

FOR OFFICIAL USE ONLY

JPRS L/9706

1 May 1981

Latin America Report

(FOUO 10/81)



FOREIGN BROADCAST INFORMATION SERVICE

FOR OFFICIAL USE ONLY

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

COPYRIGHT LAWS AND REGULATIONS GOVERNING OWNERSHIP OF MATERIALS REPRODUCED HEREIN REQUIRE THAT DISSEMINATION OF THIS PUBLICATION BE RESTRICTED FOR OFFICIAL USE ONLY.

FOR OFFICIAL USE ONLY

JPRS L/9706

1 May 1981

LATIN AMERICA REPORT

(FOUO 10/81)

CONTENTS

COUNTRY SECTION

CUBA

Reagan-Pinochet Relations Criticized (Fulvio Fuentes; BOHEMIA, 13 Mar 81).....	1
GDR's Gerhard Weiss Discusses Long-Term Cooperation (Gerhard Weiss Interview; BOHEMIA, 13 Feb 81).....	4
Cost of Production in Socialist Economy Defined (Alexis Codina; BOHEMIA, 13 Mar 81).....	6
Relationship Between Productivity, Cane Varieties Noted (Andres Rodriguez; BOHEMIA, 13 Mar 81).....	7

HONDURAS

Capitalistic Development of Agricultural Sector Discussed (E. Moncada Valladares; AMERICA LATINA, No 3, 1981).....	9
---	---

PERU

Briefs	
Antiterrorism Law Protested	20
Oil Exploration Urged	21

FOR OFFICIAL USE ONLY

COUNTRY SECTION

CUBA

REAGAN-PINOCHET RELATIONS CRITICIZED

Havana BOHEMIA in Spanish 13 Mar 81 p 75

[Article by Fulvio Fuentes: "From the Potomac to the Mapocho"]

[Text] The illustration accompanying this commentary, a cartoon depicting an event from the current political scene, captures the moving, emotional moment when His Excellency, Gen Augusto Pinochet, head of the Chilean Military Junta by the grace of reactionaries and military men alike, prepares to kiss the oil-rich banker's hand of David Rockefeller, steward of the Chase Manhattan Bank. The scene takes on symbolic significance: The Exxon magnate is seen here -- how irreverent Posada is! -- as an old floozy, the made-up go-between for imperialism. The brand-new Reagan administration has entrusted her with the task of going to the distant republic on the Pacific to seal -- with embraces and juicy loans -- the tender reconciliation of the old friends occasionally separated by that nonsense over human rights. However, to a certain extent the Chilean-Yankee squabble is important because concerning the intervention of the Central Intelligence Agency in the overthrow and assassination of Allende, the whole pot got stirred up, there was a scandal in the news, the Senate got all worked up and some of the more infamous misdeeds of the CIA came to light. But for naught. The investigations led nowhere. The Agency emerged from the test more influential than ever, so much so that one of its former directors, George Bush, kept a letter of option to the White House in his pocket.

Nevertheless, President Carter maintained his reservations about the Military Junta in Santiago and prohibited Eximbank from financing exports to Chile. Likewise, through different channels, Washington included the Mapocho regime on all its lists of human rights violators. It was under these conditions that the murder of Orlando Letelier, former Chilean ambassador to the United States and former minister in the Popular Unity Government, took place, blown up by a bomb right in the middle of the American capital. No one was deceived about the authors of the crime. Clues, testimony, confessions and documents point to the responsibility of Pinochet's political police, DINA [National Intelligence Department], and specifically, its chief, Gen Manuel Contreras, and two of its officials. Contreras acts as the regime's veritable executioner, the boss of the concentration camps and houses of torture. The very model of the efficient functionary, open to all innovations and experiments, he not only assimilates the most modern torture techniques, but also creates his own original formulas that bring him the respectful admiration of his colleagues on the continent. Based on the fact that the assassination of Letelier occurred in American territory, Washington demanded the extradition of

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

**DEL POTOMAC
AL MAPOCHO**



[Caption: From the Potomac to the Mapocho]

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

Contreras and his cohorts. The request appeared to be no more than a gesture for public opinion. Pinochet naturally refused to turn over his collaborator. The former head of DINA plunged into a discreet silence. But do not worry about it, General, the Chilean people will never forget you.

Once Carter was out of the White House -- *la comedia e finita* -- the new chief of state got rid of the problem of human rights which, while it often went no further than a demagogic fuss, did sometimes mortify many good friends of the United States. On the other hand, in a system in which every chief executive invents his own "doctrine" for his personal use, Reagan is listing the fight against terrorism as his government's prime concern. Just as Carter did, Reagan now reserves the right to issue certificates of good conduct. Naturally, Pinochet has to be erased from the list of "bad guys" and placed quite honorably alongside the good. Between Pinochet and Reagan and the White House and Diego Portales there is an exchange of salaams. From the Potomac to Santiago comes the filthy rich Rockefeller riding a golden calf. At the same time, the American Navy invites the Chilean fleet to participate in joint maneuvers in the South Pacific. Washington declares war on terrorism! At its side in the crusade, with sword and banner, is Augusto Pinochet. Ronald Reagan whitewashes his fascistic background. The slate is now clean.

COPYRIGHT: BOHEMIA 1981

11,464
CSO: 3010

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

COUNTRY SECTION

CUBA

GDR'S GERHARD WEISS DISCUSSES LONG-TERM COOPERATION

Havana BOHEMIA in Spanish 13 Feb 81 pp 51-52

[Interview with Gerhard Weiss, deputy chairman of the Council of Ministers of the GDR and a member of the Socialist Unity Party of Germany [SED] Central Committee, by Tania Quintero; in Havana in February 1981]

[Text] Eight months after Fidel and Honecker signed the Treaty of Friendship and Cooperation the 10th Session of the Joint Cuba-GDR Commission for Economic, Scientific and Technical Cooperation was held in Havana in early February. BOHEMIA interviewed the chief of the German delegation, Gerhard Weiss, deputy chairman of the GDR Council of Ministers and a member of the SED Central Committee before he returned to his homeland.

Aided by an efficient interpreter, Weiss responded to the first question:

[Answer] In this session we established certain stipulations in regard to economic, scientific and technical cooperation. These stipulations actually are based on what was agreed upon by Comrades Fidel and Honecker at their last meeting, and they concern such important questions as cooperation in citrus fruits, nickel and development of the ceramics industry on the Isle of Youth and long-term cooperation in the scientific and technical spheres.

[Question] Between 1975 and 1979 about 30 important conventions and agreements concerning all areas of social life were concluded. Is it possible that this figure will increase in the period 1981-1985?

[Answer] Well, from the numerical point of view I cannot predict that. However, from the point of view of importance, more important agreements have been made for the 1981-1985 period than in previous years. In this session, for example, we agreed to prepare a long-term plan, running to 1990, for the principal areas of cooperation, and this will be drawn up in the next few months. This is an example of the dimensions of our thinking today.

[Question] According to the agreement signed by you and the president of the Cuban Central Planning Board last year, trade in merchandise will rise 45 percent in the period 1981-1985. I am particularly interested in knowing by what percentage trade in consumer goods will increase.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

[Answer] Yes, trade in 1981-1985 is going to increase notably over that in 1976-1980. I cannot tell you by exactly how much, but in our session we concluded agreements on the shipment of merchandise for popular consumption, such as medicines, fabrics, games and toys, musical instruments, leather purses and china, among other items, as well as supplies for the manufacture of domestic refrigerators and equipment for the ceramics industry, which will indirectly benefit the people. Also, in the next few years we will send equipment for the textile industry. In general, however, a large percentage of Cuba's total imports is in this area.

[Question] In addition to sugar, nickel, citrus fruits, honey, peppers and liquors, what other Cuban products will be shipped to the GDR in this 5-year period?

[Answer] Citrus juices and concentrates, potatoes and rum are among the most important products being added.

Time is getting short. I glance at my notebook and ask the last question:

[Question] As a result of the close friendship and cooperation of the German Democratic Republic, one of the most modern cement factories in Latin America is being built at this time in Cienfuegos. I should like to know what other large-scale projects will be constructed in our country in the future within the framework of this friendship?

[Answer] There will not be just a single project, but several. Among the most important projects planned through 1985 are: the expansion and finishing of the Second Congress ceramics factory, begun a short time ago on the Isle of Youth in accordance with the agreements made by Fidel and Honecker. We are also going to construct a cement factory, and plans will be submitted for bakeries and cleaning and dyeing establishments. And of course, we will continue to supply industrial equipment and installations in accordance with the agreements signed.

If you have no other questions, I should like to tell you that I have visited Cuba many times and have watched the growth of factories like the one in Cienfuegos. I am very happy to have been with the Cuban people again, because I have noted great progress in many areas. I was in Trinidad, where I admired the architectural beauty, but where I was also able to learn about the use of sugarcane pulp in the paper factory being constructed there. However, what impressed me most were the meetings with many old acquaintances and with workers in the factories and cultural establishments. Everywhere I found great affection for the GDR, an affection which last year materialized in the treaty. But treaties and conventions are a cold matter, and it is friendship between nations and people which fills them with life and warmth. In that sense, I have had many experiences which justify my conviction that relations between our two countries will continue to develop successfully. And with that good feeling we will undertake to carry out the plans contained in the documents that Comrade Carlos Rafael Rodriguez and I signed.

COPYRIGHT: BOHEMIA 1981

8735

CSO: 3010/990

FOR OFFICIAL USE ONLY

COUNTRY SECTION

CUBA

COST OF PRODUCTION IN SOCIALIST ECONOMY DEFINED

Havana BOHEMIA in Spanish 13 Mar 81 p 32

[Article by Alexis Codina]

[Text] The cost of production is the sum of all expenditures incurred in the manufacture and completion of a product. It includes the value of raw materials, fuel, electric power and other materials used in the process: wear on machinery, equipment and buildings, payment of the labor force involved in production and in the administration and management of the workshop and enterprise where the article is produced.

This indicator is a summary of the quality of work done by all workers in the enterprise, the level of productivity achieved, the efficiency with which machinery, equipment and facilities were used, savings on the consumption of raw materials, electricity and other materials, and the rationality of administrative and management expenditures, making it possible to compare the efficiency achieved by different collectives and enterprises.

The cost of production is one of the most important indicators of the socialist economy. Its reduction enables society to have more goods and services to meet its various needs. It is an important instrument in the analysis and evaluation of investments. In addition, it is the point of departure for the proper determination of the price of products.

From the standpoint of the socialist enterprise and its group of workers, it is of great significance because it is the fundamental path toward increased earnings, making it possible to meet one of the basic principles of the economic management and planning system approved at the First Congress of the Communist Party of Cuba. The principle states that enterprises "must cover expenditures with their income and produce a profit" from which, after meeting budgetary obligations, the enterprise may set up the bonus fund and the fund for sociocultural measures and the construction of housing.

The main ways to reduce the cost of production are saving on raw materials and other materials used, without affecting the quality of the product, increasing labor productivity and the efficient operation of machinery and equipment.

COPYRIGHT: BOHEMIA 1981

11,464
CSO: 3010

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

COUNTRY SECTION

CUBA

RELATIONSHIP BETWEEN PRODUCTIVITY, CANE VARIETIES NOTED

Havana BOHEMIA in Spanish 13 Mar 81 p 33

[Article by Andres Rodriguez]

[Text] Despite its curious combination of cane varieties, the Orlando Gonzalez sugar enterprise in Ciego de Avila always exceeded its production plans during the 1976-1980 period.

It would appear that sugar cane is a much hardier species than one may have imagined. Orlando Gonzalez could be the enterprise with the worst combination of varieties of cane in Ciego de Avila Province and yet, it never failed to meet its production plans in any of the years during the 1976-1980 period.

Is it possible to extract more sugar from cane than what it brings from the field, the real factory? Naturally not. Is there then some grain of truth in the claim of those who emphasize the regional nature of varieties, their response to the specific conditions of every place? Or does the proper application of agricultural techniques contribute significantly to the concrete manifestation of the potential the varieties have?

What is certain is that Orlando Gonzalez systematically exceeds its goals, despite the curious combination of cane varieties it uses. What were the main strains which that enterprise -- so accurately labeled the "Avila watch" because of its efficiency -- milled during the 1976-1980 period? By order of importance, they are: Barbados, 4362; Puerto Rico, 980*; Casa Grande, 12745*; Jaronu, 60-5; and Mayari, 5465.

We placed an asterisk beside Puerto Rico 980 and Casa Grande 12745 because both varieties are considered to have low sugar potential. It is also curious that during this same period, the same Puerto Rico 980 should appear in second place, above the universal Jaronu 60-5, the country's main commercial variety.

Another very interesting fact was registered during the 1976 season, the first of the already completed 5-year period. During that season, the sugar production plan turned out as follows:

	Plan	Production
Sugar produced	53,154	58,533
Days in season	139	138

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

The following varieties were harvested:

	Arrobas Cut (in millions) [1 arroba = 25 pounds]
Puerto Rico 980	15.6
Barbados 4362	10.7
Barbados 42231	6.9
Casa Grande 12745	5.4
Jaronu 60-5	1.3

In third place is the poor producer (as well as hard and leaning) Barbados 42231, already banned at that time.

In conclusion, there is one final curiosity that must also have its asterisk: the yield of the five main varieties during the current 1981 season:

	Arrobas/Caballeria [1 caballeria = 33.2 acres]
Mayari 5465	57,900 (1st place)
Casa Grande 12745	56,600 (2d place)
Jaronu 60-5	53,600 (3d place)
Puerto Rico 980	50,700 (4th place)

COPYRIGHT: BOHEMIA 1981

11,464
CSO: 3010

FOR OFFICIAL USE ONLY

COUNTRY SECTION

HONDURAS

CAPITALISTIC DEVELOPMENT OF AGRICULTURAL SECTOR DISCUSSED

Moscow AMERICA LATINA in Spanish No 3, 1981 pp 65-78

[Article by E. Moncada Valladares]

[Text] After World War II, the Honduran economy underwent substantial structural changes as a result of the increase in the share of the manufacturing industry in the gross domestic product (GDP), and the simultaneous decline of agriculture's share.

Despite a certain amount of progress in this aspect, however, Honduras has one of the lowest levels of industrial development in Latin America. The basic obstacles to industrialization in the country are monopolistic private land ownership, and the nation's dependence on foreign banana monopolies.

Agriculture continues to be the mainstay of the Honduran economy. It is the source of raw materials for national industry and of subsistence for more than 60 percent of the population. Furthermore, the country continues to occupy its traditional position in the international capitalist division of labor as a supplier of agricultural raw materials and food for developed capitalist countries. Suffice it to say, that the agriculture sector in 1976 accounted for 75 percent of export earnings.¹ This fact alone proves that Honduras continues to be an export-oriented agricultural nation. It is for that reason that the future economic and social progress of the country (that is, the development of national industry and the solution of a series of problems, including food) depends on how well agriculture does.

Deformed Development of Sector

The agrarian structure of Honduras today is distinguished by the high degree of concentration of land in the hands of large landowners, and the presence of a great number of peasants with little or no land. This characteristic is revealed by the data from the national cadastre of 1974. The large landowners (4 percent of the haciendas) who possessed more than 72 manzanas² of land controlled a total of 2 million manzanas, or 56 percent of arable land. In addition, 187,400 haciendas with parcels of less than 72 manzanas, or 96 percent of the total, owned only 44 percent of the land. The haciendas of less than 7 manzanas (63.9 percent) controlled only 8.9 percent of arable land.³

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

The large haciendas, particularly the latifundios, are characterized by their large holdings of unused, vacant land. Thus, on property consisting of more than 500 manzanas, only 13 percent of the land is worked, and not more than 7 percent is devoted to crops; 34 percent is used for pasture.⁴ On the other hand, on the small haciendas owned by peasants, cultivated land amounts to 68 percent of the total. If that proportion were extended to the large holdings, those exceeding 50 manzanas, the area under cultivation would rise by 519,000 manzanas, or 68 percent.⁵ For this reason, even with the low level of agricultural activity going on in Honduras today, the distribution of unused land from the latifundios among peasants would have a favorable influence on the development of the sector, and would alleviate, among other things, the nation's food problem. Today, on the contrary, a considerable portion of the small haciendas is located on land that would serve better as a grave for its owners than as a means of subsistence.

The Honduran agrarian system is marked by the inconsistent utilization of land. The parceling of the productive process is one of the factors that preserve old-fashioned customs in agriculture. The food-producing haciendas, both small and medium, typically have low yields. Holdings of less than 49 hectares produce 90 percent of basic grains, but the harvests are quite low.⁶ According to 1975 figures, one hectare produced 11.4 quintals of corn, 4.8 quintals of beans, or 13.3 quintals of sorghum.⁷ In the United States, for example, a hectare of land in the early seventies produced 49.8 quintals of corn; the Latin American average was 14.5 quintals.⁸ This proves the need to bolster productivity, a measure that would meet the objective demand for the development of productive forces. But the application of such a measure would run up against the fundamental roadblock of the monopolistic ownership of land by local and foreign latifundists, the unfair terms of land leases, and the yoke of merchants and usurers.

In agriculture, especially in the export-oriented part of that sector, there is a tendency toward the mechanization of the productive processes. However, the latifundists are not interested in the modern methods of intensive cultivation. Their reluctance is due, on the one hand, to the presence of abundant and cheap labor and large tracts of unused land on the latifundios; and on the other hand, to the fact that large landowners make many unproductive outlays for luxury items, travel abroad and other things. The resources they invest directly in the promotion of production are miniscule, so it is not surprising that the average investment by landowners in one hectare of arable land is seven times less than the investment made by peasants in their low-yield holdings.⁹ These facts, far from demonstrating the advantages of small holdings over large ones, show how parasitic the latifundists are.

Honduran agriculture has encountered serious difficulties in terms of sales and the storage of agricultural products. The majority of agricultural products produced on small peasant-owned haciendas end up in the hands of suppliers and wholesalers, which drives up the price of food considerably. The study done by the Agency for International Development indicates that the peasant haciendas sell 90 percent of their arable products to middlemen and 10 percent to representatives of the National Development Bank.¹⁰ The prevailing price for storage is frequently used to stimulate the production of exportable crops, to the detriment of those that contribute to the national diet.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

The amount of agricultural products lost during storage further complicates the issue of meeting the population's needs. The lack of adequate facilities means losses of up to 50 percent of the gross corn harvest, 25 percent of the bean harvest.¹¹ The losses resulting from storage and transportation eat away at the foreign earnings derived from the exportation of agricultural products. The lack of transportation means and facilities is another factor that hinders the commercial development of agriculture.

The above-mentioned problems bear a direct or indirect relationship to the development of capitalism in the Honduran agrarian sector, with the irrational utilization of arable land and the persistent dependence on international monopolies.

Process of Capitalist Modernization

After World War II, capitalist relationships penetrated the nation's agrarian sector with greater intensity. This process was clearly manifested in the accelerated displacement of small holdings by large ones, with the resulting failure of the former; the introduction of capitalist methods in old latifundios; the increase in the number of wage-earning, semi-proletarian workers in rural areas; the favoring of large landowners in granting loans; and the spread of modern methods and technology in agriculture.

In areas where capitalist relationships were rapidly becoming entrenched, landowners and the rural bourgeoisie bought the land belonging to the rural peasants. Thus began an intensive process of concentration of agricultural land ownership. From 1952 to 1974, the land controlled by small and medium haciendas (less than 50 manzanas each) was reduced by approximately 141,600 manzanas, or 9.1 percent. The land controlled by large haciendas (over 50 manzanas) increased during that time by 6.9 percent.¹² Therefore, the development of bourgeois relationships in agriculture inevitably resulted in the worsening of the lot of the small peasant, the loss of his land and other means of production, while a handful of landowners grew rich.

The rise of the technical level of Honduran agriculture is another indication of the diffusion of capitalist relationships. In the last 20 to 25 years the use of tractors and other agricultural machinery, as well as chemical fertilizers, etc., has become widespread. In 1952 there were only 264 tractors in the country; in 1975 there were already 3,669, and there were 364 sowers and 578 cultivators in use. The consumption of chemical fertilizers grew from 5,300 metric tons in 1952 to 49,000 metric tons in 1972, a ninefold increase.¹³

But these innovations have had a profound effect on export-oriented agricultural products: bananas, sugar cane, cotton and others. The medium or small peasant is not in a position to acquire modern technology, and works the land with more primitive methods. He uses an archaic slash and burn system to gain more land for extensive agricultural and livestock production. These procedures are used on 77 percent of all the peasant holdings in the country.¹⁴

However, the penetration of capitalist production relationships in rural areas expanded the use of wage-earning workers, so the agricultural proletariat in Honduras grew. In 1961 the army of wage earners included 62,800 families, 26.1 percent of all rural families. By 1974 that figure had increased to 34.4 percent, with 119,400 families.¹⁵

FOR OFFICIAL USE ONLY

It should be pointed out that in Honduran agriculture paid labor is frequently combined with the leasing of land; the worker receives a tiny parcel of land on inequitable terms, and is thus made a dependent of the latifundio. The peasant pays the landowner from one-third to one-half the harvest for the use of the land, or he works in the owner's fields for little or no pay. Among the rural semi-proletariat we must include many minifundist peasant families who cannot manage to meet their food needs on what they can wrest from their poor land. It was this category of the agrarian population, the workers with small land holdings, to whom V. I. Lenin referred when he wrote: "They. . . are peasants in name only; actually they are workers, wage earners."¹⁶ In general, they must gain employment on the capitalist haciendas. In 1974, 100,800 rural Honduran families, 29.1 percent, held parcels of less than three hectares, and obtained from 50 to 70 percent of their income from salaried work.¹⁷

All this illustrates that capitalism has impetuously penetrated the agricultural sector. The question arises: To what level have the relationships of capitalist production developed in Honduran rural areas? The answer is of the utmost importance. If capitalism has already prevailed, the future transformations of agricultural relationships in the country must pursue anti-capitalist objectives, and not limit themselves to anti-feudal ends.

V. I. Lenin applied many indicators in establishing the degree of development capitalism had achieved, but he emphasized two basic ones. The first is ". . . the production of goods as a /general/ [word enclosed in slantlines printed in boldface] form of production. . . . The second feature of capitalism (2) is that not only the product of labor, but labor itself, that is, man's work effort, takes on the form of a good. The degree of development of the commercial form of labor characterizes the degree of development of capitalism."¹⁸

In the Honduran countryside, the capitalist relationships of production are predominant, as indicated by the proportion of production contributed by the capitalist haciendas to the total volume of agricultural production, as well as the weight of the proletariat in the rural population. Economist Clodomiro Santos de Morais estimates that the large capitalist haciendas, with 31 percent of the arable land in the country, produce 66 percent of the gross agricultural product.¹⁹ In addition, 220,200 proletarian and semi-proletarian families, 63.6 percent of all rural families, are employed in that sector.²⁰

Although the capitalist economic system has definitively taken over the agricultural sector, its development process has some peculiar features. In the first place, there are persistent vestiges of feudalism. Earlier, we mentioned a considerable number of peasants who have no money to buy land, and lease small parcels from landowners through personal loans, sharecropping of various types or cash rental. According to the national agrarian census of 1965-66, the land of 22.5 percent of all Honduran haciendas was worked not by its owners, but by people who paid rent in all its forms.²¹ At the same time, methods from the early feudal period, for example the colonial period, were still used.

This combination of capitalist methods of exploiting labor with precapitalist methods holds back the development of productive forces in agriculture. It has an

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

extremely negative impact on the capacity of the domestic market and hampers the country's economic development, particularly the development of industry. The Honduran agricultural sector is also distinguished by the important fact that the development of capitalism has taken place not on the basis of the national economy itself, but in the context of a strong dependence on foreign monopolies, particularly those of the United States. The sluggish economy as well as the pre-dominance of the latifundists encourage the penetration of foreign capital in this sector.

New Strategy of International Monopolies

The country's traditional dependence on the monopolies of the United Fruit Company and the Standard Fruit Company has meant that the demands of the United States' domestic market have determined the pace of Honduran agricultural development for many years. On the other hand, the U.S. companies have not been interested in meeting the pressing demands of the Honduran people. Hence the emergence of the sector based on a single crop. In 1977, for example, bananas and coffee accounted for 58 percent of Honduras' exports.²²

The American banana monopolies reproduced and used for their own ends the semicolonial economic structure, with its peculiar relationships of production. As a consequence of their penetration, the Honduran economy was divided into two sectors that were characterized not only by their specialization, but also by their socioeconomic structure. The so-called traditional sector, which served the domestic market, was marked by a primitive technology and the persistence of obsolete social and economic relationships. It was this sector that employed the vast majority of the rural population. Today's sector, made up of the different export branches, is at a much higher level of economic and social development. Dominated by foreign consortia, it is a component of the world capitalist economy. There is absolutely no organic cohesion between the two sectors.

The business activity of the banana monopolies is one factor that has hindered the nation's economic growth. Thus, foreign investments in the Honduran economy between 1925 and 1950 amounted to \$110 million, while the profits of the foreign companies were almost four times that, \$413 million.²³ The United Fruit Company and the Standard Fruit Company made net profits of \$110 million between 1965 and 1971, but they paid no more than \$33 million in taxes.²⁴ Bear in mind that the banana companies began to pay taxes on their profits only after 40 years of activity in Honduras. By appropriating the majority of the surplus value created in agriculture and other sectors, these companies have held appreciation in check and restricted the possibilities of widespread reproduction in the country.

The development of capitalism in Honduras after World War II was accompanied by vigorous activity by the foreign monopolies. The process of "diversified" investment undertaken by the banana monopolies in Central America, including Honduras, intensified with the formation of the Central American Common Market (CACM) in 1961, with five member countries. If they were to limit themselves to banana production, the foreign companies would not be able to take full advantage of the enormous potential of the economic integration of Central America.

The U.S. banana monopolies, which had great economic and other advantages relative to local capital, managed to gain control of large manufacturing,

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

commercial and service enterprises, as well as the banking system of Central America by the end of the first decade of the integrationist association. Thus, the United Brands Company consortium, to which the United Fruit Company eventually belonged, became the principal supplier of margarine, lard and other foodstuffs to the nations of the Central American Common Market. It also owned bakeries and candy factories in Costa Rica, and juice and preserves factories in Guatemala.

In Honduras, the banana monopolies control companies such as Banco Atlantida (the largest in the country); Polimer S. A. and Plasticos S. A. in plastics production; Numar de Honduras and La Blanquita in margarine and lard production; Cerveceria Hondurena in the production of soft drinks and beer; Manufacturera de Carton; Tropical Radio Telegraph Company in international communications, and other enterprises.²⁵ They also have helped finance a government program designed to build a large paper factory in the department of Olancho. American private investment in Honduras amounted to \$217.4 million in 1971, or 80 percent of all private foreign investment.²⁶ Of that amount, \$153.9 million corresponded to the United Fruit Company and the Standard Fruit Company.²⁷ Thus, today the diversification of activities by the banana monopolies in Central America has reinforced the economic dependence of these countries, including Honduras, on American imperialism.

By monopolizing the production and sale of bananas in Honduras, the U.S. companies can use new large-scale methods to exploit the workers through contracts that enslave the peasants. The latter completely lose their independence in production, given the present vertical structure of agricultural enterprises. They are forced to use their land and other means of production to obtain certain products under conditions that are stipulated by the combined firm. The banana monopolies have a strong interest in organizing production like that, and therefore provide agrrotechnical assistance to peasants and farmers. They furnish fertilizer, planting materials (the highest yielding banana species, "Chiquita" and "Amigo"), means to improve soil, credit, etc. It appears that they are concerned about national producers, but in reality these companies reap tremendous profits because, being monopolies, they can fix their own prices for the product and the services they provide for the growers.

The monopolies make the peasants and farmers suffer the risks involved in the damages caused by natural disasters. They suffer no losses whatsoever, and if the market situation changes, they do not have to pay social security for the workers.

In this manner, the banana companies exploit the agricultural workers of Honduras in two ways: They buy the products of many peasants who have completely lost their economic independence, although they officially own their haciendas; and they organize their own plantations, exploiting the work of landless peasants and braceros.

Honduran agriculture has undergone a long period of severe stagnation as a consequence of the domination of the foreign banana monopolies and national latifundists. Between 1961 and 1972, the gross agricultural product grew by 2.5 percent a year; by 1972-76 that figure fell to 2.4 percent. Moreover, the average annual population growth was 2.9 and 3.2 percent, respectively, during those years.²⁸ This growth has systematically kept ahead of the increase in agricultural production. For that reason, the food problem has worsened and the cost of living has soared.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

Agricultural Workers' Situation

The monopolistic ownership of land, on the one hand, and the shortage of land among direct producers on the other hand, have led to the drastic disparity of income distribution in the rural population. The Honduran latifundists and foreign entrepreneurs take the lion's share of agricultural income. According to calculations by experts of the FAO Advisory Group for Central American Economic Integration (CAFIEC), 5,000 people (0.3 percent of the agrarian population) who own more than 500 manzanas of land receive an average annual income of \$11,000 per person, or 26.3 percent of all agricultural income. By comparison, there are 1,209,000 people (65.3 percent of the agrarian population) who receive an average of \$40²⁹ per capita per year, not more than 24 percent of the total income of the sector. It is obvious that the peasants with those incomes cannot buy industrially produced goods. Such a situation is disastrous for national industry, which requires a market of a certain capacity in order to mass produce goods.

The economic ruin of the peasant, the increasing dependence on a single crop, and the deficient development of industry have swelled the ranks of the unemployed. According to CAFIEC statistics, there are 247,300 people in Honduran agriculture who are old enough to work and cannot find a year-round job. In other words, 45 percent of the agricultural labor force could be engaged in other activities and cause no damage at all to the agricultural sector.³⁰ The problem is not solved by the mass migration of the rural population to the cities, because the nation's industry, in a relatively weak state, cannot provide jobs for the many thousands of "excess" workers in agriculture.

The underemployment of the Honduran population is accompanied by poverty. One of the most serious problems is obtaining enough food. The overwhelming majority of the population has an insufficient diet, and a considerable number suffer from chronic hunger. This circumstance is recognized even by the apologists of capitalism. Nelson Rockefeller, reporting on a trip through Latin America in 1968, said that the peasants go to bed hungry every night, all of their lives. They may never have seen a doctor or a nurse, and do not know what a hospital is. They cannot expect to be vaccinated against smallpox, typhus, malaria or tetanus. They do not have any familiarity with medications. If they fall ill, the only cure is death.³¹

Various studies have revealed that approximately 95 percent of children under the age of 5 years have inadequate diets. The caloric value of the food eaten in the average village or city of Central America is much lower than that of developed capitalist countries.³² But the problem does not end there. The food they do eat is poor in proteins, particularly animal proteins, as well as fats and vitamins. The daily diet of the Honduran peasant family is limited to corn tortillas and beans. The systematic lack of the most important food groups causes, especially in infancy, irreversible alterations in the human organism. Oswaldo Lopez Arellano, former president of Honduras, stated that poor diet has caused the mental age of the average 2-year-old to be 1 year behind, that of the average 4-year-old to be 2 years behind, and limits their physical and spiritual aptitudes³³ for work. At the same time, this factor hampers the future development of society.

The lack of food and inflation have caused the cost of living to skyrocket. Between 1966 and 1977 the index of food prices grew by 86 percent; that of clothing, 59 percent; housing, 61 percent; medical care, 44 percent. Honduras is

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

forced to import wheat, fats, corn, sugar, beans and other foodstuffs from the United States and Latin American countries each year, for a total value of approximately \$50 million.³⁴ These imports make for a considerable drain on the nation's foreign reserves, and have a negative impact on the balance of payments. At the same time, Honduras has a suitable climate, large tracts of fertile, unused land, and a "surplus" of manpower which would enable it to increase food production.

Illiteracy is one of the factors resulting in low productivity in Honduran agriculture. The majority of peasants, 75 percent, are humble, illiterate people.³⁵ They lack the basic knowhow to engage in productive agricultural activities. Teenagers and even young children are forced to drop out of school and go to work in the fields.

It was estimated in 1972 that there was a shortage of 327,000 houses in the country; 90 percent of rural houses lack running water, and 99 percent have no electricity.³⁶

Struggle for Agrarian Reform

The struggle for land of the Honduran peasants has a long history. It was the agricultural employees of the banana companies who began the fight against the domination of the foreign monopolies and the Honduran latifundists. Their goal was to improve the workers' living conditions. By the end of the forties and the early fifties, the peasant and proletarian movement in rural areas had become much more organized, although there were spontaneous and localized rebellions. The 1954 strike by workers of the Tela Railroad Company, a banana company, was a very important event in the initial phase of the movement. It actually paralyzed the nation's economic life, although it was cruelly squelched by military troops.

The latifundists, the most reactionary element in national politics, used to deal mercilessly with any workers who dared to oppose the many rights and privileges of the large agricultural landowners. Hundreds of peasants were slain in Juta (1965), Talanquera (1972), Lepaguare (1975) and other places. On 12 February 1977, the leaders and members of the Empresa Asociativa de Isletas cooperative were shot or imprisoned on military orders, at the request of the Standard Fruit Company.

However, despite the repression, the popular movement in Honduras is gaining ground. Among the worker organizations, the union of employees of the foreign banana companies Tela Railroad Company and Standard Fruit Company is noted for its influence. Other peasant organizations such as the Honduran Peasants National Association (ANACH), the National Peasants Union and the Federation of Agrarian Reform Cooperatives, with a total membership of some 150,000 people, are operating in the country. In recent years the struggle has taken new forms. A mass movement to take over land has emerged, and protest marches to the cities have been organized.

In November 1972, ANACH presented an ultimatum to the government of Ramon Ernesto Cruz, demanding changes in agriculture and, among other things, the restructuring of the National Agrarian Institute, the immediate distribution of land to peasants, the granting of loans, the revision of contracts with foreign enterprises, and the utilization of the idle lands belonging to foreign companies. The

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

association told the government that the peasants would organize a protest march to the capital if their demands were not met. The unions of other sectors supported the association, and a wave of strikes swept across the country. This serious political crisis ultimately led to a coup.

The new government headed by Oswaldo Lopez Arellano promulgated a national development plan based on agrarian reform. The Agrarian Reform Law was adopted in 1975. It is a bourgeois reform in content. It provides for the partial modernization of the traditional structures and the introduction of capitalism, but it preserves the latifundio. However, the large landowners and foreign monopolies fiercely opposed such limited measures. Oswaldo Lopez Arellano was forced to retire 3½ months after the law was passed.

What have been the results of agrarian reform since the law was passed? In 3½ years 34 percent of the land, included in the plan has been distributed among 32 percent of rural families.³⁸ But we must bear in mind that there are 250,000 families in Honduran villages who have little or no land. Considering them, the percentage of those who received land drops to 11 percent.

Shortly after receiving the land, many rural families were forced to abandon it because it was completely useless for agriculture.

Archaic production techniques are still being used in the country. The wooden plow and the machete are still the basic tools of production on the majority of peasant haciendas. The ineffectiveness of agrarian reform is also revealed by the fact that the problem of food and raw materials remains unsolved, and the peasants' situation has not improved.

The crisis that Honduran social and economic structures are undergoing today stems from the domination of foreign monopolies and local latifundists. It is inextricably related to the limited domestic market, the weak development of industry, the low economic growth rate, the increasingly severe food problem, forced unemployment, the low standard of living, particularly in the rural population, the absence of civil rights, etc. The fact is, a bourgeois agrarian reform, no matter what shape it takes, is unacceptable as a means to reorganize agriculture in Latin America.

FOOTNOTES

1. See "Diagnostico del sector agricola para Honduras," Agency for International Development. Discussion draft. Tegucigalpa, 1978, p. 8.
2. 1 manzana = 0.697 hectares.
3. See "Diagnostico del sector agricola para Honduras," p. 325.
4. See G. Gomes. "Reforma agraria y desarrollo economico: el caso de Honduras. El modelo hondureno de desarrollo agrario." Tegucigalpa, 1976, p. 103; "Tenencia de la tierra y desarrollo rural en Centroamerica." Tegucigalpa, 1975, p. 334.
5. See G. Gomes. Op. cit., p. 106.
6. See "Honduras: utilizacion y tenencia de la tierra." Tegucigalpa, 1970, p. 36.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

7. Calculated according to "Datos basicos de la economia de Honduras 1972-1976." Tegucigalpa, s. a., p. 10.
8. See "Países emergentes y capitalistas." Moscow, 1973, p. 87; "La economía de los países de América Latina." Part I. Moscow, 1973, p. 46, Table 6.
9. See "Diagnostico del sector agrícola para Honduras." Annex F, P. 9.
10. Idem., p. 165.
11. Idem., p. 167.
12. Calculated according to: L. Becerra. "El problema agrario en Honduras." Havana, 1965, p. 20; "Diagnostico del sector agrícola para Honduras," p. 11.
13. See "El sector agrícola y las relaciones agrarias en países de América Latina" Moscow, 1971, p. 216; "Datos basicos de la economia de Honduras 1972-1976," p. 8; N. A. Garcia and G. A. Cadalso H. "Honduras: empresas comunitarias campesinas." Tegucigalpa, 1973, p. 16.
14. See "Tenencia de la tierra y desarrollo rural en Centroamerica," p. 182.
15. See "Honduras: utilizacion y tenencia de la tierra," p. 65; "Diagnostico del sector agrícola para Honduras," p. 11.
16. V. I. Lenin. "A los pobres del campo. Obras Completas," Fifth Edition, in Russian, Vol. 7, p. 156.
17. See "Diagnostico del sector agrícola para Honduras," pp. 235-236.
18. V. I. Lenin. "El contenido economico del populismo y su critica en el libro del señor Struve. Obras Completas," Vol. 1, pp. 458-459.
19. See C. Santos de Morais. "El modelo hondureño de desarrollo agrario." Tegucigalpa, 1976, p. 12.
20. Calculated according to "Diagnostico del sector agrario para Honduras," p. 9, pp. 235-236.
21. See "Honduras: utilizacion y tenencia de la tierra," p. 57.
22. See "Honduras en cifras 1975-1977." Tegucigalpa, s. a., p. 14.
23. See L. M. Matute de Sarmiento. "Relaciones economicas internacionales de Honduras y la dependencia." Tegucigalpa, 1974, pp. 16-17; M. V. Garias et. al. "Análisis del conflicto entre Honduras y El Salvador." Tegucigalpa, 1969, p. 27.
24. See E. E. Eldredge and D. R. Rydjeski. "Algunos aspectos de las inversiones estadounidenses en Honduras." ECONOMIA POLITICA. Tegucigalpa, 1972, No. 2, p. 74.
25. See R. del Cid. "Reforma agraria y capitalismo dependiente." Tegucigalpa, 1977, p. 106.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

26. See R. Menjivar et. al. "La inversion extranjera en Centroamerica." San Jose, 1975, p. 15; E. E. Eldredge and D. R. Rydjeski. Op. cit., pp. 78-79.
27. See E. E. Eldredge and D. R. Rydjeski. Op. cit., pp. 78-79.
28. See N. A. Garcia and G. A. Cadalso H. Op. cit., p. 11; "Diagnostico del sector agricola para Honduras," p. 44.
29. See G. Gomes. Op. cit., p. 112.
30. Idem., p. 109.
31. See R. Sandoval C. "La reforma agraria en America Latina." Tegucigalpa, s. a., p. 4.
32. See "Tenencia de la tierra y desarrollo rural en Centroamerica," p. 187.
33. See "Plan Nacional de Desarrollo." Tegucigalpa, 1974, p. 3.
34. See "Honduras en cifras 1975-1977," pp. 14, 22.
35. See "Plan Nacional de Reforma Agraria." Tegucigalpa, 1974, p. 2.
36. See "Plan Nacional de Desarrollo," pp. 2-3.
37. See R. del Cid. Op. cit., p. 121.
38. See OAS "Evaluacion global del Plan Nacional de Desarrollo, 1974-1978;" "Evaluacion de la Reforma agraria como instrumento del Plan Nacional de Honduras." Tegucigalpa, 1977, p. 5.

COPYRIGHT: AMERICA LATINA 1981

8926
CSO: 3010

FOR OFFICIAL USE ONLY

COUNTRY SECTION

PERU

BRIEFS

ANTITERRORISM LAW PROTESTED--Lima, 17 Mar (PL)--The Peruvian Communist Party (PCP) has claimed that the "antiterrorist law" passed by the government is in line with President Ronald Reagan's statement labeling anyone struggling for the liberation of his country as a "terrorist." The PCP released an official communique here saying that President Reagan regards the Salvadoran revolutionaries as terrorists and attacks them through a puppet government, which is the real terrorist. The PCP says that the law, approved behind closed doors, contains "ambiguous statements" which lead to the worst arbitrary actions to "abusively repress" the people's struggle. According to Article I of the law, any member of a demonstration from whose ranks a rock has been thrown against a building can be regarded as a "terrorist," and is liable to a sentence of from 10 to 25 years in prison. The communique stresses that the law also includes newspapers and newsmen, who are liable to prison sentences for defending alleged terrorists. The PCP claims that the government is acting against the people instead of fulfilling their demands. Instead of solving serious social problems, it is making them worse by trying to legalize repression against the popular forces. The PCP stresses that the government must immediately convoke parliament to discuss the law on terrorism, and calls on all the country's progressive forces to struggle for its repeal. [Text] [PA181502 Havana PRELA in Spanish 1952 GMT 17 Mar 81]

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

OIL EXPLORATION URGED--Peru is keen to offer "competitive" conditions for exploration to international oil companies interested in drilling in the country. This was stated by Dr. Manuel Ulloa, the Peruvian prime minister, who yesterday completed a three-day visit to Britain at the start of a tour of Europe. Dr. Ulloa expressed great optimism that secondary recovery operations in the oil-fields around Talara would greatly increase production. Peru is at present self-sufficient in oil and has a small surplus for export. The Peruvian leader expressed unexpected support for the Andean Pact which, he said, would recover from the difficulties brought about by Peru's border difficulties with Ecuador and by the policies of the Bolivian Government. "Venezuela, Colombia and Peru are the three biggest members of the pact and are determined that the pact will be a success," he commented, Peru is widely regarded as the principal beneficiary of the pact, at least as far as industrial exports are concerned. The visit of the Peruvian leader is seen in Whitehall as politically and economically important. Last year, British exports to Peru nearly doubled to 46m pounds while imports from Peru rose from 61m pounds in 1979 to 77m pounds. British banks are involved in several major development schemes. Dr. Ulloa, premier in the first democratically-elected government in Peru since 1968, is touring Western Europe to explain the policies of the centrist government of President Gerlando Belaunde who came to power last July after elections. [Hugh O'Shaughnessy] [Text] [LD021157 London FINANCIAL TIMES in English 2 Apr 81 p 4]

CSO: 3010

END

FOR OFFICIAL USE ONLY