. A glance at Brazil's sedimentary basins suggests there are plenty of other places to look. Petrobras, which is housed inside the biggest office block in Rio de Janeiro, a monolith shaped like a Rubik cube, has been taken in hand by its new president, Mr Ozires Silva, the founder of the startlingly successful Brazilian aircraft manufacturer, Embraer.

● The Itaipu hydro-electric project was equally criticised in its time, although most people now reckon that the $15 billion which will be spent on it altogether will be justified. It is, quite simply, the biggest hydro-electric plant in the world. Its dam, at 600 feet the world's highest big dam and at 5m cubic metres the world's largest, spews out a thunderous overflow from the 170 kilometres of dammed-up lake behind it. (Even this, however, pales by comparison with the natural wonder down the river, the spectacular Iguazu Falls.) The real work is done by the water flowing down huge pipes into six concrete turbines below the dam. Each turbine generates 700MW. Three more are to come on stream every year, up to a total of 18, with a peak capacity of 12,600MW. The volume of concrete that was being poured into the dam each month while it was under construction was the equivalent of three times the concrete in Rio de Janeiro's Maracaibo football stadium, itself the largest in the world.

Four-fifths of the money for the project was put up by Brazil and one-fifth borrowed abroad. Itaipu is supposedly a joint project with Paraguay (around $3 billion of the construction costs have gone into the Paraguayan economy); yet that country will use up less than half the output of one turbine at Itaipu. The rest will go to meeting Brazil's soaring energy demand: it already supplies a tenth of the total and by 1990 is expected to supply around a third of the surrounding area's needs. Hydro-electricity supplies around 30% of Brazilian energy.

Mr Mario Bhering, president of Eletrobras, Itaipu's parent company, points out that with the demand for electricity rising by 10% a year, Itaipu was less a farsighted investment than a dire necessity. The Tucurui power project, around a third of the size of Itaipu, is also expected to help; another dam is being looked at on the River Uruguay, between Brazil and Argentina.

● One obvious white elephant in the energy sector has been the country's nuclear programme, which cost $2.5 billion and ended in only two of eight power stations being started, contributing an expensive fraction to Brazil's production of electricity. West German technology is being used for the reactors.

● Another state colossus long accused of wasting money, in consort with Brazil's huge construction lobby and the senior generals linked to it, was the National Roads Department. During 1972-82 there was a huge expansion in Brazil's road network to around 1.6m kilometres, of which 45,000 are paved highways. The programme ran out of money between 1982 and 1985, but that year received an injection of $1 billion in new money to maintain the roads.

The purpose of the programme, which is mapped on the next page, was less to bring roads to where the traffic was (Rio and Sao Paulo, to this day, remain a motorist's purgatory) but, as part of the army's dream, to open up the Brazilian interior. All Brazilian state capitals are now linked with paved roads—with the exception of Rio Branco, which is shortly to be connected to Porto Velho. The Amazon roads are very poor in patches, particularly the jungle stretch between Manaus and Porto Velho, and cost a lot to maintain.

Mr Italo Mazzoni da Silva, planning director of the National Roads Department, admits frankly that the Trans-Amazon Highway is "not justified by the traffic, but by the decision to link the region with the rest of the country. There is still very little traffic on it." He also says that the Amazon river is good for cargo traffic, but argues that the road is much quicker.

The road system was meant to attract migrants from the impoverished north-east in the Amazon to the south. "The trouble is that it didn't happen. Instead, 200,000 southerners a year have been trekking up from the states of Rondonia and Rio Branco to settle in the western state of Acre."

Mr Mazzoni da Silva is dismissive of the environmental objections to roads being constructed in the Amazon: "Anyone who knows the size of the Amazon will know that one road isn't going to hurt it." The road agency's main priority for the future is a paved road running up from Manaus to join the pan-American highway coming down from the north, which to the chagrin of the Brazilians, is already paved on the Venezuelan side. Overall, the road network represents a massive Brazilian investment with extremely slow returns.

● A successful project has been the iron ore mine, railway and port of Carajas in the Amazon. This year the complex is expected to produce 35,000 tonnes a year from reserves of 18 billion tonnes (enough, it is said, to last to the year 2500). Nearly $6 billion has been spent on developing Carajas, the largest iron-ore project in the world. This treasure mountain also contains around 1.2 billion tonnes of copper, 75m tonnes of manganese and 48m tonnes of bauxite.

● A smaller, private enterprise project in the Amazon has been the gold rush to Sierra Pelada, which attracted around

10,000 prospectors to mine around $1 billion-worth of gold in four years.

● A second big railway to take iron ore from Minais Gerais to the steel mills of Sao Paulo had to be abandoned after $2 billion had been wasted.

Thinking as before

Future big projects, on the scale of Itaipu, the road programme or the gasohol disaster, seem to be out for the time being. But that does not mean that Brazil's state industries have any intention of slowing down. Last year the government launched a "compulsory savings" programme of $8 billion for development—which is one and a half times the existing assets of the National Development Bank, the responsible agency. "We are a country that has developed enormously but still has huge potential for development," says the industry minister, Mr José Hugo Castelo Branco. "We need an industrial base for our large internal market of 135m people . . . Our internal consumption is still very small."

Mr Castelo Branco's priorities are to develop steel and aluminium production; to expand petrochemicals, paper, cellulose and fertilisers; and to increase car production from 1.6m units annually to 2.3m by 1995. He sweeps away doubts that this can be achieved. "In 1955 President Kubitshchek set a target to increase steel production from 1m to 2m tonnes within five years. They said he couldn't do it. He did, and today steel production is 23m tonnes."

One problem now being tackled is that of lifting the massive foreign debts incurred by state companies like Eletrobras and Sidebras (the steel monolith) so as to get them on a firm financial footing. The government is taking over the debt, which seems reasonable, as these companies were used as convenient vehicles to capture foreign loans. Eletrobras, for example, owes around 10% of Brazil's external debt; the money was used, says its boss, Mr Bhering:

> To form the Figueiredo government's famous financial packages . . . to capture money in Europe, mainly, and Japan, buying a certain amount of equipment and borrowing a parallel amount. The result was that the sector accumulated a debt bigger than was required and bought equipment at the wrong time.

The turbines at Xingo for the Sao Francisco hydro-electric project have not been used to this day.

One of Brazil's most booming state enterprises today is arms production, a $3 billion export industry. The Urruta and Cascavel armoured cars are now being exported to the Middle East; Iraq has bought Astro rocket launchers. Other products include M-113 armoured personnel carriers, Dodge VTE-M37 tanks, and Charruas (a kind of giant tank equipped with anti-aircraft guns, missile launchers and 155mm guns). A new type of vehicle for rough terrain, a spindly cross between an armoured car and a moon buggy, is now winning advance orders.

Mr Castelo Branco argues that the private sector "must be the locomotive of Brazil's development". Mr Sarney is apparently committed to "privatisation". This is happening to the marketing of coffee and to some shares in blue-chip companies like the steel producer, Vale do Rio Doce. A new road in Rio is also to be put out to tender to private companies. But any real shift to the private sector is likely to be slow in coming.

Brazil's private companies, dependent on state patronage and unable to grow at the same rate as the money-printing public sector, nevertheless have been surprisingly resilient. An aircraft manufacturer, Embraer, which started in 1971 with the small Bandeirante passenger plane (400 have been sold to date) and which recently sold 120 Tucano trainers to the Royal Air Force, is now the sixth biggest aircraft manufacturer in the world.

Embraco, a Brazilian compressor manufacturer, has gobbled up about 10% of the world market. Mr Roberto Marinho, a kind of Brazilian Rupert Murdoch, has created a newspaper and television chain that stretches to Europe. The more traditional Mesquita family has built up a newspaper empire that includes the *Estado do Sao Paulo*.

Car manufacture is the province of the multinationals, which have sunk around $500m in investment into the country. The main companies are Ford, Fiat, Volkswagen and General Motors. Faced with rising labour costs and increasing competition, Volkswagen and Ford have decided to merge their operations in Brazil and Argentina. Ford's managing director in Brazil, Mr Wayne Booker, says that the two have "complementary" assembly lines; the hope is to set up a more automated production line. The joint company, Autolatina, will, it is hoped, produce goods worth $4 billion a year and will employ 77,000 workers; as the world's eleventh biggest car producer, it will have around two-thirds of the Brazilian market and a third of the Argentine market.

Sales of Fords in Brazil were up last year by 30-40%, and the increase might have been much greater but for a shortage of capacity, raw materials and a series

Sao Paulo, Sao Paulo . . .

Even a continental country like Brazil has its key city, by which foreigners judge it. New York (not Washington) is the United States; London is Britain; Paris is France. Most people know Brazil by Rio de Janeiro, its one-time capital and now a pleasure city. They should turn their eyes towards Sao Paulo.

To those accustomed to the capitals of developing countries, with their small skyscraper centres necklaced by slums and even to those used to the higher and wider skyline of Manhattan, the sheer scale of Sao Paulo is a surprise. The incoming aircraft takes the visitor over a massive sprawl of wood-and-tin slums, that dwarfs most others he is likely to have seen; then over industrial complexes that stretch for several miles; then over dreary high-rise tenements like those of New York, only shabbier and more uniform; and then over hundreds of skyscrapers, built in separate clusters, each a mini-metropolis in itself, connected by crammed, space-age highways and underpasses. The Sao Paulo city-centre office blocks are by now tatty and grey compared with the glittering black glass and mirror exteriors of the soaring spheres and pyramids of the newer suburbs.

It is, in many respects, a ghastly city, a nightmare of unplanned growth. Through Brazil's two economic booms, hundreds of thousands of impoverished Brazilians poured into Sao Paulo, founded initially on coffee wealth, and created its huge industrial base. Inadequately funded urban planners struggled in the rear to make the city tolerable. The Paulista middle class was swollen by Italian, Japanese and Arab immigrants, who came to make their fortunes.

Sao Paulo today has a population of 10m, while Greater Sao Paulo, which is the biggest urban sprawl in the southern hemisphere, has a population of 14m; this area of 30,000 square kilometres includes the industrial cities of Santo Andre, Sao Bernardo do Campos, Sao Caetano and Diadema (known as the ABCD towns). In the 1970s the city was growing by 500,000 a year and seemed set to reach 26m by the end of the century, a figure which has now been shaved to 22m.

Name a problem, and Sao Paulo has it. There is the problem of transporting people to and from work, which adds up to about 15m journeys a day. Around 9,000 buses carry 7m people: rush-hour buses carry double their capacity, leaving many passengers hanging on the outsides from the windows. The long-overdue subway and suburban railways carry around 1½m people a day—again, at double their capacity. Many people spend three or four hours a day travelling to and from work.

Then there is the problem of housing. Nearly 2m people live in *favelas* (shanties) on the *peripheria* (outskirts). Around 130,000 live in shanties farther in. Around 600,000 live in *corticos* (slums). Only about a third of Sao Paulo's houses have drains and only just over half have piped water; around a tenth of the houses lack electricity; and more than half are unconnected to a paved road. An urban health report pointed out that "in general people make use of open holes, dry lavatories and septic tanks . . . and drink water from shallow wells, which are usually contaminated by the proximity of the open holes".

Sao Paulo has an average of 4.5 square metres of green space for each inhabitant, compared to an international, recommended minimum of eight. The infant mortality rate, which had been declining slowly until 1960, rose by nearly half over the next 15 years. Sao Paulo has one of the highest murder rates of any city in the world and, always up to date with its ailments, has one of the highest incidences of AIDS. The city has a truly appalling rate of industrial accidents: around 700,000 a year, affecting a quarter of all workers, three times the equivalent in the developed world.

The price of an industrial revolution comparable to that of early Victorian Britain has been high. But Sao Paulo has become a powerhouse: it produces two-fifths of Brazil's industrial output, and Sao Paulo State produces more than half. Its GDP of $75 billion is second only to Mexico's in Latin America and ranks it among the 20 strongest economies in the West.

The city has more than 290,000 businesses; it also has one of the highest levels of German investment in any one city, including West Germany, in the world; and it is the home of Brazil's 34 private banks as well as 17 foreign banks. The city has three of Brazil's best newspapers, the *Estado de Sao Paulo* and the slightly racier *Folha de Sao Paulo*, along with a local *Wall Street Journal*, the *Gazeta Mercantil*. (Brazil's fourth broadsheet is the Rio-based *Jornal do Brasil*.) There are three main weeklies, *Veja*, *Visao* and *Senhor*, and no fewer than 337 radio stations and seven television stations.

Sao Paulo, like New York, is divided into ethnic neighbourhoods—Japanese, Italian, Jewish, Korean and Syrian-Lebanese. Like New York, though at a lower level, it has a thriving cultural life: there are 48 museums and 34 theatres. Music and plays thrive, while cafés and restaurants buzz with discussions about women's rights and herbal medicines. Sacred to the city, however, is the work ethic: office workers think nothing of leaving for work at 6am and staying on to 9 or 10pm at night. That, rather than economic management, is the explanation for the Brazilian miracle of the past 40 years.

Fun-loving

By contrast, Brazil's second city, Rio de Janeiro, is an idler, its tenth of Brazil's population producing 16% of the country's income. The city is not as badly planned as Sao Paulo: high-rises are crammed between mountain fingers stretching out to the sea. A new motorway links these by tunnel where, until recently, only a paralysed, waterfront two-lane highway used to carry around 240,000 cars a day.

To the north lies the industrial heartland, the home of samba schools and the world's biggest football stadium, the Maracaibo, leading down to the city's dockland. In the middle lies the city centre, where ambitious skyscrapers mingle with what remains of the city's

colonial past, buildings such as its lovely, French-style *laranjeiras* (orange grove) governor's palace.

Farther south lie the fleshpots, the beach of Copacabana and the more exclusive beaches of Ipanema and Leblon, with their wall-to-wall carpeting of some of the best-endowed bodies in the world patched over with some of the smallest bikinis. It is easy to sneer at the skin-deep values of hedonistic Rio, the plastic surgery capital of the world; yet so many people, relishing outdoor, sun-loving, finger-tapping, samba-bopping life-styles, seem to be enjoying themselves.

The dark side of Rio is its grimy north side and the shanties that cling like a weedy growth to the hillsides. Its crime rate, with around 3,500 murders last year, is nearly double that of New York. But where else in the world would the then state governor—the nearest thing Brazil has to a committed socialist—admit that, to have a good time, he picks up a helicopter for a ride to a deserted beach?

The great mistake

Sao Paulo is Brazil's centre of private capital while Rio acts as headquarters to many public enterprises, such as Petrobras, the state oil company. Government employees and foreign embassies had to have their arms twisted to relocate to Brasilia, the capital set up in the outback 1,000 kilometres from Rio. Its builder, in the late 1950s, was President Juscelino Kubitschek. Its initial cost was some $12 billion—more than the entire stock of domestic and foreign currency in the country when building began. The creation of Brasilia was criticised then as the greatest mistake in the country's history; there is no reason to revise that opinion.

Brasilia is an example of overplanning that makes the visitor yearn for the chaos of Sao Paulo. The city has some of the worst examples of late 1950s modernism. A gauntlet of identical concrete blocks—Brazil's ministerial Whitehall—runs down to the Congress building, a flat slab surmounted by two vertical slabs, with a giant saucer perched on one side of the roof and an upturned saucer on the other. This correspondent has long been curious about what happened to the rainwater in the saucer: did they let it out of a plughole at the bottom? The answer became clear from the window of a ministry that overlooks Congress: the saucer has a cover. Inside, the legislature looks worse than outside: its purple carpets, giant mirrors and loudspeakers, which broadcast the proceedings of the chambers to every corner of the building, are like a German expressionist nightmare.

Brasilia's cathedral, guarded by four gloomy Giacometti-style giants (the four evangelists) is a kind of glass wigwam. The city's newest adornment is a tomb for the great moneywaster, Juscelino, which looks like the Lenin mausoleum laid out by the set designer of the film "2001". A statue of the unhappy Juscelino is stranded at least a hundred feet high in a stone crows' nest, with no way down, waving for help.

Yet Brasilia is not entirely devoid of architectural merit: the low-key, two-storey presidential palace, the Planalto, is pleasant and effective, although spoiled somewhat by the Flash Gordon-style plumed lancers that guard the place. And the foreign ministry, the Itamaraty, is a magnificent laid-back building, surrounded by moats and Henry Moore statues, with a stylish empty interior.

In the middle of this hangs a curved,

Carnival in Rio

circular staircase, with the effect of a ribbon in the wind. The building has its dangers for the tipsy politician or diplomat, however: the staircase has no rail, presumably for greater elegance, and there is a road through the interior of the building up to the first floor and down again, so one can be run down by a fast car in the corridor outside the permanent secretary's office.

The rest of the city is awful. The pedestrian has no place in the giant up-and-under freeways. Brasilia is divided into sectors—a shopping sector, a hotel sector, a banking sector and so on—that make Britain's new towns look friendly. In the embassy sector countries vied with one another to build the most futuristic embassy, the British for once placing one of their modern architectural marvels in an appropriate place (unlike, say, Rome).

The Brazilians mischievously put the American and Russian embassies next to one another, so the Americans put their entrance round the back, to stop the Russians peeping at their visitors. Brazilians who have to live in the city insist that its relaxed, sterile life-style is preferable to the traffic jams of Rio and Sao Paulo; they say they enjoy the pleasant houses and country clubs around the city's polluted artificial lake.

Maybe. But Brasilia has failed in its aim of attracting Brazilians into the interior: no industries to speak of have come, except those that must. There is no reason why any business should want to set up 1,000 kilometres from the big markets, on a barren Mato Grosso plateau good only for cattle. Less money could have been spent building a city nearer to the coast, to ease some of the unemployment and underdevelopment of the country's poor north-east and the overcrowding of the rich south.

Elsewhere

Both these areas have their own great cities. The southern agricultural and mining heartland has Belo Horizonte, capital of the state of Minas Gerais, home to a succession of Brazilian presidents and to German settlers, and now one of the fastest developing industrial regions of the country. The north-east has the tragic land of the sugar plantation workers, whose descendants cultivated the desolate sand-and-stone outback of the *sertao* beyond the coast. It is the poorest part of Brazil and the main supplier of migrants to the south and south-east. There some 30m live in subsistence conditions on the land.

Recently the government has poured resources into the main cities nearby—Belem, at the mouth of the Amazon, Salvador, Bahia, Brazil's masterpiece of Portuguese colonial architecture, and ultra-modern Recife. The results are still mixed, but it does seem to make sense to try to bring industry and jobs to the area where Brazil's poor are largely concentrated. For all its overpowering heat and humidity, the north-east is also closest to world markets.

The alternative approach, and one favoured by successive governments, was to try to move the north-easterners into the underdeveloped interior, thus resolving both problems at once. It hasn't worked: the threadbare soils of the Amazon hothouse did not ease the plight of the 1½m who made the journey there. The few hundred thousand who made the journey to Brasilia have found few permanent jobs, either, and idle in the shantytown that is just beyond the city's gaze.

One successful move into the interior has been to the fertile lands of the centre west: it has attracted settlers from the already prosperous south, rather than the north-east. Brazilian governments may have to resign themselves to the way that people seem to prefer the overcrowded coastal corridor to the inhospitable Amazon jungle or the drear Mato Grosso plateau which, between them, cover three-fifths of the country's land area.

MANAGEMENT CONFERENCES

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of industrial disputes. Mr Booker thinks that Brazil's advantages as a source of raw materials and a relatively developed economy are greater than its advantages as a supplier of cheap labour (Ford pays around $5 an hour, much more than in most developing countries, but much lower than in the United States and Japan). Labour costs are only around a fifth of total costs.

One head of a local branch of a multinational believes that the opportunities in Brazil are staggering. He could triple investment, he claims, with no trouble at all. In some developed countries, however, including the one where his parent company is located, there remains a suspicion of Brazil's seat-of-the-pants economics and its growing nationalism. The debt problem does not help either. This correspondent, for what it is worth, believes that the manager is right: that industries which fail to get into the Brazilian market will be missing opportunities as much as those companies that failed to go into the United States during its race to development. Certainly the British offshore oil companies (Britain has the best offshore technology in the world, developed for the diminishing North Sea fields) which failed to show up at a recent trade fair to compete for Brazil's huge opportunities in offshore oil production deserve a kick in the pants. Their behaviour is all too typical of those who have not yet realised what Brazil has become.

Low down the list

The Cinderella of Brazilian priorities, trailing a long way behind its industrial development and agriculture, is social spending. Spending on the social services stands at around 6% of GDP today, compared with around 4% in 1970. The National Social Welfare Institute, which provides barely adequate old age and disability pensions and sickness benefit, dishes out around $3.4 billion in benefits to around 10m people. The public health service has grown from a low base of 584 hospitals in all Brazil in 1970 to 16,749 in 1983; but the increase in the number of beds available is less impressive, from 354,000 to 534,000, or around four per thousand people.

Around half of Brazilians are aged under 20. Fewer than half of these, 31.5m, receive any form of schooling, and only around 3m go to secondary school while 1.3m go on to university. The number has more or less doubled since 1970. One of the most imaginative school schemes is that set up in Rio de Janeiro by the outgoing governor, Mr Brizola, for an Integrated Centre for Public Education, a kind of pre-fab school, produced in a single day by a factory, which caters to a variety of needs—school meals, health care and sports as well as education—for the children from the overcrowded *favelas*. By March 1986 some 500 such schools had been set up, for a projected school population of 650,000. The aim was to get Rio's army of truant players—1m of the 2.3m children between seven and 14 who are obliged by law to go to school—off the streets, where they do anything from bootblacking to mugging. The federal government has shown less interest in education and social spending. In housing there has been a big reduction in the money available for lower category housing construction.

Roads and dams, it seems, come before roofs and the alphabet. Mr Sarney has set up a commission to examine Brazil's huge social problems. But this year, at least, little more money is likely to be available. Will it ever be? ask the critics of the Brazilian model. The more money that is spent on development, they say, the further those at the back have to catch up.

Speaking softly . . .

. . . and staying inside a turtleshell

Outsiders think that Brazil is not nationally assertive because it keeps such a low international profile. That is not the case. Brazil is a quiet giant partly because it believes that its interests are better served thereby; partly because it is hugely self-confident; and largely because it depends so little on the outside world that it has become inward-looking, as the United States was in the 1930s. The country is, in fact, isolationist, using foreign policy as a tool of its economic interests and hardly ever addressing its regional political responsibilities. One prominent Brazilian remarked that Brazilians "pity" foreigners: "They come from outside; they must be unhappy." He was only half joking.

Brazil is so strong that it does not worry about its immediate neighbours. "Brazil does not indulge in infantile rhetoric", said one senior diplomat haughtily. It spends just 1.5% of its GDP on defence, about half the average of its Spanish-speaking neighbours. In the nineteenth-century, it fought no fewer than seven wars—in 1811, 1816-20, 1825-28, 1851, 1852, 1864 and 1865-70. Since then, apart from a token presence in the two world wars, Brazil has been at peace.

The country's 17,000 miles of border were settled in a period of intense negotiation between 1902 and 1912. After that, Brazil pursued a policy of non-interference in the internal affairs of its neighbours, of quietly pushing the western limits of its undefined Amazon borders and of non-involvement in regional disputes. During the Falklands war, for example, Brazil pursued a policy of passive support for Argentina, while continuing to enjoy good relations with Britain. In Central America, it has joined the "support group" behind the Contadora countries, but has been reluctant to get more deeply involved, although a section of domestic left-wing opinion has been pressing for this.

Brazil has played up its African roots to get on well with, for example, the Marxist government in Angola, while refraining from joining in sanctions against South Africa (De Beers and Anglo-American have big mining interests in Brazil). Brazil has cultivated close relations with the Arab countries, born of the days when it bartered goods for oil in "oil swaps", and has supplied arms to both sides in the Iran-Iraq war. Brazil's biggest recent push has been to get on with China: in 1985, during a visit by the Chinese prime minister, Mr Zhao Ziyang, agreements were signed to export Brazilian cars, steel, light aircraft, armoured cars and iron ore to China.

Mr Rubens Ricupero, a senior diplomat who is a close adviser to the president, defines Brazil's foreign policy as "being to create the external conditions, politically and economically, which will assist the viability of the development process". He and others are critical of this turtleshell diplomacy:

> It is incredible that a country with a GDP of around $300 billion spends only $50m-100m on technical and cultural co-operation with other countries and the same on foreign aid. The hope for growth of the next few years should give us the conditions to fulfil our responsibilities in Latin America, the Caribbean and Africa.

Brazil is an observer, but not a member, of the Non-Aligned Movement.

Yet Brazil's economic profile in the third world is growing steadily. Brazilian exports to Africa increased from $407m in 1975 to $1.9 billion ten years later; and to Asia, Australasia and the Middle East, from $1.3 billion to $4.6 billion over the same period. Brazil imports a little less from each of these regions than it exports. And Brazil is one of the few countries that gets one over the Japanese: it exports $1.4 billion-worth of goods to Japan and imports $600m-worth.

Brazilians say they want to increase their trade with Western Europe. One top diplomat went so far as to say that Europe is "now more competitive in many areas" than the United States. Brazil in fact increased its exports to

Western Europe from around $4 billion in 1975 to $8 billion in 1985, while buying fewer and fewer European goods—down from $4.2 billion to $2.7 billion over the same period.

Brazil's relations with the United States remain crucial, however. Brazil has managed to maintain a healthy trade balance with the northern giant, with its imports from the United States rising from $1.4 billion in 1975 to $4.7 billion in 1985 while its exports surged from $2.8 billion to $9.7 billion. Yet protectionist pressure against Brazil is strong in America, and it has not been helped by the way Brazilians protect their own markets. Brazil's congress recently passed a bill to reserve the development of the air-freight industry to domestic firms; this was vetoed by President Sarney. Another proposal to restrict mineral development is lying dormant in congress.

Brazil and the United States are exchanging veiled threats over such things as steel, textiles, videos and ethanol. The Brazilians claim that the Americans are moving towards protectionism because they are no longer competitive in a number of areas—such as the aircraft industry, earth-moving equipment, some agricultural commodities and manufacturing components.

It is on the subject of computer manufacture that the two sides are spitting. The American view is that Brazil has chosen a "protectionist, state-driven, mercantilist model of industrialisation which hasn't worked anywhere else in the world except Brazil because of the size of its internal market". The Brazilians have passed a law to protect their nascent information-technology industry. At first the Americans challenged no fewer than 26 provisions of the law; agreement has now been reached on all but four. Yet, in January, probably in retaliation for the law, the Americans dropped their preferential tariff treatment on 28 Brazilian products.

Although IBM has a $75m investment in Brazil, it is increasingly difficult for American firms to penetrate the Brazilian market for computerised banking and "third-wave" robotic technology, in which Brazil is investing heavily. This year Brazilian firms are expected to have around $2 billion-worth of the country's $4 billion information-technology market.

The United States still has a big slice of the foreign investment in Brazil—around a third ($8 billion), compared with West Germany's 13% ($3.3 billion), Japan's 9% ($2.3 billion), Switzerland's 8% ($2 billion), Britain's 6% ($1.4 billion) and Canada's 4.5% ($1.1 billion). This high profile leaves the Americans exposed; but Brazil still complains that the Americans are investing too little in the country's money-starved economy.

Living with the strains . . .

. . . will not be easy, but it is not impossible

Consider how little Brazil needs the world: the country's imports are a fraction of its GDP (around 5%) and half of its exports (around 10% of GDP) are used to service a foreign debt that most Brazilians consider only about a third legitimate. Consider, too, that Brazil has just turned democratic and retains a deep streak of nationalist populism. It is a young country, with many pockets of appalling poverty and a large, self-reliant internal economy and market.

It is also a country with the self-confidence of a mini-superpower and with a chip on its shoulder about the United States. Brazil, too, has a track record of defying conventional economics in the past and sometimes getting away with it. Could all this add up to it taking spectacular and unilateral action on the debt issue unless its creditors behave more amiably than they may be willing or able to?

The danger clearly exists. Even if the worst were to happen, Brazil's isolation from the international community is likely to be short-lived, and its growth path only briefly interrupted. If the worst is avoided, Brazil is still in for a tough time immediately, although the government insists that, even if it squeezes Brazilian living standards, it will push ahead with development.

This correspondent's guess is that Brazilian society is cohesive enough to withstand the immense strains it is now living with, although its democracy could be endangered. A return to army rule would be a tragedy, because if Brazil really seeks to belong to the developed world, it will have to show that it is capable of sustaining a responsible democracy and of carrying out responsible economic policies. Yet the big industrial economies of the West also have a part to play: if they want to welcome one of the most sparkling and potentially important societies in the West into their ranks, they will have to offer to talk to Brazil about a once-and-for-all solution to the debt problem.

Without a solution of this kind, both Brazil and its creditors will remain in a state of tension and uncertainty. The Brazilians have behaved so impulsively and irresponsibly, on both their economic and borrowing policies (although not, up to now, over the servicing of their debt) as to have forfeited much sympathy abroad; the whingeing tone of their rhetoric also grates.

Yet the sheer size of their debt gives them considerable bargaining power, and is a reason why the West will have to take at least part of the rhetoric seriously. Brazil's best prospect of long-term development lies with the adoption of policies of harsh austerity combined with a long-term settlement on the debt. After that, western creditors could resume financial and equity flows on a much more modest basis than the crazy lending spree of the late 1970s. If Brazil's economy was to expand more slowly and steadily, this vibrant, attractive society could take time to look where it was going. For the sake of Brazil and of its creditors, may they all make the concessions needed to avoid collision.

United States Department of State

Central America UPDATE

BULLETIN EDITION

Contact: Jeanne Guttman
647-6779

August 18, 1987
Bureau of Inter-American Affairs

THE UNITED STATES BI-PARTISAN PLAN vs. THE CENTRAL AMERICAN PLAN: SUMMARY OF DIFFERENCES

On August 7, 1987, the presidents of Nicaragua, Honduras, Costa Rica, Guatemala and El Salvador signed a regional peace agreement at the end of a two-day Central American peace summit in Guatemala City. While there are many similarities between the Central American peace proposal and the U.S. bi-partisan plan, there are some significant differences. Both plans place strong emphasis on internal democratization in Nicaragua, but split widely on the security issues of Soviet assistance to the Sandinista Marxist government, the size and strength of the Sandinista army, and the treatment of the Nicaraguan Resistance.

SOVIET AID TO SANDINISTAS

-- The U.S. bi-partisan plan calls for the simultaneous suspension of U.S. assistance to the resistance and Soviet, Cuban, and Communist bloc aid to the Sandinistas.

-- The Central American plan calls for the unilateral suspension of U.S. aid to the freedom fighters without any requirement that the Soviets and their allies cease assistance (including military) to the Sandinistas.

PARTICIPATION OF RESISTANCE IN NEGOTIATIONS

-- The U.S. bi-partisan plan calls for national reconciliation and dialogue among all "citizens of Nicaragua", with amnesty for former combatants and "equal rights to participation in the political process."

-- The Central American proposal provides for talks only with "unarmed political groups of internal opposition, and with those which have taken advantage of the amnesty."

ELECTIONS

-- The U.S. plan provides that "a timetable and procedures for all elections....will be established within 60 days,"

-- The Central American plan calls for elections for a Central American Parliament within the first six months of 1988, and municipal, legislative and presidential elections according to each country's constitutions. (In the case of Nicaragua, elections for president are not scheduled until 1991.)

REMOVAL OF FOREIGN MILITARY PERSONNEL, REDUCTION OF ARMS AND SIZE OF ARMIES

-- The U.S. plan calls for negotiations on these issues to begin after a cease fire is in place and a "regional agreement on security issues" to be completed within 60 days. As a

demonstration of good faith, the U.S. would suspend combat maneuvers in Honduras after the cease fire is put in place.

-- The Central American proposal stipulates that the Central American countries "will continue negotiations on the pending points of agreement regarding security, verification, and control in the draft of the Contadora Act for Peace and Cooperation in Central America."

CEASE-FIRE

-- The U.S. plan calls for negotiations on a cease-fire in place to begin immediately. Cease-fire is subject to verification by the OAS or another international body.

-- The Central American proposal urges a cease-fire upon signing and calls for a full cease-fire by end of 90-day period. Cease-fire is subject to verification by the International Commission for Verification and Follow-up.

DEMOCRATIZATION

-- The U.S. plan calls for the suspension of emergency law and full restoration of civil and political rights immediately.

-- The Central American plan allows 90-days to create a "genuine political opening" and lift the state of emergency.

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Central America UPDATE

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United States Department of State

Central America UPDATE

NICARAGUA ROUND-UP
September 4, 1987

Contact: Jeanne C. Guttman
647-6751

NICARAGUA MILITARY BUILD-UP: According to recent estimates, Soviet-bloc arms shipments to Nicaragua this year topped 34 by August 1, accounting for 18.5 metric tons of military equipment valued at more than $425 million. As of the same date, Sandinista active-duty forces numbered some 74,500 troops. Meanwhile, the Sandinista equipment inventory included about 150 tanks, 250 armored vehicles, 37 fixed-wing aircraft and some 50 helicopters. During 1983, the total number of Soviet-bloc arms shipments to Nicaragua stood at 25, accounting for approximately 13.9 metric tons of military equipment valued at about $250 million. During the same year, active-duty military forces numbered about 46,000. There were approximately 50 tanks, 90 armored vehicles, 44 fixed-wing aircraft and 15 helicopters. In 1980 there were no Soviet-bloc arms shipments to Nicaragua. At that time, active duty forces neared 24,000. The Sandinista equipment inventory included 3 tanks, 31 armored vehicles, 38 fixed-wing aircraft and 8 helicopters.

SANDINISTAS BREAK UP DEMONSTRATION, ARREST CIVIC LEADERS: On Saturday, August 15, Sandinista police broke up a peaceful demonstration by the Nicaraguan Democratic Coordinadora, a coalition of Nicaraguan opposition groups. Security forces used dogs, night sticks, cattle prods, and government-organized mobs (turbas) to suppress the coordinadora group. Two prominent civic leaders were beaten and arrested. Lino Hernandez, executive director of the independent Nicaraguan Permanent Commission on Human Rights (CPDH), and Alberto Saborio, president of the Nicaraguan Bar Association, were arrested and sentenced to 30 days in jail. Hernandez is not a member of the coordinadora. He was invited to address the rally marking the opening of the organization's new headquarters. The arrests came just 8 days after the Sandinistas signed the Central America Peace Agreement in Guatemala binding them to democratic reforms within 90 days.

BOMB EXPLOSION AIMED AT U.S. PERSONNEL IN NICARAGUA: On August 23, 20-25 men in army uniforms carrying weapons placed an explosive device in the driveway of a house leased by the U.S. Embassy. After the bomb exploded, the men planted another device, which failed to go off. Throughout the attack, the men shouted, "Get out Yankee," and "Long live the revolution." The house had been vacated by a telecommunications officer 3 days before the incident. No one was injured.

PRESIDENT DUARTE REQUESTS ORTEGA RELEASE ARRESTED CIVIC LEADERS: On August 24, Salvadoran President Jose Napoleon Duarte sent a letter to Nicaraguan President Daniel Ortega asking him to release two prominent civic leaders who were arrested by Sandinista police on August 15 and sentenced to 30 days in jail during a peaceful demonstration by the Nicaraguan Democratic Coordinadora, according to the Spanish News Service. President Duarte requested the release of Lino Hernandez, executive director of the independent Nicaraguan Permanent Commission of Human Rights (CPDH), and Alberto Saborio, president of the Nicaraguan Bar Association. Quoting the Esquipulas II agreement, President Duarte asked Ortega "to mediate" with the respective authorities to obtain the release.

ORTEGA ALLOWS EXILED CLERGYMEN TO RETURN TO NICARAGUA: On August 25, President Ortega announced that as a gesture of good faith, the Sandinista government would permit two exiled Roman Catholic clergymen to return to Nicaragua. Father Bismarck Carballo, a former spokesman for Cardinal Miguel Obando y Bravo and head of the Church's radio station, Radio Catolica, was barred from re-entering the country last year after a trip abroad. Also permitted to return was Bishop Pablo Antonio Vega, vice president of the Nicaraguan Episcopal Conference and one of the most conservative of Nicaraguan bishops. The government accused him of unpatriotic and criminal behavior and deported him after he said publicly that the Sandinistas were responsible for a totalitarian system Nicaraguans did not want.

LINO HERNANDEZ AND ALBERTO SABORIO DECLARE HUNGER STRIKE: On August 26, Lino Hernandez, executive director of the independent Nicaraguan Permanent Commission on Human Rights (CPDH), and Alberto Saborio, president of the Nicaraguan Bar Association, declared a hunger strike from their cell at the Enrique Schmidt Police Station in Managua. They were arrested on August 15 by Sandinista police and sentenced to 30 days in prison during a peaceful demonstration by the Nicaraguan Democratic Coordinadora. The declaration states, "We, Lino Hernandez Trigueras and Alberto Saborio Morales, who find ourselves unjustly and arbitrarily detained since August 15 of this year, considering that this deprivation of liberty represents a political reprisal for our work on behalf of justice and righteousness which we carry out within our respective civic organizations, agree to declare ourselves on a hunger strike beginning today, and until our unjustly violated liberty is returned to us."

SANDINISTAS ADMIT HELICOPTER WAS SHOT DOWN: On August 29, the Sandinista newspapers Barricada and El Nuevo Diario admitted that on August 28 a Sandinista air force M-17 helicopter was shot down by resistance forces. The downing of the helicopter reportedly resulted in the death of 11 Sandinista soldiers on board. Nine others were injured, and the crew apparently escaped unharmed. The report confirmed earlier resistance reports that a helicopter had been downed. Later that day, President Daniel Ortega told the 11th National Union of Students Conference in Managua that the resistance had "already shot down 20 helicopters."

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release September 12, 1987

RADIO ADDRESS
BY THE PRESIDENT
TO THE NATION

Camp David, Maryland

12:06 P.M. EDT

This Wednesday all across America, we'll be celebrating the 200th anniversary of the document that has brought freedom and hope to so many millions -- the United States Constitution. At 1:50 p.m. on Wednesday, I will lead a nationwide Pledge of Allegiance that will be broadcast live, giving all Americans a chance to renew our commitment to the document that's been called the greatest act of political genius in history. On Thursday, I'll be in Philadelphia, participating in the celebration organized by "We the People."

As we reflect on our Constitution this week, we must seek to further its purpose, here at home and all across the world. The cause of freedom is America's cause. And one of the most exciting movements in this direction during the past 10 years has been in Latin America where over 90 percent of the people are now living under democratic rule. It was my privilege earlier this week to speak with the Holy Father Pope John Paul II on our mutual concern about peace and freedom in Latin America.

And yet, for all the progress in this region, one country -- Nicaragua and its three million inhabitants -- have seen that dream of freedom trampled. Many Americans have learned over the last few months what has really been happening in Nicaragua; how a democratic revolution was betrayed; how a tiny elite has been creating a totalitarian, Marxist-Leninist dictatorship to satisfy their own personal lust for power and to give the Soviet Union a beachhead on the mainland of this continent -- only 2,000 miles from the Texas border, a clear national security threat.

Yet, despite all the repression and Soviet intervention, the people of Nicaragua still cling to their dream of freedom. In the best tradition of our founding fathers, they formed a democratic resistance against tyranny -- one of the largest peasant armies in the world with more than 17,000 freedom fighters called "Contras." And as the Contras have grown stronger, the communist regime has grown shakier.

So, under increasing pressure, the communist leader, Daniel Ortega, recently signed at a summit of Central American leaders a peace plan that pledged his government to democratic reform, respect for human rights, and free elections. We welcome the Guatemala plan, but it falls short of the safeguards for democracy and our national security contained in the bipartisan plan I worked out with the Congressional leadership. That is why, as Secretary Shultz said earlier this week, there should be no uncertainty about our unswerving commitment to the Contras. It is their effort that has made the peace initiative possible. At the appropriate moment, I intend to put forth a $270 million request for Contra aid over eight months -- 18 months, I should say.

As Secretary Shultz also spelled out, the Sandinista regime has a long way to go in living up to its pledge of democratic reform. Only eight days after signing the peace agreement, Sandinista police used attack dogs, night sticks, electric

MORE

cattle prods, and government-organized mobs to break up a peaceful demonstration by the Nicaraguan Democratic Coordinadora.

So, too, the six independent Nicaraguan political parties have called efforts by the communists to manipulate the National Reconciliation Commission set up under the plan -- "a Sandinista maneuver to fool the international public." They accused the Sandinistas of "violating the spirit of the Guatemala agreements." And this week we learned that Daniel Ortega will be in Moscow on November 7th, the date the Central American peace plan is to go into effect -- celebrating with his Soviet allies the anniversary of the Bolshevik Revolution.

What the world wants from the Sandinistas are real democratic reforms, real signs of freedom, such as reopening the newspaper La Prensa but not censoring its copy or denying it newsprint. La Prensa and other publications must be free to report; so must the independent radio stations and TV. Freedom of religion must be respected. The Sandinistas have said they will allow three exiled priests to return. But what of the thousands of other exiles? Return is not enough; they must be free to minister, live, and organize politically without intimidation.

Genuine free political competition must be permitted. The secret police, with their neighborhood block committees, must be abolished and all foreign advisors sent home. The Sandinistas should know that America and the world are watching.

Until next week, thanks for listening and God bless you.

END 12:11 P.M. EDT

United States Department of State

Central America UPDATE

NICARAGUA REPORT #9
September 14, 1987

Contact: Jeanne Guttman
647-6751

WHEELOCK STATES FSLN TASKS

September 3--Speaking before several hundred members of Sandinista organizations, Sandinista Comandante Jaime Wheelock Roman stressed that priorities for all Nicaraguans are defense of the revolution and the "economic battle."

According to Managua Domestic Radio Service, Wheelock said the people must continue their fight against "the mercenaries" until they are "liquidated." "We must also strengthen the armed apparatus, defend our revolution, and patriotically assume all the socioeconomic duties." In addition he said, "we must work for our people's welfare and greater organization."

The groups, represented by several hundred members, gathered at the Ramirez Goyena Central Institute in Managua. The mass organizations work with official government institutions to broaden Sandinista control over Nicaraguan society and facilitate movement toward a one-party state. They include the Sandinista Defense Committees, turbas divinas ("divine mobs"), the Sandinista Workers Central (state-organized labor union), and the Nicaraguan Women's Association--Luisa Amanda Espinoza (AMNLAE).

PRIVATE ENTERPRISE DAY IN NICARAGUA

September 8--The Superior Council of Private Enterprise (COSEP) held its third "Day of the Private Sector" at the Cabrera theater in Managua. Some 1000 people attended as COSEP leaders Enrique Bolanos, Gilberto Cuadra, and Ramiro Gurdian delivered strong messages vowing to hold the Sandinista regime to promises made in Guatemala.

Enrique Bolanos, accepting reelection as COSEP President, said that if the Sandinistas comply with the accord, Nicaragua would "win." If they do not comply, the Sandinistas would be replaced with the help of the western democracies, Central America, and the Contadora group. Bolanos called the accord a "brilliant opportunity" for peace, but also for "action." He said that fulfillment of the agreement must include a broad and unconditional amnesty for political prisoners, lifting the state of emergency, free elections to replace those of 1984, non-FSLN TV and radio stations, return of illegally confiscated property, and an immediate cease-fire.

Bolanos challenged the Sandinista National Liberation Front (FSLN) declaring that "liberation means the abolition of the Sandinista system." Bolanos noted that during his 4 1/2 years as COSEP President the Organization had succeeded in convincing Nicaraguans and the world that the FSLN was Marxist-Leninist.

United States Department of State

Central America UPDATE

NICARAGUA REPORT #6
September 4, 1987

Contact: Jeanne C. Guttman
647-6751

ORTEGA MEETS WITH IRANIAN OFFICIAL

On August 27, Nicaraguan President Daniel Ortega held a meeting in Managua with Iranian Foreign Ministry Director General for Economic Affairs and special presidential envoy Mahmud Va'ezi, according to the Iranian News Agency. Ortega applauded Iran for its "struggle and resistance." Ortega added that Iran could count on the Sandinista government's cooperation for Iran's future plans. On August 26, Va'ezi also held talks with Nicaragua's Foreign Minister Miguel D'Escoto and Vice President Sergio Ramirez. Pointing to the relations between Iran and Nicaragua, Ramirez said that Tehran-Managua ties are "very deep, sincere and brotherly," expressing hope to visit Iran once again.

CEREZO ASKS VICE PRESIDENT TO INTERCEDE

Guatemalan President Vinicio Cerezo has asked Vice President Roberto Carpio to intercede with the Sandinista government and request the immediate release of two Nicaraguan civic leaders imprisoned since August 15. Public attention has been heightened by a hunger strike in Guatemala by 11 members of the Nicaraguan Resistance. The protesters have vowed to continue their hunger strike, begun on August 26, until the Sandinistas free Lino Hernandez and Alberto Saborio. Nine men and two women, whose health is reaching a precarious state according to physicians said the imprisonment is a violation of human rights and a clear case of noncompliance with the Central American Peace Agreement signed on August 7 in Guatemala by the leaders of Guatemala, Nicaragua, Costa Rica, El Salvador and Honduras. The strikers also stated that the Sandinistas signed the agreement as a delaying tactic and have no intention of complying. One of the fasters, Alfonso Sandino, said "the arrest of Saborio and Hernandez while exercising their civil rights shows the true nature of the Sandinista regime" and that this was a "vital political moment for the Nicaraguan Resistance, not as an organization, but as a symbol of the struggle for freedom in Nicaragua."

COSTA RICAN VESSEL SEIZED IN OWN WATERS

On September 2, two Sandinista patrol boats entered Costa Rican waters and captured a Costa Rican Civil Guard vessel near the Atlantic coast community of Barra del Colorado today. The Nicaraguan boats also fired at an onshore police post, but there were no reported injuries. No explanation for the action was given, and the Costa Rican vessel and four-man crew were returned a few hours later.

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Central America UPDATE

NICARAGUA REPORT #7
September 9, 1987

Contact: Jeanne Guttman
647-6751

SOVIETS PLEDGE OIL--ORTEGA TO VISIT MOSCOW

September 7--President Daniel Ortega announced that Soviet leader Mikhail Gorbachev pledged an additional 100,000 tons of oil to Nicaragua this year. The announcement came during a meeting between Ortega and Soviet envoy Vadim Zagladin. The Soviet Union has supplied virtually all of Nicaragua's oil since 1985. In May, the Sandinistas announced that it would cover only part of their needs this year.

Ortega also announced his plans to fly to Moscow to celebrate the 70th anniversary of the Russian Revolution on November 7, the day the Central American peace accord begins. Ortega said his decision to travel to Moscow followed a personal invitation from Secretary Gorbachev. Speaking at a joint news conference, Vadim Zagladin pledged Moscow's support for the accord. The agreement calls for an end to all outside support for Central American rebels but makes no immediate demand for an end to Soviet military aid to Nicaragua.

NICARAGUAN OPPOSITION GROUP ASKS COMPLIANCE FROM SANDINISTAS

September 6--As many as 1200 members of the Nicaraguan Democratic Coordinadora, a coalition of Nicaraguan opposition groups, staged a peaceful rally to ask the Sandinista government to fulfill promises of political freedom and an end to press censorship according to the recently signed Central American peace accord. Although the meeting was peaceful, Sandinista police refused to allow the protesters to march through the streets.

Julio Ramon Garcia, a leader of the coordinadora, said the next day, "The peace plan represents the falling from power of the Sandinistas. If they fulfill the agreement they will lose power because they will have to hold elections they will not win, and if they do not complete the agreements, they will be forced to go." According to United Press International, coordinadora Vice President Ramon Gurdian, remarked, "We are here to demand that the Sandinistas fulfill the peace plan. If there is no peace plan in Nicaragua, there will be more blood spilled, blood of Sandinista soldiers and contra fighters, all Nicaraguans." Gurdian said the coordinadora demands a reopening of the opposition newspaper La Prensa, shut down for the past 14 months by the government, and reopening of the Catholic radio station. In addition, the group seeks access to state-controlled airwaves to deliver its message to the people.

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Central America UPDATE

NICARAGUA REPORT #8
September 11, 1987

Contact: Jeanne Guttman
647-6751

NICARAGUA RELEASES 2 JAILED CIVIC LEADERS

September 8--After appeals by Central American and U.S. leaders, President Daniel Ortega released two jailed civic leaders, Lino Hernandez and Alberto Saborio. Hernandez, executive director of the independent Nicaraguan Permanent Commission on Human Rights, and Saborio, president of the Nicaraguan Bar Association, were arrested by Sandinista police on August 15 during a peaceful demonstration by the Nicaraguan Democratic Coordinadora, a coalition of opposition groups. They were sentenced to 30 days in jail, and on August 26 began a hunger strike to protest their arrests.

Following their release, Saborio and Hernandez described their experience to embassy officials. Saborio said he was watching the coordinadora demonstration when police dogs were brought into the area. He was beaten and arrested by Sandinista police, who, he believes, overheard him exclaim that not since the days of the Spanish Inquisition had dogs been used against the Nicaraguan people. Hernandez, who heard of Saborio's plight, sought to aid him but a security agent told him to leave the area. Hernandez refused, noting that he was not participating in the demonstration. The security agent again demanded Hernandez to leave. Shortly thereafter, he was beaten and attacked by government-organized mobs (turbas) and arrested. During his arrest, Hernandez said that police shocked him in the stomach with an electric cattle prod.

Both leaders said they initially were detained together in a cell at the Enrique Schmidt Police station in Managua. Hernandez described the police station as having rough walls and floor and ventilated by a hole in the ceiling. Concrete slabs served as beds. Mattresses were provided shortly before their release. During the first 10 days of detention, both prisoners were permitted visits from family and associates. However, upon receiving word on the 10th day of detention that their appeals had been denied, Hernandez and Saborio decided to stage a hunger strike. At that point, they were separated, declared incommunicado, and denied visitors. On September 8, 14 days later, they were released.

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Was the Spanish Civil War "Our Cause"?

Irving Howe

The October 1986 issue of the neoconservative magazine the *New Criterion* carried an article, "Spain and the Intellectuals," by Ronald Radosh, a member of the *Dissent* editorial board. All of us at *Dissent* speak and write as individuals; there is no "party line"; and we accept differences among ourselves as normal. But Radosh's piece is so disturbing that I feel obliged to say a few words about it. His reply to me follows.

The basic thrust of Radosh's piece, if not its explicit or clear conclusion, is to question the political-moral rightness of having supported the Republican side in the Spanish Civil War. Long regarded as a clash between an antifascist Republic democratically elected and an insurgent military fascism, the war according to Radosh was actually one between two camps more or less equally repressive and equally guilty of atrocities. As the war continued, writes Radosh, the Spanish Communists and their Soviet masters came increasingly to dominate the Republican side and introduced a terror against leftist dissidents.

Radosh concludes with a polemic against an Englishman who fought in Spain, later came to recognize the destructive role of the Communists, but still "does not regret his own part in the fight." From which Radosh concludes:

> Those brave men who gave their lives [fighting for the Republican side] had allowed themselves to be part of an ideological and propaganda instrument forged by the Comintern [Communist International]. Had they looked closer, they could have discerned the truth at the time. In 1986, those who still respond to the Spanish Civil War as simply "our cause" have no excuse.

The clear implication of all this is that it was wrong or foolish to have supported the Republican side—though by inserting "simply" before "'our cause'" Radosh may be trying to leave himself a way out.*

There were people who did "simply" cheer the Republic, and by now they should know it wasn't all that simple. But there were also liberals and anti-Stalinist leftists who supported the Republican side not at all "simply." They did not lie or romanticize, they knew there were atrocities on both sides (civil wars are brutal), and they denounced publicly the role of the Stalinists in Spain.

Yet the anti-Stalinist left, including the POUM (a Spanish left-socialist party) and the Spanish anarchists, both of whom suffered from the Stalinist repression, still felt that, even as they struggled for civil freedoms within the Republic, it was necessary to support and join the military campaign against Franco.

Why? Because the whole of progressive Spain—the democrats, the unions, the left, most intellectuals—had rallied to the Republic and been inspired by its promise.** Because Franco and his generals represented the growing power of European fas-

*In a passing remark Radosh seems again either to be backing away from the logic of his article or to be uneasy at the thought of facing it. He praises T.S. Eliot for staying "aloof from the foolish chorus of Stalinist hosannas" about Republican Spain, but adds that Eliot was wrong to have opposed lifting the embargo on arms imposed by the Western powers. This seems quite in opposition to the bulk of his article—after all, one can hardly suppose that he took all that trouble just to convince the neocon readers of the *New Criterion* that Stalinism in Spain was bad.

**Years later Octavio Paz, who fought in Spain and has long been a staunch anti-Communist, would write in *The Labyrinth of Solitude* that he had found in Spain "a desperate hopefulness. . . . The memory will never leave me. Anyone who has looked Hope in the face will never forget it. He will search for it wherever he goes."

cism. Because Hitler and Mussolini rushed to Franco's aid.

"Stalin's cynical goal," writes Radosh, "was to steer internal developments in Spain to coincide with the foreign policy objectives of the Soviet Union." To be sure; and Radosh is no more than half a century behind in saying this. But what needs to be stressed is that the Soviet intervention could be effective in good part because of the cynicism and cowardice of the Western democracies, all of which, in the name of neutrality, allowed the antifascist side to go down in defeat.

HAD REPUBLICAN SPAIN WON THE WAR, writes Radosh, "there is little reason to assume that a Communist-dominated Republic would have shown any tolerance for dissent or even led to a subsiding of brutal internal terror." This takes for granted what cannot be demonstrated: that a Republican victory would necessarily have meant Communist domination. But the great majority of Spanish Republicans were not Communists and once the fascist threat had been removed and thereby the need for military aid from the Soviet Union lessened, democratically minded Spaniards might well have been able to reassert themselves.

Can we be certain? No. What we do know, and what they certainly knew then, is that a Franco victory meant decades of fascism and an opening to world war.

Radosh's argument has its implications. You might say—some people did—that it was hardly worth the trouble to defeat Hitler in the Second World War since one result would be Stalinist domination of large parts of Europe. That did in fact happen, but it was not sufficient reason not to work for the military defeat of the Nazis. Or you might argue—does Radosh?—that it is wrong or futile to support the struggle for black liberation in South Africa since it could lead to Communist domination. That is a possibility, of course. It is a risk which in the modern world besets any struggle against fascism or military dictatorship. But that's no reason to decide that black liberation in South Africa isn't "our cause." (Without a "simply.")

Radosh criticizes those who cite Orwell's statement "that there was much he did not understand and did not even like about revolutionary Barcelona, yet 'I recognized it immediately as a state of affairs worth fighting for.'" But this, notes Radosh, was written early in the Spanish war; later Orwell exposed "the new reality" of Stalinist terror in Spain. So he did. But Orwell continued to believe that the Spanish Republic, with all its faults and failures, was "worth fighting for." Here he writes in 1942:

> When one thinks of the cruelty, squalor, and futility of war—and in this particular case of the intrigues, the persecutions, the lies and the misunderstandings—there is always the temptation to say: "One side is as bad as the other. I am neutral." In practice, however, one cannot be neutral, and there is hardly such a thing as a war in which it makes no difference who wins. Nearly always one side stands more or less for progress, the other side for reaction. The hatred which the Spanish Republic excited in millionaires, dukes, cardinals, play-boys, Blimps and what not would in itself be enough to show how the land lay. In essence it was a class war. If it had been won, the cause of the common people everywhere would have been strengthened.

That is why we "still respond to the Spanish Civil War as . . .'our cause,'" though neither now nor then "simply" so. In this century nothing is "simply"—except perhaps a certain kind of anti-Communism which in its intellectual style too closely resembles that which it opposes. □

After-Tax Gap Widens

The gap in after-tax income between the richest 20 percent of American households and the rest of the nation hit its widest point in 1984, according to an analysis by the Center on Budget and Policy Priorities of the Census Bureau's after-tax income data for 1984.

The top fifth of U.S. households received 42.3 percent of all after-tax income in the country in 1984. This is the highest level recorded since the Census Bureau began collecting these data in 1980.

The top fifth's gain from 1983 to 1984 came largely at the expense of middle-income households. The middle fifth of all U.S. households received 17.2 percent of the national income in 1984, the lowest level that has been recorded for this group. The next-to-the-bottom fifth received 11 percent, also a new low.

The poorest fifth of all households received 4.7 percent of the national income in 1984; the same level as in the previous year but lower than in 1980.

The Census data show that since 1980, the share of national after-tax income has dropped for households in every income fifth *except for those in the top 20 percent*. While after-tax household income grew between 1983 and 1984, typical black, Hispanic, and female-headed households still had less after-tax income than in 1980. □

FMLN DEFECTOR BIOGRAPHIES

Napoleon Romero Garcia, (Miguel Castellanos)

On April 11, 1985, the Salvadoran National Guard arrested Napoleon ROMERO Garcia, more commonly known by his guerrilla pseudonym "Miguel Castellanos." After his arrest Romero decided to cooperate with the Salvadoran government and provided valuable information regarding the Salvadoran guerrillas' activities and their extensive links to the Sandinista regime in Nicaragua. Romero's testimony corroborates that supplied by many former Salvadoran guerrillas which detailed Salvadoran guerrilla tactics as well as their ties with the Sandinistas. Until the time of his capture, Romero had been a high ranking member of the Salvadoran guerrilla movement, Secretary General of the Metropolitan Front of the Popular Liberation Forces (FPL), one of the groups forming the Farabundo Marti National Liberation Front (FMLN). His position as the third-ranking commander of the FPL gave him access to highly sensitive information regarding the inner workings of the Salvadoran guerrillas.

As Secretary General, Romero provided overall orientation in both political and military activities in the Metropolitan Front in accordance with instructions he received from the general command of the FPL.

Romero says that the FMLN's principal target is the destruction of the Salvadoran economic infrastructure such as bridges, warehouses, and the telecommunications and electrical systems.

Romero has provided a wealth of information concerning the Sandinista regime's support for the Salvadoran guerrillas. He described the routes used to bring supplies into El Salvador from Nicaragua. He says that in 1983 as much as 50 tons of supplies were delivered every three months. Through 1983 the shipments were mostly weapons but, according to Romero, the guerrillas now have more weapons in storage than personnel to use them.

Romero estimates that the FPL receives approximately 80 percent of its monthly operating budget of U.S. $65,000-100,000 from the FPL National Finance Commission in Nicaragua. Managua is the collection point for all financial assistance obtained abroad by the FMLN/FDR solidarity groups.

Nelson Omar Guerra Trinidad, (Comandante Ernesto)

DOB: 10/22/64

Nelson Omar Guerra Trinidad (Pseudonym: Comandante Ernesto) was recruited by the people's revolutionary army (ERP) in 1970 but was not active in the group until he joined the student front of the ERP's LP-28 Movement in 1979. There he helped organize small groups dedicated to popular recruitment. Ernesto said he joined the guerrillas because of the institutionalization of repression, the economic and social crisis of the country, and the lack of an alternative.

In December 1979 Ernesto was called to work in a military squadron full time and in 1980 was assigned to a military urban commando unit. He was involved in kidnapping, murder and bank robberies. That same year he attended a course in San Salvador given by Sandinista Army members and participated in the attacks on major targets in the city such as the U.S. Embassy, the first brigade, national guard and air forces in 1950, When the "final offensive" of January 1981 failed, Ernesto withdrew with the other surviving guerrillas to the Guazapa region north of San Salvador.

In 1980 Ernesto went with seven other guerrillas to Honduras, where he spent three months working with the Honduran terrorist group "Cinchoheros." In 1981 he travelled to Cuba through Nicaragua, and there he took an intensive three-month course for the special forces command and received specialized training in preparation for the 1982 attack on the air force base at Ilopango. He then went to Nicaragua and took a course in demolitions. In December 1981 Ernesto returned to San Salvador via Mexico to prepare for the attack on the Ilopango air force base (1982) which was a success.

After further training in Honduras Ernesto was selected in 1982 to command the special forces units in Morazan. There he participated in the attacks on such strategic targets as the Microwave relay station and the cuscatlan and "Puente de Oro" bridges across the Rio Lempa.

In 1984 Ernesto left the special forces and became the Executive Officer of a western front battalion. Over the next two years internal problems with his association with the western front Commander Balta developed. Balta openly opposed Villalobos strategy of placing strategic forces where they had already been twice defeated. Contradictions between the theoretical struggle for the people and the actual behavior of the guerrillas became increasingly evident to Ernesto during this time.

In February 1986 the ESAF captured Ernesto who decided to collaborate with the ESAF and has since been actively denouncing the FMLN.

Marco Antonio Grande, (Comandante Jose)

DOB: 4/28/58

In 1979 Jose entered the Salvadoran Communist Party (PSC) while he was a student at the National University where he began his activities by distributing propaganda and painting slogans on walls. In 1980 he was offered a scholarship to study International Relations in the Soviet Union. After arrival in Leningrad in 1980, Jose found that instead of International Relations he would be studying scientific communism, which included studies in Marxist-Leninist theory, dialectic materialism, historical materialism, and political economic.

In 1982 he left the Soviet Union without completing his degree and went to Cuba where he studied to be a guerrilla company commander.

In 1983 Jose went to Nicaragua for a political training course and returning to El Salvador via Guatemala with false documents. Seeing what he believed to be the same repressive political system he went to work in Jucuaran, Usulutan. He was the political leader of the Jucuaran Platoon and the Chief Political Leader of the expansion project for the Jucuaran zone in the southeast front. Jose was also the Political Company Leader of the Paracentral Front.

Jose says that he saw the Salvadoran political system begin to improve with free elections held and Human Rights violations declining. Meanwhile, the guerrillas had become increasingly dogmatic. The FMLN had eliminated the option for a political solution and had itself violated Human Rights by using land mines, trying to destroy the country's infrastructure, and prolonging the crisis. Fearing that he was increasingly being considered a deviationist and that he would be executed for not following the party line as had been Roque Dalton (1975) and Ernesto Jovel (1980), he turned himself in to the ESAF in 1985.

Luz Janeth Alfaro, (Michelle Salinas)

DOB: 10/27/63

Education: 1981 graduated from High School with a degree in Business Administration and Accounting.

In 1982 Luz Janeth Alfaro joined the Non-Governmental Human Rights Commission of El Salvador (CDHES) using the pseudonym Michelle Salinas. She hoped to learn more about the disappearance of her mother, who disappeared in June of 1981.

During the first year she worked in various positions within the legal and statistics sections of CDHES, where she altered the declarations of people who came to complain of violations,

and where reports from the guerrillas of their killed in combat were changed to show "civilians killed by the army."

In 1983 while part of CDHES she was recruited by the National Resistance (RN), the political arm of the armed forces of national resistance, one of the five guerrilla armies that make up the FMLN. She agreed to become a member of the RN because "of the regimes that my country had had" and because "there were no signs of democracy or pluralistic ideology."

In November of 1984 the CDHES held the "first congress of Human Rights in El Salvador," and following the event CDHES named her as the head of Public Relations of CDHES. In 1985 the RN assigned her to attend the meeting of the United Nations Commission for Human Rights in Geneva. CDHES is affiliated with the International Federation of the Rights of man, a consulting member of the United Nations, and this gave her official status to attend the conference to meet the delegates and lobby for condemnation of the government of El Salvador for its Human Rights violations. After the conference she toured Europe, visiting Sweden, Germany, Holland, Belgium and Denmark speaking with organizations about Human Rights violations and soliciting funding for CDHES. The funding provided by the organizations was used to support the political activities of the CDHES and also diverted to support the FMLN.

In August of 1985 she left the RN because she no longer supported the fact that as a member of the FMLN it "manipulated the pain of the Salvadoran people for economic gain." In December 1985 she asked to re-enlist in the RN "because of the non-existence of a democratic space for independent organizations that permitted me to work for my ideals," and in January 1986 she was allowed to rejoin CDHES.

When she rejoined, she was sent to the countryside to meet with the FMLN and receive instructions on the policies of the CDHES and conduct investigations for the CDHES to be used against the government. During her time in La Libertad, Chalatenango and Santa Ana Departments she observed the FMLN's use of minor children as combatants and to carry military supplies. She was "revolted" to see children used this way, and asked to be sent back to San Salvador. In April she returned to CDHES and was made head of Public Relations again.

On May 20, 1986 she was arrested by the Treasury Police in her home, who showed her proof of her membership in a terrorist organization, the RN. After reflecting on her situation for 8 hours she decided to cooperate and asked for the protection of the government, as "I am a target of the FMLN. Now I have renounced my membership in the organizations that make up the FMLN/FDR, but not my principles. I feel obligated to continue my struggle so that we have a real peace in El Salvador, based on democracy and respect for Human Rights."

Dora Angelica Campos, (Violeta)

Age: 32 years

Dora Angelica Campos joined the National Resistance in 1975. Her Husband, Ernesto Jovel, was one of the original founders of the National Resistance (RN), which was a splinter organization of the popular revolutionary army (ERP), the most militaristic of what now make up the five armies of the FMLN. In 1975 each guerrilla group operated independently. The split was not friendly, and several leaders were assassinated during the revolutionary argument. Dora says that after the public security forces massacred a group of students in front of the social security hospital in 1975 "in which they killed, arrested or caused to disappear hundreds of teen-agers, I was even more convinced of the urgency of deepening the illegal struggle, to finish a system of government that did not offer alternatives for political and socio-economic change for Salvadorans.

Between 1975 and 1980 the RN emphasized the "Politicization of the Masses," and infiltrated unions and other popular organizations. "The repression of the armed forces against the workers...brought as a consequence the repodiation of the Salvadoran people...as the number of deaths, prisoners and disappeared people climbed every day, causing pain and suffering in every Salvadoran family."

In 1980 the Cubans enforced the formation of a National Umbrella Guerrilla Organization, the Farabundo Marti National Liberation Front (FMLN), which was to unify the five groups under one revolutionary flag. Ernesto Jovel, Dora Angelica's common law husband, strongly opposed the entry of the ERP into the group, and was killed by other guerrilla leaders as a result of his resistence.

Dora Angelica was told that Jovel had disappeared in a plane crash. This situation almost drove me to insanity, believing that he was possibly still alive and 'disappeared' (by the army)...nevertheless, I justified the suffering as an offering to the revolutionary movement of my country, which would see a popular triumph with the taking of power by the dictatorship of the proletariat, which would once and for all change the climate of social injustice. After Jovel's disappearance Dora Angelica was not financially supported by the RN. She heard nothing further about the circumstances of his disappearance and had no contact with RN militants.

In March of 1984 she recontacted friends in the RN, "motivated by 1) a desire to find out more about my husband's death, 2) my weak but still existing belief in the revolutionary struggle, and 3) the fact I had two children whom I could not support because I was a woman and was unskilled, due to my years with

the guerrillas." She was contacted by representatives of the RN who suggested she work for co-madres, "the committee of Mothers of the Disappeared", where her husband's disappearance could be put to good use. She worked in a "closed" or clandestine office in charge of "propaganda" and was given the pseudonym "Violeta Jovel", in honor of her husband. She wrote radio programs, bulletins and press releases denoucing human rights violations.

In December 1984 she was authorized to join the propaganda commission of the party, which was the preparation phase for her appointment in May 1985 to head the co-madres. As head of co-madres she was responsible for: The Propaganda Commission, The Public Relations Commission (to deal with funding organizations and people important to the cause), The Organization Commission (charged with mobilizing people for marches and recruitment for the RN), The Documentation Commission (in charge of statistics and files of affiliated members).

Part of the co-madres' duties were to visit the prison every day to collect statistics on prisoners held, charges, and conditions. These were used for denunciations of illegal arrests for political activities. At the same time, the co-madres prison visitor collected and passed to Dora the "grade of militancy," i.e. which guerrilla group the person belonged to and his rank. This Dora passed on to her superior in the RN for internal guerrilla purposes.

At the end of 1985, Dora was also given the responsibility for finances for the solidarity committee of the RN, of which co-madres was one organization. Her job was to collect funds from International Organizations that donated to the co-madres and others. She was also responsible for coordinating the activities of RN members in the Non-governmental Human Rights Commission (CDHES).

At the instruction of the general command of the FMLN, the different Mothers Committees renewed their coordination meetings to achieve their goals. The two other "Mothers Committees", were run by the Popular Liberation Forces and the Popular Revolutionary Army, while the Communist Party had a support committee that also cooperated.

In May 1985 she was still unhappy, despite her responsibilities. She still had no logical explanation for her husband's death, although she had heard rumors that he had been "purged" (killed) by the party for his radical maoist tendencies. She was opposed to the co-madres technique of conditioning material and economic aid to the poor to attendance at marches, and she thought that there should be room for peaceful and legal movement, rather than a continued military strategy of the guerrilla groups.

On 29 May 1986 she was arrested by members of the treasury police who showed her proof of her membership in the RN. After some interrogation she was left alone to think over her situation, and she decided to leave the movement "as I honestly was no longer in agreement with the policy of the RN." She agreed to talk to the press "to explain to the other members of the co-madres how they were being used, because the committee used the denunciations in marches, but never resolved the cases (brought to its attention)."

On June 13 she was released "which surprised me. Later they (the treasury police) explained that the decision was made because I had made declarations against the FMLN/FDR, which put me in danger if I was sent to prison, where there could be an attempt to kill me. Besides, my confession was taken as a sign of rejection of the guerrilla movement and incorporation into the democratic process..."