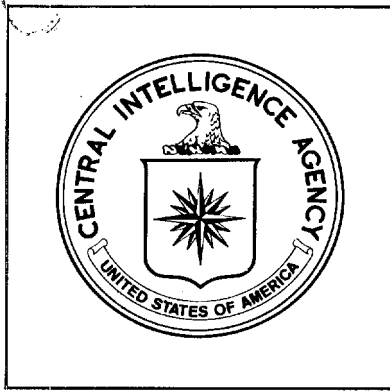
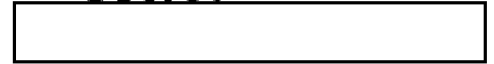


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Latin America

REGIONAL AND POLITICAL ANALYSIS

State Department review completed

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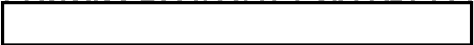
RP ALA 77-052
11 August 1977

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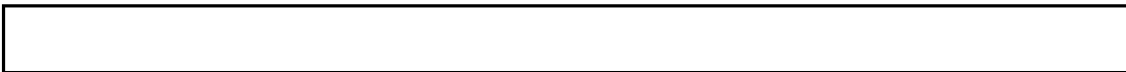


LATIN AMERICA

11 August 1977

CONTENTS

25X1



Venezuela: COPEI Convention. 4

Cuba-Guyana: Results of Burnham's Trip 7

Jamaica's Foreign Financial Situation:
Touch and Go 11

Colombia: Threatened Strike by Labor Unions. 19

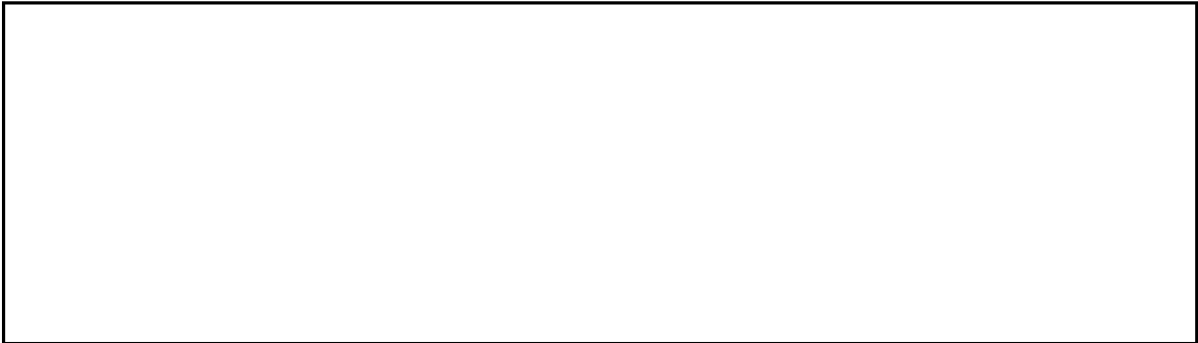
Bolivia: Organizing for International Diplomacy. . . 21

The Cuban Municipal and Provincial
Assemblies (Part II) 23

Cuba: Castro Announces Increase
in Foreign Assistance. 26

Cuban Chronology for July 1977 28

25X1



RP ALA 77-052
11 August 1977

25X1

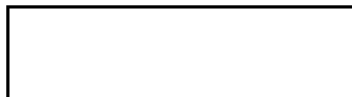
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Venezuela: COPEI Convention

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The opposition Social Christian Party (COPEI) will officially select Senator Luis Herrera Campins as the party's presidential candidate during a two-day convention beginning on August 17. Herrera's nomination is assured because he has had no serious competition and his supporters control the party machinery. A party platform--Venezuela 78, as it is to be known--will be unveiled following the convention. It is designed to respond to critics who claim that the ideological position of the party is unclear and that Herrera's concepts of "communitarianism" and "participatory democracy" are fuzzy, impractical, and unlikely to evoke much support or understanding from the large independent vote that COPEI must attract if it is to win the election on December 5, 1978.

COPEI leaders are increasingly confident that for the first time since 1968 they have an attractive presidential candidate who can overcome the larger governing Democratic Action Party (AD) and its well-oiled nationwide grass-roots organization. Party leaders believe that the dull and plodding nominee of the AD party, Luis Pinerua Ordaz, will be no match for Herrera, who is expected to wage an aggressive, media-oriented campaign.

A major challenge facing Herrera in the coming months is the need to identify a COPEI ideology that is clear and distinct from other Venezuelan political parties. During the Caldera administration (1968-1974), COPEI espoused a number of nationalistic causes that gave the party more of a leftist slant than it had ever shown. Nationalization of the gas industry, an attempt to introduce legislation for a state takeover of the petroleum industry, and other populist measures made up a package that was clearly reformist in nature and went beyond the party's earlier, more conservative middle-class platforms.

RP ALA 77-052
11 August 1977

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Many of the reforms carried out by Caldera have since been eclipsed by the nationalistic character of the Perez administration, which has already nationalized the country's two major extractive industries--oil and iron ore--and has actively intervened in the private sector of the economy. As a result, COPEI found itself reduced to the task of criticizing a series of popular nationalistic programs executed by the AD government.

Bear-like in appearance, Herrera is a charismatic political figure who often blends humor and candor into his speeches. For many years the recognized leader of the progressive or "left wing" of COPEI, Herrera is a self-made man in a party traditionally led by comfortable, well-off Roman Catholic intellectuals; he is a vehement polemicist who stands apart from the conservative, slightly aloof old-guard leadership personified by former president Rafael Caldera. In his frequent bouts with Caldera over party policy, he acquired the reputation of being a radical, mostly because of his modest origins and interest in social problems. It is more



Presidential nominee Senator Luis Herrera Campins (L) and COPEI founder and former President Rafael Caldera (R)

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RP ALA 77-052
11 August 1977

SECRET

likely that he is a thoroughly pragmatic politician, who does not let dogmatism take precedence over realism, and who appreciates that the masses outnumber the wealthy.

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Although the enigmatic Caldera is reportedly reconciled to Herrera's leading the party into the next election, the former president's enthusiasm is tempered by his reluctance to relinquish control of the party he founded and by his past bitter differences with Herrera. The nature and degree of Caldera's support is expected to be a major factor in whether COPEI can maintain the unity that is essential to win the election.

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RP ALA 77-052
11 August 1977

SECRET

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Cuba-Guyana: Results of Burnham's Trip

10 The results of the visit by Guyana's Prime Minister Forbes Burnham to Cuba in late July underscore the fact that unresolved differences continue to hamper relations between the two countries despite their generally close ties.

10 In hosting Burnham, Fidel Castro was continuing a policy of developing a special relationship with the leader of one of the two major leftward-leaning governments in the Caribbean. Castro probably reasoned that it was especially important to reinvigorate his personal ties with the Guyanese leader at a time when relations between the US and Guyana are on the mend.

3 Castro was particularly interested in gaining Burnham's support for Cuba's policy in Africa, an area that is of special importance to Burnham and his Afro-Guyanese-based People's National Congress. At the end of June, Castro sent Raul Valdes Vivo--chief of the Cuban Communist Party's General Department of Foreign Relations--to Georgetown to seek Burnham's backing for Cuba's continued presence in Angola, for Soviet and Cuban efforts to promote rapprochement between Ethiopia and Somalia, and for the possible commitment of Cuban troops to help defend Mozambique and Zambia from attacks by Rhodesian forces.

1 Burnham's noncommittal response apparently persuaded Castro to try his own hand at cultivating the Guyanese prime minister. Castro was not noticeably more successful, however. Guyana's Foreign Minister Wills told the US charge that Burnham informed Castro that his country insisted on deferring judgment on major African issues until the Organization of African Unity committed itself.

10 Burnham's trip came at a time of deteriorating relations between Guyana and the Soviet Union and Burnham doubtless hoped to persuade Castro to intercede with Moscow on Guyana's behalf. Guyana is suffering from a severe balance of payments crunch and is seeking

RP ALA 77-052
11 August 1977

SECRET

2 immediate foreign economic assistance. Despite prolonged discussions with the Burnham government regarding economic aid, the Soviets have not budged from their position that aid is contingent on Burnham's willingness to give orthodox Marxist opposition leader Cheddi Jagan and his People's Progressive Party a role in the government. The Soviets also have pressured Burnham to move more rapidly toward creating a socialist state. As a result of this impasse, Burnham has not rescheduled a trip to the USSR that he was forced to cancel early this year following his heart attack.

2 Burnham also wanted to use the trip to Cuba to try to obtain Cuban assurances of support--or at a minimum to ensure Cuban neutrality in the election that he is constitutionally required to hold by next July. For the past two years or so, Havana has encouraged Jagan to pursue a policy of "critical support" for the Burnham government, but the Cubans have never been fully successful in overcoming Burnham's lingering suspicion that Havana prefers Jagan. For example, Wills recently complained that the Cubans need to be reminded that their ambassador in Georgetown is accredited to the Burnham government and not to Jagan's party.

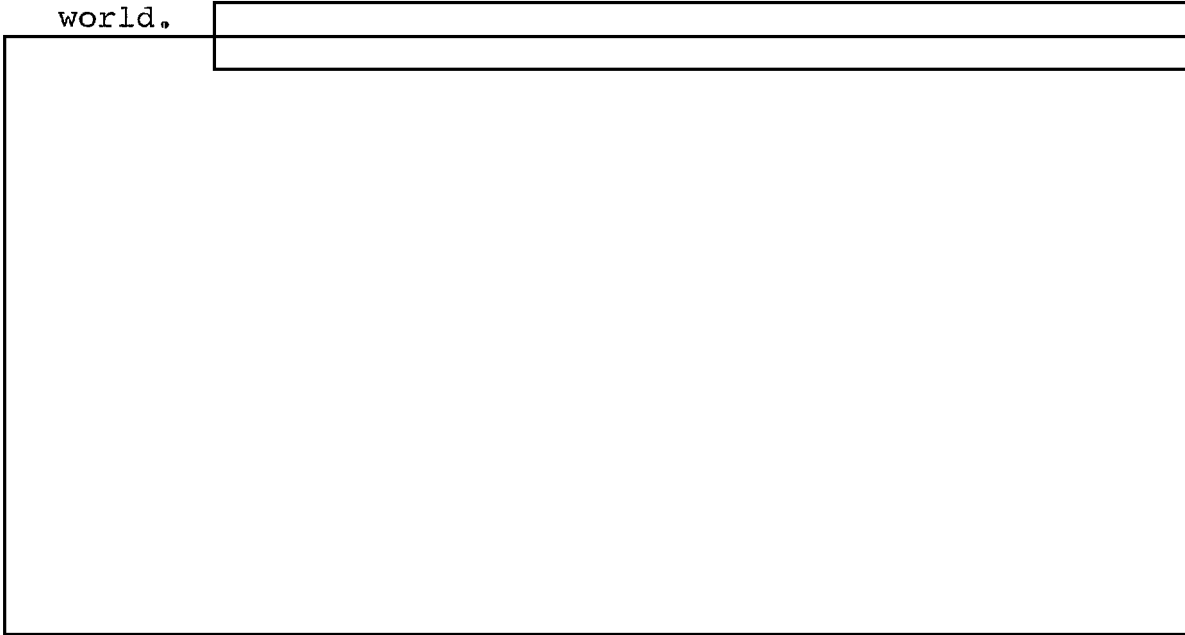
7 Cuban support would be particularly useful to Burnham at this juncture. Since national unity talks between Jagan and Burnham were broken off in February, the opposition has gone increasingly on the offensive. Jagan's party has allied itself with black radical splinter parties to try to win support away from Burnham. The Burnham government has become especially concerned by the apparent success of the opposition in winning converts among black bauxite workers who are dissatisfied with the government's wage freeze. Burnham presumably reasoned that if he could ensure Cuban support he would not only weaken Jagan and his allies but stifle the criticism he has been receiving from young radicals within his own party.

1 The Castro government's response to Burnham's request for full support fell far short of satisfying Burnham. Cuban Vice President for Foreign Affairs Carlos Rafael Rodriguez--who has particularly close ties to Moscow--antagonized Burnham by urging the Guyanese Prime Minister to make the concessions requested by the Soviet Union. Castro shrewdly let Rodriguez serve as Moscow's

RP ALA 77-052
11 August 1977

security assistance. At the same time, the Guyanese leadership is becoming increasingly aware of the limits to what Cuba can offer another poor developing country and to the ideological problems that can arise in dealing with a communist state--even one that is of the third world.

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RP ALA 77-052
11 August 1977

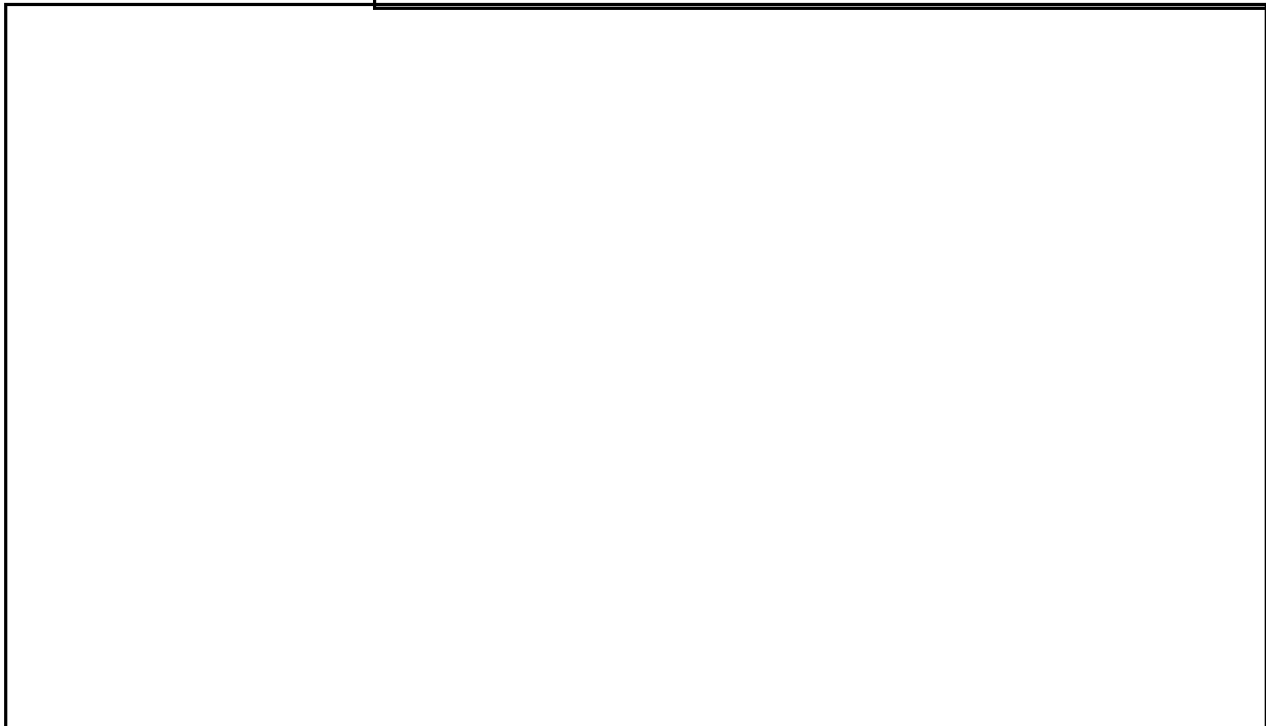
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spokesman while promising that Cuba would not take sides in Guyana's internal politics and that Havana would cooperate with Burnham's government.

These irritants have not prevented Cuba and Guyana from continuing to cooperate closely in several important areas.

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10 Cuban also continues to provide relatively small-scale technical assistance to Guyana. Eighteen Cuban doctors are serving in Guyana, many in remote areas. In addition, some 70 Cuban fishermen are assigned to the fleet operating off Guyana's coast where they help to train local fishermen.

10 After several years of trying to reassess and restructure its relations with a Cuba long isolated from the hemisphere, Guyana has come to the point of accepting a new balance in its relationship with Cuba. Guyana can be expected to continue to cooperate with Cuba on many foreign policy issues, especially those pertaining to North-South economic issues, and Burnham will no doubt continue to value his personal relationship with Castro and to look to Cuba for limited technical and

RP ALA 77-052
11 August 1977

SECRET

Jamaica's Foreign Financial Situation: Touch and Go

Despite a narrowing of its foreign financial gap* this year, Jamaica faces serious payments difficulties that are only now beginning to ease. The improvement has followed the securing in mid-July of a standby credit from the International Monetary Fund, conditioned on a further tightening of an already harsh austerity program. The IMF commitment has paved the way for the left-leaning government of Prime Minister Michael Manley to obtain additional foreign funds. Kingston has succeeded in obtaining and/or is negotiating a patchwork of financing that probably will cover the financial gap and meet essential short-term foreign obligations this year.

Domestic political and economic pressures could still upset this progress. The new austerity, which follows import cuts and other restrictive measures slapped on in the past two years, could cut real GNP another 4 percent in 1977 and further boost the already high inflation and unemployment rates. The result almost certainly will mean a further loss of popularity for Manley, whose own supporters have begun to criticize his handling of the economy. Under these circumstances, Manley may be strongly tempted to take advantage of the greater availability of foreign financing to increase imports and otherwise relax austerity measures—a step that would jeopardize the IMF agreement and could put Jamaica back on square one.

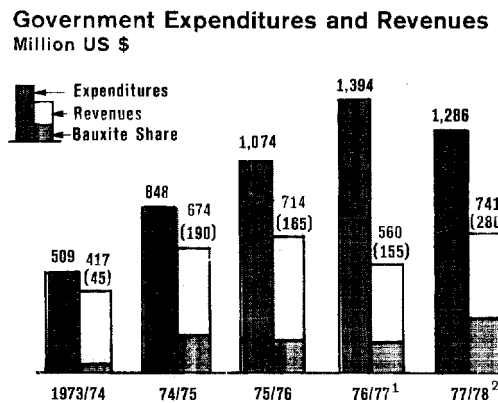
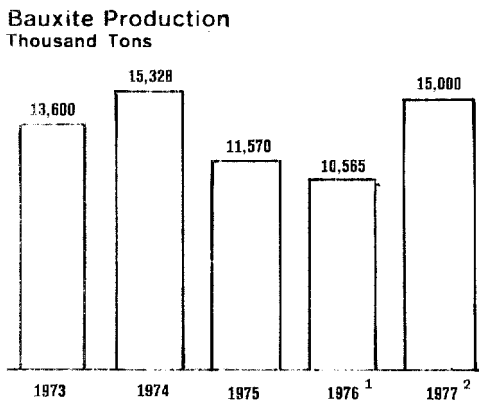
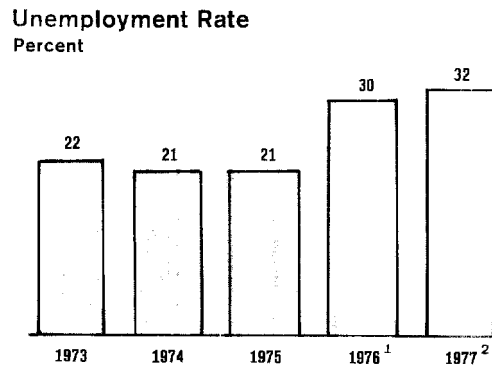
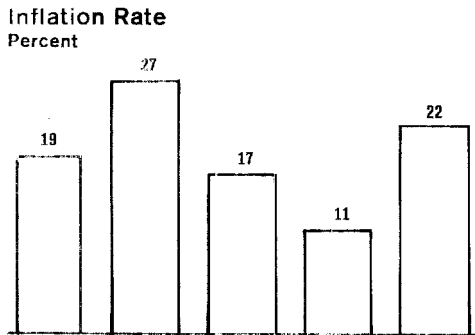
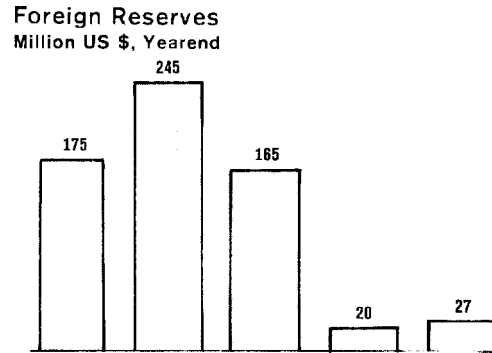
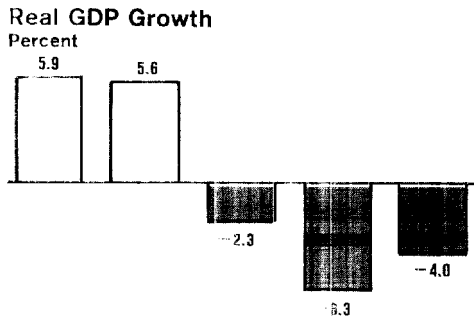
Good Times Followed by Slump

Spurred by substantial direct foreign investment in bauxite and tourism, Jamaica enjoyed steady economic growth for the decade before Manley's election in 1972. The economy then began to slip because of the deterioration in investor confidence, which was later intensified

**Financial gap is defined as the current account deficit plus amortization of medium and long-term debt; shifts in short-term capital are not included.*

RP ALA 77-052
11 August 1977

Jamaica: Economic Indicators



1. Estimated
2. Projected
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RP ALA 77-052
11 August 1977

SECRET

by Manley's accelerated leftward drift. Investor fears were justified in 1974 when Manley, prompted by higher oil prices, imposed a 600-percent increase in taxes on bauxite (produced mostly by US aluminum companies) and demanded a small equity share in their Jamaican operations. Jamaica is the source of 37 percent of US supplies of bauxite and alumina.

Jamaica initially benefited from the \$145 million tax hike. Higher bauxite returns--along with record sugar prices--contributed to near doubling of export earnings and partly financed a jump in public works expenditures. During 1975 and 1976, however, Jamaica's foreign financial gap tripled to a record \$351 million. Weak world demand had reduced bauxite shipments; tourism earnings had been hit by violent crime; and a drop in world prices had cut sugar export earnings by nearly two thirds. Kingston was unable to cover the gap because capital flight and the loss of direct investment partly offset increased borrowing abroad. Although the Manley government dipped heavily into the short-term money market, it still had to draw against foreign reserves; it further weakened its credit rating by delays in servicing private debts.

To limit inflationary pressures resulting from a spurt in government spending, Kingston in 1975 greatly increased personal income and property taxes and instituted stringent controls on private credit. Austerity measures were intensified last year through the imposition of import restrictions and foreign exchange controls to contain the financial gap. The result was a 6-percent decline in real GNP following the 2-percent drop in 1975; unemployment climbed to about 30 percent of the labor force. Costly strikes, rising violent crime, and increasing leftist influence in the government contributed further to the malaise.

Tightened Payments Bind in 1977

The foreign financial gap has been narrowing in 1977 as a result of a substantial current account improvement. Even so, Jamaica's inability to secure sufficient financing to cover the gap and to meet heavy amortization obligations on past short-term borrowing precipitated a payments crisis by mid-year. Export earnings will likely increase about \$126 million (19 percent) in 1977, mainly because recovery of the world aluminum industry will boost

RP ALA 77-052
11 August 1977

SECRET

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demand for Jamaica's bauxite and alumina. Strict foreign exchange controls on private transfers and reduced imports will allow a substantial improvement in the services deficit, despite higher interest payments and a probable further decline in tourism. Additional austerity measures imposed in January should slash imports 11 percent below 1976, to \$718 million (\$825 million on a c.i.f. basis). These measures included strict foreign exchange controls, direct import curbs, increased personal income taxes, and a temporary wage-price freeze.

Reduced capital inflows severely strained Jamaica's ability to cover the \$108 million financial gap and to meet net short-term debt service obligations of \$250 million. The country faced a 50-percent cut in medium- and long-term capital receipts, to \$121 million in 1977, largely because its extremely weak creditworthiness had severely limited new commercial borrowing. Most of the credit promised by mid-year was from official sources, including \$30 million from the US government this year. Direct investment inflows remained nil. As matters stood before the IMF agreement, Jamaica still had to find as much as \$237 million to cover this year's payments needs. Gross foreign exchange holdings were down to about \$20 million--less than two weeks' import cover--and provided little cushion.

The IMF Agreement and Financial Impact

In trying to cope with the payments difficulties, Manley followed the advice of political moderates and accepted a \$75 million loan from the IMF in mid-July--a move he had earlier scorned. About \$35 million of the loan is scheduled to be disbursed this year. The IMF loan is tied to additional belt-tightening, including an immediate cut in government spending by 8 percent and a more austere wage policy. The IMF dropped demands for an immediate unification of the present dual foreign exchange rates. Instead, Jamaica's compliance with IMF performance criteria will be reviewed in the coming months to decide if the coverage of the recent 38-percent devaluation for tourist and some commercial transactions needs to be extended to curb imports. At the same time, the IMF has eased Jamaica's financial squeeze by postponing repayments due this year on \$27 million in compensatory financing and oil facility loans. The IMF also

RP ALA 77-052
11 August 1977

SECRET

has allowed Jamaica to delay repayment of \$67 million in private debts at least until next year without jeopardizing the standby agreement.

The IMF agreement has paved the way for a patchwork of additional foreign financing that we believe probably will cover this year's payments needs if imports are limited to the present target.

- Jamaica has reached preliminary agreement with the aluminum companies for immediate prepayment of at least \$40 million in first quarter 1978 bauxite tax liabilities as part of an arrangement covering the next two years.
- Canada is considering the provision of an additional \$20 million in commodity grants, most of which will be available in 1977.
- Ottawa has delayed repayment of \$25 million in short-term credits until next year and is considering their conversion to longer terms.
- Manley probably can count on as much as \$20 million in additional loans from Venezuela.
- Trinidad has offered \$45 million in export financing, although only part can be drawn in 1977.
- The Netherlands has pledged loans of \$10 million.
- Some additional financing from other official sources such as West Germany may still be worked out.
- We expect that this financing will cover Jamaica's financial gap in 1977 as follows:

RP ALA 77-052
11 August 1977

	<u>Before IMF Loan</u>	<u>After IMF Loan</u>
Financial gap	-\$108 million	-\$96 million (\$12 million in Canadian grants)
Medium- and long-term receipts	\$121 million	\$159 million (\$38 million in official loans)
Net short-term obligations	-\$250 million	-\$56 million (\$27 million in debt relief and \$35 million in new loans from the IMF, \$67 million in prospective repayment delays on private loans, \$25 million in Canadian debt roll-overs, and \$40 million in bauxite tax prepayments)
Deficit or surplus	-\$237 million	\$7 million

Domestic Repercussions

Tightened austerity is having a serious impact on the Jamaican economy this year. The import reduction now projected probably would cut real GNP another 4 percent, to roughly 88 percent of the 1974 level. Manley will likely suffer a further erosion in public support as the unemployment rate is pushed above 30 percent of the labor force, inflation accelerates, and basic goods--including drought-afflicted domestic food stocks--remain in short supply. Jamaican businessmen are protesting that inventories are being exhausted under the current import ceiling, resulting both in the closure of retail and manufacturing operations and in black markets for some import items. Moreover, pressures from militant unions for wage increases are mounting in the wake of a strike in June at Jamaica's only oil refinery. In an unprecedented action, the National Workers Union--the trade union base of Manley's party--has begun to criticize the government for its handling of the economy.

Under these circumstances, Manley will be strongly tempted to take advantage of the recent improvement in the financial outlook by relaxing import restrictions, thus risking violation of IMF guidelines. Should imports be increased substantially beyond the present target level, they must be matched by a corresponding rise in foreign financing if IMF conditions are to be honored. Since sufficient new financing seems unlikely at this point, a loosening in import restrictions could trigger IMF

RP ALA 77-052
11 August 1977

SECRET

Jamaica: Foreign Financial Gap

	1973	1974	1975	1976 ¹	1977 ²
	Million US \$				
Exports, f.o.b.	393	754	808	672	798
Imports, f.o.b.	-570	-811	-970	-808	-718
Net services and transfers	-71	-35	-91	-166	-101
Current account balance	-248	-92	-253	-302	-21
Debt amortization ³	-17	-23	-32	-49	-75
Financial gap	-265	-115	-285	-351	-96
Medium- and long-term capital inflows	223	249	206	238	159
Official borrowing	54	122	153	134	149
Direct investment	75	23	0	0	0
Other private inflows	94	104	53	104	10
Net short-term capital and errors and omissions	12	-64	-1	-32	-56
Change in reserves	-30	70	-80	-145	7⁴
External public debt yearend	306	474	632	649	611
	Percent				
Debt service ratio (public medium- and long-term)	7	7	9	14	15

¹Provisional.²Projected.³Public and publicly guaranteed medium- and long-term debt.⁴Based on financing now contracted or being negotiated, including small disbursements on Trinidad's loan and prepayment of the first quarter 1978 bauxite levy.RP ALA 77-052
11 August 1977

SECRET

SECRET

demands for a full devaluation and/or deeper cuts in major public works programs at the initial performance review in October. Failure to comply could jeopardize the standby agreement and, in turn, the financial patchwork so carefully being worked out.

Outlook

Even if Jamaica weathers the present crisis, the economy faces a bleak outlook over the next few years. Although continuing recovery of the world aluminum industry should allow earnings from bauxite and alumina to increase, imports will have to be kept under tight control at the cost of continued sluggish economic performance. Poor prospects for other major exports and tourism as well as higher debt service payments will prolong the financial gap. Substantial new foreign financing will be needed to cover the gap and permit Jamaica to resume servicing private debts now in arrears.

Ability to attract new capital will remain limited. Manley almost certainly will continue to rely on Western industrial nations as the best source of funds. At the same time, Kingston probably will continue to probe for closer ties with Cuba and the USSR, despite poor prospects for large-scale financial assistance from these sources.

Manley's hope that recent contract settlements with the aluminum companies will lead to renewed investment is ill-founded; the unsettled political situation almost certainly will keep the investment climate poor. An Alcoa official recently stated, for example, that his company will not put another penny in Jamaica. The companies also have balked at Jamaica's request that they resume investment as a condition for including bauxite transactions under the devaluation. Unless Kingston over the next few years can sustain foreign borrowing far beyond the meager levels warranted by its credit rating, pressures for a new bauxite tax hike will mount. The alternative could be increasing violence, strikes, and emigration of Jamaica's middle class.

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RP ALA 77-052
11 August 1977

SECRET



Colombia: Threatened Strike by Labor Unions

According to a recent report in the Bogota press, a large number of Colombian labor unions have issued a joint list of demands to President Lopez. Labor spokesmen warn that if the demands are not met, the unions--which are not affiliated with the nations major labor organizations--will continue with their plans to stage a national strike. The date of the threatened work stoppage, however, was not specified.

Among other things, the unions are calling for a general wage and salary increase of at least 50 percent, a freeze on the prices of staples, and an eight hour workday. At the same time they are demanding that the state of siege be lifted and that the universities be reopened.

The unions issuing the demands have the apparent backing of elements of the country's largest and oldest labor organizations--the Union of Workers of Colombia (UTC) and the Confederation of Workers of Colombia (CTC), which began in the 1930s and 1940s under the sponsorship of the political parties and the church. For the most part, the Liberal and Conservative parties have since co-opted the two major unions, conditioning them to accept the values of the ruling elite.

At the same time, labor legislation has developed in such a way as to afford the government a measure of control over all of the unions. For example, the right to strike is limited to 40 days for most workers, and the government can impose cooling off periods, arbitrate disputes and, if the strike is declared illegal, dismiss workers who refuse to return to work.

The proliferation of new and independent unions, however, has affected the character of the national labor movement in recent years. The new activist unions feel

RP ALA 77-052
11 August 1977

SECRET

that neither the Liberals nor the Conservatives represent labor's interests. The maverick labor organizations, which increasingly have attracted workers who are discontented with the UTC and CTC, are politically active and willing to challenge the traditional parties. Persistent inflation, charges of government corruption, and high unemployment account in part for the increase in labor militancy.

The Lopez government has contributed to labor's unrest with its attempts to control the country's high inflation by placing ceilings on wage increases. Early last year, dissatisfaction within labor ranks erupted in violent demonstrations and major work stoppages. Lopez was forced to call out troops to quell the disturbances and impose a state of siege. Even so, labor unrest has continued, and sporadic strikes have become virtually endemic throughout the country.

The latest threatened work stoppage may result in some compromise concessions, but the government's policy of holding the lid on the country's 30 percent annual inflation rate will prevent large pay hikes, a situation that will only prompt additional strikes later on.

Although national and local government policies in Colombia are determined by a small, informal elite composed of business, political, church, and some military leaders, the labor organizations are an influential political force within this group. With elections scheduled for next year, the country's economic ills will become even more of a political issue in coming months. At the same time, the angry voices of the independent unions will be listened to more intently by the candidates.



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RP ALA 77-052
11 August 1977

SECRET



Bolivia: Organizing for International Diplomacy

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4 Bolivia--long a subject of international ridicule for its chronic political instability--is organizing now to improve its image abroad and to bolster public confidence in the government at home. The government's new interests are exemplified by President Banzer's recent diplomatic jaunts and La Paz's stepped-up activities in multilateral diplomacy.

3
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5 Banzer's official visits to Panama and Venezuela last month were hailed in the Bolivian press as a "new landmark" in foreign policy. The President's most important accomplishment abroad was acquiring reaffirmation of support from Venezuela and Panama for Bolivia's quest for a corridor to the sea. Panamanian leader Torrijos promised special privileges for Bolivia in the



Presidents Perez and Banzer leaving the "Ciudad de Barquimeto," the ship donated by Venezuela as a symbol of support for Bolivia's quest for an outlet to the sea

RP ALA 77-052
11 August 1977

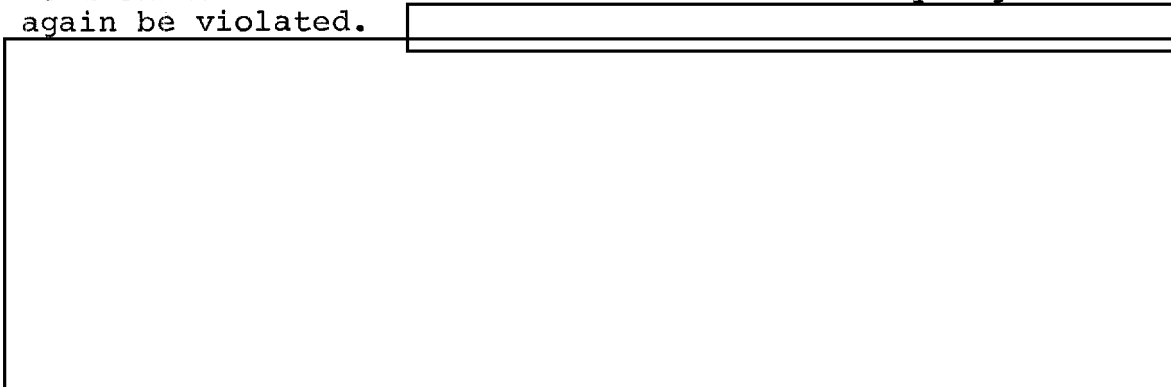
free zone of Colon to help the country develop commercial operations. Not to be outdone, Venezuelan President Perez gave Bolivia its first ocean-going vessel since the country lost its coastline in the War of the Pacific in 1879. Perez reportedly also offered Banzer five more ships on very generous terms--an acquisition that would seriously strain the personnel resources of the small Bolivian navy.

3 On another front, the government is making an effort
4 to boost its international stature through increased
5 participation in multilateral organizations. Bolivia is
scheduled to host the OAS General Assembly next year and
the board of governors meeting of the International Development Bank in 1979.

1 The government also is attempting to obtain a seat
6 on the UN Security Council for 1978-1979. Bolivia apparently has the support of a majority of members of the Latin America caucus, but is concerned that Jamaica will seek Group of 77 support for the same seat.

1 The major motivation behind La Paz's diplomatic
2 initiatives is to generate international support for
3 Bolivia's efforts to negotiate a sovereign outlet to the
4 sea with Peru and Chile. The government also believes that increased prestige in international organizations will attract international attention, thereby preventing further encroachment.

25X1 Bolivians can never forget that their country has
lost territory to each of its five neighboring countries. Although tensions appear to have subsided in the region, the government is especially concerned about a possible Peru-Chile conflict in which Bolivian territory might
again be violated.



RP ALA 77-052
11 August 1977

SECRET

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The Cuban Municipal and Provincial Assemblies (Part II)*

The Cuban Municipal and Provincial Assemblies, together with the National People's Assembly, compose the integrated set of political institutions known collectively as the *Poder Popular*--People's Power--that was created in last year's governmental reorganization. The ostensible purpose of the assemblies was to decentralize administrative control of governmental services and thereby cut bureaucratic red tape. In reality, however, their main function will be to serve as lightning rods for citizen complaints about inadequate public services at the local and provincial level. Blame for electrical power failures, broken sewers, and unrepaired streets will now be directed toward the assemblies rather than the Communist Party or the national leadership.

The selection of the delegates to the various assemblies is a long and complicated process (see chart). Only the delegates to the 169 municipal assemblies are directly elected by the Cuban people. (Runoff elections are held if no candidate receives more than 50 percent of the vote.) The delegates to the provincial assemblies and the National People's Assembly are chosen by the municipal delegates. The process of selecting delegates at these levels is carefully controlled; candidate slates are prepared by committees whose members are officials of the Cuban Communist Party and the mass organizations. Although the municipal assemblies may alter the slates, few if any changes are actually made.

**This is the second part of a two-part article dealing with Cuba's national, provincial, and municipal assemblies. The first part described the National Assembly and appeared in the July 28, 1977 issue of this publication. This part deals with the municipal and provincial assemblies.*

RP ALA 77-052
11 August 1977

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How the System of People's Power Works

EACH NEIGHBORHOOD MEETING

16-27 August 1976

NOMINATES

ONE CANDIDATE

VOTERS IN EACH ELECTORAL DISTRICT
(10,725 Districts)

10 October 1976

ELECT

ONE DELEGATE

TO

169 MUNICIPAL ASSEMBLIES

MUNICIPAL ASSEMBLY DELEGATES
(2½-Year Terms)

CHOOSE DELEGATES TO

14 PROVINCIAL ASSEMBLIES
(2½-Year Terms)

21 October 1976

CHOOSE DEPUTIES TO

NATIONAL PEOPLE'S ASSEMBLY
(5-Year Terms)

2 November 1976

RP ALA 77-052
11 August 1977

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SECRET

Once elected, the municipal and provincial delegates administer the operations of a wide array of public services at their respective levels. These services include schools, commercial enterprises, sports programs, street repairs, and garbage collection. While the mechanism of control is not clear, the task is complicated by the fact that the delegates must fulfill these duties in their spare time. They receive no pay for their service and must hold down regular jobs as well. Another problem is that many of the duties assigned to the assemblies were previously the responsibility of the Committees for the Defense of the Revolution (CDR). Since the CDRs have not been officially relieved of their traditional role, some overlapping and competition is likely to occur.

Another responsibility assigned to the delegates is the quarterly "rendering of accounts." Every three months the provincial and municipal delegates must report his or her activities to the electorate.* The reports are given by the delegates at assemblies held in each electoral district. Voters are allowed to--and frequently do--pose questions and voice complaints about problems concerning local services. If the voters are not satisfied with their delegate's performance, he or she can be removed by a majority vote.

The concept of *Poder Popular* is not really new in Cuba. Red tape was also a problem for the Castro regime in the early 1960s. In an effort to increase the efficiency of the local administrations then, Havana instituted a form of government known as *Poder Local* (Local Power). This system did not have a national assembly, but otherwise was quite similar to the current arrangement. Local officials were directly elected, were responsible for the administration of a wide variety of public services, and were required to give a public accounting of their activities.

The concept of *Poder Local*, however, quickly expired. The elected officials were unable to cope with the chaos generated by the Revolutionary Offensive of 1968 in which all of the remaining small businesses in Cuba were nationalized. By 1969 *Poder Local* had been merged with the CDR. (UNCLASSIFIED)

*Only 8 percent of the 10,725 elected delegates are women.

RP ALA 77-052
11 August 1977

SECRET



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Cuba: Castro Announces Increase in Foreign Assistance

1, 2, 3
In a speech commemorating the 24th anniversary of the attack on the Moncada Army Barracks, Fidel Castro announced an increase in Cuban assistance to the third world, despite Havana's current economic difficulties. Castro said that the number of Cuban civilian technicians in less developed countries will increase from the present 4,100 to 6,000 by the end of 1977. We believe that Havana already has about 5,000 civilian personnel stationed overseas; we estimate that an increase of this magnitude will raise the number to as much as 7,500. Most of the increase will occur in Africa, particularly Angola and Ethiopia where the vast majority of Cuban personnel are now located, and will consist of public health, educational, and agricultural specialists.

3
Acknowledging the country's limited resources, the Cuban President emphasized that Cuba's foreign assistance program is not taxing the Cuban economy. Castro pointed out that the more prosperous recipient nations are reimbursing Cuba as partial payment for Cuban programs, and even the poorer countries are expected to provide food and lodging for Cuban technicians in return for their services. He also stressed that the coming World Youth and Students Festival and the 1979 Summit Conference of Nonaligned Countries to be held in Havana will impose minimal financial strain on the Cuban economy and that the bulk of the festival's expenditures will be offset by contributions from abroad.

1, 2, 3
Castro's unprecedented preoccupation with the financial costs of Cuban foreign policy is clearly an attempt to assuage growing public concern that the cost of Cuban overseas assistance programs is at least partly responsible for recent austerity measures at home. In fact, recent reductions in certain ration allotments and major revisions of Cuba's first Five Year Plan are attributable almost entirely to low world sugar prices. Given the

RP ALA 77-052
11 August 1977

SECRET

SECRET

relatively small numbers of personnel involved, the existence of some underemployment in Cuba, and the partial underwriting of these programs by the recipient nations, we believe the economic burden of these programs on Cuba is minimal and is imposing little real economic sacrifice on the Cuban populace.



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RP ALA 77-052
11 August 1977

SECRET

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Cuban Chronology for July 1977

- July 1 Cuban UN Ambassador Alarcon urges all progressive states to aid Mozambique in its struggle against constant Rhodesian attacks.
- 2 Fidel Castro tours Cuajeri Valley in Guantanamo Province.
- 4 Humberto Perez (president of Cuban planning board) arrives in East Germany for talks with GDR economic officials.
- 5 Raul Roa and Cuban delegation arrive in Leningrad to participate as guests in meeting of parliamentarians of Warsaw Pact countries.
- 7 Havana Domestic Service carries commentary critical of Chinese policy in Africa.
- 8 Humberto Perez and delegation open economic talks with planning officials in Sofia, Bulgaria.
- 12 Fidel Castro presides over opening session of Cuban National People's Assembly. Some 463 deputies are participating.
- 13 Long interview with Fidel Castro published in Brazil's *Veja* magazine. Castro is quoted: "Revolution cannot be exported." "China has been following a policy of treason against world revolutionary movements and total cooperation with imperialism."
- 14 Raul Roa appointed to Council of State on last day of National Assembly session. Fidel Castro proposes Roa's appointment. Fidel Castro and Raul Castro are both present at this session.

RP ALA 77-052
11 August 1977

SECRET

SECRET

- July 14 Massive power blackout in Cuba. Eight provinces affected.
- 16 Fidel Castro and Raul Castro attend graduation ceremony for students of Revolutionary Armed Forces military schools.
- Graduation of 149 Cubans and 49 Angolans from Lazaro Pena Trade Union Cadres School held in Havana.
- 17 Fidel Castro speaks on July 26 at dedication ceremony of International Pioneers Camp in Varadero, Matanzas Province.
- Humberto Perez received by N. K. Baybakov, chairman of Soviet Gosplan, in Moscow.
- 18 Fidel Castro honored with highest award given by International Union of Students.
- 19 Raul Castro arrives in Moscow on unofficial visit at invitation of Soviet Minister of Defense Marshal Ustinov.
- Addis Ababa Domestic Service reports arrival of first Cuban medical contingent in Ethiopia.
- 20 French Foreign Trade Minister Andre Rossi arrives in Cuba. He is met by Carlos Rafael Rodriguez. Has sessions with Cuban national bank president Raul Leon Torras, Foreign Relations Minister Isidoro Malmierca, and Fidel Castro while in Cuba.
- First agricultural cooperative in Camaguey is established. Jose Ramirez Cruz, president of National Association of Small Farmers, speaks at dedication.

RP ALA 77-052
11 August 1977

SECRET

SECRET

- July 20 Fidel Castro speaks at graduation ceremony for Manuel Ascunce Domenech teacher training detachment. Castro said, "We are developing revolutionary communist technicians. We will have 300 doctors and public health assistants in Ethiopia."
- 21 Angolan delegation headed by the chief of People's Defense organization arrives in Cuba for celebration on July 26.
- Humberto Perez arrives in East Berlin. Meets with East German counterpart to discuss expansion of bilateral economic relations.
- 22 Reuters from Havana says Cuban foreign minister would not comment on capture of US fishing boat by Cuban patrol boats inside Cuba's 25-kilometer limit.
- 23 Havana Domestic Service says there are 55 cases of typhoid fever in Havana.
- Raul Castro leaves Moscow and arrives in East Germany on unofficial visit. He is guest of East German Defense Minister Hoffmann.
- 25 Fidel Castro meets with Guyanese Prime Minister Burnham in Havana. Guyanese Foreign Minister Wills, Cuban Foreign Minister Malmierca, and Carlos Rafael Rodriguez also participate in talks.
- Havana Domestic Service carries undated Cuban Foreign Relations Ministry statement on Egypt-Libya conflict. Foreign Minister Malmierca expressed Cuba's "grave concern" about the situation to the Egyptian representative in Havana.
- 26 Twenty-fourth anniversary of attack on Moncada barracks. Fidel Castro speaks at Plaza de la Revolucion in Camaguey.
- Cuba and Angola establish direct telephone circuits.

RP ALA 77-052
11 August 1977

SECRET

- July 26 Rene Rodriguez, president of Cuban Institute of Friendship with Peoples, travels to Jamaica to meet with Hugh Small, sports minister and Arnold Bertram, minister of state for information and culture.
- 27 Fidel Castro speaks at inauguration of sugar cane harvester plant in Holguin. Plant was built by Cuban and Soviet technicians. Soviet ambassador also speaks.
- 28 Rhodesian nationalist leader Joshua Nkomo arrives in Havana in response to invitation from Cuban Communist Party.
- Cuba proposes international sugar price structure agreement at sugar exporters meeting in London.
- Fidel Castro speaks at dedication of irrigation pipe plant in Manzanillo.
- 29 Fidel Castro speaks at inauguration of Cienfuegos yeast plant.
- 30 Fidel Castro meets with Joshua Nkomo. Nkomo quoted by London press that he is in Cuba to ask for weapons. He said he would not ask Cuba to send troops.

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RP ALA 77-052
11 August 1977

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