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**Latin America
Review**



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**Latin America
Review** 

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Articles

**Brazil's Workers Party:
Moving Beyond
the "Party of Overalls"** 

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The Workers Party (PT), one of two significant leftist opposition parties in Brazil, is gradually expanding its political base. Until mayoral elections last November, support for the party was largely restricted to organized labor in Sao Paulo, but the PT's improved electoral performance highlighted its broadened geographic base and strengthened appeal, especially to young voters. The PT is also intensifying efforts to foster foreign contacts, predominantly with Soviet-aligned governments. With only six representatives in the 479-member Chamber of Deputies, the party is a minor actor in congressional politics, but its ties to the country's most militant labor central and its accelerated agitation for agrarian reform make the PT a potentially disruptive force. Moreover, by projecting an image as a genuinely Brazilian socialist party that represents the interests of the poor, the PT is positioning itself to take advantage of popular reaction if President Sarney's economic policies begin to fail. 




Meneguelli and Lula. Leaders that emerged from the factories  *Veja*

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Building a Power Base

The PT was spawned by the militant labor activism that erupted in the industrial suburbs of Sao Paulo during the late 1970s. In 1978, Luis Ignacio (Lula) da Silva led the metal workers of Sao Bernardo dos Campos in the first major strike since the military assumed power in 1964. Their success in pressuring for negotiated contracts to replace government-decreed wage settlements that had held down real wages caused other unions in metropolitan Sao Paulo to join in protracted strikes in 1979 and again in 1980. Following the 1980 strike, the government arrested Lula and removed him from his union position, but by then he was ready to ride his growing reputation as Brazil's "Lech Walesa" into the political arena by forming a party dedicated to working-class interests. 

The PT is an amalgam of four major groups representing organized labor, the "progressive" wing of the Catholic Church, various radical leftist miniparties, and intellectuals. The ideological perspectives of these groups range from a hardline Marxist-Leninist position to a relatively moderate social democratic orientation. 

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In the six years since its creation the PT has sought to expand beyond its worker base, but its labor arm—the Unified Workers Central (CUT)—remains the party's backbone. Established in 1983, CUT has been Brazil's fastest growing labor coalition and now claims to represent 14 million workers and 1,200 syndicates. With the active involvement of PT members, CUT has weaned several important unions

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away from their previous affiliation with two of the country's Communist factions. In addition to their traditional focus on urban workers, CUT organizers have been increasingly effective in recruiting among rural workers, according to the US Embassy. Because of its links to CUT, the PT is the only party with the ability to challenge the government in the labor field. CUT President Jair Meneguelli is a trusted Lula protege, and [redacted] a faction known as the workers group represents the interests of organized labor within party councils. In February, [redacted] CUT leaders promised to support PT candidates in the gubernatorial and congressional elections scheduled for 15 November. [redacted]

The "progressive" wing of the Catholic Church also has been important in helping the PT build a power base, especially in Sao Paulo. Because Paulo Cardinal Evaristo Arns, an influential leader of the Sao Paulo archdiocese, believes that the party's views on political and social issues are compatible with his brand of liberation theology, he has encouraged parish priests and other grassroots church representatives to cooperate with the PT. Lula frequently consults with Arns and PT leaders occasionally attend weekend religious retreats with priests from the Sao Paulo area. [redacted] The US Consulate in Sao Paulo reports that local affiliates of the church's workers pastorate, which promote the creation of workers' committees in factories and neighborhoods, join with the PT in organizing rallies and in other social mobilization efforts. [redacted]

[redacted] the majority of the politically active members of the country's 100,000 ecclesiastic base communities ally with the PT and the Democratic Workers Party, the other significant non-Communist leftist group, [redacted]

Since its inception, the PT has provided an umbrella for Marxist-Leninist and Trotskyite microparties, some of whose members participated in the guerrilla struggle against military rule in the late 1960s and early 1970s. According to press accounts, the three Marxist-Leninist and five Trotskyite factions affiliated with the PT may have as many as 3,000 members, which amounts to less than 10 percent of

the party's total membership. Because members of these groups are well organized, dedicated, and ideologically committed, they exercise an influence disproportionate to their size. Press reports indicate that the PT has relied on these factions to help it establish a presence in some states in the northeast. Although PT moderates criticize the refusal of the radicals to heed party discipline— [redacted] [redacted] party leaders have balked at expelling radical factions out of fear of exacerbating internal dissension and because some of these groups help mobilize voters and attract important labor support. [redacted]

Led by Federal Deputy Jose Genoino, the Revolutionary Communist Party is the largest and most active Marxist-Leninist splinter group. It advises its members not to acknowledge publicly their factional affiliation and urges them to "destabilize" the Sarney government. The other Marxist-Leninist groups are the Brazilian Revolutionary Communist Party, several of whose members were arrested in April in a widely publicized bank robbery, and the recently founded Revolutionary Communist Movement. The Trotskyite miniparties are based largely in major urban areas, where they have made inroads among younger workers in important unions and have small student followings. Socialist Democracy and Socialist Convergence are the most significant Trotskyite groups, followed by Liberty and Struggle, Labor Cause, and the Trotskyite Revolutionary Workers Party. [redacted]

The most moderate of the PT factions is the "intellectual tendency," led by party Secretary General Francisco Weffort, a political scientist at the University of Sao Paulo and member of a PT-affiliated think tank. The faction's members include other prominent academics, and the majority of the PT's federal deputies. Convinced that the PT must attract middle-class support if the party is to prosper electorally, Weffort has taken the lead in packaging the party's message in a manner calculated to appeal to a broader audience. The PT's improved electoral performance last fall gave a major boost to the

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Weffort faction, and [redacted] the group remains in the ascendancy. [redacted]

Improving Electoral Performance

After a disastrous performance in the Sao Paulo gubernatorial election in 1982 in which Lula finished fourth, mayoral elections last November represented an important step forward for the PT. The victory in Fortaleza—Brazil's fifth-largest city and an area long dominated by conservative political bosses—was the highlight, but party candidates also performed well in Goiania (40 percent), Vitoria (26 percent), and Sao Paulo (nearly 20 percent). [redacted]

Weffort argues that the election results vindicated his faction's strategy by demonstrating that the PT not only is moving beyond its Sao Paulo heartland but is also shedding its image of the "party of overalls" by attracting middle-class voters. The PT's postelection analysis indicated that the party did not make a major breakthrough with the middle class but attracted a substantial number of young voters [redacted]

[redacted] party leaders are persuaded, however, that the middle class has a positive image of the PT and is determined to try to attract its support. [redacted]

A key to the PT's success in trying to shed its image as strictly a party of organized labor has been its ability to field attractive, well-educated candidates, many of whom have considerable local name recognition. US Consulate and press reporting indicates that last November such candidates strengthened the party's ability to attract a range of "protest voters" who were determined to use their ballot to register displeasure with the government. In Fortaleza, photogenic, Vanderbilt-educated Maria Luiza Fontenelle relied on assistance from members of the progressive church and radical leftist activists to win support from youth and independent voters, according to press accounts. Like Fontenelle, the PT candidate in Vitoria came from an established political family, and the party's mayoral candidate in Sao Paulo last fall was a scion of a leading Paulista family. [redacted]



Mayor Maria Luiza. All types of problems in Fortaleza [redacted]

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According to the US Consulate in Sao Paulo, leaders of the labor wing resent the growing number of candidates without a trade union background and grumble that the PT is becoming the party of radical chic. Nevertheless, PT candidates selected so far for the elections in November reflect the trend toward naming university-educated professionals. [redacted]

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New Foreign Policy Initiatives

As PT leaders attempt to construct a broad-based but ideologically uncompromising socialist party at home, they also are expanding foreign contacts, especially with the Soviet Bloc. They are proceeding cautiously with these initiatives, however, to preserve the party's nonaligned image and to avoid damaging relations with West European groups. [redacted]

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The PT has fostered ties to West European socialist parties and maintained informal links to the Socialist International since soon after the party's creation. [redacted]

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[redacted] Western European socialist and church organizations have supported the party by funneling funds to various PT-affiliated research entities in Brazil. According to the US Consulate in Sao Paulo, party members acknowledge that the West German Social Democratic Party's Frederick Ebert Foundation has been a significant financial contributor. [redacted]

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Long an outspoken admirer of Cuba's Fidel Castro, Lula has intensified his dealings with the Castro regime over the last year or so in response to overtures from the Cuban leader. With a view toward expanding Cuban influence in Brazil following the transition to civilian rule there, Castro hosted the PT leader twice in 1985 and again in February 1986 during the Cuban Communist Party's Third Congress. Also last year, Havana named a member of the Cuban Communist Party's America Department as its unofficial representative in Brazil. To underscore the importance Castro places on developing ties to the PT, the representative established his headquarters in Sao Paulo. [redacted]

[redacted]



Eduardo Suplicy. Suggesting that the PT define its ideology [redacted] Veja

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The Cubans have also played a role in promoting ties between the PT and other pro-Soviet governments. Following initial contacts in Havana a year ago when Castro introduced Lula to the East German Ambassador, the PT leader visited East Berlin in January and established official party relations with the East German Communist Party, [redacted]

[redacted]

for direct presidential elections this year. Lula quickly scotched prospects for such cooperation when he declared in December that Brizola would "walk on his mother's neck" to gain the presidency. The overwhelmingly positive public response to President Sarney's economic package, announced on 28 February, assured that opposition efforts to cut short his term would fail and put the PT on the defensive. In addition, Fortaleza Mayor Fontenelle has been widely criticized by the press for her failings as an administrator, and one of the parties in Sarney's coalition plans to highlight her difficulties in its campaign film. [redacted]

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The 1986 Elections and Beyond

The rejuvenated workers party is focusing on increasing its membership and organizing for the elections in November, but setbacks in recent months are likely to hamper its performance. Impressed by the PT's success last November, Governor of Rio de Janeiro Leonel Brizola, who heads the Democratic Workers Party, welcomed a tactical alliance to push

Perhaps the most serious blow to the PT's electoral strategy resulted from a bank robbery in Bahia in April by a group whose members belong to one of the party's radical leftist minifactions. The impact on the party's image was particularly grave because it came only a few months after Lula had stated publicly that under certain conditions he would favor armed popular struggle. [redacted]

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The most notable casualty of the bank robbery has been Eduardo Matarazzo Suplicy, the PT candidate for governor of Sao Paulo. Early polls showed Suplicy ahead in Metropolitan Sao Paulo thanks to strong residual support there following his mayoral bid, although he trailed in the interior. According to press reports, Sarney was sufficiently concerned about a PT victory in the country's major industrial hub that he encouraged respected businessman Antonio Ermirio de Moraes to enter the race. Early polls also raised doubts about the voter appeal of the prospective candidate from the leading party in Sarney's governing coalition, and by boosting Ermirio the President apparently hoped to improve prospects that a centrist would be elected to this key gubernatorial post. [redacted]

Suplicy slipped badly in the polls immediately after the bank robbery, and he continues to be hindered by the party's lack of a base outside Metropolitan Sao Paulo. [redacted]

[redacted]

[redacted] Suplicy probably will garner a sufficiently large percentage of the vote to justify the PT's middle-class strategy. [redacted]

Party spokesmen publicly state that after 15 November their representation in Congress will jump from six to nearly 50 deputies and from zero to four senators. Both totals appear grossly inflated. PT leaders probably would view the election of 20 deputies as a major victory, particularly because the electoral reform law about to be approved by Congress seems certain to restrict the amount of free radio and TV time allocated to small parties. [redacted]

Meanwhile, the PT is slowly recovering from its surprise over the government's economic package and appears to have settled on two main tactics. On the urban labor front, PT and CUT leaders threaten to carry out a nationwide general strike as the elections approach. PT spokesmen claim that in nine states the majority of party members are rural workers, and press accounts indicate that the PT is accelerating

Lula's Views on Key Issues

- *Party ideology. "I believe (the PT) is a Marxist party in practice . . . it is not a Communist party, but it is not anti-Communist either."*
- *Party goals. "The PT is a socialist party that seeks to give Brazilian workers what they have never had: control over their lives, their jobs, and their political and economic fortunes."*
- *US foreign policy. "The United States is only interested in Brazil and in the rest of Latin America as a source of cheap materials and labor in furtherance of its policy of capitalistic exploitation."*
- *The superpowers. "Both superpowers seek to dominate the world, but US domination of Latin America is worse than Soviet domination of Eastern Europe."*

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efforts to organize landless peasants. Against this background, Lula's recent public commitment to agitate at the grassroots level for more rapid implementation of land reform will further complicate government attempts to deal with the increasingly polarized agrarian scene. [redacted]

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Beyond the elections this year, prospects for the PT depend upon a number of factors, including the continued success of the government's anti-inflation plan, the willingness of the PT to ally with other leftist groups—especially Brizola's party—and the cohesiveness of the major parties. President Sarney, conscious of the potential of the left for rapid political advances, has strengthened his determination to ensure that his economic policies succeed. An electoral alliance between the PT and the Democratic Workers Party would be significant because it would unite complementary bases of support, but the

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personal antipathy between Lula and Brizola and PT disdain for the Rio Governor's populist approach probably will continue to militate against serious cooperation. Nevertheless, in a highly fluid party system where even Brazil's leading parties are not certain to remain intact after November, the PT stands out because of its coherent ideology and sense of purpose. PT leaders are buoyed by what they see as their potential for exploiting the tremendous disparities between the country's rich and poor and are optimistic that over time their efforts at building a mass-based party will bear fruit.

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Cuba: Keeping the Journalists in Line [redacted]

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The recent plenum of the Cuban Journalists Union (UPEC) apparently generated an unusual ideological battle over the proper role of journalists. As best we can determine, the controversy centered on the dilemma inherent in the regime's desire to make the press a more effective tool for motivating the masses without loosening the tight restrictions on journalists' freedom to report the news. President Castro was an active participant in the marathon session, according to the Cuban media, and apparently was treated to a frank assessment of what makes the Cuban press so dull and unappealing. Despite his presence, the proceedings seem to have resolved nothing, which bodes ill for the regime's hopes that the press will play a key role in restoring vitality to Castro's flagging revolution as austerity increases. [redacted]

Marxist-Leninist tool to help combat increasing corruption, apathy, and antisocial behavior and to reawaken in the Cuban people a sense of responsibility, dedication, and commitment to revolutionary ideals. Journalists complain, on the other hand, that the public finds their product stale and uninteresting because the regime narrowly limits what can be printed or aired on radio and television and, at the same time, requires the publication of reams of irrelevant material such as the recent week-long coverage of the Mongolian Party Congress, according to the US Interests Section. If the media continue to comply with the latter requirements, they cannot achieve the goals of the former. [redacted]

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Investigative Journalism

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We suspect the UPEC members, having been given brief tastes of investigative journalism in the early 1980s, are anxious to be allowed again to expose bureaucratic weaknesses and incompetence that are currently promoting widespread disillusionment. In 1981, for example, articles in *Bohemia*, the national news magazine, described with devastating frankness the unsatisfactory service of the country's rail system. Another *Bohemia* journalist revealed how laborers in a foundry in Havana were having to work without safety goggles and appropriate protective clothing because of bureaucratic squabbling and administrative inefficiency. In 1984, the magazine revealed that cattle at Cuba's largest livestock fattening facility were literally drowning in manure that was not disposed of properly. This modest experiment in public criticism was short-lived, most likely—according to the US Interest Section—because it offended some official who was high enough in the leadership to exert significant political clout. [redacted]

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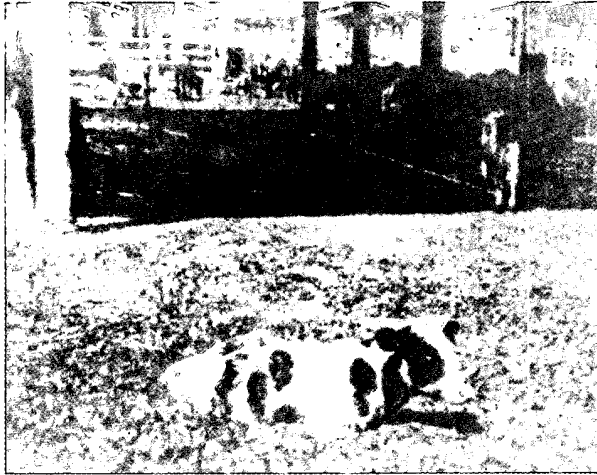
The Plenum

The UPEC plenum on 26 May dragged on for 18 hours and was described by a contact of the US Interests Section in Havana as "one long dog-fight." A draft document on the future of journalism in Cuba, prepared for the UPEC congress in September, probably sparked much of the friction. The journalists at the plenum, apparently chafing under the tight controls governing their work, engaged in a heated give-and-take that—on at least one point—directly challenged official policy. They criticized the failure of the Cuban media to report on the recent videotape pornography scandal involving two party officials in Havana and pointed out that, in the resulting news vacuum, exaggerated accounts of the affair quickly swept from one end of the island to the other by word of mouth. Some of their complaints apparently struck home because Castro, according to an Interests Section contact, ordered that various government officials be brought to the meeting to listen to the debate. [redacted]

According to US Interests Section reporting, the journalists are caught between the party's conflicting demands on the media. On the one hand, the party expects UPEC members to produce a more effective

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Cattle drowning in manure was only one of many irregularities uncovered by newsmen investigating conditions in Cuba's largest feed lot in 1984. Returning six months later in a follow-up visit, the journalist found many irregularities still uncorrected. [redacted]

It is clear, in our judgment, that the journalistic ferment that boiled over at the UPEC plenum does not stem from newsmen who challenge the regime's goals or its basic philosophy. In essence, it results from their differences with the regime over how journalists can best contribute to the achievement of those goals while adhering to that philosophy. Because the journalists probably see themselves as having a better appreciation of the reality of every day life in Cuba than the party's ideologues, they are frustrated over their inability to help build a better society by exposing its ever more obvious flaws. The ideologues, however, almost certainly see the potential for political disaster in investigative journalism, in part because they fear that the images of many of the regime's most revered leaders will be destroyed. [redacted]

Media Coverage of the Plenum

The sensitivity of the issues raised at the plenum was reflected in the circumspect treatment the meeting received in the press. In an unusual delay, the party newspaper *Granma*—the only Havana paper to report on the event—waited five days before providing coverage and even then made no mention of the confrontational nature of the debate. While criticizing “those who impede access to information,” *Granma* cautiously described the discussion as “a serious and

many-sided examination of journalism in our country.” Perhaps unconsciously underscoring the very dilemma the journalists were trying to describe, *Granma* called on the press “to reflect popular problems, concerns, and worries” but also stressed the need above all to maintain an unshakeable revolutionary position against anything that damages the revolution. Such ambivalence indicates that little was resolved by the plenum. [redacted]

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Outlook

The unusual length of the plenum—18 hours—suggests Castro was caught off balance by the journalists' strong reaction to the draft document. His impromptu summoning of officials to the session and *Granma's* subsequent criticism of those who block access to information suggest he recognized the validity of at least some of the UPEC members' arguments and decided to prolong the plenum to give them the opportunity to plead their case fully. We believe, however, that is as far as he is likely to go to appease them. Some criticism will continue to appear in the press but it will be carefully controlled and most likely will be directed primarily at the worker or the low-level manager who does not demand enough of his employees. High officials and policy will continue to be out of bounds for critics. [redacted]

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This, of course, is not likely to defuse the journalists' ire, and further frictions seem sure to surface at the UPEC congress. As the US Interests Section notes, the Cuban domestic propaganda apparatus has been undergoing considerable stress for more than a year. Since early 1985, many personnel changes have been made in key posts in both the electrical and printed media and more are probably in the works. Given the embarrassment of the plenum, UPEC President Ernesto Vera may be sacked at the union's congress in September despite his tenure of 20 years. In the wake of the plenum, the role of the press is still unresolved and troublesome. We agree with the Interests Section assessment that social unrest and the perilous state of the economy make it unlikely that Castro and his advisers will allow any new and daring initiatives to emerge to solve this Marxist “objective contradiction.” [redacted]

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Suriname: Limited Democratization [redacted]

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In a series of actions designed to influence potential aid donors and shore up domestic support, Head of Government Bouterse is spearheading changes that will give political parties, organized labor, and business interests a limited opportunity to participate in the military's policymaking process. Rather than signalling any genuine shift towards democratization, we believe these changes probably reflect Bouterse's continuing attempts to persuade The Hague and Washington to renew large-scale economic assistance. In addition, Bouterse hopes to expand his support base in the wake of a worsening economic situation and several recent blows to his domestic and international prestige. Although the moves will result in a reshuffling of key government officials, Bouterse most likely will stop short of reform that would threaten the military's absolute authority. [redacted]



Ruling military junta (from left): Etienne Boerenveen (awaiting trial in Miami on drug trafficking charge) Head of Government Desire Bouterse, Paul Bhagwandas (has resigned), Ivan Graanoogst, and Arthy Gorre (has resigned). [redacted]

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Steps Toward Reform

In the past few months, the Surinamese leader has taken three steps toward political reform. First, in late May, Bouterse convinced the three major parties to become full members of the Topberaad, or Supreme Advisory Council. This marked a change in the parties' longstanding unwillingness to become closely linked to the government. The parties probably had been reluctant to become full members of the council and bolster Bouterse's legitimacy. We believe party officials may have agreed to become full members because they felt such a move would place them in a better position to work for democratic reforms and would increase their visibility with the public should elections occur. One party that had resisted joining probably gave in because it feared its non-participation would enable the other parties to gain popular support at its expense. [redacted]

addition, they probably would be in a better position to assume power should a transition to a civilian government occur. [redacted]

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Finally, according to a press report, the National Assembly—with Bouterse's backing—has prepared a draft constitution that calls for elections. The latest agreement between the parties and military calls for a constitution and parliament based on the "true principles of democracy," a phrase the US Embassy says the population understands to mean elections.

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Bouterse's Motives for Rapprochement

Bouterse's latest push to gain greater participation by the parties reflects his attempts to bolster the regime's domestic and international legitimacy in the wake of a government drug scandal and rapidly deteriorating economic conditions. His efforts intensified following the March arrest of fellow junta member Etienne

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Second, Bouterse pressured the cabinet to resign in mid-June, [redacted] For their part, the parties may gain greater day-to-day administrative control over various ministries. In

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Boerenveen in Miami on drug trafficking charges. This incident, [redacted] has confirmed suspicions in The Hague and elsewhere of the unsavory nature of the regime and has raised speculation that Bouterse is involved in trafficking. Relations with The Hague suffered another blow when Suriname's Charge, Marciano Jesserun, was detained in The Hague and found to be carrying a concealed weapon. After his release and recall, Jesserun issued vehemently anti-Dutch statements on Surinamese television. [redacted]

Bouterse probably also wants the recent rapprochement with the parties to strengthen his domestic support base and deflect blame from the military for the country's economic state. Suriname is beginning to experience shortages in consumer goods and faces a severe foreign exchange shortage. According to US Embassy reporting, members of the usually placid Surinamese population recently demonstrated against the opening of a new tile factory with cries of "We can't eat tiles." Nevertheless, a US Embassy official says that the military's murder of 15 opposition leaders in 1982 effectively eliminated any serious, organized opposition to military rule from the civilian quarter. [redacted]

Military discontent poses the greatest threat to Bouterse's rule. [redacted] growing dissatisfaction with Bouterse from within the military, both because of the Boerenveen affair and the country's failing economy. According to the US Ambassador, a fast and steep economic decline that prompted a massive show of popular discontent could spark a new coup attempt from the military. [redacted]

Limits to Democratization

Despite the growing dialogue between the parties and military, the recent changes will give the parties no real authority in the government, and formidable barriers remain to any return to democracy. The parties' full membership on the Topberaad signifies no genuine shift in power, because this body is merely advisory and has no enforcement powers. Similarly, according to a US Embassy report, the military intends to retain veto power over all cabinet decisions. Moreover, any constitution would be toothless without the military's willingness to enforce it. [redacted]



Political party leaders: Henk Arron (National Party of Suriname), Jaggernath Lachmon (Progressive Reform Party), and Willy Soemita (Indonesian Peasants Party). [redacted]

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[redacted] Furthermore, a body of US Embassy reporting suggests Bouterse is trying to circumvent demands for elections by establishing a system of local administrative councils—a plan that could delay voting indefinitely. [redacted]

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The military's unwillingness to relinquish power stems, in part, from its concern about possible repercussions for the murders in 1982. [redacted]

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According to a US Embassy report, the parties will cooperate with Bouterse until it becomes clear he does not intend to hold elections. A US Embassy contact

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says the parties want the Topberaad to draft an "action platform" that would include an elections timetable, a political parties law, and a way to update the voters' registry. [redacted] if agreement is not reached quickly on such a plan, the parties will withdraw support from the government and leave the Topberaad. Nevertheless, we believe the parties are prepared to work with Bouterse for as long as possible before removing their support. According to Western observers cited in the Embassy report, it would take at least a year to revise voters' lists. In the meantime, Bouterse will work to capitalize on his largely cosmetic democratic reforms. [redacted]

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[redacted]

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**Barbados:
Errol Barrow Returns**

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The change of government in Barbados has led to a change of style rather than policy, according to the US Embassy. Newly elected Prime Minister Errol Barrow is expected to be generally pro-US despite his recent statements to the press that reflected a nationalistic, independent theme. Barrow, whose Democratic Labor Party won a landslide victory over the ruling Barbados Labor Party on 28 May, favors a reduced role for Barbados in the Regional Security System (RSS).¹ In addition, Barrow is on record calling for a shift of military resources slated for the RSS to drug enforcement and other public safety duties.



Prime Minister Barrow

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The Unexpected Victor

According to the Embassy, most political observers, including Barrow supporters, were surprised by the magnitude of victory by the Democratic Labor Party, which garnered 24 of 27 parliamentary seats while former Prime Minister St. John's party won the remaining three seats. Barrow's appeal to the voters after 10 years of Barbados Labor Party rule was enhanced by his promises of more employment and tax cuts, and his effective characterization of St. John's government as corrupt. According to US officials, most observers believe that a heavy turnout of new young voters coupled with a massive shift of uncommitted votes to the opposition produced the lopsided Barrow victory.

US officials assess the Prime Minister as similar to other leading Caribbean politicians—he is given to rambling rhetoric and oratorical posturing, but also projects an image of humility and honesty. Given his landslide, the “Father of Barbadian Independence” is sure of his popularity and prestige and speaks his mind without reflecting on the consequences of his actions.² The Embassy also points out that Barrow behaved in a similar fashion during his tenure as Prime Minister from 1961 to 1976, when he maintained good relations with the United States.

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Economic Policy

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Since assuming power, Barrow has publicly criticized US policy in the region and characterized leaders of Jamaica and Dominica as mendicants. According to the Embassy, however, this is a result of Barrow's plain-spoken nationalistic style and Barbadian pride rather than an indication of a shift in foreign policy.

On the basis of his previous record and recent economic policy statements, it is apparent that Barrow, who will function as Minister of Economic Affairs, will continue to foster private-sector-led economic development that has raised average living standards to among the highest in the Caribbean. Although he has called for tax reform that would ease the burden on the working poor and the important

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¹ Antigua, Barbados, Dominica, St. Lucia, and St. Vincent established a Regional Security System in 1982 because of their concern about the radical Bishop regime in Grenada. St. Christopher-Nevis joined in 1984, and Grenada followed in March 1985.

² Barrow, a leading advocate of Barbadian independence, was Prime Minister when the UK granted it in 1966.

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tourist industry, any tax cuts probably would be coupled with reductions in government spending. Barrow intends to use tax and investment incentives to encourage growth in light manufacturing, particularly electronics assembly, furniture manufacturing, and textiles. [redacted]

Barrow has announced that he would welcome a leading role in discussions with the United States and other Caribbean countries to revise the Caribbean Basin Initiative. He has criticized other countries for seeking economic assistance from Washington rather than concentrating on generating growth. In his view, Caribbean countries should seek investments designed to strengthen exports of finished goods. [redacted]

Defense and Security

[redacted]

Although Barrow reportedly plans to shift personnel from the RSS to the Police, coast guard, and other domestic security forces, [redacted] the shifts would most likely occur in the reserve Barbados Regiment rather than in the 500-man active army component. [redacted]

According to the Embassy, Barrow's position on defense and the RSS stems from his concern over the government's limited resources and public perceptions of military waste. With this in mind, US officials say, the Prime Minister wants to downplay the defense duties of the security forces and emphasize their law enforcement and public safety activities, particularly narcotics interdiction. [redacted]

Barrow's promise to increase the size of the coast guard and marine police is an indication of his desire to crack down on drug transshipment and use. The Minister of Finance told Embassy officials that narcotics control is the government's top priority because it believes drug activity poses a serious long-range threat to social stability. [redacted]

[redacted]

The Embassy says a source close to the Prime Minister has stated that the government would give serious consideration to re-establishing a US military base.³ According to US officials, the government probably believes that a US base could provide the island with all the security it needs, reduce Barbadian defense expenditures, generate local revenue, and appease Washington. No formal discussions have taken place or are scheduled, however, on this issue. [redacted]

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Foreign Relations

Barrow's stinging public criticism of the conservative leaders in Jamaica and Dominica and their close ties to the United States could lead to cooling relations with those countries. Prime Ministers Seaga and Charles appear to take Barrow's public scorn at face value. Seaga told US officials that he believes the Barbadian Prime Minister is in the same ideological camp as Jamaican opposition leader Michael Manley, who is a close friend of Barrow. [redacted]

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On the broader diplomatic front, Barrow reportedly will consider expanding ties to a wide range of countries. Chinese diplomats in Bridgetown are concerned that Barrow's government may attempt to re-establish relations with Taiwan, according to US officials. The Embassy says Barrow admires Taiwan, as well as Israel and Singapore, all of whom he regards as feisty underdogs. [redacted]

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[redacted]

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³ The United States abandoned its Naval facility in Barbados in 1979. [redacted]

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Outlook

Barrow is likely to continue making sharp criticisms of US policy and conservative leaders in the region without veering appreciably to the left of the previous government's policies. Nevertheless, the Barbadian Government may at some point view the establishment of a Cuban press office in Bridgetown as a useful gesture of independence from Washington. We doubt that the Barbadian Government would go as far as allowing Cuba a resident diplomatic presence because of the repercussions with Washington, and the generally negative reaction at home in a basically conservative society. [redacted]

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Barrow probably will want increased law enforcement training and equipment from the United States and the United Kingdom before implementing reassignments in the Defense Force. Moreover, a reduced Barbadian role in the RSS may lessen other members resentment of the [redacted] Barbadian coordinator, Brigadier Rudyard Lewis, which would benefit the organization in the long term. In addition, the transfer of Defense Force personnel to the coast guard and other internal security units probably will enhance Barbadian narcotics interdiction capabilities.

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Bolivia: Struggling for Economic Recovery

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The economic stabilization program launched by President Paz Estenssoro last August to strengthen the private sector and improve external accounts has achieved sufficient success to persuade some foreign lenders to offer new credits. La Paz has obtained a standby loan with the IMF and has initiated rescheduling talks with the Paris Club and commercial banks. We judge, however, that the government's efforts to sustain an economic recovery will be constrained by its limited ability to attract foreign investment, boost exports, and hold down inflationary wage pressures from leftist labor unions.

Halting the Economic Tailspin

When Paz Estenssoro took office last August, the economy was in chaos. Public finances, which had been deteriorating steadily since 1982, reached a new low in 1985 when the Central Bank was forced to finance the rest of the public sector. Inflation was soaring at an annual rate of over 20,000 percent; the official exchange rate was pegged at 67,000 pesos per dollar while the parallel rate pushed past 1 million pesos per dollar; and arrears on the public external debt had quintupled since 1982 to over \$700 million. In addition, per capita income had fallen by about 30 percent over the past decade. Almost immediately, Paz Estenssoro instituted a program designed to stabilize the economy and to restore government control over the operations of the Treasury, Central Bank, and state enterprises.

Although La Paz expected these measures to produce a modest recovery in the short run, its hopes were dashed when the prices of key exports declined. In October, world prices for tin, historically Bolivia's most important export, fell below domestic production costs, forcing several mines to close. Natural gas, which in recent years has eclipsed tin as Bolivia's largest export earner, also declined in price. We estimate that export earnings will drop 10 percent and unemployment will rise by 450,000 this year. A setback of lesser economic magnitude has been the

Paz Estenssoro's New Economic Program

President Paz Estenssoro's economic plan, designed to strengthen the private sector and invigorate foreign trade, took effect last September, when he froze public-sector wages for ten months, removed price and exchange controls, and halted unbacked monetary emissions. The program produced striking improvements, according to the US Embassy: inflation dropped from an annualized rate of 23,447 percent in September to 1900 percent in April; the peso has stabilized in both official and parallel markets; and the government has begun to receive revenues from state enterprises.

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The Paz Estenssoro government also enacted a series of administrative measures intended to strengthen the economy over the longer term. La Paz prepared its first federal budget in five years, a major step toward accurate monitoring of the economy and toward providing the statistics needed to receive foreign aid and loans. It audited its Central Bank and, according to the US Embassy, brought charges of graft against 93 former officials. Finally, it passed a comprehensive tax reform law, crucial to stabilization because tax revenues have amounted to less than one percent of GDP—the lowest in the world. Taxes will be easier to collect and enforce and are expected eventually to yield ten percent of GDP per year in revenues, according to the US Embassy.

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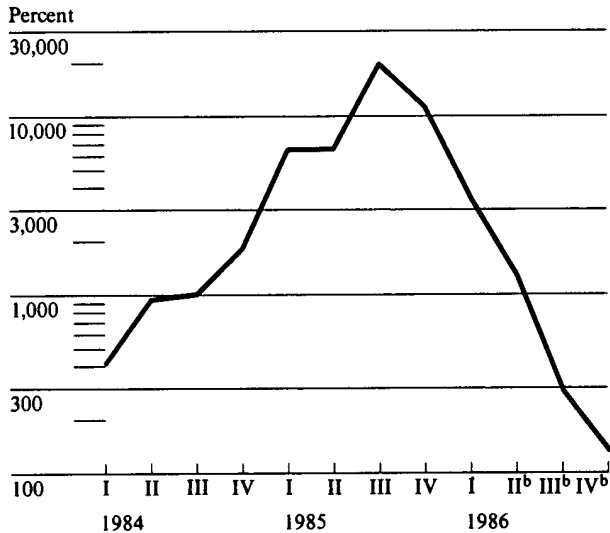
The last major step of the new economic plan is to streamline the public sector. According to the US Embassy, Paz Estenssoro aims to eliminate up to 200,000 excess government positions and to decentralize large state enterprises in order to lessen the burden of bureaucracy and enable the private sector to operate more freely. Enactment of this step is currently on hold, awaiting approval of the IMF standby loan and the inflow of funds to be used for severance payments to those laid off.

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Bolivia: Consumer Price Increase, 1984-86^a^aQuarterly data annualized.^bEstimated.

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flooding of Lake Titicaca and surrounding rivers over the past eight months, which has left over 83,000 Bolivians homeless and destroyed 30,000 acres of crops, according to the US Embassy. [redacted]

To overcome a financial crisis, La Paz approached the IMF last year to discuss arranging its first standby loan since 1980. The bungling economic policies and defaulted debt payments of previous administrations have caused Bolivia's international sources of credit to dry up. Because of his personal popularity and de facto majority in Congress, Paz Estenssoro was able to break with Bolivia's past refusal to deal with the Fund. Standby negotiations with the IMF, originally expected to be completed by the end of January, hit a snag, however, when La Paz's economic program lost momentum. Partly in response, Paz Estenssoro reshuffled his cabinet and directed his new ministers to revive the program. The government was able to hold prices steady in February and March, and the exchange rate stabilized. In April, Congress passed a

major tax reform that the IMF deemed essential, and, in late May, La Paz and the IMF agreed on a plan to raise domestic energy prices. [redacted]

The IMF Standby and Other Financial Inflows

Approval of the \$55 million standby loan will trigger the release of project loans and aid from the World Bank and foreign governments. According to the World Bank, if Bolivia covers its external financing needs of \$1.3 billion this year, it can avoid a further erosion of GDP. Formal talks with the Paris Club to reschedule some \$1 billion in loans and loan guarantees took place late last month. La Paz hoped to include an additional \$870 million in non-Paris Club debt in these negotiations and to obtain up to \$143 million in new loans and aid from Paris Club lenders, according to the US Embassy. Bolivia has already met once with its commercial bank lenders, and talks will commence in earnest this summer. The banks, according to the US Embassy, have proposed to roll over Bolivia's entire debt of \$670 million in exchange for an \$85 million cash payment this year; privately, bankers indicated that they would accept a minimum cash payment of \$10 million. [redacted]

Bolivian efforts to comply with the requirements of an IMF program are likely to be haphazard at best. For example, demands on the federal coffers will increase this summer when La Paz removes the public-sector wage freeze and makes severance payments of an estimated \$50 million to recently dismissed government employees. We believe that La Paz will find it politically difficult to deny demands for larger-than-targeted wage hikes, worsening its chances of attaining its IMF fiscal deficit target of 6.4 percent of GDP. In addition, the hikes in wages and hydrocarbon prices may rekindle hyperinflation. [redacted]

La Paz's limited potential to attract foreign investment and boost exports will hamper its efforts to sustain an economic recovery. Although Paz Estenssoro's stabilization program has produced impressive results thus far, Bolivia's record as an

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The Economy at a Glance

Bolivia had a GDP of about \$3.2 billion in 1985, with income per capita at about \$410. The economy is concentrated largely on agriculture, manufacturing, and commerce. The agricultural sector accounts for 20 percent of GDP and 47 percent of total employment; manufacturing accounts for 15.5 percent of GDP and 11.6 percent of employment; commerce produces 15 percent of GDP and accounts for 8 percent of employment. The country's main crops include potatoes, corn, rice, sugarcane, coca, yucca, bananas, and coffee; La Paz imports significant quantities of wheat. Agricultural development in Bolivia is constrained because the bulk of the population lives in the unproductive altiplano region, where the weather is harsh, extremely small holdings of land predominate, and the infrastructure is underdeveloped. Major industries include mining, smelting, petroleum refining, food processing, textiles, and clothing. Most industries are concentrated in La Paz, with many plants in Oruro and Potosi. Dominant exports include natural gas, tin, and other metals. Falling world prices for these exports and, until recently, a fixed exchange rate hurt potential export income by making Bolivian exports more expensive relative to those of other countries.

Bolivia has a population of 6.3 million. Its literacy rate is estimated at 63 percent. Although education is universal, free, and compulsory until age 14, enrollment in secondary schools is only 13 percent. The country's basic infrastructure includes 38,830 kilometers of highway, of which 30,836 are unpaved. With approximately 70 percent of the population living in the countryside, Bolivia continues to be one of the most rural and least densely populated countries in South America. Indians form the largest single ethnic group, constituting about 50 to 60 percent of the total population. Of these, the Quechua and Aymara, both of the highlands, constitute an overwhelming proportion. Typically, they do not speak or understand Spanish and lack a sense of national identity. The majority are engaged primarily in subsistence farming or illegal coca cultivation.

Bolivia: Balance of Payments, 1984-86 *Million US \$*

	1984	1985	1986 ^a
Current account	-129	-281	-416
Trade balance	232	69	-48
Exports, f.o.b.	724	621	561
Imports, c.i.f.	-492	-552	-609
Services and transfers	-361	-350	-368
Interest	-334	-317	-267
Capital account	-163	-103	21
Financial gap	-291	-384	-395
Change in official reserves	148	30	-51

^a Estimated.

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impoverished, unstable, and unpredictable nation continues to discourage foreign investment from private sources, forcing it to rely solely on foreign public investment, at least for the near term. La Paz will use the bulk of these inflows to restructure and modernize its mining and hydrocarbons industries, whose inefficiencies were exposed in the recent tin and oil crashes. It will also continue to look for new export markets for these products and has already approached Brazil, Peru, and Chile to try to expand trade relations.

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Political Challenges to Bolivia's Adjustment Program

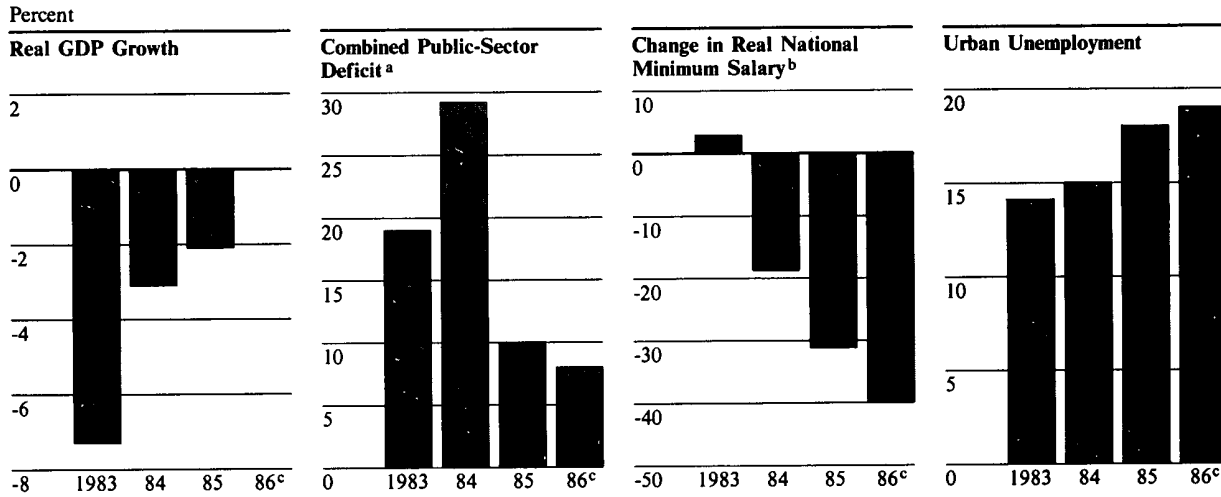
We believe that the government has at best an even chance of meeting its economic goals and moving toward a long-term economic recovery. Although Bolivia has the potential to develop its agricultural and mineral resources and to become self-sufficient, several obstacles remain. Bolivia's Communist-dominated labor unions, historically a disruptive force in Bolivian politics, represent the majority of Bolivian workers. The union movement is currently divided, but worsening economic conditions, shrinking real wages, or rising taxes could cause labor to coalesce,

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Bolivia: Economic Indicators, 1983-86



^aAs a share of GDP.
^bFirst instituted in November 1982.
^cEstimated.

Note scale change.

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leading to work stoppages and violence. Should labor agitation provoke major social unrest, the military probably would assert its own authority, possibly intervening once again in the political process.

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Should labor unrest or military pressure force Bolivia to compromise seriously its economic program or agreements with foreign lenders, disbursements of IMF funds and foreign aid would be delayed. With imports already cut to the bone and export performance weak, La Paz would be unable again to service its foreign debt obligations, bringing the country back to the brink of economic chaos.

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Latin America Briefs

Cuba	26 July Celebration <input type="text"/>	25X1
	<p>President Castro will have an opportunity to adopt a more upbeat theme in his speech at the main 26 July celebration of his 1953 Moncada Barracks attack in Sancti Spiritus this year, following his criticism of virtually every aspect of Cuban society over the past six months. Several showcase construction projects in this provincial capital in central Cuba are close enough to completion to give Castro a chance to boast of his revolution's achievements rather than bemoan its failures. According to the Cuban media, these projects include: the new Sancti Spiritus airport, a new radiobroadcasting facility, a special school for young athletes, a 770-bed hospital, 20 primary schools, a soft drink bottling plant, the first stage of a water purification plant, and several other public works. <input type="text"/></p>	25X1
	<p>At the same time, Sancti Spiritus Province has had a history of mismanagement, unemployment, and governmental neglect. The provincial party boss publicly admitted to unspecified labor problems two years ago. Since then national party officials, including party Second Secretary Raul Castro, have paid several visits to the area, apparently in an effort to boost local morale and show that the province has not been forgotten. The positive impact of these visits, however, is likely to have been largely discounted by the province's 15,000 private farmers who are still smarting from Castro's abolition of the lucrative peasants' free markets last May.¹ This will be at least the sixth consecutive year the 26 July celebration has been held in a city in the interior rather than in Revolutionary Square in Havana, which perhaps reflects in part the regime's concern over exposing the top leadership to large masses of people when popular attitudes are souring. <input type="text"/></p>	25X1
Mexico-Cuba	Suspension of Credit <input type="text"/>	25X1
	<p>Mexico is holding firm on its decision in April to suspend a longstanding credit line to Cuba, according to the US Embassy. The decision apparently was reiterated to Cuban Vice President Carlos Rafael Rodriguez when he visited Mexico in early June. Mexican officials have stated that the credit line will not be reinstated until Cuba becomes current on its debt payments to Mexico. <input type="text"/></p>	25X1 25X1
	<p>In our view, Mexico City's action resulted primarily from its own financial difficulties. The Mexican administration suspended the credit line when Cuba became delinquent in its payments to BANCOMEX, the government-owned Mexican bank financing the line. The Mexican cutoff will reverse the current</p>	25X1
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trend toward increased trade between the two countries. Mexico City earlier this year had boosted Cuba's credit line from \$100 million to \$150 million to promote Mexican nonpetroleum exports and to finance key Cuban industrial projects.

[redacted]

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Turks and Caicos Islands Resisting British Rule

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Chief Minister Nathaniel Francis reportedly is considering a move toward independence from the United Kingdom, and is seeking US economic assistance. In a recent meeting with a US diplomat, Minister of Public Works Alden Durham pressed for a dialogue with the United States on these issues, and stated his belief that Britain would favor independence for the islands. For its part, however, London says it is concerned that the territory is not capable of self-rule.

[redacted]

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Francis probably views independence as a way of evading a British investigation of corruption throughout the government. The recent resignation of Development Commerce and Industry Minister Elliot Missick, and the possible resignation of Robert Hall, Deputy Chief Minister, are the results of an ongoing British inquiry investigating alleged arson and payoffs by drug traffickers. According to the US Embassy in London, the British Foreign and Commonwealth Office fears that it has not gotten to the bottom of this "dirty barrel" and will not be surprised if more ministers fall. In London's view, the opposition party is equally corrupt and inept.

[redacted]

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Francis would be hard pressed to finance independence legitimately, and a serious push for separation probably would increase reliance on drug trafficking as a source of income. The withdrawal of a US Air Force base in 1984 has made the government even more dependent on its subsidy from London. Currently, the United Kingdom provides \$2 million of the colony's \$13 million budget.

[redacted]

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Latin America

Bogota Summit of Coffee Producers

[redacted]

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The delegates from Latin America's major coffee producing countries (Brazil, Colombia, Mexico, and Central America) met in Bogota recently to prepare for a meeting in London in September of the International Coffee Agreement, where producers and consumers will determine world coffee quotas for the next year. In an unprecedented decision, the Latin American producers agreed to back joint Brazilian-Colombian efforts to keep prices at or near their current high levels in the world coffee market. Pricing policies were threatened recently by speculative buying following Brazil's harvest shortfall early this year. Brazilian Coffee Institute President Graciano maintained that he would not permit any reduction in Brazil's quota, despite recent weather-induced crop losses; he backed the Colombian position that quotas should be based, in part, on stocks held by producer countries. Colombia is the only producer that will have sizable stocks on hand next year, and Colombian Federation of Coffee Growers officials believe these would serve to maintain coffee prices at reasonable levels. All delegates urged continued US adherence to the International Coffee Agreement.

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Cuba Chronology

1-31 May 1986

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- 1 May** Secretary General of the Central Organization of Cuban Trade Unions Roberto Veiga addresses Havana May Day rally saying that strengthening the economy is the same as strengthening defense. Fidel Castro also attends the ceremony.
- Raul Castro presides over the parade and ceremony commemorating International Workers' Day in Camaguey.
- Cuba's press plays down the Soviet nuclear accident in Chernobyl'.
- 2 May** Isidoro Malmierca meets with Mansour Omar, Foreign Minister of Western Sahara, in Havana to discuss bilateral relations and the international situation. Malmierca hosts a reception for Omar.
- Fidel Castro, Carlos Rafael Rodriguez, Jose Machado Ventura, Vilma Espin, and others preside over a ceremony presenting the Third Party Congress banner to various organizations.
- 3 May** Havana press interviews Luis Alva Castro, Prime Minister of Peru, who conveys solidarity greetings from President Garcia to Fidel Castro and discusses Cuban fishing in Peruvian waters. During a meeting with Fidel Castro, Luis Alva Castro expresses satisfaction over Cuba's donation of a field hospital with 100 beds to Peru for the areas affected by the earthquake.
- Granma* reports that Fidel Castro met with a West German Green Party delegation in Havana to discuss the world economic crisis, the Central American conflict, and environmental problems.
- 5 May** South African Minister of Foreign Affairs Pik Botha says recent US aid to UNITA has made the Angolan Government "disinclined" to negotiate a possible Cuban troop withdrawal.
- 6 May** During the 39th plenary assembly of the World Health Organization in Geneva, Cuba is elected to the vice presidency of the American region.
- AFP Havana* reports that Nicaraguan Vice President Sergio Ramirez and Interior Minister Tomas Borge made an unpublicized visit to Cuba last week.

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- 7 May** At a press conference in Lisbon, Brazilian President Jose Sarney reiterates that his government is considering resuming diplomatic relations with Cuba, which is consistent with his line of maintaining links to all the countries of the world.
- 8 May** Cuban nonresident Ambassador Severino Mansur Jorge presents his credentials at the government house in Nassau. He brings "very cordial greetings from Fidel Castro" to the people of the Bahamas.
- 9 May** An agreement is signed in Havana at the 11th meeting of the working group for the application of computer technology in domestic trade during the CEMA domestic trade ministers conference.
- 10 May** Havana press reports that the two main indicators of manufacturing efficiency in sugar harvests, yield and recover, were below the level expected during the current milling process in Camaguey Province.
- Havana Prensa Latina reports that Cuba intends to acquire new world markets for its exports and plans to add new export products to obtain more resources for its economic development.
- Experts from the Cuban State Committee for Statistics begin a study in Luanda to recommend the creation of a national statistical system. This system will create a basis for a national network with structures for direction and control.
- 11 May** A Cuban delegation headed by Minister of Fishing Industry Jose Fernandez Cuervo arrives in Lima and is greeted by Prime Minister Luis Alva Castro. The delegation will assist Peru in fishing, agriculture, and public health programs.
- Ghanaian Ashanti King Otmfu Opoku Ware II arrives in Cuba and meets with Isidoro Malmierca to discuss topics of mutual interest and the current international situation. Fidel Castro hosts a reception in honor of the Ghanaian leader. Commander of the Revolution Juan Almeida, Armando Hart, Carlos Rafael Rodriguez, and Jose Ramon Fernandez attend.
- 12 May** Hector Rodriguez Llompert, Minister President of the National Bank of Cuba, meets with Satochi Sumita, Bank of Japan Governor to discuss the current financial situation as well as the differences that exist between the two countries.
- Fidel Castro visits the construction site of the new Institute of Tropical Medicine, where he converses at length with Omar Tellez, Construction Chief, and briefly with the Institute Chief, Dr. Gustavo Curo.

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Jorge Fernandez Cuervo and his Peruvian counterpart Jose Palomino agree to a six-month extension on the loan of two large Cuban ships at no charge and the training of crews for Peru's fleet.

13 May

Foreign Trade Minister Cabrizas meets with Austrian Finance Minister Franz Vranitzky to explore possibilities in increasing trade.

Politburo member Jorge Risquet meets in Havana with Ali Hdayri, special envoy of Libyan President Qadhafi. Hdayri expresses his satisfaction over the position taken by Cuba toward the recent US attack on Libya. In a press conference, Ali Hdayri says he came to Cuba to exchange opinions and discuss methods of confronting US state terrorism. He says Libya supports an international meeting to discuss the causes of terrorism, but not on President Reagan's terms.

London press reports that following a meeting last week with creditor banks in Paris, Cuba has reversed a previous decision to halt interest payments due to creditor banks on 6 May and will make the payment, which totals \$6-7 million.

14 May

Officials from the Soviet Union's agroindustrial complexes and the Cuban Agriculture and Sugar Ministries sign documents in Havana to extend cooperation.

Havana press reports that a Cuban TV signal has been received in Angola since 1 April through a Soviet satellite.

15 May

Foreign Minister Malmierca and East Germany's Deputy Minister of Foreign Affairs Bernhard Neugebauer meet in Havana to discuss bilateral relations, the international situation, and the continuing tensions in Central America.

Foreign Minister Malmierca meets in Havana with Polish Deputy Foreign Minister Jan Kinast to discuss international political issues and other matters of interest.

Carlos Rafael Rodriguez meets in Havana with Javier Moscosco del Prado, Minister of the Presidency of Spain, to discuss matters related to Cuban economic and social development.

Foreign Trade Minister Ricardo Cabrizas concludes a visit to Austria. The goal of his visit was to discuss increased trade relations between the two countries. Austria signs a commercial line of credit worth more than \$6.5 million.

Vice Foreign Minister Ricardo Alarcon tells Prensa Latina that Cuba will participate in the 3-5 June conference on Latin American democracy which will be held in Strasbourg, France.

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Havana TV reports that Cienfuegos Province is presenting an unfavorable situation in conservation of energy, with consumption exceeding 27,000 tons of oil and cost exceeding 20,000 megawatt hours.

During a ceremony in Havana, Isidoro Malmierca is decorated with the Battle of Beirut Order, awarded to him by the Central Committee of the Democratic Front for the Liberation of Palestine.

In Berlin, Gerhard Schuerer, candidate member of the SED Central Committee Politburo, meets with Central Committee member Jose Lopez Moreno to discuss expanding economic, scientific, and technological cooperation.

During a meeting in Lima with Peruvian President Alan Garcia, Cuban Fishing Industry Minister Jorge Fernandez Cuervo discusses the results of the work carried out by the delegation he heads and cooperation in matters of fishing and health.

18 May

The second national meeting of agricultural livestock production cooperatives is held in Havana. Fidel Castro calls for a crusade against "every form of exploitation, sponging, vice, and corruption" because of the damage to the revolution.

19 May

A contract is signed in Havana between Cuba and the USSR on delivery of equipment for the first stage of the Juragua nuclear power station being built with Soviet assistance. The Energoimport Association stresses the significance of the nuclear power station for Cuba.

Fidel Castro decides to abolish the 6-year-old "free markets" leaving behind a great lesson, many damages, and millionaires. Fidel calls the free markets "a source of enrichment for neocapitalists and neobourgeois."

Foreign Minister Malmierca meets in Havana with Polish Foreign Minister Marian Orzechowski to discuss the main aspects of the complex international situation and matters related to the development of bilateral relations. Orzechowski meets with Carlos Rafael Rodriguez and Jorge Risquet during his visit.

Cuban Minister of Basic Industries Marcos Portal is received in Moscow by Ivan Arkhipov, First Deputy Chairman of the USSR Council of Ministers and Y. P. Ryabov, Deputy Chairman of the USSR Council of Ministers to discuss cooperation in industry. Protocols for economic and scientific-technical cooperation are also signed.

20 May

The 18th conference of CEMA trade ministers begins in Sofia, Bulgaria. Cuba and other representatives attending discuss multilateral cooperation and the fundamental methods of perfecting labor organizations.

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Uruguayan Foreign Minister Enrique Iglesias meets in Montevideo with the first Latin American cosmonaut, Arnaldo Tamayo. They agree on the need to use space technology for peaceful purposes and reject projects on the arms race.

Member of the Politburo of the Central Committee Julio Camacho Aguilera is appointed as Cuba's Ambassador to the Soviet Union.

The Voice of America celebrates the first anniversary of its Radio Marti broadcasts to Cuba. VOA says interviews with recent Cuban arrivals and field surveys show Marti has "great credibility in Cuba and has an extensive listening audience."

21 May

Carlos Rafael Rodriguez arrives in Lima and is welcomed by Prime Minister and Vice President Luis Alva Castro. Rodriguez meets with President Alan Garcia and conveys greetings from Fidel Castro. They exchange impressions on Latin America and discuss bilateral relations. Fidel Castro speaks at the 100th founding anniversary of the Salvador Allende Hospital (formerly Covadonga) saying he wants Cuba to have the most complete health service in the world.

22 May

The National Electoral Commission is appointed and is presided over by Jose Ramon Machado Ventura. The Council of State agrees to hold elections on 19 October 1986 to elect delegates to the municipal assemblies of the people's government.

In a press conference in Peru, Rodriguez says there are many possibilities of expanding bilateral cooperation between the two countries and reiterates Cuba's position in favor of a peaceful solution for Central America. He also states that there was never any incompatibility between Fidel Castro and Alan Garcia, merely "momentary disagreements," because both "are figures of outstanding political momentum."

23 May

Carlos Rafael Rodriguez, Ricardo Alarcon, and consultant to Rodriguez, Martinez Salsamendi, visit Argentina.

At the council of GATT representatives in Geneva, Cuban Ambassador Carlos Lechuga denounces US agricultural law as a new economic aggression to punish third-party countries that reexport sugar to the US markets, which violates GATT agreements.

Raif Dizdarevic, Federal Secretary for Foreign Affairs of Yugoslavia, arrives in Havana and is greeted by Isidoro Malmierca. They discuss international and bilateral affairs and matters related to the nonaligned countries movement.

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Raul Castro presides over a graduation ceremony of Revolutionary Police combatants and the incorporation of a FAR Red Berets reservist contingent to that organization.

Fidel Castro presides over a regular meeting of the Politburo during which new anticrime measures are approved. An extensive analysis is made of the problems of crime and antisocial conduct, especially the number of incidents in Havana City.

The Council of State announces the creation of the National Commission of Economy Management and appoints Gilberto Diaz the commission's vice president.

24 May

Fidel Castro sends messages to Sam Nujoma, President of the South-West African People's Organization, and to Oliver Tambo, President of the African National Congress of South Africa, on the occasion of the celebration of solidarity with Africa.

Cuba and Mexico sign a cultural exchange agreement for 1986-89 in Mexico City. The agreement includes the assignment of professors and specialists to centers of higher education and the granting of scholarships for technical/professional training.

The Council of State agrees to designate Manuel Castillo Rebas Minister of Communication. Castillo Rebas was formerly chief of the Communications Troops of the FAR and replaces Pedro Guelmes Gonzalez.

25 May

Fidel Castro speaks at the closing session of a family doctor forum in Havana. He says Cuba has become more aware of the importance of social medicine and that family doctors are the only technicians who graduate with assured housing.

Carlos Rafael Rodriguez arrives in Montevideo and is welcomed by Uruguayan Vice President Enrique Tarigo and other government officials. Rodriguez stresses that Latin America's historic needs demand a unity of which Cuba and Uruguay are a part. Rodriguez says that Cuban military advisers will "immediately" leave Nicaragua if the general peace agreement for Central America is signed. In addition, he says that Cuba has never maintained more than 800 members of the armed forces and the Interior Ministry in Nicaragua. Rodriguez calculates the number of Cuban civilians in Nicaragua to be between 550 and 650.

27 May

Uruguayan President Julio Sanguinetti meets with Carlos Rafael Rodriguez and Ricardo Alarcon. They discuss the Central American summit at Esquipulas and Rodriguez delivers a message from Fidel Castro to Sanguinetti. He also meets with Uruguay's main opposition political leaders and attends an official dinner hosted by Iglesias.

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Fidel Castro receives the Felix N. Musa decoration that the Union of Cuban Journalists awards. He calls on the Cuban press to participate in the struggle against everything that affects or slows the progress of the revolution.

The Council of State creates the National Committee of the Economic Management and Planning System that will manage, coordinate, promote, and control activities, economic management methods, and mechanisms.

28 May

In an interview with Prensa Latina, the West German ecological party "The Greens" describes its parliamentary delegation's recent trip to Cuba as valuable and says bilateral relations will intensify.

The Cuban Chamber of Commerce and the Foreign Trade Commission of the Uruguayan Chamber of Industry sign a commercial trade agreement in Montevideo.

On the occasion of Africa Day and the 23rd anniversary of the Organization of African Unity, Fidel Castro sends a message to Angolan President dos Santos saying the United States is solely responsible for the tense situation in southern Africa.

Belgrade press reports that the Yugoslav bus manufacturer Ikarus has delivered 200 buses and a large quantity of spare parts estimated at about \$8 million to Cuba between January and May of this year.

30 May

During a press conference in Montevideo, Carlos Rafael Rodriguez, when asked about the health of Fidel Castro, says Fidel's health is excellent and that he is at the height of his intellectual abilities. Before departing Montevideo, Carlos Rafael Rodriguez says Cuba fully supports the Contadora talks, Cuba will not rejoin the OAS, and in case of a US invasion of Nicaragua, Cuba will have no other recourse than to protest with all its might. Rodriguez denies that there are 15,000 political prisoners in Cuba and says those in prison will "be released after they serve their sentences." There are now no more than 200 "counterrevolutionaries" under arrest.

A protocol on trade and payments for 1986 is signed in Moscow by Boris Aristov and Ricardo Cabrizas. Trade between Cuba and the USSR will exceed \$9.1 billion this year.

Deputy Foreign Minister Ricardo Alarcon and Uruguayan acting Foreign Minister Alberto Rodriguez sign a trade agreement in Montevideo.

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31 May

In an interview with TELAM in Buenos Aires, Carlos Rafael Rodriguez says the aggressive attitude of the Reagan administration is a hindrance for relations with Latin America and that Fidel Castro maintains the ideals and drive of a revolutionary. Rodriguez says Cuba is not in a position to break a US air and naval blockade against Nicaragua because Cuba's forces are defensive. He also informs TELAM that Cuba will not return to the OAS because that organization does not play a meaningful role in favor of the real interests of Latin America and that Cuba will not create an alternative organization.



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