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Bialkin: Jews support Reagan on Central America

By WALTER RUBY

The chairman of the umbrella group of leading American Jewish organizations appeared to endorse President Reagan's Central American policy and his request for aid for Nicaraguan contras last Wednesday, engendering controversy among other members of the group. But in later comments to the *Jewish World*, Kenneth J. Bialkin said his remarks should not necessarily be construed as support for the President's proposal for $100 million in military and logistical aid for the contras.

Bialkin, chairman of the Conference of Presidents of Major American Jewish Organizations, made his comments appearing to support the President's stand at the White House, in response to a presentation by Reagan to Jewish leaders on the issue.

Addressing a foreign policy briefing for the Presidents' Conference, a group which includes the heads of 40 Jewish organizations, Reagan strongly appealed for support for his efforts to help the contras, who have been fighting to overthrow the Sandinista government in Nicaragua. As he has on earlier occasions, Reagan claimed that government had persecuted the Nicaraguan Jewish community. He also accused it of being allied with Libya and the Palestine Liberation Organization.

Bialkin responded, "I would lose my job if I said the whole Conference of Presidents speaks as one in supporting you." But he added, "I believe that the overwhelming sympathy and support of the American Jewish community rides with freedom, rides with the defense of those who wish to fight for their freedom and would support you in your interested and objective and principled effort in that area."

Bialkin, who is also national chairman of the Anti-Defamation League of B'nai B'rith, an organization that has outspokenly denounced the Sandinistas, said later, "While I was not speaking on behalf of anyone but myself, I think my comments were a general reflection of the sentiments of the people in the room," referring to members of the Presidents' Conference. "After I uttered those words, I was interrupted by applause."

A top leader who asked not to be identified said, "A number of participants felt that when Bialkin made the statement on Central America he was extending the role of the Presidents' Conference into areas it is not supposed to go. The Presidents' Conference is supposed to focus on one issue—Israel."

But Bialkin remarked, "It is true that Central America is not within the purview of the Presidents' Conference. I made clear that I was not speaking on behalf of the Presidents' Conference, but reflecting a mood which I believe has resonance in the Jewish community."

He added, "My statement simply expressed support for the President's stated determination to support freedom in Central America. It was not meant to suggest support for aid to the contras. My statement was not meant to be an endorsement of contra aid by the Jewish community. The attitudes of the Jewish community on this issue are all over the lot."

Asked whether his remarks would not be construed by the press and by many in the Jewish community as support for the President's position, Bialkin replied, "I can only reassert that my statement was not meant as an endorsement of the contras. I do believe, however, that most of our community and most of the leaders of the Presidents' Conference are with the President in his spirit and approach when he talks of the importance of trying to preserve freedom in Central America."

Kenneth J. Bialkin, chairman of the Conference of Presidents of Major American Jewish Orgainizations, told President Reagan that most of the Jewish community "would support you and your interested and objective and principled effort" in Central America.

UNITED METHODIST COMMUNICATIONS

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NEW YORK (UMNS)--Four United Methodist missionaries working in Nicaragua have related in a letter that the life of the church there has been "relatively unaffected" by the state of emergency imposed by President Daniel Ortega and ratified after modification by the National Assembly.

Worship services and other activities continue as before, said the missionaries, with a permit being required for any service held off church property. Permits are "generally granted," they added.

The letter, dated Dec. 14, was sent to all bishops of the United Methodist Church by the Rev. Lyda M. Pierce, the Rev. D. Paul Jeffrey and Peggy and Howard R. Heiner, all of whom work with the ecumenical committee for aid and development known as CEPAD (Comite ecumenico pro ayuda al desarrollo).

The letter was in response to a resolution passed by the Council of Bishops Nov. 14, expressing "deep concern" over reports of "increasing intimidation and restrictions by the [Nicaraguan] government on the freedom of the church to preach or publish the church's understanding of the gospel of Jesus Christ

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if that understanding is interpreted by the government as containing negative references to the government and its policies."

The missionaries responded: "We must say that that description of Nicaragua is simply not true. What there is not freedom to do is work to overthrow the government." The state of emergency specifically applies only to those suspected of treason, the missionaries added.

Members of the Roman Catholic hierarchy in Nicaragua have "abused their freedoms of religion and speech to actively work in support of the counterrevolution," the missionary letter said. It cited refusal to register published material and identification of draft evaders as "seminarians."

The government explained the recent detention and release of three Protestant pastors and the questioning of five others by saying the pastors were urging youth to break the law by not complying with the Patriotic Military Service. At a press conference Nov. 28 the government also cited the pastors' links to the Institute for Religion and Democracy, a U.S. organization reported by the Ministry of Information to have ties to the Central Intelligence Agency.

A government official said the pastors were questioned because of their political activities and had nothing to do with their freedom to practice religion. The pastors were released after being warned that future illegal activity would not be tolerated.

CEPAD leaders who spoke to the detained pastors said they reported no torture, the letter said.

The U.S. government is using some political, labor, religious and other groups as an "internal front" to destabilize

the Nicaraguan government, according to the missionaries.

The letter added: "Working through the 'religious affairs' staff of the U.S. embassy here [Managua], as well as through other contacts such as the IRD in the United States, the CIA is doing all it can to pull certain sectors of the church into the counterrevolution."

In a letter to President Ortega, dated Dec. 13, the IRD board of directors denied accusations by Nicaraguan Foreign Minister Miguel d'Escoto Brockman, who said the group was a CIA-front organization, and Vice-minister of Interior for Internal Order Omar Cabezas Lacayo, who described IRD as "a branch of the CIA."

The letter, signed individually by 13 board members, said IRD is a "private association of individuals concerned about the activities of U.S. churches with respect to genuine democracy abroad." They further declared that IRD has no relationship with the CIA or any other branch of the U.S. government. Chairman of the board is Edmund W. Robb, Jr., a United Methodist minister.

The United Methodist missionaries' letter paid tribute to "the Nicaraguan people" as they struggle for survival. Nicaraguan Christians were called a "cloud of witnesses" who have "welcomed us with Christian love and taught us much about living a life transformed by the gospel of Jesus Christ.

"As they bury the victims of terrorism and try to rebuild their burned schools and farms, they nonetheless love us--citizens of the country whose government's evil policy in Central America is the cause of their martyrdom."

The bishops were invited to visit Nicaragua to see for themselves what is happening, or to write or telephone their concerns and questions.

Democracy in Latin America and the Caribbean

Current Policy No. 605

Cent'l America

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

Support for democracy is one of the cardinal points of U.S. foreign policy in the Caribbean and in Latin America as a whole. This publication—based on oral and written testimony by Ambassador Langhorne A. Motley, Assistant Secretary for Inter-American Affairs, before the Subcommittee on Western Hemisphere Affairs of the House Foreign Affairs Committee on July 31, 1984—discusses the status of democratic politics in the region. It concludes that democracy is proving to be a practical path to stability as well as to freedom. This conclusion, with the data that support it, parallels the finding of the National Bipartisan Commission on Central America that 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."

THE BEST MEASURE OF FREEDOM

Since November 1980, when the United States last went to the polls to elect a president, our southern neighbors have cast some 150 million votes in 33 elections in 24 countries. That is more votes in more elections in more countries than in any previous 4 years in the history of Latin America and the Caribbean.

In Latin America, voter participation has increased, sometimes dramatically. In fact, recent turnouts, in

Selected Latin American Elections in a 20-Year Perspective

Country	Year	Type*	Total Vote (thousands)	Adult Population Voting** (%)
Argentina	1983	P, L	15,180	89
	1963	P, L	9,326	71
Brazil	1982	L	48,440	81
	1962	L	14,747	45
Colombia	1982	P	6,816	68
	1962	P	2,634	35
Costa Rica	1982	P, L	992	87
	1962	P, L	391	76
Ecuador	1984	L	2,024	53
	1962	L	709	34
El Salvador	1984	P	1,524	69
	1962	P, L	400	35
Guatemala	1984	CA	1,856	57
	1964	CA	337	18
Honduras	1981	P, L	1,171	79
	1965	L	551	70
Mexico	1982	P, L	22,523	75
	1964	P, L	9,422	59
Peru	1980	P	4,030	49
	1962	P	1,693	42
Venezuela	1983	P, L	6,741	90
	1963	P, L	3,126	91

*P = Presidential, L = Legislative, CA = Constituent Assembly.
**Estimates based on votes cast as a percentage of total population age 20 or over as reported in the *United Nations Demographic Yearbook* for the year in question.

some cases, have doubled those of 20 years ago in relative as well as absolute terms.

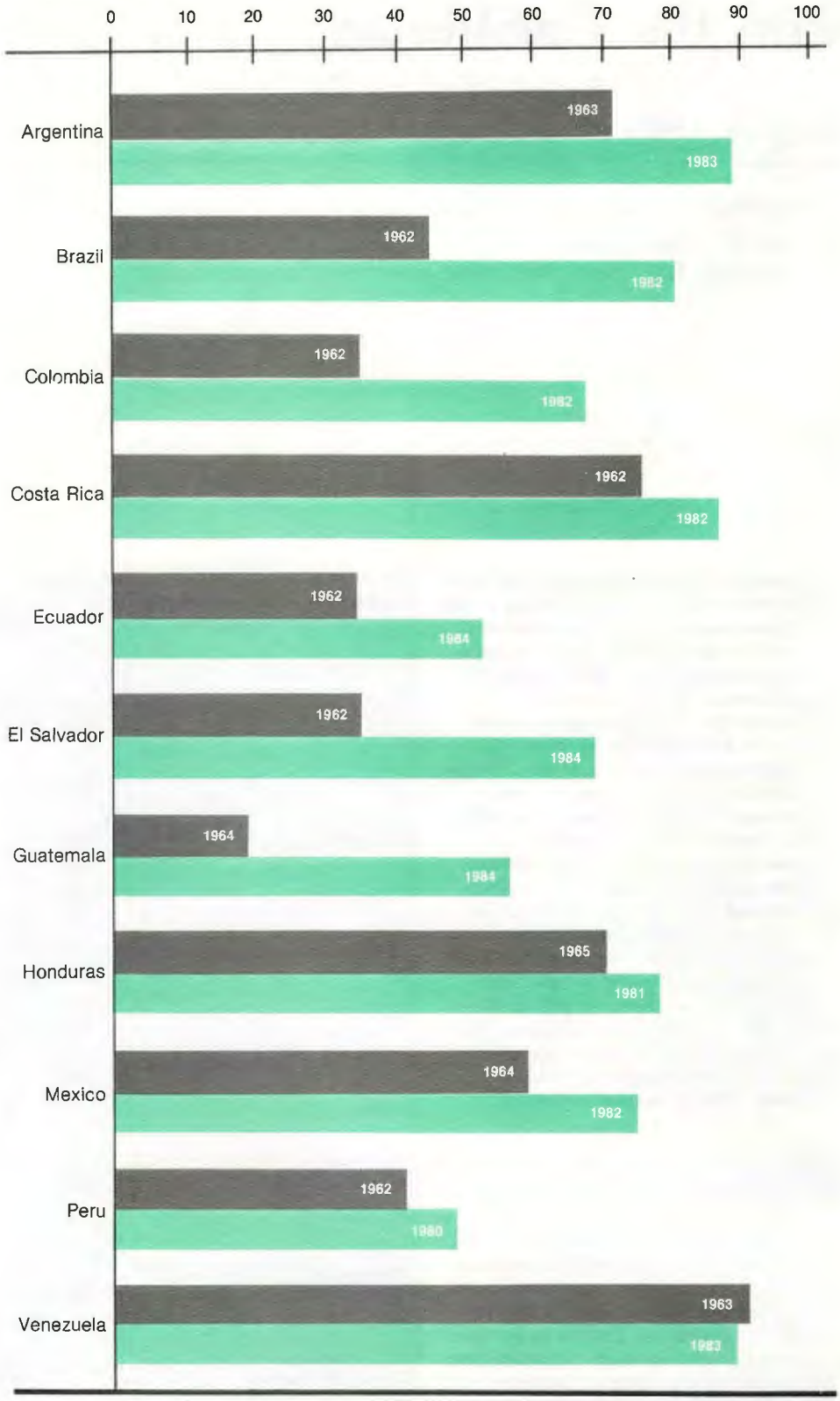
- More than 15 million Argentine voters went to the polls last fall. In the hotly contested election that ended nearly a decade of military rule, 9 out of every 10 adults voted. Raul Alfonsin became president with the largest vote in Argentine history, exceeding even Juan Peron's highest tally.
- In Brazil's 1982 congressional and municipal elections, 48.4 million Brazilians voted. This was more than three times the 14.8 million who voted in the 1962 legislative elections; the percentage of adults voting rose from 45% in 1962 to 81% in 1982.
- In May of this year, an absolute majority of all adult Salvadorans, some 1.5 million men and women, defied guerrilla violence to choose between Napoleon Duarte and Roberto D'Aubuisson. In the 1962 presidential elections, only 400,000 voters, roughly one-third of adult Salvadorans, had participated in an election dominated by an official military candidate.
- Two Constituent Assembly elections in Guatemala 20 years apart reveal a similar evolution: in May 1964, 337,000 votes were cast, 40% of those registered; in July 1984, the voters numbered 1,856,000, or 73% of those registered.

What lies behind this region-wide upsurge in democratic politics? Long-term development—including the revolutions in communications and expectations—is clearly, if slowly, making itself felt. A more immediate factor—one that has impressed many observers at recent elections—is voter desire to repudiate both dictators and guerrillas. To most Latin Americans, the uncertainties of democracy are preferable to the violence and abuse of leftist and rightist extremes.

The force of the democratic tide and the rejection of extremism can also be seen in what has *not* happened. Not a single country that was democractic 4 years ago has lost its freedom. The military coups predicted for El Salvador and Honduras did not take place. Bolivian democracy has not fallen. Not one guerrilla movement has taken power since 1979, when the Sandinistas replaced Somoza and abandoned their promises to hold free elections. And to

Growth of Voter Participation in Selected Countries

(Estimate of Percent of Total Adult Population Voting)



Castro's frustration and surprise, Grenada's Marxist-Leninist dictators did not prove immune to their own abuses of power and were replaced by constitutional authorities committed to holding free elections by the end of 1984.

Elections by themselves cannot remake society or solve every problem. But competitive elections are, as Secretary Shultz has noted, "a practical yardstick of democracy. They are an inescapable test of public accountability." It is, therefore, U.S. policy to support free elections without reservation, seeing in them assurances that human rights will be protected, that reconciliation will reflect the work of people and not of guns, and that U.S. aid and cooperation will have firm local foundations.

The English-speaking Caribbean, Costa Rica, Colombia, and Venezuela are solidly based democracies of long standing. Over the last 5 years, elected civilian presidents have replaced military rulers in Argentina, Bolivia, Ecuador, El Salvador, Honduras, Panama, and Peru. Additional countries as different as Brazil and Uruguay, Guatemala and Grenada are now also moving toward greater democracy.

The result is that more than 90% of the people of Latin America and the Caribbean are now living in countries with governments that are either democractic or heading there. For a part of the world often identified with dictatorship, this is something to cheer about.

As recently as 1979, two-thirds of our neighbors lived under military or military-dominated governments of both left and right. Any shift so striking invites skepticism. But measured in voter participation and in competition at the polling booth, today's democractic resurgence is astonishingly deep.

Our neighbors deserve the credit for the progress they are making. We can, in turn, be proud that we are cooperating with them. Freedom is not a zero-sum game. Everyone wins when democracy is strengthened.

THREATS TO DEMOCRACY

Despite this extraordinary pattern of progress, democracy in Latin America still faces many problems.

Competitive elections can help measure success or failure in dealing with particular problems; the problems themselves do not automatically disappear at the ballot box, regardless of who wins. Democracy requires elections; but elections alone are not enough.

Democracies must establish a track record as problem-solving mechanisms. If democratic institutions cannot solve problems, they cannot survive. If we are interested in the survival of democracy, we must help democratic governments deal with their problems—even though it is they, not we, who must solve them.

Internal problems include unequal access to education, justice, and employment; the clash of indigenous and immigrant cultures; great disparities in wealth; government inefficiency and corruption; civilian *caudillismo* and military intervention. These problems do not, of course, all exist in every country. But they do persist in varying degrees in the region as a whole.

External problems include increased costs for imported oil; the decline in the global economy accompanied by reductions in export earnings and forced reliance on increasingly expensive borrowed capital; and active efforts by hostile powers outside the hemisphere to exploit local grievances and economic hardship. Again, the mix can vary greatly from country to country, but these external pressures are felt throughout the hemisphere.

These problems combine to create two immediate threats to democracy in Latin America today: political extremism and economic recession. To them must be added the growing international trade in illicit drugs, which degrades the rule of law as well as human dignity.

Political Extremism. The enemies of democracy often point to underdevelopment and economic hardship to justify violence and dictatorship. The problem with their argument is that neither left nor right extremes are stable or productive.

Marxist-Leninist regimes have tended to perpetuate both the political and the economic backwardness out of which they grew. When feuding Marxist-Leninists plunged Grenada into murderous disorder, the United States, Barbados, Jamaica, and Grenada's eastern Caribbean neighbors came to the rescue. The result was restoration of legal order. This was a major defeat for the extremists and their Cuban and Soviet supporters, who nonetheless still support totalitarianism in Nicaragua and oppose the consolidation of democracy in El Salvador.

Like leftwing extremism, extremism of the right is weakened by economic development. Unlike leftwing extremism, it has few reliable external

The Military and Democracy

Essential to the survival of democracy is an apolitical military establishment—one which seeks not to defend one partisan interest or another but rather one committed to institutional democratic government. Significantly, the recent history of hemispheric democratic advance has been that of a transformation in which the military itself has taken an active part.

An example of this difficult process is today's El Salvador, which owes its agrarian reform to military support. After decades as defenders of the status quo, since 1979 El Salvador's security forces have made considerable progress toward improved field performance, greater respect for human rights, and an apolitical role in society.

Training and organizational changes are largely responsible. Merit promotion has been implemented. President Duarte has appointed a Vice Minister of Defense responsible for the three police forces, as well as new, able commanders to head each. Officers associated with human rights abuses have been removed and a unit suspected of human rights abuse disbanded.

This increased professionalism was reflected in the performance of the armed forces during this year's presidential elections and inauguration. The Salvadoran military, once considered an impediment to the establishment of political democracy, is today defending the future rather than the past.

A Precedent for 1984?

In 1972–74, Anastasio Somoza stepped aside from the presidency of Nicaragua, continuing as commander of the National Guard, and, after the 1972 earthquake, as President of the National Emergency Committee.

In 1974, disregarding the advice of friends who thought the time had come for the family to withdraw from active politics, Somoza decided to become president again. To do so, he had the Constitution amended and barred 9 out of 10 opposition parties from the presidential election. Nicaragua's Roman Catholic bishops warned in a pastoral letter that these electoral manipulations amounted to "legal war."

Under those conditions, Somoza received a smashing 95% of the vote: 216,158 votes to 11,997 for Edmundo Paguaga Irias of the Conservative Party. But the victory was Pyrrhic. Many Nicaraguans, including former close associates of Somoza, became convinced a democratic end to the Somoza dynasty had become impossible.

sources of support. But the consolidation of democratic politics and reform has, nonetheless, been hindered by such phenomena as death squads and denials of elemental equity.

Economic Recession. During the last 8–10 years, economic mismanagement and pressures for reform contributed to the decline of several unrepresentative regimes. Yet if democratic governments cannot produce economic recovery, then they, too, can lose their mandate. Today, many democracies need to restructure their economies at a time when living standards have already declined.

The countries of Latin America and the Caribbean constitute the developing world's most indebted region. External debt exceeded $330 billion at the end of 1983. In 1982 and 1983, interest payments alone added up to more than $40 billion per year. These payments were equivalent to more than 35% of the value of the region's exports of goods and services—the world's highest debt service ratio. In some individual countries the ratio exceeded 100% before debt rescheduling.

The region's real per capita gross domestic product (GDP) has dropped by over 10% from its 1980 level (by far more in some countries), and there is little doubt that per capita real economic growth will again be negative in 1984. In nearly all countries, unemployment and underemployment are at levels not seen since the Great Depression.

It hardly needs to be pointed out how dangerous such conditions are to any government that has to face elections.

The Drug Trade. Illicit narcotics trafficking and consumption also threaten democratic development by fostering disregard for the law and corrupting institutions as well as individuals. In some remote valleys, the lure of extraordinary profits and the absence of productive alternatives have broken down social and political order; lawlessness prevails and drug kings hold sway, sometimes in symbiosis with guerrillas.

In the past, many Latin Americans considered illicit drugs a "U.S. problem." Some even welcomed the increased employment and foreign exchange earnings brought by the drug trade. Today, they are increasingly aware of the enormous threat narcotics pose to the moral fiber of their own societies and to the legitimacy of their own political institutions. Democracy requires a collective victory over the traffickers and their allies.

U.S. POLICY IS TO SUPPORT DEMOCRACY

It is U.S. Government policy to support democracy and democratic institutions. This approach is neither interventionist nor a mindless export of ideology. It is legitimate, it is in our enlightened self-interest, and it works—not overnight or in 6-month increments but over time.

- Democracy is the best guarantor of human rights. A government responsible to its people cannot abuse them with impunity.
- Democracy is also the best long-term guarantor of stability. Democratic governments do not drive their people into armed opposition nor do they threaten or attack their neighbors.

American officials from the President on down have made clear our unequivocal support for democratic processes. During his trip to Latin America in 1982, President Reagan insisted that:

> The future challenges our imagination, but the roots of law and democracy and our inter-American system provide the answers. . . . Together, we will work toward the economic growth and opportunity that can only be achieved by free men and women. We will promote the democracy that is the foundation of our freedom and stand together to assure the security of our peoples, their governments, and our way of life.

Rule of Law is Key

A judicial system that is independent and fair, accessible and effective is essential to democracy.

Working with the UN-affiliated Latin American Institute for the Prevention of Crime and the Treatment of Offenders, the U.S. Government is developing a program to assist efforts by governments and private groups in Latin America and the Caribbean to strengthen legal institutions and improve the administration of justice.

Support for democracy can mean everything from a public embrace for a new president of Argentina to sending qualified election observers requested by a government in Central America. It can mean encouragement of political dialogue and communication, technical exchange programs, specialized conferences, and even analytical publications. It can mean support for a strengthened administration of justice.

During the last 4 years, it has meant all of these things—and more. We encouraged the open and competitive elections that took place in Honduras, El Salvador, and Guatemala. We urged the Sandinistas to honor the democratic promises they have abandoned and betrayed. We welcomed the return to democratic rule in Argentina. We made clear that we would favor a restoration of democracy in Chile and Uruguay. We showed our support for democratic legitimacy when President Siles was kidnaped in Bolivia. We let the Government of Paraguay know we were unhappy with the closing of the independent newspaper *ABC Color*. We let the Government of Haiti know of our concern at the arrest and mistreatment of opposition leaders.

In country after country in Latin America and the Caribbean, U.S. Embassies are today correctly perceived as supporting democracy. Local officials and citizens recognize in growing numbers that our representatives are patiently fostering democratic dialogue, constitutional procedures, and respect for political diversity.

We also have recognized that government officials are not alone in having a role to play in promoting

Latin America and the Caribbean

democratic values and traditions. Private citizens are ultimately the backbone of democracy, and we have attempted to catalyze broader private cooperation. The West German political foundations, the political internationals, our own American Institute for Free Labor Development, and many individual leaders have long proven that political cooperation among like-minded people and groups gets results.

The democratic tide has made it easier to build on these experiences. We have strengthened the ability of the U.S. Information Agency (USIA) to sponsor private exchanges. The National Endowment for Democracy and its constituent institutes are strengthening our national capacity to develop mutual support networks among democratic leaders and parties throughout the world.

The new Center for Electoral Advice and Promotion in San Jose, Costa Rica, is an example of how a regional institution can help nations translate democratic theory into the nuts, bolts, and ballot boxes of an open political system.

Democratic countries have a particular obligation to reach out and assist each other and those on the path to democracy. If they do not, they leave the field to those who are opposed to democracy. As President Eisenhower said on return from his 1960 South American trip:

> . . . all nations—large or small, powerful or weak—should assume some responsibility for the advancement of humankind. . . . Cooperation among free nations is the key to common progress.

Citizens: the Backbone of Democracy

U.S. Government contributions to the National Endowment for Democracy support private sector initiatives to encourage free and democratic institutions throughout the world. These initiatives involve U.S. business and labor as well as political parties. They include cooperation and organizational activities that promote the pluralism, individual freedoms, and internationally recognized human rights essential to the functioning of democratic institutions.

Costa Rica's Constitution

After the short 1948 civil war, a coalition of Costa Ricans looked at their own and their neighbors' political experiences and set out to create a legal framework to prevent abuses and assure a democratic future for the country. The document they wrote has been religiously followed since. Among other things, the Constitution of 1949:

- Permanently eliminated the army (*not* as an expression of "neutralism"—the civil war resulted partly in the explicit choice of democracy over communism—but to end any institutionalized military threat to elected civilian government);
- Created an independent "Supreme Electoral Tribunal," a fourth branch of government co-equal with the traditional three and with remarkably independent powers designed to assure scrupulously clean elections;
- Elaborated a complex system of checks, balances, and independent financing aimed at preventing undue concentration of power anywhere in the government; and
- Prohibited presidential reelection (not only of the incumbent, but of anyone in his/her cabinet or immediate family).

Economic Growth and Adjustment

With economic recession challenging social and political stability in several hemisphere countries, economic adjustment is not a matter of choice but of necessity. If economies are to grow, they must do so in accordance with market forces, not in opposition to them. Stable and equitable growth in the future requires economic adjustment now.

We in the United States have learned that lesson ourselves. The decisions we took to foster the resurgence of the American economy were not easy. Costs were incurred. At the height of the adjustment process, unemployment reached painfully high levels and industrial production declined markedly. But we are now reaping the benefits of the hard decisions we made earlier. Industrial production is expanding. Inflation is down and personal income is up. And in the past two quarters, our gross national product (GNP) grew much faster than anticipated.

Direct parallels cannot be drawn between the situation in the heavily indebted developing countries of Latin America and in the United States. But there is a lesson to be learned from our experience. It is clear that to achieve sustained noninflationary growth countries need policies that reflect economic realities and release the productive forces of their people.

Governments often face agonizing choices in the political management of adjustment. They must distribute the burdens of that adjustment. And they often must decide between taking hard measures at once or trying to postpone economic shocks—with the risk that those shocks will be more severe and violent later on. These are real dilemmas for which there is no simple or universal answer.

Democratic governments, with broad popular participation and support, are especially well positioned to deal with these tough decisions. As Costa Rican President Luis Alberto Monge told the International Labor Organization in Geneva on June 12, 1984:

> We have drawn back from the gulf [by adopting] some very bitter and harsh decisions in order to improve a sick economy. . . . Democracy works as a means of settling the problems of production and to win battles in the struggle against under-development and poverty.

We are acutely aware of the scope and seriousness of the economic problems confronting the hemisphere. We are concerned, and we are helping.

The United States and the other industrialized countries will continue to respond constructively to external debt and other economic problems. It would be a disservice to all nations to weaken the very international instruments that can help troubled economies adapt to new economic realities. But it would be

an equal disservice not to recognize the need for flexibility and understanding.

The June economic summit in London carefully considered debt-related issues. The summit leaders confirmed a basic strategy centered on adjustment, growth, and support and agreed to develop it flexibly, case by case. They also agreed on measures to strengthen and broaden that strategy over time.

The summit leaders also pledged to maintain and, where possible, increase bilateral and multilateral assistance, particularly to the poorest countries. They encouraged the International Monetary Fund (IMF) to continue its key role of helping debtor countries make necessary policy changes. And they asked the World Bank to strengthen its role in fostering economic development, urging closer cooperation between the IMF and the Bank.

This approach has been successful in avoiding systematic crisis. Indeed, we have come a long way since August 1982, when Mexico's acute lack of liquidity raised fears that the international financial system might sudddenly topple.

We and other creditor governments quickly provided temporary bridge financing to deal with immediate liquidity problems and began developing continuing measures to support Mexico's economic adjustment program. We have since collaborated on the official credits involved in financial support packages for a variety of debtor countries.

The responses of the United States, other creditor governments, commercial banks, the IMF, and other institutions reflect a more activist and creative approach to the hemisphere's economic problems.

Some countries, notably Mexico and Brazil, have made significant progress in adjusting their economies. Almost no country—from Jamaica to Peru, from the Dominican Republic to Costa Rica—has escaped the crisis or has failed to act to meet it. It is important that they be able to service their debt and bring about a resumption of sustainable, noninflationary growth.

To help make that possible, and to support democratic processes throughout the hemisphere, U.S. policy has sought to provide assistance to help governments implement adjustment measures conducive to long-term political and economic stability.

• The United States has made unprecedented use of Commodity Credit Corporation guarantees and special Export-Import Bank guarantee and insurance programs as specific debt management tools. We and our Paris Club colleagues have been flexible in rescheduling debt on a case-by-case basis. The debts of more countries are being rescheduled, including principal and interest, with longer repayment terms and grace periods.

• Our approach includes encouraging commercial bankers to maintain prudent involvement in lending and rescheduling. Commercial bank rescheduling and lending terms have improved over the past 18 months for countries which have successful adjustment programs—lower rescheduling and other fees, a drop in "spreads," lengthening repayment periods, and the rescheduling of maturities over multiyear periods.

• Adequate funding for the international financial institutions is an integral part of the solution. We have encouraged the evolution of the role of the IMF and other international financial institutions over the past 18 months. Working with the Congress last year, we secured a major increase in IMF resources. The IMF is increasingly sensitive to political and social strains accompanying painful economic adjustment programs. The Fund, for example, has been innovative in defining the public sector deficit targets for Peru and Brazil and has negotiated more liberal targets for Mexico and Chile.

• We have worked for the favorable evolution of World Bank operations, encouraging such innovations as structural adjustment loans, which offer financial support over the medium term to countries undertaking economic reforms. And we are examining development bottlenecks resulting from inadequate counterpart or local currency funds under World Bank lending.

• An important part of our strategy, and one that depends heavily on the Congress for support, is to prevent protectionist measures from inhibiting Latin American access to the U.S. market. The hemisphere's share of U.S. imports has grown from 13% ($23 billion) in 1978 to 16% in 1983 ($41.7 billion)—notwithstanding recessions, debt crises, and competition from other regions. The outlook for hemisphere exports to the United States is positive. U.S. imports from Latin America and the Caribbean in 1983 were up by 11% over 1982. And preliminary data for 1984—first quarter figures—show an increase of 31% over the first quarter of 1983.

• The Caribbean Basin Initiative (CBI) is a milestone. The CBI opens up new opportunities for trade, investment, employment, and broad-based growth in the region. Its 12-year life represents a long-term U.S. political commitment with incentives beyond its immediate trade objectives. Countries with the policy framework to promote investment and innovation will best be able to seize trade opportunities, increasing very significantly the payoff for appropriate economic policies.

• Another significant step is the trade credit guarantee program recommended for Central America by the National Bipartisan Commission on Central America, included in the foreign aid authorization bill, which passed the House in May.

In all these efforts, we are keenly aware that our programs and policies, however supportive, cannot be decisive. The main responsibility for economic development lies with the developing countries themselves. The flow of new lending from the industrialized countries is likely to remain below recent levels for an extended period of time. Yet developing countries continue to need more capital for development than they can generate internally.

Opinion Polling in Latin America

Thomas Jefferson wrote that "it is rare that the public sentiment decides immorally or unwisely, and the individual who differs from it ought to distrust and examine well his own opinion." Scientific polling is a modern reflection of that sentiment—a common practice in democratic states, including in Latin America and the Caribbean.

Several dozen respected public opinion firms, from Mexico to Argentina, engage in a wide range of political polling, from in-depth inquiries into citizen concerns to candidate popularity polls. Some are associated with well-known companies like Gallup, and internationally accepted survey methods are the rule.

Individual companies have demonstrated the validity and usefulness of polling even in disturbed areas. In Central America, for example, pollsters have elicited public attitudes on such diverse themes as regional peace talks, the impact of U.S. policies, and the effects of economic adjustment.

Foreign direct investment is, therefore, likely to grow in importance as an engine of development in Latin America. Direct investment, particularly new equity capital, offers the recipient country many advantages over external debt.

- Equity investment is cheaper to service, especially in hard times. Although interest must be paid regardless, profits are remitted only when they are earned.
- Equity brings with it technology, jobs, and management skills that are hard to acquire in other ways.
- Direct investment encourages integration into the world system, fostering a more open trading system where protectionist pressures can be resisted more readily.

The United States is the source of nearly 60% of all foreign direct investment in Latin America and the Caribbean. Investment flows respond to economic conditions and to fiscal, trade, and exchange-rate policies in the recipient countries. Nations that choose to create an attractive climate for foreign investors can expect to attract an increased portion of the available funds. They will thus reduce their dependence on debt for growth. We encourage this.

But we recognize that the debtor countries alone, even with wise policies, cannot surmount the current crisis. Our assistance is necessary—and we will continue to provide it. The cooperation of other lending countries is vital—and it has been forthcoming. The international financial institutions have an essential role to play—and they are playing it. With this support, we believe the responsible and democratic governments of the hemisphere can meet the economic challenges that confront them.

Security

The export of violence by Cuba and Nicaragua with Soviet backing is the principal external security threat to democracy in the hemisphere. U.S. security assistance and training are essential to help our neighbors defend themselves against this threat. As a demonstration of our resolve and to improve the capability of our own and regional forces, we continue to conduct joint exercises and maneuvers in the area.

At the same time, our diplomats are working actively to contain the threat posed by Nicaragua's military ties to Cuba and the Soviet bloc, its subversive activities, militarization, and internal repression. We believe the Contadora process provides the means to negotiate a comprehensive, verifiable, and durable regional solution.

The leaders of the Caribbean understand well the vital importance of collective effort. Pioneers of economic and political cooperation in CARICOM, they helped inspire the Caribbean Basin Initiative to broaden that cooperation to include both Central America and the industrialized world. Similarly, faced with what one Caribbean leader called "an ideology of violence whose aim is to undo democracy," the democracies of the eastern Caribbean, in particular, and the Caribbean as a whole did not vacillate in cooperating to restore order in Grenada in 1983.

Defense against the illicit narcotics trade entails cooperation of a similar kind among those in the region who recognize the threat and seek our active help—primarily in helping to fund what is, after all, a war against a well-armed and ruthless enemy.

Democracy in the Caribbean

The constitutions of the English-speaking nations of the Caribbean build on the British or "Westminster" model which has been followed in the region for over 300 years. Generally speaking, each nation elects a lower house or assembly roughly equivalent to the House of Commons, based on single member constituencies for a term of no more than 5 years. The leader of the majority party or coalition becomes Prime Minister, names a cabinet, and is responsible for governing during the term. An appointed Senate with minority representation sits for the duration of the term of the lower house. In those states whose constitution provides for it, a Governor-General represents the Queen. But this connection is *only* with the monarch, not at all with the Government or Prime Minister of Great Britain. The tradition of career, nonpartisan public service also runs deep in the Caribbean.

AN END TO INDIFFERENCE?

Although its mandate was confined to Central America, the National Bipartisan Commission on Central America could not avoid a broader conclusion in its report to the President:

> Powerful forces are on the march in nearly every country of the hemisphere, testing how nations shall be organized and by what process authority shall be established and legitimized. Who shall govern and under what forms are the central issues in the process of change now under way in country after country throughout Latin America and the Caribbean.

The United States is powerful enough to make a difference in favor of democracy. But successive U.S. Administrations and Congresses, Republicans and Democrats, have learned that our own democratic example and national power are not enough to make a decisive difference in the face of indifference abroad.

The important thing—the key to understanding how the United States should be conducting itself in this hemisphere—is that today indifference toward democracy is disappearing in Latin America and the Caribbean. Recent experience demonstrates this remarkable truth—in Central America, in the Andean countries, in Brazil, in the Caribbean, and in the Southern Cone. The voting statistics, the personal testimony of election observers, the palpable solidarity felt by anyone who has attended a Latin or Caribbean inauguration over the last 5 years—all evidence the growing sense of participation in national political life.

In international political cooperation today, the Contadora process is a critical experiment. It says a great deal about the invigorated power of the democratic idea that this group of countries has

Contadora on Democracy in Central America

On September 9, 1983, all nine participants in the Contadora peace process* agreed on a 21-point "Document of Objectives"—a framework for addressing obstacles to peace in the region. Two of those objectives dealt specifically with internal democracy:

> To adopt measures conducive to the establishment and, where appropriate, improvement of democratic, representative and pluralistic systems that will guarantee effective popular participation in the decision-making process and ensure that the various currents of opinion have free access to fair and regular elections based on the full observance of citizens' rights;
>
> To promote national reconciliation efforts wherever deep divisions have taken place within society, with a view to fostering participation in democratic processes in accordance with the law. . . .

*Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Colombia, Mexico, Panama, and Venezuela.

The "Coordinadora" Nine Points

Following, in translation, is a summary of the nine points first made in December 1983 by the opposition Nicaraguan Democratic Coordinating Board (made up of three political parties, two labor unions, and the umbrella private sector organization) as a basis for free elections in Nicaragua.

1. Separation of State and Party. The army, the militia, the police, the Sandinista Television Service, and others must be part of the state and not of the FSLN [Sandinista National Liberation Front].

2. Repeal of Laws That Violate Human Rights. The code that restricts freedom of expression in the press, radio, and television must be abrogated. The laws that violate private ownership and others must be abolished.

3. Suspension of the State of Emergency. Suspension of the state of emergency and full exercise of freedom of expression and information.

4. Amnesty Law. A general amnesty law that will permit the participation of all Nicaraguan citizens in the electoral process.

5. Respect for Freedom of Worship. Freedom for priests, pastors, and the faithful to perform their religious ceremonies.

6. Union Freedom. The full exercise of workers' rights, including the right to strike, to organize, and to bargain collectively.

7. Autonomy of the Judicial Branch. The judicial branch to have true independence from the government party and from the legislative and executive branches.

8. Protective Law With Recourse to Unconstitutionality. Recognition of the Fundamental Statute and the Statute of Rights and Guarantees as the Supreme Law until a new constitution is enacted, so that these will not be changed at the whim of the government.

9. National Dialogue To Hold Elections in the Presence of the Contadora Group or the OAS. All political parties and movements, including those in arms, should negotiate on the elections.

reached the "revolutionary" conclusion that democracy is absolutely essential for peace and development in Central America (see above).

Are these—and the more specific benchmarks elaborated within the process since then—not standards which we can all support? Don't they reveal both an understanding of democracy and a rejection of indifference?

Can there be any question of the results of any comparative application of these same benchmarks to the two Central American countries most often in the news: El Salvador and Nicaragua? Whose election experience or plans meet the standard? In which country is there "free access"? In which country are there "fair and regular elections"? Which country is promoting "national reconciliation efforts" on the basis of "fostering participation in democratic processes"? The answer in each case is El Salvador.

Those inclined to answer differently might ponder what Peruvian novelist Mario Vargas Llosa wrote in 1983:

> When an American or European intellectual—or liberal newspaper or institution—advocates for Latin American countries political options and methods he would never countenance in his own society, he is betraying a fundamental doubt about the capacity of the Latin American countries to achieve the liberty and the respect for the rights of others that prevail in the Western democracies. In most cases, the problem is an unconscious prejudice, an inchoate sentiment, a sort of visceral racism, which these persons—who generally have unimpeachable liberal and democratic credentials—would sharply disavow if they were suddenly made aware of it.

Vargas Llosa is right. Too many of us have not looked at what is happening in Latin America closely enough to get beyond the stereotypes.

It is time to bury the canard that Latin Americans are "incapable of democracy." The United States cannot afford ignorance, indifference, or inaction.

Our policy must be a program of understanding, of action, and of democractic solidarity. Recent history proclaims the strength of Latin America's drive for democracy. By encouraging it and supporting it, we are not "exporting" our own ideology or "imposing" something "made only in USA." We are helping our neighbors fulfill their own aspirations. And in doing so we are confirming our own deepest and most hopeful convictions. ■

Country Summaries

Type of Election(s) | Date of Most Recent Election(s) | Date of Next Election(s)

Antigua and Barbuda

General Elections	Apr. 1984	1989

Antigua and Barbuda gained its independence from the United Kingdom in November 1981. Prime Minister Vere C. Bird, Sr., leads the Antigua Labour Party (ALP). The Progressive Labour Movement (PLM) is the major opposition party but lost its representation in Parliament when the ALP swept open elections in 1984. A third party, the Antigua Caribbean Liberation Movement, has little support.

Argentina

Congress	Oct. 1983	1985
President	Oct. 1983	1989

On October 30, 1983, Radical Civic Union Party leader Raul Alfonsin was elected president after a hotly contested and free campaign against the candidate of the Justicialist (Peronist) Party. A record-breaking turnout of more than 15 million gave Alfonsin an absolute majority in the presidential vote. The Radicals also won control of the Chamber of Deputies, but no party obtained a majority in the Senate. One-third of the Senate and one-half of the House will be renewed in both 1985 and 1987.

Argentina's return to democracy after almost a decade of internal conflict and military rule was one of the most significant political events in 1983. The inauguration of President Alfonsin in December was a powerful and emotional celebration. Vice President Bush headed the U.S. delegation. Representatives of countries that have become democratic in the past decade—including Spain, Portugal, Peru, and Ecuador—were prominent. The United States shares with other democracies a vocation to defend and promote the democratic process.

The Bahamas

Parliament	June 1982	By 1987

The 1982 elections gave Prime Minister Lynden O. Pindling's Progressive Liberal Party (PLP) its fifth straight victory. Four other parties contested the elections, but only the Free National Movement received sufficient support to be represented in the Parliament. All parties had free and equal access to the media.

Barbados

Parliament	June 1981	By 1986

One of the most stable and prosperous countries in the Caribbean, Barbados is an open parliamentary democracy in the British tradition. J.M.G. "Tom" Adams, leader of the Barbados Labour Party (BLP), is Prime Minister. The main opposition is provided by the Democratic Labour Party (DLP).

Belize

National Assembly	Nov. 1979	1985

Belize, which achieved independence in 1981 after an extended period of internal self-government, has a democratic and parliamentary form of government. By law, general elections must be held by February 1985. In the 1979 election, the People's United Party, led by George C. Price, won 52% of the vote and the United Democratic Party 47%. The upcoming election also will be contested by the Christian Democratic Party.

Bolivia

Municipal	1949	Dec. 1984
President, Congress	June 1980	1986

After 18 years of military rule, Bolivian democracy was restored on October 10, 1982, when former President Hernan Siles Zuazo was elected president in a second-round vote by Congress and installed as constitutional president. Siles had obtained a plurality of the 1.4 million votes cast in June 1980 but had been prevented from assuming office by a July 1980 coup that led to three military regimes. Congress is responsible for setting election dates and seems likely to return to the traditional timetable by which a new president would be inaugurated on August 6, 1986.

U.S. support for the constitutional order has been a significant factor in buttressing Bolivian democracy, which faces difficult political, narcotics, and economic problems. President Siles publicly thanked the United States for its role in helping to frustrate the June 30, 1984, coup attempt in which he was kidnaped.

Brazil

President (indirect)	Oct. 1978	1985
Congress, State, Municipal	Nov. 1982	1986

Brazil has taken significant strides toward a fully representative government. Its opening to democracy, or *abertura*, was amply demonstrated in the November 1982 congressional, state, and municipal elections in which over 48 million voters chose some 40,000 officials. The opposition parties won 10 of the 22 contested governships, including all but one of the important industrial states in populous southern Brazil. In the 69-member Senate, the governing Democratic Social Party (PDS) won 15 of the contested seats for a total of 46,

or a two-thirds majority. The major opposition party, the Brazilian Democratic Movement (PMDB), won 9 seats for a total of 21. Of the 479 seats in the Chamber of Deputies, all of which were at stake, the PDS won 235 and the PMDB 200, so that neither of the major parties commands a majority.

The 1982 elections also determined the composition of the electoral college which will select the successor to President Joao Figueiredo on January 15, 1985. The 686-member college will consist of all Federal Senators and Deputies and six members of the majority party of each state legislative assembly. Only the two major parties are presenting candidates. The PDS has nominated Sao Paulo Federal Deputy Paulo Maluf; the PMDB has chosen Minas Gerais Governor Tancredo Neves. The election, which is expected to be hotly contested, will produce Brazil's first civilian president in over 20 years. Both candidates are campaigning on platforms calling for direct presidential elections in 1988. As elsewhere, U.S. policy is wholeheartedly in support of the democratic process, but neutral about who wins.

Chile

Plebiscite	Sept. 1980	1989

Chile came under military rule in September 1973. A constitution ratified by plebiscite in September 1980 took effect in March 1981. Though its provisions and the conditions under which it was ratified were criticized by opposition groups, this constitution confirmed Augusto Pinochet as president until 1989, at which time another plebiscite is scheduled to vote on the junta's nominee to succeed him. If the nominee wins, he would be inaugurated on September 18, 1989. If the nominee is rejected in the vote, Pinochet would remain in office, and open presidential elections would be held on March 18, 1990, concurrent with elections for Congress. Opposition groups have proposed several changes to this election timetable process.

Some political liberalization occurred during 1983. The government is now considering a law which would legalize some political parties. There is no formal dialogue between the government and and the opposition but informal contacts have taken place. The U.S. strongly supports the return to elected, democratic, civilian government in Chile. We hope the process of communication between the government and the opposition will produce a consensus on a return to democracy.

Colombia

Parliament, State, Local	Mar. 1982	Mar. 1986
President	May 1982	May 1986
State, Municipal, Territorial	Mar. 1984	Mar. 1988

Colombia has been an active democracy for more than 25 years. Power has alternated between the Liberal and Conservative parties. Belisario Betancur of the Conservative Party was elected president in May 1982, winning decisively over Alfonso Lopez Michelsen, a former president and Liberal Party candidate.

Colombian democracy confronts a low-level but persistent Cuban-backed insurgency, as well as the narcotics scourge. Colombia has begun to take extraordinary steps to stamp out narcotics trafficking and President Betancur has negotiated a cease-fire with the largest guerrilla group, offering them the opportunity to lay down their arms and join the country's free political life.

Costa Rica

President, Legislative Assembly	Feb. 1982	Feb. 1986

The elections of 1899 began a trend of free and honest elections that have enabled Costa Rica to evolve into a democratic republic with a strong system of checks and balances.

The electoral process is supervised by the powerful Supreme Electoral Tribunal, selected by Costa Rica's Supreme Court of Justice. The purpose of this unique fourth branch of government is to guarantee free and fair elections.

President Luis Alberto Monge is a member of the leading political party, the National Liberation Party (PLN). The PLN is social-democratic in philosophy. With but one exception, the PLN and various non-PLN coalitions have alternated in the presidency in every election since 1953.

Cuba

Cuba is a communist one-party state, and the key exception to the prevailing democratic environment in the Caribbean. Although a self-professed champion of "national liberation" where other countries are concerned, Cuba itself is one of the least democratic, least independent countries in the world.

Candidates for "election" are determined by the Communist Party. There is no concept of legal organized opposition. Suffrage, limited to voting for local assemblies, is universal for citizens aged 16 and over except for those who have applied for permanent emigration. Only sitting members of the local assemblies may vote to choose members of regional assemblies and of the National People's Assembly. Membership in a local assembly is not, however, a requirement for candidacy to the National Assembly. This assures seats to all Politburo members and other high-ranking government and party officials. The National People's Assembly selects a council of ministers, again under the direction of the Communist Party.

Twenty-five years after coming to power, Fidel Castro rules through classic Marxist-Leninist methods, including direct repression. Behind the ideological smokescreen he has established, Castro's government is the despotism of the traditional *caudillo* aggravated by unprecedented subservience to foreign interests. Cuba adheres closely to Soviet political and military guidance. Only a massive Soviet subsidy of $12–$13 million per day keeps the Cuban people from even greater privation.

Dominica

House of Assembly	July 1980	June 1985

Prime Minister Mary Eugenia Charles and the Dominica Freedom Party (DFP) gained control of the House of Assembly in a fair and open election. The DFP currently holds 17 of 21 seats. Opposing parties are the Dominica Labour Party, the Democratic Labour Party of Dominica, and a leftist grouping called Dominica Liberation Movement Alliance.

Dominican Republic

President, Congress	May 1982	May 1986

The Dominican Republic turned to democratic institutions after a long period of dictatorship and social and political upheaval. In spite of destabilizing economic problems, democracy continues to gain strength there, as evidenced by strongly contested elections in 1978 and 1982. Suffrage is universal and compulsory for those over 18 or married.

Three major parties contested the 1982 presidential elections in which 1.7 million citizens elected Salvador Jorge Blanco of the Dominican Revolutionary Party as president. The opposition parties, the Reformist Party and the Dominican Liberation Party, have representation at all levels of the government—federal, state, and local.

Ecuador

Legislative, Municipal	Jan. 1984	July 1986
President	May 1984 (2d round)	Jan. 1989

President Leon Febres-Cordero was inaugurated on August 10, 1984, marking the first transition in 24 years from one elected democratic government to another. President Febres-Cordero, a businessman, is a member of the Social Christian Party (PSC), which allied itself with several other parties in a coalition called the National Reconstruction Front to oppose Rodrigo Borja Cevallos, the candidate of the Democratic Left (ID), also supported by a coalition of political parties, some of which supported the outgoing government of President Osvaldo Hurtado.

El Salvador

Legislative Assembly, Municipal	Mar. 1982	1985
President	May 1984 (2d round)	1989

El Salvador's political structure is established by a constitution that entered into force in December 1983. The Constitution was written by a constituent assembly elected in a direct popular vote in 1982. The 1982 elections for the assembly were part of a program of democratization agreed to among the military officers responsible for the coup in 1979 and the Christian Democratic Party. Automatic registration for the elections was offered to the political parties allied with the guerrilla umbrella organization, the Farabundo Marti National Liberation Front (FMLN), but rejected by them.

Jose Napoleon Duarte was elected president on May 6, 1984. International observers attested to the fairness of the 1984 presidential elections. Eight candidates representing a broad political spectrum competed in the first round. Jose Napoleon Duarte, a founder of the Christian Democratic Party, won 54% of the votes in a run-off against ARENA [National Republican Alliance] candidate Roberto D'Aubuisson. Over 80% of the electorate went to the polls.

Despite communist subversion, rightwing terrorism, crushing economic difficulties, and a history of repression, the people of El Salvador have persevered in constructing democratic institutions. The legislative and municipal elections to be held in the spring of 1985 will provide a further opportunity for political parties associated with the guerrillas to compete democratically for power. The United States strongly supports President Duarte's efforts to bring about such a national reconciliation through democratic procedures.

Grenada

Parliament	Dec. 1976	By the end of 1984

The erratic rule of Sir Eric Gairy was forcibly ended on March 13, 1979, by Maurice Bishop and the New JEWEL [Joint Endeavor for Welfare, Education, and Liberation] Movement. The Constitution was suspended, elections postponed indefinitely, and an extraordinary military buildup begun under Cuban and Soviet advisers.

In October 1983, Grenada's eastern Caribbean neighbors proved their democratic mettle when they acted—without hesitation and with the support of other democratic nations, including the United States—to restore order in Grenada after the country had fallen prey to a bloody power struggle among its Marxist-Leninist leaders. Their collective action made it possible for Grenadians to resume their democratic heritage. An interim government was appointed by Governor-General Paul Scoon in November 1983. Parliamentary elections are expected to take place before the end of 1984.

Guatemala

President	Mar. 1982	1985
Constituent Assembly	July 1984	Not applicable

On March 23, 1982, Efrain Rios Montt was named president after Gen. Lucas Garcia was ousted in a bloodless coup. On August 8, 1983, Gen. Oscar Humberto Mejia Victores seized power from Rios Montt and pledged a prompt return to democracy. International observers invited to witness the Constitutent Assembly elections, held July 1, 1984, were favorably impressed by their

fairness; 73% of registered voters participated. The assembly, inaugurated on August 1, 1984, will write a new constitution and electoral law. The expectation is widespread that presidential elections will facilitate a return to civilian control in 1985.

Guatemala faces formidable social, cultural, human rights, and economic problems, but the 1984 election, which was conducted openly and fairly, has encouraged democrats everywhere. We support continued progress toward democratization.

Guyana

National Assembly	Dec. 1980	**None scheduled**

While Guyana maintains the structure of a multiparty parliamentary republic within the Commonwealth, its 1980 Constitution defines the country as a "democratic sovereign state in the course of transition from capitalism to socialism." The ruling party and its leader, Forbes Burnham, have imposed a minority government on the nation, resulting in an erosion of democratic practices.

Haiti

National Assembly	Feb. 1984	**1990**
Municipal	Apr. 1983	**None scheduled**

Impoverished and lacking democratic traditions, Haiti follows a constitution which, as amended in 1983, provides for lifetime President Jean-Claude Duvalier to designate his successor and legislative elections to be held every 6 years.

Although violence has been reduced, major human rights problems exist, including abuse of due process and a lack of freedom of speech, press, and association. For the first time, however, the government has announced plans for legislation governing political party activities; recognized a labor federation; and called for judicial reform, strict observance of legality, and an end to interference in the judicial process. Press controls have been theoretically relaxed, but the recent temporary detention of several journalists raises serious questions about this process.

Honduras

President, Congress	Nov. 1981	**Nov. 1985**

The April 1980 Constituent Assembly elections began a process that ended nearly 18 years of military rule. In January 1982 full democratic civilian government was restored to Honduras.

Roberto Suazo Cordova, of the Liberal Party, was elected president with about 54% of the votes. The Liberal Party won 44 of 82 congressional seats. The major opposition party, the National Party, won 34 seats.

Despite severe economic problems, the upheavals of the region, and the need to safeguard itself against Nicaragua, Honduras continues along the democratic path under able civilian leadership.

Jamaica

Parliament	Dec. 1983	**By 1988**

Jamaica has been a stable functioning democracy since obtaining independence in 1962. Elections are held at the discretion of the Governor-General upon advice of the Prime Minister, but not less than every 5 years.

Prime Minister Edward Seaga's Labour Party (JPL) won the December 1983 elections. The chief opposition party, the People's National Party (PNP) led by Michael Manley, boycotted the elections and did not post any candidates. JPL candidates won all but 6 (contested by small minority parties) of 60 Parliament seats. Thus, although the JPL and the PNP have regularly alternated in power, the JPL now heads a single-party government. Many observers anticipate that with the clarification of the voter registration issue that resulted in the PNP boycott, PNP participation in the electoral process will resume.

Mexico

Deputies, Certain State Governors, Municipal	1984	**1985**
President, Senators, Deputies	July 1982	**July 1988**

Miguel de la Madrid Hurtado was elected president on July 4, 1982. President and senators are elected for coinciding 6-year terms; governors at staggered intervals for 6-year terms; deputies and municipal officials for 3-year terms.

Mexico has had an evolving democratic system for more than 50 years. Recent constitutional amendments led to expanded representation of opposition parties, including the National Action Party (PAN) and the Mexican Unified Socialist Party (PSUM), which in 1982–83 carried some important municipal elections traditionally won by the ruling Institutional Revolutionary Party (PRI). President de la Madrid and key advisers are deeply engaged in efforts to resolve Mexico's most serious economic and financial problems since the Great Depression; his administration's programs include broadening popular participation in government.

Nicaragua

President, Council of State	Sept. 1974	**Nov. 1984**

Sandinista Nicaragua contrasts sharply with progress toward more open and tolerant societies elsewhere in Central America. Despite promises of free elections and nonalignment, the Sandinistas in the 5 years since taking power in 1979

have developed a militarized Marxist-Leninist state with close ties to Cuba and the Soviet Union.

Widespread internal pressures and disillusionment abroad led the Sandinistas to announce elections for November 4, 1984. A genuine political opening in Nicaragua would be welcomed by the United States and others in Latin America and Western Europe.

Pervasive FSLN [Sandinista National Liberation Front] presence and control throughout Nicaraguan society and its close identification with the government and armed forces provide it with enormous leverage in an electoral situation. The coordinating body of the democratic opposition has called on the Government of Nicaragua several times, beginning in December 1983, to take specific steps to create an environment conducive to genuine electoral competition (see p. 9). To date, the government has refused to significantly alter the rules of the game which greatly favor the governing FSLN party. Thus the major opposition parties have declined to register for the elections in November.

As of August 1984, it appeared that the 1984 Nicaraguan elections could resemble the 1974 Nicaraguan elections, in which the government candidate obtained an overwhelming percentage of the vote after ensuring the disqualification of all potentially serious opposition.

Panama

President, National Assembly	May 1984	May 1989
Municipal	June 1984	June 1989

Nicolas Ardito Barletta was elected president in May 1984 in Panama's first direct presidential election in 16 years. More than three-quarters of Panama's adults, 717,000 voters, participated in what proved a very tight race. The opposition Democratic Opposition Alliance (ADO), its candidate Arnulfo Arias, and the government party challenged votes in many districts.

Paraguay

President, Congress	Feb. 1983	Feb. 1988

President and Congress serve concurrent 5-year terms. President Alfredo Stroessner was reelected in 1983 to a seventh term that ends in February 1988. The elections resulted in his Colorado Party receiving over 90% of the votes cast in a process flawed by campaign and media restrictions. Only two of the legally recognized opposition parties participated, the Liberal and the Radical Liberal parties.

There has been little change in Paraguay's political system in recent years. A state of siege is continuously renewed, and human rights problems persist. At the same time, the government has taken some positive steps, such as releasing almost all political prisoners, allowing some political activitists to return to Paraguay after many years of exile, and arresting some police officials for abuse of authority.

Peru

President, Congress	May 1980	1985
Municipal	Nov. 1983	1986

Fernando Belaunde Terry, founder of the Popular Action (AP) party, was elected president for the second time in 1980. Reelected 12 years after he was deposed by a military coup, President Belaunde heads a democratic government that faces severe economic strains and terrorism from the indigenous Maoist guerrilla group, Sendero Luminoso. Nevertheless, Peru remains firmly on its democratic course. National elections planned for April 1985 will pave the way for the first constitutional turnover of power in 40 years.

Belaunde's coalition partner, the Popular Christian Party (PPC), withdrew from the government in May 1984 in anticipation of the 1985 elections. Candidates from the American Popular Revolutionary Alliance (APRA) and from the United Left (IU) did well in the 1983 municipal elections.

St. Christopher-Nevis

House of Assembly	June 1984	By June 1989

St. Christopher-Nevis, which achieved independence from the United Kingdom on September 19, 1983, is a parliamentary democracy with a strong tradition of peaceful electoral change of government.

Prime Minister Kennedy A. Simmonds, leader of the People's Action Movement rules in coalition with the Nevis Reformation Party led by Simeon Daniel. This coalition government was recently returned to power in peaceful democratic elections. The leader of the opposing St. Christopher-Nevis Labour Party, Lee Moore, lost his seat, thus limiting his ability to challenge the present government.

St. Lucia

Parliment	May 1982	By Aug. 1987

The St. Lucia Labour Party (SLP) won the first postindependence elections in 1979, winning 12 of the 17 House of Assembly seats. By 1982 the political tide had turned, and Prime Minister John Compton's United Worker's Party defeated both the SLP and the Progressive Labour Party (PLP), winning 14 of the 17 seats. The PLP has been largely discredited since trying to send 14 students to Libya for military training.

St. Vincent and the Grenadines

House of Assembly	July 1984	By 1989

Milton Cato's St. Vincent and the Grenadines Labour Party won the elections held in 1979 and until 1984 held 12 of 13 seats in the House of Assembly. The 1984 elections produced a peaceful upset, as James "Son" Mitchell and his New Democratic Party won 9 of the 13 seats and took control of Parliament.

Suriname

Until a violent military coup in February 1980, Suriname was a functioning democracy with a history largely free of violence. The military government headed by Lt. Col. Desire Bouterse has suspended the constitution and has not announced any plans for elections. In December 1982, 15 national leaders were killed while in government custody. There has been some dialogue among various political and social groups, but power remains in the hands of the army.

Trinidad and Tobago

Parliament	Nov. 1981	By Mar. 1987

Trinidad and Tobago has been a functioning and stable democracy since it achieved independence in 1962.

Prime Minister George Chamber's People's National Movement (PNM) won the 1981 elections. Of the eight political parties contesting the elections, the PNM, the United Labour Front (ULF), the Democratic Action Congress (DAC), and the Tapia House Movement (THM) won seats in the assembly. The elections were hotly contested with all parties actively campaigning for popular support.

Uruguay

President, Congress	1971	Nov. 1984
Plebiscite	1980	Not appli-cable

Uruguay has been under military rule since 1973. In 1980 a constitution drafted by the military and widely criticized as undemocratic was rejected in a plebiscite. In September 1981, the military selected a retired general, Gregorio Alvarez, as president.

Since 1981, Uruguay has proceeded on an accelerated course toward a democratic transition. The military recently deproscribed the Blanco and Colorado parties and most of the constituent member parties of the Broad Front. An agreement has been concluded between the Colorados, the Broad Front, and the military governing the modalities of the transition to civilian rule. Elections are scheduled for November 1984. Although the Blanco Party did not participate in the agreement because of the detention of its leader, Wilson Ferreira, it does plan to take part in the election. The United States firmly supports the return of democracy to Uruguay.

Venezuela

President, Congress	Dec. 1983	Dec. 1988
Municipal	May 1984	1989

Venezuela has had a democratic government for over 25 years. Although smaller parties represent a full spectrum of political tendencies, Venezuelan politics have evolved into a two-party system made up of COPEI and Democratic Action (AD), typifying respectively the classic international competition between Christian Democratic and Social Democratic currents. Continuing a tradition of alternation of power with COPEI, the AD's Jaime Lusinchi was elected president in December 1983—the first president to be elected by an absolute majority since the restoration of democracy in 1958.

After the ouster of dictator Marcos Perez Jimenez in 1958, the country successfully fought both Cuban-backed insurgents and rightwing extremists in the early 1960s—but without sacrificing respect for human rights and the rule of law. Few Venezuelans have forgotten how close their country came to losing its liberty, and 90% of Venezuela's adult population typically turns out for presidential elections.

Dependent Territories

Type of Election(s) | Date of Most Recent Election(s) | Date of Next Election(s)

Anguilla

Legislative Assembly	Mar. 1984	1989

Separated from St. Christopher-Nevis in December 1980, Anguilla remains a British dependent territory.

British Virgin Islands

General Elections	Nov. 1983	Nov. 1988

The British Virgin Islands is a British Crown Colony with a parliamentary system of government. The most recent elections brought the United Party, under the leadership of Cyril B. Romney, to power. The Virgin Islands Party forms the opposition.

Cayman Islands

Legislative Assembly	Nov. 1980	Nov. 1984

The Cayman Islands is a British dependency with a parliamentary form of government. The legislature is comprised of 12 elected members and 3 members appointed by the Governor. Although there are no highly structured political parties, there are loosely structured political organizations or "teams." The Unity Team and the Progress with Dignity Team are represented in the Legislative Assembly.

Montserrat

National Parliament, Chief Minister	Mar. 1983	Mar. 1988

Montserrat is a British Crown Colony. Elections are held every 5 years. In March 1983, Chief Minister John Osborne was reelected, but his People's Liberation Movement lost two of its seven seats in Parliament to the opposition People's Democratic Party.

Netherlands Antilles

Federal Parliament	June 1982	1986

The Netherlands Antilles has been a stable parliamentary democracy since the beginning of autonomy in 1954 as a part of the Kingdom of the Netherlands. Federal Parliamentary elections are mandatorily held every 4 years but may be called sooner should the party or coalition in power lose its majority. None of the 12 parties participating in the Federal Parliament election in 1982 received a majority of the vote, and a coalition government was formed.

Each of the islands has its own representative body, the Island Council, which enacts laws regarding local island affairs.

Turks and Caicos Islands

Legislative Council	May 1984	1990

The Turks and Caicos Islands is a British Crown colony. The most recent Legislative Council elections returned the People's National Party (PNP), headed by Norman Saunders, to power. The PNP won 8 of the 11 Legislative Council seats with the opposition People's Democratic Movement winning three.

French Overseas Departments

French Guiana

General Council	Mar. 1983	1988

French Guiana normally holds elections every 5 years. It elects one Senator and one Deputy to the French Senate and National Assembly.

Guadeloupe

General Council, Municipal	Mar. 1983	Mar. 1988

General Council elections normally are held every 5 years. Guadeloupe elects two Senators and three Deputies to the French Senate and National Assembly.

Martinique

General Council	Mar. 1983	Mar. 1988

General Council elections are usually held every 5 years. Martinique elects two Senators to the French Senate and three Deputies to the National Assembly.

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Secretary Shultz

Current
Policy
No. 768

Beyond the Debt Problem: The Path to Prosperity in Latin America

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

Cntrl America

Following is an address by Secretary Shultz before the first plenary session of the General Assembly of the Organization of American States (OAS), Cartagena, Colombia, December 2, 1985.

Let me restate, at the outset, on behalf of President Reagan and the American people, our profound sympathy for Colombia over the catastrophe of the Ruiz Volcano. Out of the volcanic ashes and the mud of Armero, however, we see once again the courage and resilience of Colombia's people. Just as Colombia has shown its leadership in regional efforts against drug trafficking and for a peaceful, democratic solution in Central America, we are confident that Colombia will overcome this latest challenge.

We in the United States reach out to other human beings beset by great tragedy. We have been privileged to respond immediately to every request from President Betancur's government with rescue workers, tents, helicopters, supplies, and scientific monitoring efforts. The huge outpouring of donations from private U.S. citizens expresses eloquently our sense of compassion and of brotherhood with the people of Colombia.

I also want to take this opportunity to praise President Betancur for his firmness against the criminal terrorists who invaded the Palace of Justice last month. As the terrorists themselves admitted, if they had known their action would be dealt with so firmly, they would not have attempted it. We can all learn from this Colombian example.

Five hundred years ago next month, Christopher Columbus proposed to the Spanish Court at Cordoba a venture to reach China and Japan by sailing West. After 4 years, the committee reviewing the proposal reported to Ferdinand and Isabella:

> We find no justification for Their Highnesses supporting a project that rests on extremely weak foundations and appears impossible to translate into reality to any person with any knowledge, however modest, of these questions.

Nonetheless, after its power was consolidated, the Spanish Crown authorized Columbus to sail—and his leadership, faith, and perseverance made history.

As we approach the 500th anniversary of the discovery of America—and the 100th anniversary of this organization—we, too, are navigating political and economic seas that are not well charted. We, too, must show the faith and fortitude that Columbus showed if this New World is to realize its promise.

Strengthening the OAS

This organization has a strong and proud record of achievement. For nearly a century, it has been a pacesetter for the world in the peaceful settlement of disputes. It has worked persistently and effectively to assure respect for human rights. And now the Secretary General has taken up the challenge of fighting drug abuse, for which my delegation commends him strongly. The United States looks forward to playing an active role in the conference next year on combating narcotics trafficking. We want this organization to be a vital force on all the issues that confront the hemisphere in the years ahead.

Therefore, I hope that in the few days we have together here we can take new steps to strengthen this organization. Can't we all agree, for example, that the Secretary General should be able to bring to our attention any issue that affects the peace and well-being of this hemisphere? Any member of this organization, likewise, should be able to bring to this General Assembly, or to the Permanent Council, any problem that concerns it. And we must all work with the Secretary General to make sure that the financial structure of the organization is repaired and restored to health. Let us take these steps here and now.

Democracy and Its Challenges in This Hemisphere

We meet at a moment of hope in the hemisphere. A democratic revolution has been sweeping Latin America. The United States supports and wants to nurture this process, which is a blessing in itself for the peoples who benefit directly and a vindication of democratic values to inspire the whole world.

In the past year, the democratic surge has been reinforced by presidential elections in Peru and Bolivia, by congressional elections in Argentina, and by Brazil's poignant but successful con-

stitutional transfer of power after the death of its President-elect. Most recently, the elections in Guatemala and Honduras continue the democratic tide. There are still exceptions; there have been instances of backsliding. But liberty is on the march in the Americas.

The OAS Charter says it well:

> [T]he true significance of American solidarity and good neighborliness can only mean the consolidation on this continent, within the framework of democratic institutions, of a system of individual liberty and social justice based upon respect for the essential rights of man.

And precisely because it, too, embodies this democratic imperative, the United States supports the Contadora process, in which nine OAS members are currently engaged.

There are many challenges to democracy—from terrorist violence, from communist subversion, from rulers who refuse to permit free elections. But today, I want to speak about another challenge to democratic governments: the economic problems of this hemisphere. The subject of debt dominates our conversation these days. It was the topic of a conference involving many of your nations in this very city. The United States has been listening. We recognize, as you have urged, that the goal of economic adjustment is economic growth—not only for material well-being but also as a stable foundation for freedom and democracy.

The Debt Problem

Today, the rise in international debt has clearly placed a new hurdle in the path of growth in Latin America and the Carribbean. In 1977, the total external debt of all developing countries—all around the world—importing capital came to roughly $330 billion. By the end of 1984, only 7 years later, the debt had ballooned to $830 billion. Debt service has risen from 15% of exports in 1977 to 25% of exports in 1985. In the Western Hemisphere, debt service now consumes nearly 44% of exports. No one can doubt or ignore this burden on your economies and your people.

In the late 1970s and early 1980s, with the financial strains from the second oil shock, both borrowing countries and lending banks based their policies on the assumption that inflation would continue unabated and real interest rates would remain negative or close to it. Some borrowers and lenders also assumed continuously rising oil prices. Large amounts of debt were incurred at short term and at variable interest rates. Then policies brought inflation down dramatically, real interest rates rose sharply, and recession struck, upsetting these expectations. The result has been increased debt service and slow growth. We have seen a similar phenomenon in the U.S. farm sector, which borrowed heavily on the expectation of continued low interest rates and rising land prices.

Over the past 3 years, all our countries have worked together to manage this debt burden. We have made progress. Payments problems of a short-term nature have been successfully surmounted; we have avoided major defaults that would have severely restricted the inflow of capital to your countries and constrained growth for a long time; major strides have been made in adjustment of external imbalances; and export-led growth began to recover in 1984. But we have not yet reached our more fundamental goal: to reestablish the conditions for vigorous, durable economic expansion.

Our challenge, in fact, is to combine two objectives:

First, to restore the growth that Latin America and the Caribbean so urgently need; and

Second, to restore debtor countries' creditworthiness and external financial balance.

These two objectives are not contradictory. On the contrary, the keys to resolving the debt problem are also the keys to sustained and vigorous growth. They involve actions that you, the Latin American countries, and the broader international community must take together. Each must do its part. An effective strategy, as I see it, must cover all dimensions of the problem.

First, the Latin American and Caribbean economies need to be able to deploy resources more efficiently, stimulate domestic saving, and encourage productive domestic investment.

Second, conditions must be created to attract inflows of foreign capital, particularly foreign direct investment.

Third, your reform efforts require appropriate support from official multilateral financial institutions and from private commercial banks.

None of these efforts can be truly successful, moreover, unless we all work to assure a growing and open international marketplace that facilitates the growth of exports and global economic expansion.

At the Bank/Fund [World Bank/International Monetary Fund] meeting in Seoul in October, our Secretary of the Treasury, James Baker, developed these points as he offered new proposals—the Baker plan—and explained our strategy. Let me share with you our analysis, reinforcing Secretary Baker's proposals.

Lessons From International Experience

The recent experience of the world economy is instructive. The world is recovering from the adversity of the 1970s and 1980s but at uneven rates. In 1984, the average growth rate for all developing countries was 4.4%. There was a wide variation between Asian developing countries, where growth averaged 8.1%, and sub-Saharan Africa, where growth averaged only 1.6%. The Western Hemisphere average was 3.1%

Why this wide variation? What are the factors that promote growth in some countries and inhibit it in others?

Experience gives us the answer. In good times, economic policy need not be brilliant to show some success. In hard times, enlightened policies make a real difference. The countries that have continued to prosper in the last decade have shared some characteristics. They work, they save, they invest, and they export. Above all, they unleash the creative energies of their peoples.

The successful countries have encouraged private initiative, avoided excessive regulation, and provided adequate incentives for productive investment. They have relied primarily on markets to set interest rates and prices and have maintained appropriate exchange rates. They have avoided excessive government consumption and control. The most successful countries have not relied on protectionism and import substitution but have followed a more outward-looking strategy. Many of them borrowed money—but they used it productively.

In the 1970s, interestingly, large, resource-rich developing countries grew more slowly than small, resource-poor countries. Large domestic markets perhaps gave policymakers the illusion that they could isolate themselves from world market forces. Inefficient industries were established that rapidly became a drain on the economy. When these industries were in the public sector, the damage was often long lasting since they were rarely allowed to liquidate their operations.

Fiscal deficits drain resources from productive use. From the late 1970s to 1983, the fiscal deficits for the developing countries roughly doubled in relation to GDP [gross domestic product], to about 5.5%. The composition of those deficits is striking. An IMF publication

notes that, in the 1970s, overall fiscal deficits of a sample of developing countries were about 4.4% of GDP. Of this amount, about three-fourths was attributable to public enterprises. Expenditures for, and borrowing by, public enterprises have been growing rapidly in the developing world. In fact, only about 10% of the investment of public enterprises was self-financed. This reflects the difficulty of running public enterprises efficiently. In countries where capital is scarce, such policies starve the private sector of resources needed for growth. Therefore, it is encouraging that several Latin American governments are beginning to take steps to free themselves of this burden.

Another lesson of experience is about policies toward the outside world. Your economies possess great potential for expansion of output and export earnings. To achieve this potential, you need to take full advantage of the opportunities of the world trading system.

Here, I must be blunt if I am to be honest. Restrictive trade practices have only compounded the problems of many heavily indebted developing countries. All too typically, heavy foreign borrowing has supported fiscal deficits and overvalued exchange rates, putting a great burden on export competitiveness. Import barriers have been erected to protect favored domestic industries from foreign competition. These barriers have severely hampered the growth of trade among Latin American and Caribbean nations. Other distortions have been introduced by subsidies and by controls on prices of consumer goods and on interest rates.

Growth has also been hindered by hostility to foreign direct investment. This has only added to the dependence on debt financing; it has also shut out the potential benefits from the technology and marketing capabilities of multinational firms. In some cases, foreign direct investment was attracted through promises of a protected market and then burdened by requirements for local content and export performance—a peculiar kind of "double whammy" negating economic efficiency.

Economies ended up hobbled by controls and restrictions, wasting both domestic and foreign capital, starving the external sectors of resources, unable to respond to changes in the external environment, and unable to generate export earnings to service rising debt. And, as in the United States and other countries, protectionist policies create vested interests. If dynamic growth is to be restored, major economic restructuring has to take place, with resources redeployed to the most productive industries that can compete effectively in the world market.

I understand how difficult this prescription is. Governments attempting fundamental reforms face opposition from powerful interest groups currently protected from competition. Governments need to show credible prospects for future improvements in standards of living in order to maintain domestic support for reform.

But to create such prospects requires investment. Domestic and foreign investors are wary. Though the demand for capital in the world may be infinite, the supply is finite. These resources will flow to where they are wanted—to where the conditions are hospitable. Countries wanting development capital will have to compete for it. Before contributing their resources, investors will need to be convinced that sound policies will be sustained.

A Comprehensive Approach

To tie all these elements together, there must be a comprehensive approach. Developing countries, industrial countries, international institutions, and commercial banks all have essential roles to play—in a kind of global bargain, if you will, to get debtor countries back on the path of sustained growth.

When Secretary Baker outlined our approach at Seoul, he stressed what is, in our view, the core of any comprehensive strategy—indeed, the sine qua non: namely, a more focused and determined effort of structural reform in the debtor countries aimed at greater efficiency, more domestic saving, and a more attractive climate for foreign investment. And, in conjunction with this, he addressed two other key elements designed to provide outside support and encouragement for structural reform: namely, more substantial and better coordinated assistance from multilateral institutions and more support from commercial banks. If each of these groups does its part, and if there is a clear need for additional capital for the multilateral development banks to meet the demand for quality lending, the United States would be prepared to address the issue of capital increases.

This was a creative effort, it seems to me, to bring the broader international community into the process of helping solve the debt problem. Both the World Bank and Inter-American Development Bank (IDB) are well placed to complement the continued central role of the IMF by providing financing and advice to countries taking the essential steps toward structural reform. The United States supports a number of creative steps taken recently by the World Bank, including the trade policy loan to Colombia, efforts for greater cofinancing with commercial banks, the decision to double the capital of the International Finance Corporation, and the creation of the Multilateral Investment Guarantee Agency (MIGA). The World Bank's considerable expertise can help devise programs for growth through structural reform. It can support these programs through increased lending to private sectors and through increases in policy-based lending.

We are also calling on the IDB to play a more active role in support of structural change oriented toward growth. This will require difficult reform measures by the IDB. I believe the IDB, with our and your help, can rise to this challenge. In particular, the Bank could introduce a major program of well-targeted nonproject lending as part of the upcoming replenishment negotiations. The Inter-American Investment Corporation, which we expect to become operational soon, should play an important role in developing the private sector in Latin America, particularly small and medium-sized firms.

The new commercial bank lending that Secretary Baker proposed—$20 billion over a 3-year period—is also a vital part of the near-term effort. Bank lending to the principal debtor countries has been declining, with very little new lending anticipated this year. Increased lending can provide important support for policies to promote efficiency, competitiveness, and productivity—the true foundations of growth. Such lending, however, will only be forthcoming if there is a clear commitment to adopt and implement such growth-oriented policies.

In the longer term, we want to see normal, voluntary international flows of capital resume their appropriate role in a way that will not renew or prolong current debt problems. Capital flows will need to be restructured, particularly to reduce reliance on bank lending, and to increase the role of equity finance.

Capital flight must be stemmed or, better, reversed. Our best estimate is that capital flight from Latin America and the Caribbean since 1980 amounts to well over $100 billion—it's your capital, and it's flown—offsetting a very substantial portion of lending to Latin America. In effect, much of your borrowing has gone not to finance productive domestic investment but to finance capital flight. I would like nothing better than to see your governments de-

velop creative ways to attract these resources back to Latin America in the form of equity. Perhaps the privatization of public enterprises could offer an opportunity.

External capital must become better balanced between debt and equity. In the end, this means more foreign direct investment. There is no substitute for it. In bank lending, risk is borne chiefly by the country receiving the capital. Direct investment, on the other hand, allows receiving countries to share the risk with the supplier of the capital. It also provides a greater flow of technology, stronger incentives for productivity, development of local managerial talent, and access to international sales networks. All are vital for stronger growth.

I know of the reluctance of many countries to welcome direct foreign investment. But abuses can be controlled without overly restrictive laws and regulations that choke off the broad benefits of investment.

The international community can help as well. Investment guarantees on a bilateral basis, as provided by OPIC [Overseas Private Investment Corporation], or to be provided on a multilateral basis by the MIGA, could help spread risks and encourage productive investment.

At Seoul, Secretary Baker also proposed that the World Bank, IMF, and other donors develop joint programs to support medium-term structural adjustment in the world's poorest countries. This could be of direct benefit to some countries in this hemisphere. More broadly, in today's interdependent global economy, the world community's efforts to promote growth throughout the developing world can also mean growing markets for Latin America's exports and a general stimulus to world trade.

But the basic preconditions for a sustainable, balanced inflow of foreign investment and for exploiting trade opportunities are the same preconditions as those for stimulating domestic saving and using it effectively; the internal environment must be attractive to both domestic and foreign savers and investors. Stable, noninflationary economic policies, prices, and interest rates determined by the market, and realistic exchange rates—all of these are vital. Without them, external support will be wasted.

A Sound Global Economic Environment

The external environment is relevant to the debt problem in another sense. Maintenance of an open, growing world economy is an essential prerequisite for solving the problems of debt and growth. The industrial countries bear the main responsibility for the overall, macroeconomic health of the global economic system. We have taken actions to foster stable, durable growth in our own economies, providing growing markets and generating more saving and investment.

Economic recovery in the industrialized world, however, has been accompanied by certain imbalances. These imbalances, the main symptoms of which are the strong dollar and the large U.S. trade deficit, have stimulated an upsurge in protectionist pressures that pose a serious danger to the world trading system and to our prosperity and yours.

The United States is actively involved in cooperative efforts to deal with this danger. On September 22 in New York, the major industrial nations agreed to work harder to achieve sustained and better balanced growth in their economies. The United States pledged to reduce its fiscal deficit and to encourage saving through revenue-neutral tax reform.

Other participants agreed to promote growth by a wide range of market-oriented policies designed to stimulate investment and reduce structural rigidities. We also agreed that a further strengthening of other currencies vis-a-vis the dollar was desirable in view of changing economic conditions and that we would cooperate to encourage this when to do so would be helpful. The initial impact on exchange rates has been gratifying, and I believe the fundamental policy actions underway will go much further in promoting balance and the durability of the recovery.

The U.S. economy, which has vigorously led the world economy out of recession, slowed its pace of growth in the first half of this year; and you all felt it. But the signs of growth have been much stronger in the second half, with a 4.3% annual rate of increase in real GNP [gross national product] for the third quarter. Prospects look solid for the remainder of the year and for 1986. Inflation in the United States remains low; interest rates have fallen sharply since the summer of 1984; and the substantial moderation in the strength of the dollar—especially against the yen—should bear fruit eventually in a stronger external balance.

Our expansion has been of direct benefit to you. Latin America's exports to the United States rose 25% between 1982 and 1984—which was over 75% of the total increase in your exports.

Prospects are good that growth will improve in the rest of the industrialized world. West European countries will be working to improve the strength and flexibility of their economies. Japan has announced measures to promote more domestic-led expansion. In both cases, lower tax burdens and freer markets can help. Lower inflation throughout the industrialized world favors sustained expansion. Protectionist pressures, however, pose continued dangers.

In New York, the industrial nations pledged to do their utmost to resist these pressures. We cannot afford to lose this battle. The stakes are simply too high.

It is essential that the industrialized world keep its markets open to your products. None of us is blameless, but the United States, your most important market, has done well in resisting protectionist pressures—for example, recently on copper and shoes. The latest challenge is the congressional bill sharply restricting imports of textiles and apparel. I will recommend to President Reagan that he veto it. We fully intend to keep up the fight.

Our strategy against protectionism involves three elements.

- The first is to correct the macroeconomic imbalances. We must work for sustained and more balanced growth among the industrial nations and for exchange markets which more fully reflect the progress in this direction.
- The second element is to assure our public that we are being vigilant in protecting U.S. industry, not from efficient foreign competition and shifting patterns of comparative advantage but from unfair foreign trade practices, such as subsidies and dumping. In this context, closed markets abroad seriously undermine our ability to keep markets open at home.
- Third, to build support for free trade, all our publics must see progress toward a strengthened, fairer, and more open world trading system. A new round of GATT [General Agreement on Tariffs and Trade] negotiations is, thus, a vital part of the U.S. strategy. Our aim is to reduce tariffs and quantitative trade controls. It is also to strengthen the role of GATT by reducing barriers and developing new rules for nontraditional areas such as services and high technology.

We are pleased that 90 countries agreed in Geneva last week to establish a preparatory committee for a new

trade round. This is a major step forward. The inclusion of trade in services will be a key element in our efforts to strengthen the trading system.

We were disappointed with the hesitant response from many developing countries to the proposal for a new trade round. We believe there is a common interest in reducing barriers, particularly in such areas as agriculture where we and Latin America are both major exporters. We believe you, too, have much to gain from stronger rules governing trade in services. Their availability at reasonable prices and in the most up-to-date form can play a key role in the modernization of developing economies. We applaud the new strength that Mexico brings to the world trading system by joining GATT.

As deliberations proceed toward the launching of the new round, let us work together to overcome the narrow interests that threaten to impede our common progress. We all need a stronger trading system. All our peoples will be the winners.

Our Prospects and Our Opportunity

If all our nations unite behind this comprehensive strategy, I believe we can improve prospects for sustained growth and financial stability throughout the world economy. The industrial countries must promote their own noninflationary growth and fight protectionism. The debtor countries must tackle the necessity of structural reform to generate and attract the resources needed for growth. The world community must see that its international institutions support the effort. Commercial banks should respond to genuine efforts at reform.

Global economic conditions now offer us a precious opportunity to put ourselves back on the path of sustained long-term growth. We know where we want to go and how to get there. Most of all, it will require us to examine our ways of thinking and to adopt policies that unleash the productive resources and sectors of our economies. The question is, do we have the political will to get the job done?

We in the United States share with the rest of the Americas the goal of surmounting the present economic problems. We will advance all our foreign policy objectives—peace and security, democracy and human rights, economic and social progress—if we succeed in overcoming current impediments to economic growth.

A few years ago, no one predicted the democratic surge that has taken place. Today, many doubt our capacity to restore sustained growth. I believe the skeptics will again be proved wrong.

If we let the lessons of experience serve as our guide, and if we work together to apply these lessons, the coming years can be a new era of prosperity and progress. The blessings of freedom and well-being that have been known by the relative few will be enjoyed by the many.

We cannot afford to let this opportunity slip away. Let us act, and let us act together. ■

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Central America

Mark,

This was our
translation proposal.
Thanks for your
help

Denise

FRIENDS OF THE DEMOCRATIC CENTER IN CENTRAL AMERICA (PRODEMCA)

2000 L STREET, N.W., SUITE 200, WASHINGTON, D.C. 20036 202/466-8264

Rediscovering Central America: The Democratic Awakening

A Program of Study and Public Education Sponsored By

THE FRIENDS OF THE DEMOCRATIC CENTER IN CENTRAL AMERICA
(PRODEMCA)

THE MISPERCEPTION

Many North Americans of all political persuasions still think of Central America as a region whose culture and economy are inhospitable to the democratic idea. In both the sophisticated and the popular mind, Central America is often imagined to be a realm which can only be ruled by despotic caudilloes or dictatorships of the revolutionary Left. To take one illustration: in a recent Op-Ed article in the New York Times, the Associate Editor of the distinguished and liberal Foreign Policy magazine, Alan Tonelson, argued that efforts by the U.S. to foster democracy in the region are

> "... based on a dangerous myth that can only burden our policy with unrealistic goals and increase pressure for deeper military involvement once less drastic measures prove inadequate."
>
> "The spirit of tolerance and the commitment to laws and institutions that enable democracies to ride out heavy political and economic storms are completely alien to Central America."

The truth, however, is that during the past decade democracy has begun to flower in Central America, and there are many reasons to hope that it may flourish even more abundantly. By the end of this year, in all likelihood almost 88% of the peoples of Central America will live under governments which will have crossed the threshold toward democracy. Elections will be held in the Fall of 1985 in Guatemala. The governments of Honduras and Panama, despite some severe tests, remain democratic, and Honduras will also have elections in November of 1985. Democracy has taken firm root in El Salvador, and has proven sturdy in Costa Rica. Even Nicaragua, the most pessimistic case, has not yet been thoroughly pressed into the mold of Communist totalitarianism.

But unless the general public in the United States becomes more fully aware of the democratic transformation that is underway in Central America - and the grave consequences for us should it fail - its prospects will be much diminished. The government of the United States and many of our private agencies have been and will continue to be asked to assist the democratic trend in Central America. Yet public opinion surveys uniformly reveal great confusion and ignorance about these countries, their problems and the role of the United States in the region. Both the accomplishments of the region and its problems must be better understood here if we are to help Central American democracy weather the tests that lie ahead.

Ironically, our own policy experts and academics have long bemoaned the absence of a "democratic center" in the public life of Central and South America. But although such a current has now arisen south of our border, it is little acknowledged in our own public discourse. This can be seen especially in much of the educational and organizational discussion of Central America that takes place outside the formal political processes of our country: in the religious communities, academic institutions, labor, the media, culture and the arts. In these realms, images of Central America persist which reflect the earlier history of that region. Often these false images are kept alive by programs of education and international exchange which obscure the new reality.

Each year, literally thousands of North Americans, both opinion-makers and individuals recruited from the "grass-roots," travel to Central America. These trips are sponsored and managed by religious, labor, academic and cultural organizations which are committed to the proposition that the only hope for the region lies with revolutionary change such as that being attempted in Nicaragua. These travellers return to he U.S. to participate in well-organized and well-financed public education programs which further this misconception. Neither the remarkable success of democracy in El Salvador nor the fact that soon Nicaragua will be the only non-democratic government in the region has had much impact on these programs. (See Appendix E, F, G: Steven Kinzer, New York Times, Edward Cody, Washington Post, Paul Hollander, Commentary.)

I
Recognizing the New Reality

The Friends of the Democratic Center in Central America is planning a three-stage program to help educate the people of the United States about the new currents of democracy in Central America. The initial phase in this program will involve a series of study tours for six groups of key U.S. opinion leaders to Central America. Each of these delegations will consist of a staff member and five to six figures of significance from our public life who have committed themselves in advance to speak and write about experiences upon their return to the United States. (Larger delegations will be too unwieldy, especially because meetings with top Central American leaders will be sought.)

Although none of the prospective participants has yet been formally invited to take part, the following lists exemplify both the categories from which participants will be drawn and the kinds of individuals we are seeking:

I Religion:	Father Theodore Hesburgh - President, University of Notre Dame
	Rabbi Marc Tannenbaum - American Jewish Committee
	Robert Dugan - National Association of Evangelicals
	Bishop James Crutchfield - Past President, United Methodist Conference of Bishops
	John Leith - Professor of Theology, Union Seminary, University of Virginia (Presbyterian)
II Labor	John Joyce, President, Bricklayers and Allied Trades, AFL-CIO
	Albert Shanker, President, American Federation of Teachers, AFL-CIO
	John Sweeny, President, Service Employees International Union
	Sam Fishman, President, Michigan State AFL-CIO
	Leon Lynch, Secretary-Treasurer, United Steelworkers, AFL-CIO
III Educators	Clark Kerr, Chairman, President Emeritus, University of California, Carnegie Commission on Higher Education (ck).
	John Silber, President, Boston University
	Angier Biddle Duke, Trustee, Long Island University

	The Rev. Joseph O'Hare, President, Fordham University
	Hans Mark, Chancellor, University of Texas
	John Bunzel, President, University of California at Long Beach
IV Journalists	Morton Kondrake, Newsweek
	Michael Kramer, New York Magazine
	Ben Wattenberg, United Features Syndicate
	Roy Beck, United Methodist Reporter
	Fred Barnes, The New Republic
	William Raspberry, The Washington Post
V Arts and Culture	Saul Bellow, novelist
	Richard Grenier, novelist and critic
	Hilton Kramer, editor
	Liv Ulman, actress
	Tom Stoppard, playwright
	Pearl Bailey, singer
VI Business	Richard Holbrook, Managing Director Shearson - Lehman Brothers - Former Asst. Secretary of State for East Asian Affairs, Carter Administration
	Daniel Rose, President, Rose Associates New York
	Maurice Sonnenberg, Investment Consultant
	Linden Blue, Chairman of the Executive Committee, Cordillera Corporation, Denver, Colorado
	John Bennett, Rancher, San Antonio, Texas
	Fred Smith, Chairman, Federal Express Corporation

The delegations will spend at least one full week in Central America, beginning in the Fall of 1985. (The first, hopefully, by the time of the Honduran and Guatemalan elections.) The countries they will visit may include El Salvador, Costa Rica, Guatemala and Honduras, but particular effort will be made to assure that each delegation spends at least two days in Nicaragua.

These will be well-constructed study tours, not sightseeing trips. Participants will meet not only with top government and political leaders, but with their counterparts in the civic and cultural life of the various countries they visit.

II
Public Education

The study tours to Central America will be but the first stage in this project. In the second phase, those who have travelled there will, with the assistance of our staff, convey their experiences to the public in the United States. The Friends of the Democratic Center in Central America is frequently requested to supply educational spokesmen for its views, but too often we have difficulty suggesting names of respected non-governmental figures who can speak with authority. To have visited the region for political study, even if only for a brief time, allows one to speak with considerably greater self-confidence and authority.

The Friends of the Democratic Center has the capability to help prepare and place articles and opinion pieces, to gain representation on television and radio public affairs programs, to suggest speakers for churches, synagogues, universities and civic organizations, and to make public statements in its own right on issues of concern. The organization has attracted attention and support in all regions of this country, and is capable of promoting discussion about democratic development in Central America in localities and constituencies which sometimes are not reached by the usual debates about issues of international affairs.

Our organization also has the virtue of spanning a wide band of the political spectrum of the United States: our Council includes liberals and conservatives; Democrats, Republicans and Independents; leaders of both business and labor; leaders of all religious faiths, and some outstanding figures from cultural and academic life.

We have also had significant experience in organizing delegations to Central American countries. In 1983 and 1984, sizable delegations of our members travelled to El Salvador to observe that country's first two critical elections. Both our presence in El Salvador and our reports upon returning home helped significantly to encourage El Salvador's democracy and to gain support for it here in the U.S. Members of our delegations also stopped in Nicaragua, Costa Rica and Honduras, where their presence gave strength to democratic forces in those societies. (See Appendix B)

Our organization has already been engaged in a number of projects to educate the U.S. public on issues of democracy in Central America. We have organized press briefings in New York, Washington, Cincinnati, Dallas and Seattle for these and other Central American democrats. Our own staff and officers have spoken before many organizations, appeared on many public affairs broadcasts, and given Congressional testimony on a number of occasions. We recently published a full page statement in The New York Times on democracy in Nicaragua, and were pleased at the breadth and distinction of the signers. (See Appendix D)

III
Visits by Central America's Democrats

A third phase of this project, which strongly reinforces the second, will be the organization of visits to the United States by democratic leaders from Central America itself. Those invited will be drawn from El Salvador, Guatemala, Costa Rica, Honduras, and Nicaragua. They will include representatives of all elements of the democratic political spectrum, although care will be taken not only to bring political leaders, but to involve figures from a variety of economic, cultural and religious affairs in those societies. We hope to bring as many as two such figures to the U.S. each month for a minimum stay of one week. All will be required to speak English.

Although each visitor will spend a few days in either New York or Washington, D.C., particular effort will be made to schedule visits to regions of the country which may not frequently receive such visitors. Efforts will also be made to schedule meetings between leaders of counterpart organizations in the U.S. and Central America: i.e., journalists, academics, religious leaders, business, labor, etc.

Participants would be required to commit themselves in advance to a full daily schedule. Our organization has substantial experience in scheduling such tours, having already done this for a number of visitors in the past. A sample schedule for one such trip, a week long tour taken by Nicaraguan democrat Alfonso Robelo, is attached. (See Appendix C & H)

None of the prospective Central American participants in this phase of the project has yet been formally invited to take part, although informal conversations with a number of them convince us of their general desire to do so. The following list exemplifies the kinds of individuals we are seeking:

Costa Rica

Eduardo Ulibarri, Editor, "La Nacion"

Guido Fernandez, Journalist; Television Commentator

Father Hugo Bonilla, Catholic Priest; Lawyer

Bernd Niehaus, Former Foreign Minister

Constantino Urcuyo, Dean of Political Studies; University of Costa Rica

NiNi Chinchilla, Former Congresswoman; High School Teacher

Modesto Watson, Director of Nicaraguan East Coast Refugee Camp

Guatemala

Jorge Carpio Nicolle, Director of the newspapers "La Razon" and El Grafico"; candidate for President of Guatemala -- (elections to be held in November 1985)

Julio Celso De Leon Flores, Unionist; Secretary-General of the Central Central American Workers' Confederation; Executive Committee of Latin American Central Workers' Union (CLAT)

Anna Catalina Soberanias, Executive Director, Christian Democratic Party

Mario Gomez Valencia, Economist; former Director of the Central Bank

Vinicio Cerezo, Former Deputy to Congress; Secretary-General of Christian Democratic Party. Candidate for President of Guatemala -- (elections to be held in November 1985)

Nicaragua

Pedro Joaquim Chamorro, Former Editor, "La Prensa"

Dr. Leon Pallais, Jesuit Priest

Jenelee Hodgson, Theologian; Founder, Southern Indigenous Creole Communities

Alejandro Bolanos, Physician; Historian

Alejandro Cardenal, Architect; Former Minister of Tourism

Xavier Zavala, Author; Political Activist

Ismael Reyes, Former President of Nicaraguan Red Cross; Former President of Nicaraguan Chamber of Industry

Alvin Guthrie, Former Secretary General of Confederation of Unified Labor Unions

El Salvador

Francisco Quinones, Former Chair of the Peace Commission

Francisco de Sola, Jr., Private Sector Leader

Dr. Adolfo Rey Prendes, Minister of Presidency

Monsignor Ricardo Urioste

Honduras

Carlos Roberto Reina, Former President of the Central American Human Rights Court

Mario Rietti, Private Sector Leader

Jose Leonardo Callejas, Private Sector Leader

IV
Conclusion

In sum, this program will fill a profound gap in the effort to educate the people of the United States about the promise and the problems of democratic development in Central America. We expect that this matter will be a vital interest of the United States for some years - this program can have long-lasting benefits. We are concerned about the number of other international education programs now in progress which promote strategies for Central America which are at odds with our conception of democracy. Both for the strategic interests and the intellectual good of our people, other voices must be heard.

Budget

The attached budget is divided into three parts. The first covers staff and office costs, including all costs of educational work here in the United States. The second covers all direct costs of sending the leadership delegations to Central America. The third covers all costs of bringing Central American democrats here. It is possible that a funder could contribute exclusively to any one aspect of this program.

I

Staff

Exchange Director	$35,000
Secretary (bi-lingual)	20,000
Escort officer, U.S. (full time)	35,000
Escort officer, Central America (bi-lingual) 15 weeks at $1,000 wk	15,000
Sub-total	105,000
Benefits (17% of total)	17,000

Office

Rent ($1,000/mo.)	$12,000
Telephone (domestic & overseas) ($1000/mo.)	12,000
Copying, printing, etc	3,000
Postage	750
Equipment & supplies	4,000
Sub-total	$48,750.00
Total (this page)	$153,750.00

II

U.S. Delegation Travel

Round trip air fare, D.C. to San Jose,
six delegations of seven persons each
Total, 42 persons, at $500 per person.....$21,000.00

Intra-Central American air fares
San Jose, San Salvador, Guatemala City,
Tegucigalpa, Managua
42 persons at $550 per person.....23,100.00

Hotel - seven days at $85/day.....24,990.00
42 persons

Meals and ground transportation,
Misc. costs, telephone and telex, etc.
$50/day per person x 7 days x 42.....14,700.00

Total (this page).....$83,790.00

III
Central American Delegation Travel

Round trip fare, San Jose, Costa Rica to Washington, D.C.
(48 people X $500).....$24,000.00

Domestic air travel
48 x $500 @ 5 cities.....$24,000.00

Hotel - seven days at $85 per day.....$28,560.00

Meals & Ground transportation.....$20,160.00
Misc. costs, telephone and telex, etc.

Total (this page).....$96,720.00

Grand Total, Phases I, II and III.....$334,260.00

APPENDIX

A. Friends of the Democratic Center (PRODEMCA) tax determination letters

B. Clips of El Salvador delegation

C. Clips of Cruz & Robelo - Miami, Cincinnati, Tenn., etc.

D. N.Y. Times, advertisement

E. N.Y. Times, Steven Kinzer, Delegations to Managua

F. Washington Post, Tribute to a Revolution

G. Commentary, The Newest Political Pilgrims

H. Robelo Schedules

A

RECEIVED JUL 2 5 1984

Internal Revenue Service
District Director

Department of the Treasury

Date: July 20, 1984

Employer Identification Number:

Accounting Period Ending:
December 31
Foundation Status Classification:
509(a)(1) & 170(b)(1)(A)(vi)
Advance Ruling Period Ends:
December 31, 1985
Person to Contact:
R. D. Morris
Contact Telephone Number:
1-800-424-1040

▷ The Citizens' Committee for the
Pro-Democratic Coalition in
Central America
1901 N. Fort Meyer Drive, Suite 202
Arlington, VA 22209

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably be expected to be a publicly supported organization described in section 509(a)(1) and 170(b)(1)(A)(vi)*.

Accordingly, you will be treated as a publicly supported organization, and not as a private foundation, during an advance ruling period. This advance ruling period begins on the date of your inception and ends on the date shown above.

Within 90 days after the end of your advance ruling period, you must submit to us information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, you will be classified as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, you will be classified as a private foundation for future periods. Also, if you are classified as a private foundation, you will be treated as a private foundation from the date of your inception for purposes of sections 507(d) and 4940.

Grantors and donors may rely on the determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you submit the required information within the 90 days, grantors and donors may continue to rely on the advance determination until the Service makes a final determination of your foundation status. However, if notice that you will no longer be treated as a section * organization is published in the Internal Revenue Bulletin, grantors and donors may not rely on this determination after the date of such publication. Also, a grantor or donor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act that resulted in your loss of section * status, or acquired knowledge that the Internal Revenue Service had given notice that you would be removed from classification as a section * organization.

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. Also, you should inform us of all changes in your name or address.

Generally, you are not liable for social security (FICA) taxes unless you file a waiver of exemption certificate as provided in the Federal Insurance Contributions Act. If you have paid FICA taxes without filing the waiver, you should call us. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other Federal excise taxes. If you have any questions about excise, employment, or other Federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

You are required to file Form 990, Return of Organization Exempt from Income Tax, only if your gross receipts each year are normally more than $10,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. The law imposes a penalty of $10 a day, up to a maximum of $5,000, when a return is filed late, unless there is reasonable cause for the delay.

You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T. In this letter, we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

Teddy R. Kern

Teddy R. Kern
District Director

The attached caveats are an integral part of this letter

cc: Jeffery L. Yablon
c/o Shaw, Pittman, Potts & Trowbridge
1800 M Street, NW
Washington, DC 20036

For tax years ending before December 31, 1982, you must file Form 990, Return of Organization Exempt from Income tax, only if your gross receipts each year are normally more than $10,000. For tax years ending on and after December 31, 1982, you are required to file Form 990 only if your gross receipts are normally more than $25,000. For guidance in determining whether your gross receipts are "normally" more than $25,000, see the instructions for the 1982 Form 990. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. The law imposes a penalty of $10.00 a day, up to a maximum of $5,000, when a return is filed late, unless there is reasonable cause for delay.

Beginning January 1, 1984, unless specifically excepted, you must pay taxes under the Federal Insurance Contributions Act (Social Security taxes) for each employee who is paid $100 or more in a calendar year.

You claimed to be an organization described in section 509(a)(2). Based on information you submitted, however, you can reasonably be expected to qualify as an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi). You will therefore be treated as a 509(a)(1) organization during the advance ruling period indicated in this letter.

B

HOW SALVADORAN ELECTIONS LOOK AND FEEL TO AMERICANS WHO SEE FOR THEMSELVES

REPORT OF THE CITIZEN OBSERVER GROUP AT THE SALVADORAN ELECTION

Poll watchers from the two competing parties on election day, May 6, 1984, in northwestern El Salvador.

PRODEMCA
JULY 1984

Arrangements for the Citizen Observer Group to see the Salvadoran election were made by the Citizens' Committee for the Pro-Democratic Coalition in Central America (PRODEMCA). PRODEMCA announced that anyone who wanted to go (and who could pay a share of the cost) was welcome. PRODEMCA publicized the opportunity to observe the elections through a wide variety of organizations, through radio and press announcements, and through direct mailings to hundreds of Americans.

The twenty-five people who responded to PRODEMCA's announcements traveled to El Salvador under the auspices of PRODEMCA but not as its representatives. Their participation in the PRODEMCA-organized trip should not be understood as endorsement of PRODEMCA's position on the conflict in Central America.

PRODEMCA
Who We Are and
What We Stand For

We are a completely independent and nonpartisan group of citizens who have come together because we share a belief that the United States should stand for democracy, human rights, and social justice in Central America.

At a time when our country is deeply divided about many issues raised by the conflict south of our border, we have joined together in this Committee to express our unity on some fundamental issues of fact and values. We ourselves are divided on many questions, but we feel strongly about the importance of some critical points on which we think most Americans can agree.

In brief, our position is that there is a life-or-death struggle now taking place between two groups in Central America. One side is committed to democracy, to human rights, and to social progress; the other is anti-democratic and believes that the program of an "enlightened vanguard" is more important than human rights. We believe that if the United States is to have a decent regard for the needs and wishes of the people of Central America, we must continue to support the pro-democratic side in this struggle.

PRODEMCA will take no position on the nature or amount of U.S. aid to the members of the pro-democratic coalition, nor on whether it should be conditional, nor on specific diplomatic proposals, nor on any specific legislation or candidates. PRODEMCA condemns death squads of every political persuasion and favors effective action to prevent killings and other deprivations of basic human rights.

PRODEMCA is incorporated in the District of Columbia as an educational nonprofit organization and is organized and will operate to meet the requirements of section 501(c)(3) of the U.S. Internal Revenue Code, so that contributions to the Committee are tax-deductible.

The following trip report was written by the PRODEMCA staff and does not necessarily represent the views of the participants in the PRODEMCA El Salvador Election observer group. The statement written by the observers themselves follows the trip report.

Trip report of the Citizen Observer Group to the Salvadoran Runoff Election for President

Twenty-five Americans traveled together to El Salvador at their own expense in order to observe the runoff election for President of that country. The group included Democrats and Republicans, a former ambassador, college professors and a college student—men and women of ages ranging from 21 to 75. Some traveled as representatives of Catholic and Protestant organizations, some were sent by nonprofit foundations, and some were traveling at their own initiative.

All the people in the Citizen Observer Group had been following the Central American conflict and had preconceptions about what they would see based mostly on what they had read and seen in the media. And all of them returned to the United States profoundly concerned because they found that what they saw with their own eyes and heard from the Salvadoran people they spoke with bore little resemblance to what the American media had led them to expect.

Because of all they had heard and because they were all aware that elections in Central America have in the past often been corrupt affairs characterized by massive fraud and intimidation, the observers went out to the polls suspicious of what they would be told by officials and doubtful that voters would be willing to speak openly. They were watching for even subtle signs of the continuation in the present of the corruption of the past, or of voters whose words would reflect their fears rather than their feelings.

The observers found that they had had three misconceptions about (i) the quality of the electoral process, (ii) the spirit of the voters, and (iii) the meaning of the elections.

ON THE QUALITY OF THE ELECTORAL PROCESS:

PRECONCEPTION: The clear plastic boxes into which the voters put their ballots opened the door to intimidation of voters and made "a mockery of the secret ballot."
OBSERVATION: The vast majority of the ballots were folded so that it was impossible to see which party symbol had been marked.

None of the twenty-five observers ever saw anyone, in or out of uniform, standing near the ballot boxes, or "urnas," watching how people were voting (let alone putting the names of those who voted the "wrong way" on blacklists, or death lists). Those Salvadorans who did not take the care to fold their ballots well enough to be unreadable were simply not bothering to use an available precaution against a nonexistent threat. Some of the PRODEMCA observers even saw ballots (some cast for each party) which had been folded by voters with the obvious intention of having their choice clearly visible. Where there are no "malicious intimidators," in the words of one of the observers, "there is no need to behave as if there are." The observers agreed that the few ballots which were readable through the sides of the box were evidence of the absence of intimidation at the polls, not of its presence.

PRECONCEPTION: The fact that voting is mandatory in El Salvador, with severe punishment for some nonvoters, would mean that a large turnout at the elections was no more meaningful than the almost 100% turnout for

Soviet elections.

OBSERVATION: While some of the hundreds of Salvadorans with whom the observers spoke said that they were voting because it was the law to vote, the vast majority said they were voting because they felt the candidate of the party they favored would bring peace to their country. It also turns out that not a single non-voter has ever had to pay for his inaction. The fines simply have not been enforced in any of the three elections since 1979.

PRECONCEPTION: The voting process in El Salvador, with its electoral register, indelible ink, and identification cards would be so complex that the portion of El Salvador's population which is illiterate would in fact be excluded from the vote.

A ballot.

OBSERVATION: The voting process was not an great obstacle to the illiterate. The key part of the electoral process, the marking of the ballot, involved only putting a mark through the party symbol of the voter's choice (the white fish on the green background of the Christian Democrats and the cross on a red white and blue field of the ARENA symbol are as well known in El Salvador as the golden arches of McDonald's are here). For those parts of the electoral process which were more complex, help was always available from the droves of poll-watchers from the two parties who were eager to see as many people vote as possible.

The complexity of the 1984 elections lay in the electoral register which limited the number of places where each Salvadoran could choose to vote. Out of over 5,000 urnas, the voter could choose only one of those fifteen which were accompanied by a voter list which carried his name. The first of these was at the place where the voter's "cedula," or identification card, had been issued. The other fourteen were backup lists in the capitals of each of El Salvador's fourteen districts which prevented voters away from their home towns from being excluded from the vote. Voters had to check the newspaper to find which urna had been assigned to their cedula number. At no polling place visited by the observers in the PRODEMCA group was there ever any shortage of newspapers or of people offering help to those who could not figure out where to vote. And, even if there had been a newspaper shortage or the voter had forgotten which urna to approach, it would still be possible to find out where to vote by looking at the urnas themselves. Each was clearly marked with the cedula numbers which were assigned to it.

ON THE SPIRIT OF THE VOTERS AND THE ATMOSPHERE AT THE POLLS:

PRECONCEPTION: The Salvadoran elections would take place in a "climate of fear." Being in El Salvador would be hardly less dangerous than being in Beirut.

OBSERVATION: The "climate" at the polls has been described by members of the observer group as that of a "festival," and as being "like small towns in the U.S. on the 4th of July." All the observers said that they felt safe. By the time they left the country, they laughed at the image of San Salvador as a city under siege.

The observers had traveled around El Salvador in eight cars, each with the freedom to choose both its own route and which polls to visit. While the cars traveled only in the western half of the country, the areas which they vis-

An hour before the polls opened at a San Salvador polling place on election day, May 6, 1984.

ited hold close to two-thirds of El Salvador's population. Everywhere they went the observers reported seeing parents bringing their children to the polling places and vendors selling soft drinks and flavored ices to the lines of voters. It is not difficult to tell if a crowd of people is happy with or burdened by what they are doing. The mood of the crowds on May 6th was cheerful and positive even after many people had stood on line for three hours in the sun.

PRECONCEPTION: The presence of members of the Salvadoran Armed Forces at the polling places would be a source of voter intimidation.

OBSERVATION: Because the ballots were cast in secret, with no members of the military watching how people voted at any of the dozens of polling places visited by the small groups of PRODEMCA observers, the presence of the military cannot be said to have influenced the voters' choice of parties.

The twenty-five observers agreed that intimidation from the military was not only absent but also impossible, given the presence of poll watchers from both parties at every voting table. Because the poll watchers had the power to reject, at the time of the counting of the ballots, votes which they felt had not been freely cast, the military could not get away with intimidation had that been their goal. In fact, however, the observers saw no reason to believe that members of the military ever even tried to tilt the vote toward either candidate. Soldiers were under strict orders from their commander-in-chief not to vote and, so far as we could tell, none did. This command was so closely followed that the PRODEMCA observers who tried to convince soldiers to tell them which party they favored were completely unsuccessful—even when they caught an individual soldier alone and promised that his words would be off the record, they could not get him to admit even *hypothetically* which party he favored.

PRECONCEPTION: Salvadorans would resent the ubiquitous presence of soldiers at the polls.

OBSERVATION: None of the observers saw any indication, subtle or direct, that the presence of the Armed Forces at the polls was felt by Salvadorans to be motivated by anything other than the need for security.

A number of the PRODEMCA observers, when they asked civilians standing in line at the polls what they thought about soldiers being denied the vote, were surprised by the answers they received. Some voters said they thought it unfair to deny the thousands of citizens who happen to be in uniform the right to have a share in choosing their commander-in-chief. But the most surprising answer came from some of those Salvadorans who did not regret the soldiers' requirement not to vote—"of course they shouldn't vote, they're busy guarding us."

PRECONCEPTION: The "Democratic Process" in El Salvador is little more than a creation of those forces in the United States who want to see military aid to El Salvador approved. The huge lines of voters will be a sign of intimidation rather than of grass-roots support for the electoral process.

OBSERVATION: All the observers found that the Salvadorans whom they saw and met were voting for their own country and for their own welfare rather than out of concern for American strategic interests.

The feeling among the observers was that the Salvadorans who went out to vote did so enthusiastically. "Why else would they get on line a whole hour before the polls opened?" one observer asked. One of the clearest indications of that enthusiasm was the number of people who devoted the whole of May 6th to working at the polls. There were over thirty thousand poll workers—at each of the approximately 6,000 urnas there was the three-person electoral "committee" as well as at least two "vigilantes," wearing either the green aprons of the Christian Democrats or the red, white and blue ones of the ARENA party, plus many other vigilantes and supervisors.

PRECONCEPTION: The hatred felt by the two candidates for each other that is so obvious any time either

A Salvadoran woman has her finger marked with indelible dye after voting on May 6, 1984.

candidate speaks is so great that the tension between supporters of the two parties at the polls will be near the breaking point. Given that hatred, cooperation between e parties will be unlikely.

OBSERVATION: The hatred which exists between the candidates disappeared at the polling places—an observation which is especially amazing given the fact that many voters and vigilantes seemed convinced that without the victory of their party, El Salvador was doomed.

At every polling table in the country there were people from the two parties working together closely and peacefully for a very long day. The party members at the polls were committed to only one thing more than their own parties—the fairness of the election. They all realized that the validity of their party's victory would be challenged if the elections were less than perfect, and they all seemed to believe that their party would win.

A few of the observers in the group reported that they were in the largest polling place in El Salvador at six in the evening just as the polls closed—the national fairground. At exactly six o'clock the power failed and the lights went out. Within seconds, they said, hundreds of flashlights flicked on, and everyone moved away from the ballot boxes. Then two people, one from each party, rested their elbows on the top of each box and shined a flashlight inside so that nobody could claim that the darkness had been taken advantage of as an opportunity to stuff the ballot boxes. They said that they saw some of the party orkers actually lock arms around the boxes.

While there were stories about fights breaking out at one polling place between the vigilantes of the two parties, none of the PRODEMCA observers reported seeing anything more violent than heated but civil debate where they went.

ON THE MEANING OF THE SALVADORAN ELECTION:

PRECONCEPTION: No matter how long the lines are at the polls, an election in a country where a civil war is going on (and only one side of that war is on the ballot) will not be a very meaningful measure of the popular will.

OBSERVATION: The observers found only the most sporadic indications that the absence of an FMLN/FDR (the guerrillas' organization and its political representatives) party symbol was missed by the Salvadoran people. The observers in the group who watched the vote count in the evening reported that all but a few of the ballots they saw had been cast for one of the two parties—some of them were surprised by this because they had expected to see more of the blank and defaced ballots which have always been the accepted way for voters to say that they dislike all the choices on a ballot. One observer said she saw one ballot on which the words "they're both killers" had been written.

CONCLUSION:

A couple of the observers from the PRODEMCA group came up with the best explanation of the meaning of the Salvadoran election so far. They said that the people who cast votes for the Christian Democrats felt Duarte could best bring peace to El Salvador and that the people who marked the ARENA symbol felt that D'Aubuisson could best bring peace to El Salvador. The fact that more PDC symbols than ARENA ones had been marked, they explained, meant that more people wanted Duarte than D'Aubuisson to be El Salvador's President. They said that those people who cast null ballots, or no ballots, rather than votes for one of the two parties could be considered to be dissatisfied with the candidates or the electoral process and that some fraction—perhaps even most—of those people could even be supporters of the guerrillas.

What the observers said was self-evident. But sometimes the obvious has to be pointed out if it is to escape from the fog of over-analysis. By finally saying the obvious, the members of the citizen observer group of the runoff presidential election in El Salvador are making a contribution as fundamental as that of the boy who finally said, "The Emperor has no clothes!"

Statement of the PRODEMCA El Salvador Election Observer Group

May 7, 1984

We are 25 Americans who responded to an opportunity to come as private citizens at our own expense to see the Salvadoran elections for ourselves. We include Democrats, Republicans and independents, supporters and opponents of President Reagan's reelection. We speak for ourselves, not for any organization.

We want to express our appreciation for the hospitality we received from Salvadorans everywhere we went. Our credentials as non-governmental observers made us welcome everywhere we wanted to go.

We will comment only on what we saw and the facts that we have evidence to support. We will not speak about specific policy questions because they depend on much more than the facts we learned. And we certainly take no position on the Salvadorans' choice between their two candidates.

Before starting, we want to say that what we saw made us proud of our country: first by the demonstration that the Salvadoran people share our democratic faith; and second because four million of our tax dollars helped to make the arrangements for this successful election possible. The money could not have been better spent.

The following observations apply to what we were able to see ourselves. We went in eight cars, each with an interpreter and each choosing its own route. We covered the areas of the country where most of the people live, small towns and big cities. We believe that the dozens of polling places we observed, and the hundreds of voters we talked to were reasonably representative of most of the country. But of course we didn't see everything; many things could have happened that we didn't see.

1. For us it is beyond doubt that this was a free and fair election, a shining example of the democratic spirit of which the Salvadorans are justly proud.

2. It was clearly the whole Salvadoran community turning out in an enthusiastic expression of national spirit. The atmosphere was like small towns in the U.S. on the 4th of July, with families bringing the children along.

3. We saw no indications that people were voting because of intimidation or because the law required it. On the contrary, all the signs, subtle as well as direct, were that people voted because they had decided that it was their duty to do so as part of their commitment to democracy and to achieve peace.

4. The imperfections we saw were technical and inconsequential, neither one-sided nor substantial.

5. We were amazed at the number and spirit of the young people working at the polling places, over 30,000 altogether. They worked hard and with good spirit between the parties that was very good-hearted.

6. It was clear that the Army was committed to having free competitive elections. They worked hard providing effective security and they were neutral.

7. The people believed that the Army supported a free election. The people, the government, and the Army all saw themselves as working together in a common strong commitment to a government based on free and competitive elections.

8. The voters knew that the guerrillas rejected the elections—and they overwhelming rejected the guerrillas' po-

sition on this issue. We saw no indication that many people wanted to have an opportunity to vote for the guerrillas or their political representatives. In the places where we saw the count, the number of null votes—an accepted way of expressing support for the guerrillas—was below the 10% level of the March election.

Conclusion: We came to see for ourselves, and on two major issues we found things very different than what most people we talked to at home believe.

A. Our friends thought we were brave—or crazy—to go to such a "dangerous" place. We felt safe. The Salvadorans were out with their children, so they felt safe. Undoubtedly there is violence and danger somewhere in El Salvador. But we can testify that there are large areas which are peaceful and feel safe.

B. All kinds of doubt have been cast on Salvadoran elections—as propaganda, a climate of fear, etc., etc. These doubts are wrong. The Salvadoran elections are first-class free elections.

We must ask whether the process by which Americans try to inform themselves about El Salvador is so great a failure on other matters as well.

Finally, we strongly believe that to be true to ourselves, our country must support El Salvador so that its brave commitment to government based on free elections is not defeated by those now attacking it.

The following is a list of those who participated in the election observer trip:

Steve Allen	**Anniston, Alabama**
John Bennett, Jr.	**San Antonio, Texas**
Francis Carroll	**Worcester, Massachusetts**
Shari Cohn	**Laurel, Maryland**
Paul Dietrich	**Washington, D. C.**
Angier Biddle Duke	**New York, New York**
Peter Flaherty	**Washington, D. C.**
Daniel James	**Washington, D. C.**
Harry T. Johnson	**Medway, Massachusetts**
Roger Kaplan	**New York, New York**
Penn Kemble	**Washington, D. C.**
Phillip Lawler	**Washington, D. C.**
Joachim Maitre	**Boston, Massachusetts**
Mihajlo Mihajlov	**Columbus, Ohio**
John Miller	**Chicago, Illinois**
Sister Camilla Mullay	**Columbus, Ohio**
Barbara Perkins	**New York, New York**
William D. Sindlinger	**Cedar Falls, Iowa**
William W. Sindlinger	**Cedar Falls, Iowa**
Alex Singer	**Ithaca, New York**
Max Singer	**Chevy Chase, Maryland**
Kenneth Smilen	**New York, New York**
Mary Temple	**New York, New York**
Vicki Thomas	**Bethesda, Maryland**
Esther Wilson	**Washington, D. C.**

App.: Comparison of Vote Totals Three Elections

	ELECTION OF CONSTITUTIONAL ASSEMBLY DEPUTIES			PRESIDENTIAL ELECTIONS					
	1982			March 1984			May 1984 *		
	votes	% of valid	% of total	votes	% of valid	% of total	votes	% of valid	% of total
P.D.C.	546,218	40	35	549,727	43	39	752,625	54	49
ARENA	402,304	30	26	376,917	30	27	651,741	46	43
Other Parties	413,817	30	27	334,632	27	24	--	--	--
Total Valid	1,362,339	100	88	1,266,276	100	89	1,404,366	100	92
Invalid	131,498		8	104,557		7	81,017		5
Blank	51,438		3	41,736		3	32,582		2
Chal-lenged	6,412		0	6,924		0	6,114		0
Total Invalid	189,348		12	153,217		11	119,713		8
TOTAL	1,551,687		100	1,419,493		100	1,524,079		100

Figures rounded to the nearest whole percent

* Provisional results as of May 11, 1984 with 96.08% of the vote counted.

CHICAGO SUN 5/14/84

Visitor finds Salvadoran election 'free, fair'

By John L. Miller

I was one of a group of 25 Americans who visited El Salvador as private citizens to observe for themselves the May 6 runoff elections for president.

I personally visited seven polling places of disparate economic background, including two out in the countryside. While we can only comment on what we saw—and, of course, we did not see everything—the conclusion of our group, supported by my personal observations, was that the elections were fair, free, honest and in the best traditions of democracy.

I have seen a great many elections in this country, and what we saw had the feel, taste and smell of an election combined with some festive aspects seldom visible here. People turned out in enormous numbers and stood in long lines to cast their votes.

I was able to talk to dozens of voters; they said they were voting as a duty to their country and were voting for peace and a better life. Two women explained, with tears in their eyes, that an election was the way to end the killing.

I wish to strongly emphasize that we saw no evidence that people were voting because of intimidation or because the law requires it. Compulsory voting laws exist in many countries, including Australia, home of the secret ballot. Such laws are based on the theory that voting is a public duty, as well as a private right.

None of the people I talked to seemed to be afraid. Many approached us to volunteer their opinions. The enthusiasm of the poll-watchers, the children accompanying their parents to the polls, the demeanor of the people in line and the spontaneity of those at Christian Democratic Party headquarters awaiting the results (Harold Washington would have enjoyed it) bear testimony that people acted for democracy.

While the act of voting is obligatory, the voter is not obliged to vote for one of the two runoff candidates. The voter can cast no vote or make his "X" so as to touch both party boxes, effectively voiding the ballot.

This is an accepted expression of rejecting the choices offered, and in past

PERSONAL VIEW

Salvadoran elections has approached 40 percent. This is also an accepted fashion of expressing support for the guerrillas.

In the places where we observed the count, the number of null votes was well below the 10 percent level of the March election. The voters knew that the guerrillas rejected the elections—and they overwhelmingly rejected the guerrillas' position on this issue.

Any election has its snafus. However, the ones I saw were garden-variety election-day irregularities.

At one polling place, a Christian Democrat poll watcher, believing I was an official, lodged, in Spanish, a complaint of electioneering, showing me some suspect literature. I was soon surrounded by partisans of both sides.

I did not need a translator to understand the dispute; it was one I have seen dozens of times. With the assistance of regular election officials, both sides agreed not to distribute the literature.

Disputes like this one do not cast doubt upon the process; indeed, they provide the human inconsistency that shows citizen participation, commitment and involvement. There are no such disputes in totalitarian states.

A familiar complaint was about names missing from the voting register. In my judgment, the number was very small, especially considering the technical difficulties incumbent upon the creation of a nationwide computerized voter name list in four months.

Anyone who has ever worked with computers or voting lists will understand the difficulties encountered in the first round of the elections in March. The bugs were almost entirely out of the system for the runoff election.

The registration list was meant to serve the same purpose it does here: prevent fraud. As the director of the project for the creation of the list told me, some have criticized the registration lists, but no one has said the elections were stolen.

A few comments about the role of the army are appropriate. In many Third World nations, younger and better educated military officers have been a force for modernization, albeit not always for democracy.

The image of the military officer as reactionary is outdated. We saw no evidence that the Army was anything other than neutral. Indeed, members of the armed forces abstained from voting as a demonstration of their neutrality.

In short, I found things in El Salvador very different than most people I talk to at home believe. In particular, my friends thought I was brave or crazy to go to a "dangerous" place. Well, San Salvador is not Beirut; the rebels are not on the verge of rolling up to the Central Plaza. I felt safe; Salvadorans, many of whom were accompanied to the polls by their children, clearly felt safe.

I was disappointed when I got off the plane in Miami to see "Rebels Attack Mars Voting" in headline type. The incident was isolated and fleeting and our group's observers in San Miguel reported the election proceeded normally and with a heavy turnout.

Second, the doubt that has been cast on the Salvadoran elections reflects the cynicism of the doubters. The commitment of the Salvadorans is refreshingly free from that "sophistication."

The degree of citizen participation—as election judges, poll watchers, and workers—was amazingly high: over 30,000, mostly young people actively involved in the process.

I was able to spend some time talking privately with Jose Napoleon Duarte, apparently now president-elect. He spoke of a "social pact," enlisting the cooperation of the disparate elements of Salvadoran society to rebuild the economy and achieve peace and, extending beyond El Salvador, to a social pact among the nations, including the United States.

American support for democracy and economic progress in El Salvador is clearly part of his broader vision. Should we, for any reason, fail to provide such support, my sadness would not be just for El Salvador.

John L. Miller is a partner in the Chicago law firm of Shaw & Miller and a recognized authority on election law and practice.

REGION REPORTS

PRIVATE US OBSERVERS AGREE SALVADOR ELECTIONS FREE AND HONEST

San Salvador--Twenty five Americans who visited El Salvador at their own expense to observe the May 6, run-off elections for President reached the unanimous conclusion that the elections were fair, free, and honest in the best traditions of democracy. The following is their statement, followed by a list of those participating:

"We are 25 Americans who responded to an opportunity to come as private citizens at our own expense to see the Salvadoran elections for ourselves. We include Democrats, Republicans and independents, supporters and opponents of President Reagan's reelection. We speak for ourselves, not for any organization.

"We want to express our gratitude for the warm welcome we received from Salvadorans everywhere we went. Our credentials as non-governmental observers made us welcome everywhere we wanted to go.

"We will comment only on that we saw and the facts that we have evidence to support. We will not speak about specific policy questions because they depend on much more than the facts we learned. And we certainly take no position on the choice between the two candidates.

"We want to say that what we saw made us proud of our country: first by the demonstration that the Salvadoran people share our democratic faith; and second because 4 million of our tax dollars helped to make the arrangements for this successful election possible. The money could not have been better spent.

"The following observations apply to what we were able to see ourselves. We went in eight cars, each with an interpreter and each choosing its own route. We covered the areas of the country where most of the people live, small towns and big cities. We believe that the dozens of polling places we observed, and the hundreds of voters we talked to were reasonably representative of most of the country. But of course we didn't see everything; many things could have happened that we didn't see.

"1. For us it is beyond doubt that this was a free and fair election, a shining example of the democratic spirit of which the Salvadorans are justly proud.

"2. It was clearly the whole Salvadoran community turning out in an enthusiastic expression of national spirit. The atmosphere was like small towns in the U.S. on the 4th of July, with families bringing the children along.

"3. We saw no indications that people were voting because of intimidation or because the law required it. On the contrary, all the signs, subtle as well as direct, were that people voted because they had decided that it was their duty to do so as part of their commitment to democracy and to peace.

"4. The imperfections we saw were technical and inconsequential, neither one-sided nor substantial.

"5. We were amazed at the number and spirit of the people working at the polling places, over 30,000 altogether. They worked hard and with good spirit between the parties that was very heart-warming.

"6. It was clear that the Army was committed to having free competitive elections. They worked hard providing effective security and they were neutral.

"7. The people believed that the Army supported a free election. The people, the government, and the Army all saw themselves as working together in a common strong commitment to a government based on free and competitive elections.

"8. The voters knew that the guerrillas rejected the elections – and they overwhelmingly rejected the guerrilla position on this issue. We saw no indication that many people wanted to have an opportunity to vote for the guerrillas or their political representatives. In the places where we saw the count, the number of null votes - the accepted expression of support for the guerrillas - was below the 10o/o level of the March election.

"Conclusion. We came to see for ourselves and on two major issues we found things very different than most people we talk to at home believe.

"A. Our friends thought we were brave – or crazy – to come to such a "dangerous" place. We felt safe. The Salvadorans were out with their children, so they felt safe. Undoubtedly there is violence and danger somewhere in El Salvador. But we can testify that there are large areas which are peaceful and feel safe.

"B. All kinds of doubt has been cast on Salvadoran elections - as propaganda, and a climate of fear. These doubts are wrong. The Salvadoran elections are first class free elections. We must ask whether the process by which Americans try to inform themselves about El Salvador is as great a failure in other matters as well.

"Finally, we strongly believe that to be true to ourselves and our country must support El Salvador so that its brave commitment to government - based on free elections is not defeated by those now attacking it."

The statement was unanimously approved by the group: Esther Wilson, Washington, D. C., Sister Camilla Mullay, Columbus Ohio, Vicki Thomas, Bethesda, Md., Kennet Suilen, N. Y.C., Francis Carroll, Worcester, Mass, John Miller, Chicago, William D. Sindinger Cedar Falls, Iowa, Mary Temple, N. Y.C., Penn Kemble, Wash. D.C., Daniel James, Wash. D.C., Angier Biddle Duke, N.Y.C., Joachim Maitre, Boston, Alexander Singer, Ithaca, Paul Dietrich, Wash. D. C., Shari Cohn, Maryland, Roger Kaplan, N. Y.C., Harry T. Johnson, Medway, Mass., John Bennett, Jr., San Antonio, Tex., William W. Sindlinger, Cedar Falls, Iowa, Steve Allen, Anniston, Alabama, Peter Flaherty, Wash. D.C. Philip Lawler, Wash. D. C., Barbara Perkins, N. Y.C., Mihalo Mihalov, Columbus, Ohio, Max Singer, Chevy Chase, Md.

From page 8. . . PRIVATE US OBSERVERS. . .

Diverse group observes El Salvador elections

EDITOR'S NOTE: John M. Bennett, a retired Air Force major general, retired San Antonio banker and a rancher, observed the May 6 runoff elections for president of El Salvador. He also visited Costa Rica and Nicaragua.

By JOHN M. BENNETT

One of the most unusual things about the trip to Central America was the diverse group of American observers whom I accompanied.

There were Democrats, Republicans and political independents. The ages ranged from 19 to 75. There were two college professors, a college student, a former ambassador, a black woman writer, a nun, a retired Vietnam veteran and representatives from Catholic and Protestant organizations and from nonprofit foundations.

Yet, we 25 Americans of all these different persuasions and backgrounds reached the unanimous conclusion that the El Salvador elections were fair, free, honest and in the best traditions of democracy. We all traveled at our own expense.

Choosing

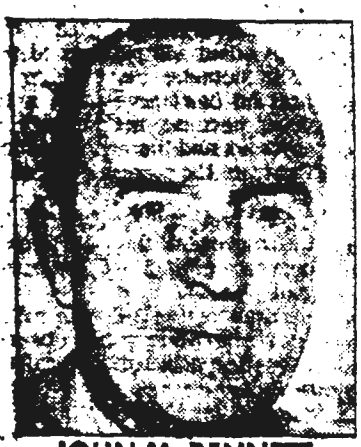
We chose where we wanted to go to observe the polling places. Our driver, Jose Ortega had attended Texas Military Institute in San Antonio. He made no effort to take us to predetermined places.

My group chose two polling places in San Salvador, the capital, and the villages of La Libertad, Armenia, Lourdes and Colon, plus the New Braunfels-size town of Santa Tecla.

Each polling place represented 40 voting precincts. People waited in line at each place and were good-natured about it.

These people were not compelled to vote. The law requiring citizens to vote is not enforced. Some risked being shot by the Communists to vote.

I saw no animosity between the poll-watchers for the candidates, Jose Napoleon Duarte and Roberto d'Aubisson. They seemed to be pretty good



JOHN M. BENNETT
... fair, free, honest

ballots were set aside for election judges.

The night before and the night after the election, the Communists short-circuited the electrical system. This caused some problems in counting the votes, but the election officials expected it and were ready with candles and flashlights.

Once, when the lights came back on, I saw the Duarte and d'Aubisson watchers both leaning on the ballot box, keeping the lid on with their elbows.

Members of El Salvador's army are allowed to vote but, on orders from the commander-in-chief, they did not as the army remained neutral. I was impressed by the sharp appearance of soldiers guarding the polling places, but they may have been in their Sunday best.

After the election, seven members of my group went to Managua, Nicaragua, for two days.

We visited with five people: The man who will direct the Nicaraguan election in November, an opposition newspaper publisher, a representative of the business community, a representative of labor and a spokesman for a human rights group.

Mariano Fiallos, the election chief, promised an honest election and said we would be in-

but a member of the American Embassy staff said we weren't the kind of people to be invited.

The Sandinista government has lowered the voting age to 16, which will greatly increase the Sandinista vote. It appears the Sandinistas are insuring their victory, according to the same embassy staffer.

Pablo Antonio Cuadro, the publisher of *La Prensa*, told us that the government does not censor his opposition paper line by line. He said the censorship is sporadic but, if he deviates too far from the government's limits, then his newsprint supply is simply cut off and he can't publish.

Xavier Zevala, president of the Permanent Commission on Human Rights, a private organization, said the Sandinistas do not rule by violence or imprisoning people. Instead, the government controls access to the food supply, health care and education to keep people in line.

Carlos Huembas, secretary-general of a labor organization, said he was surprised by many American visitors who do not want to hear anything good about the United States.

We asked U.S. Embassy officials when the popularity of the Sandinistas began to wane and they said it dated from Pope John Paul II's visit when Sandinistas pulled the plug on the pontiff's microphone and tried to shout him down.

They also said the government tried to do away with Holy Week this year, but most people ignored the decree and took their holidays.

In Costa Rica, Eduardo Vibarri, publisher of *La Nacion*, the country's biggest newspaper, told us he was concerned about Mexico's role in the Contadora peace effort. He feared Mexico was hampering rather than helping.

The trip convinced me that it is terribly important for the United States to support people who want true democracy, no

The Evening Gazette — Worcester, Tues., May 6, 1984

Bay State Observers Hail Salvador Voting

By DONALD W. SWINTON
Of The Gazette Staff

El Salvador had a free and clean election Sunday, two election observers from Massachusetts said this morning.

Francis R. Carroll, president of the Small Business Service Bureau Inc., and Harry Johnson, a retired Army colonel from Medway, spent their own money to witness Sunday's runoff presidential election in El Salvador, they said.

They told about their experience this morning at a press conference at the bureau's Main Street headquarters.

"We watched a democracy being born," Carroll said. The imperfections they saw were technical and inconsequential, neither one-sided nor substantial, he said.

"It was a humbling experience to see democracy competing against terrorism. And the Salvadoran's strong desire for a democracy for the first time in 50 years . . . They were obsessed with keeping this election free and clear," Carroll said.

El Salvador is a Central American country about the size of Massachusetts with a population of about 4.7 million.

In March, the voters in the agricultural country went to the polls to elect a president from eight parties running candidates. There was no clear majority so a runoff election was called.

Voters were asked Sunday to choose between the conservative Arena party and the more liberal Christian Democratic Party.

About 1.6 million of the country's 1.8 million voters participated in the choice between Christian Democrat Jose Napoleon Duarte and Roberto D'Abuisson of the Arena Party.

This morning The Associated Press reported Duarte was claiming victory with 55.66 percent of the vote to D'Abuisson's 44.92 percent.

"The voters knew the Communist guerrillas rejected the election and they overwhelmingly rejected the guerrilla's position on this issue. We saw no indication that many people wanted to have the opportunity to vote for the guerrillas or their political representatives. In the places where we saw the count, the number of null votes — the accepted expression of support for the guerrillas — was below the 10 percent level of the March election," Carroll said.

'Army Stayed Out'

Carroll said, "The army stayed out of this completely."

In the 60 precincts he and Johnson toured from 6 a.m. to 6 p.m., the army was never close to the polls. People lined up at the polls and showed identification cards to members of both parties certifying the voters. Voters also had a finger and the palm of their hand marked with ink to ensure they could not vote again, Carroll said.

At each of the 60 polls the two men visited, six to 10 people from different sides monitored the election. There were 6,000 polls, Johnson said. That means there were from 30,000 to 50,000 people helping check the vote. In addition there were computers to tally the vote.

"This was the fairest and most open election I've ever seen in my life . . . If anyone knows about voting fraud, Americans do," Carroll said.

While the election appeared to be fair, Johnson said that was "no guarantee the newly elected government will be stable."