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Belize: Prospects for the Next Government



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An Intelligence Assessment

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October 1984
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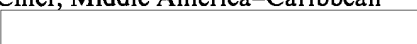
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An Intelligence Assessment

This paper was prepared by  Office
of African and Latin American Analysis. It was
coordinated with the Directorate of Operations. 

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Comments and queries are welcome and may be
directed to the Chief, Middle America-Caribbean
Division, ALA, 

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Belize: Prospects for the Next Government



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Key Judgments

Information available as of 20 September 1984 was used in this report.

Belize is preparing for its first national election—which must be held by February 1985 but which we expect before year's end—amid mounting economic, political, and social problems.

- The severe dropoff of world market sugar prices has left the economy stagnant and has almost completely eroded government reserves. It has compelled the government to approach the IMF for support that probably will require the imposition of strong and politically sensitive austerity measures.
- The better-than-even probability that Great Britain will withdraw its forces in Belize during the next several years would leave the government virtually defenseless should Guatemala threaten to enforce its territorial claim militarily, regional insurgents increase their use of Belizean territory, or substantial domestic social unrest arise.
- The government faces increasing demands from refugees fleeing political turmoil elsewhere in Central America and must contend with the potentially debilitating impact of proliferating drug production.



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On balance, we do not expect Belize—an essentially conservative and staunchly democratic society—to suffer during the next three years the kind of political instability and violence found elsewhere in Central America. Nonetheless, we believe that over time Belize's difficulties will generate increased leftist influence and, more seriously, could allow it to become another staging ground for Cuba to meddle in Central America.



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The domestic left—an influential minority faction in the ruling People's United Party (PUP) and thus far working within the democratic system—is growing in strength, has established and is expanding ties to Havana and regional revolutionary forces, and is positioning itself to try to take over the PUP once Prime Minister Price steps down. No matter which of the two major parties—PUP or the United Democratic Party (UDP)—wins the coming election, we believe the leftists in the PUP will benefit from the voting results. We expect the leftists to maintain or increase their representation in the National Assembly while PUP party moderates and conservatives lose some of their seats to the opposition UDP.



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Cuba, in our opinion, will step up its efforts—in the wake of losing Grenada—both to improve relations with Belize and to expand its covert links. We expect Havana, supported by the Belizean left, to continue to

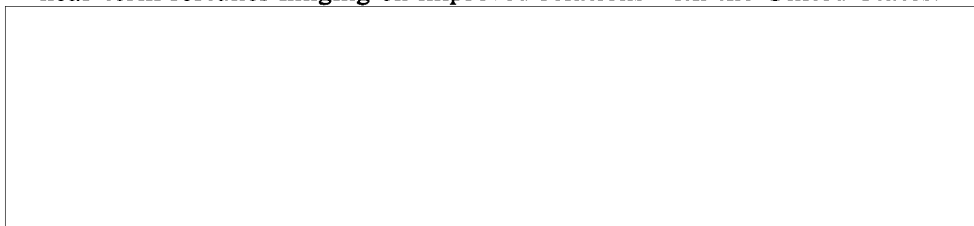
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probe the receptivity of the Belizean Government regarding commercial, cultural, and technical relations. We doubt that Havana will score any major success, such as the opening of diplomatic or trade relations, with the next Belizean administration, since leaders of both parties see Belize's near-term fortunes hinging on improved relations with the United States.



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We believe that Belize will continue to traverse difficult economic ground as world sugar prices seem unlikely to climb substantially any time soon. In our view, the government can over the longer haul forestall politically destabilizing import and budget cuts, civil service layoffs, and a devaluation if it can adhere to a prospective accord with the IMF. Economic recovery and sustained growth, however, probably require increased amounts of foreign assistance directed at economic diversification and vast improvements in Belize's infrastructure. We expect both the domestic left and Havana to seek to exploit the short-term impact of any austerity measures and economic hardships on the population to strengthen their positions. 

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In our opinion, whichever party wins the election, the United States will be approached for increased economic and military assistance, possibly including requests for a mutual defense pact. Despite opposition from the left, leaders of both parties apparently view the United States as their only realistic source of help to ensure continued stability, to lay the foundation for economic recovery, and to deter potential Guatemalan military aggression. While greater US support for Belize would better enable the country to contend with leftist and Cuban efforts, such aid flows, particularly military aid, would be likely to affect adversely Washington's relations with Guatemala. Unless US economic and military aid for Guatemala is concurrently increased or sharp leftist gains in Belize threaten stability there, we believe that Guatemalan leaders would view expanding assistance to Belize as a tilt in Belize's favor with respect to the longstanding territorial dispute with Guatemala and as a political affront. 

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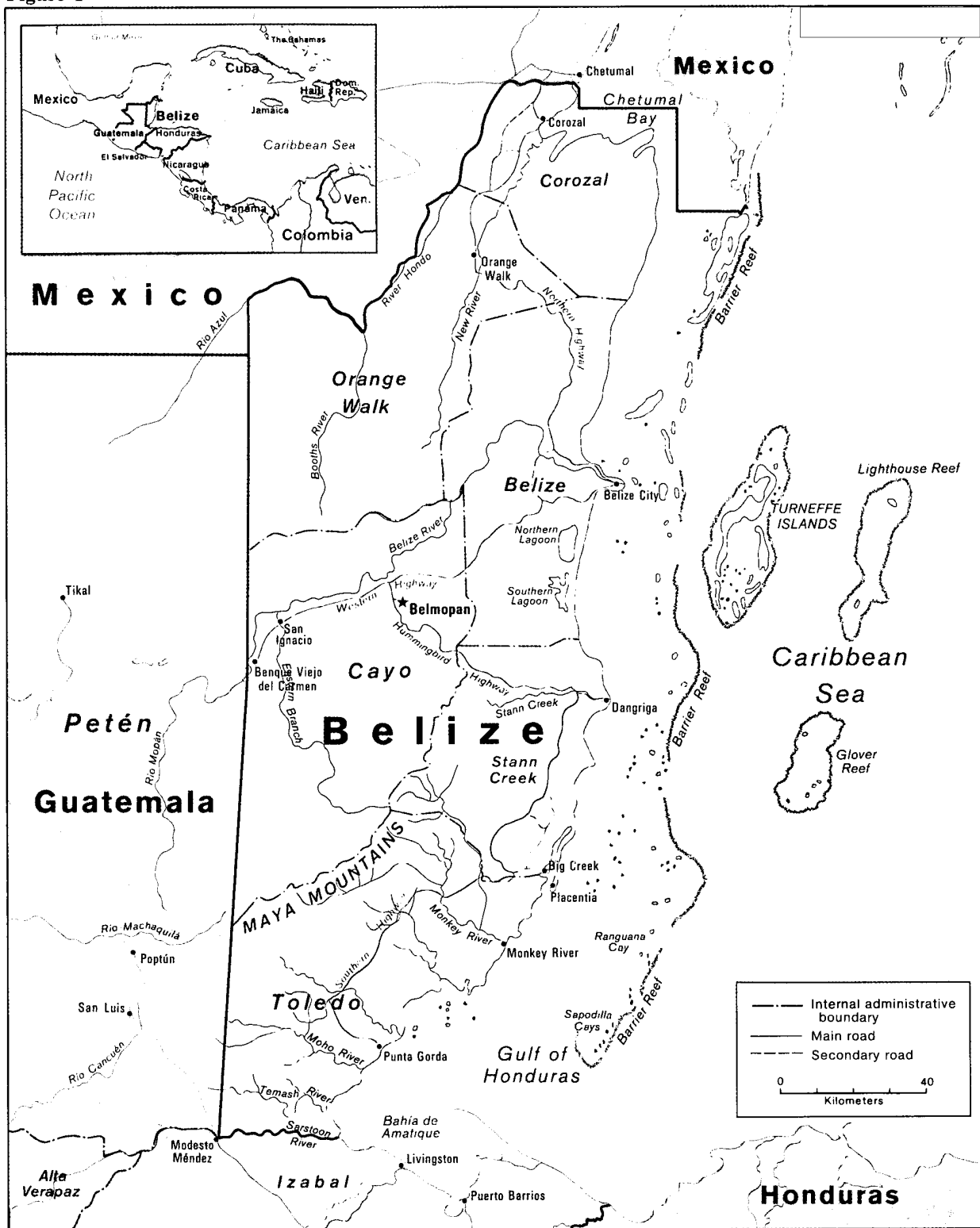
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Belize: Prospects for the Next Government

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Introduction

As Belize moves toward its first national election since attaining independence in 1981,¹ it faces serious security and economic problems that could threaten its political institutions and stability. Prime Minister Price has been unable to stem an economic slide generated by the drastic fall in world sugar prices since 1981, to settle the potentially volatile territorial dispute with Guatemala, or to gain an alternative security commitment in the face of British determination to withdraw its garrison. These campaign issues underscore challenges and security risks with no ready solutions, and suggest that the new Belizean Government will have to guide the young nation through an especially difficult period.

The next government also will be challenged by a strong and growing minority leftist faction within the ruling party that is poised to capitalize on the election and to exploit Belize's problems to build its political strength. Thus far, Price has successfully resisted leftist efforts—backed by Havana—to dominate the party and to move Belize closer to the Cuban orbit. Increasing drug trafficking and refugee flows from neighboring Central American states, as well as indigenous economic woes, however, provide the leftists with targets and political ammunition to boost their popular standing and recruiting efforts. We believe that economic and social problems also present opportunities for Havana to expand its role—official and covert—in Belize.

Election Issues

In our opinion, the long-ruling, centrist, People's United Party (PUP) may face its stiffest challenge yet in the coming general elections. Worsening economic

¹ As in any parliamentary system, Prime Minister Price has the option of calling for a national election at any time. The next general election in Belize could be held legally as late as February 1985. We believe, however, that Price will see little advantage in waiting until the last opportunity, and we expect the balloting to occur in November or December of this year. US Embassy officials believe that Price may wait for a US Congressional decision on aid to Belize before calling the election, hoping an approval will boost his party's chances.

The Roots of Stability

Belize, the least populous (158,000) nation in Central America, has rivaled Costa Rica as the region's most stable, pluralistic democracy both before and after independence in 1981. Having held regular elections since self-governance was attained in 1964, Belizean leaders have had a long apprenticeship in party politics and parliamentary democracy under British colonial rule. English-speaking, conservative, and staunchly democratic, Belize is not inherently fertile ground for extremists—particularly Marxist-Leninists espousing revolution. Although Belize is poor, it does not suffer from the population density pressures or gross income disparities that fuel discontent in its Latin neighbors. With only some six people per square kilometer, an annual population growth rate of only 2.1 percent, and ample arable land, Belize is not generally characterized by the kind of subsistence agriculture that is dominant among its neighbors. Indeed, the country's highly literate population (92 percent of the adults) has a relatively evenly distributed income of about \$1,000 per capita, placing it among the middle-income LDCs. Culturally distinct from adjacent Central American countries and traditionally oriented toward the Caribbean, Belize is only now beginning to participate in—and be affected by—Central American developments.

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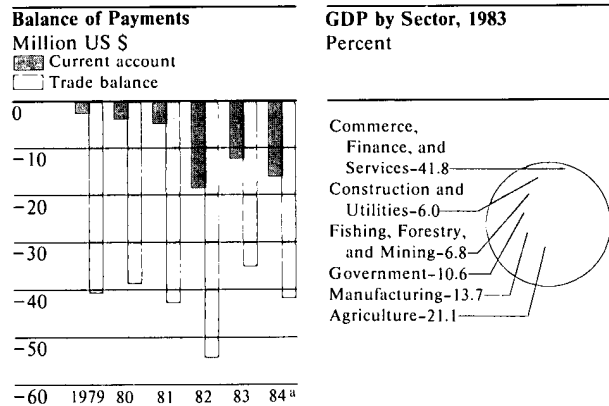
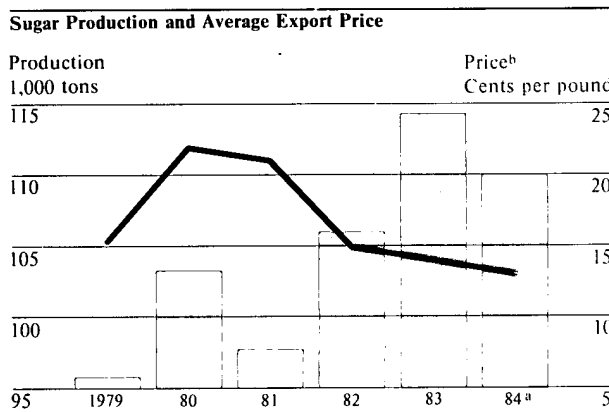
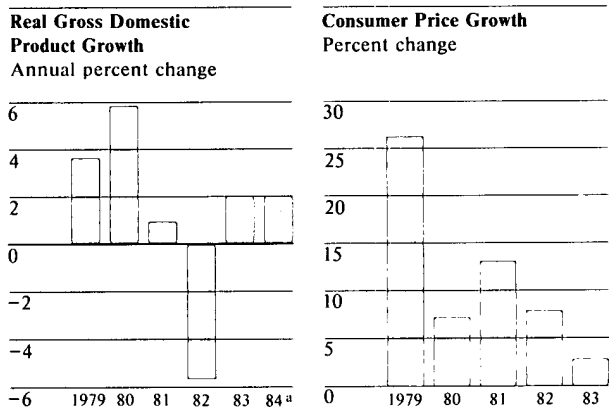
conditions, when coupled with a reinvigorated opposition and factionalism among ruling party leaders, are likely to lead to the closest contest for control of the 18-member House of Representatives since Belize attained self-governance some 20 years ago. We believe the moderate United Democratic Party (UDP), expected by many to win the last election in 1979, now has an excellent chance to dethrone Prime Minister Price and the PUP.

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Figure 2
Belize: Selected Economic Indicators, 1979-84



^a Estimated.
^b Belize exports sugar to the EEC and US at preferential rates above world market prices. In 1983, about 25 percent of its production was sold at the world market rate of approximately 8.5 cents per pound.

Deepening Economic Crisis

Belize's economy is overwhelmingly tied to sugar and related products and the country's economic fortunes have risen and fallen with the world sugar market. In contrast to the rapid expansion of sugar production and high world prices in the 1970s, Belize's flat economy of the 1980s reflects a precipitous decline in sugar prices from 28.6 cents per pound in 1980 to about 8.5 cents in 1983. The low price, Belize's limited refining capacity, and the reduction of the US sugar quota in 1982, have combined to dampen expansion of the industry. As a result, preindependence economic growth rates that averaged 4 to 5 percent from 1972-80 fell to a 6-percent decline in 1982 and only a 2-percent gain last year. Despite a record 1983 sugar crop, buoyed by near-perfect weather conditions, all other sectors of the economy remained stagnant.

1984 sugar production will fall below that of 1983.

The recession in the sugar industry, which accounts for some 20 percent of GDP and for almost 60 percent of Belize's domestic exports,² has weakened the country's balance-of-payments position and strained government revenues. Traditionally registering a trade deficit, Belize has financed the imbalance in the past from a variety of foreign sources. These include remittances, estimated at \$16 million last year, from Belizeans living abroad; the \$12 million spent annually by the British troops in Belize; and foreign development assistance. In recent years, however, these have only partially offset the trade deficit, and public debt—increasingly at commercial rates—has risen sharply. The US Embassy reports that the economic malaise has deepened substantially during the last few months, with foreign reserves declining to under \$5 million. This leaves the government, already overdue on payments to several lenders, with few options other than international financial institutions for additional borrowing.

² Domestic export figures do not include Belize's reexports to Mexico, which dropped from \$44.3 million in 1981 to \$12.7 million in 1983.

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Value of Major Exports	Percent of domestic exports				
	1979	1980	1981	1982	1983
Sugar and molasses	55.0	60.8	58.6	56.3	54.0
Citrus	7.4	7.8	8.7	11.7	10.5
Fish	7.2	5.0	9.6	10.5	11.1
Bananas	5.6	4.3	2.9	3.5	3.7
Garments	17.8	17.6	14.9	10.7	12.6
All other	7.0	4.5	5.3	7.3	8.1

Source: Central Statistical Office, Belize Ministry of Economic Development; and IMF staff estimates.

The drain on government revenues has been severe. The decline in sugar prices and the Mexican peso devaluation in 1982, which drastically curtailed Belize's reexport trade to Mexico, have sharply reduced income tax and customs duties receipts. According to US Embassy reporting, Central Bank advances to the government reached their statutory limit in 1983, and since then Prime Minister Price increasingly has had to rely on commercial borrowing even as overdue payments have accumulated to approximately \$17.5 million. The practical impact of the government's revenue woes has been a serious deterioration in public services, obvious to this analyst on two recent trips when power blackouts occurred daily, washed out roads went unrepaired, and garbage pick-up was sporadic. Several inefficient publicly owned and subsidized enterprises, such as the Belize Electricity Board and the Banana Control Board, are compounding the government's revenue shortages as they continue to lose money, drain the treasury, and incur external debt. The government's purchase of a 75-percent share of the sugar refining industry in June will strap public finances even further: the former owner projects that the enterprise will lose money over the next two years. [redacted]

Looking ahead, there seems to be little relief on the horizon. Record world sugar stock levels, depressed international prices, increased competition from sugar substitutes, and prospects that the world sugar crop in

1984/85 will exceed projected consumption are likely to mean continuing difficult times for Belizean sugar exporters. [redacted] producers with large stocks could dump their excess sugar on the world market later this year or early next year. Such a development could push prices even lower than the current price of 6 cents a pound, perhaps to as low as 4 cents. Although Belize is somewhat sheltered by the preferential rates paid by European countries and the United States, it sells some 25 percent of its sugar on the world market. Another drop in world sugar prices would deliver a serious blow to Belize's prospects for even modest economic recovery. [redacted]

Imposing Austerity Measures

Price has tried to ride out the slump in sugar prices by cutting government expenditures on development projects, by spending foreign development assistance on more immediate needs, such as the government payroll, and by increasing government borrowing. Recognizing that the world market price of sugar may not recover for several years, however, Price recently took the politically difficult steps of implementing utility rate hikes, imposing limited tax increases on consumer goods such as alcoholic beverages, and most importantly, approaching the IMF for vital short-term financing. He probably hopes that the voters will perceive the government as having done all it can, offsetting the most likely negative reaction to the austerity measures that almost certainly will be called for by the IMF. According to US Embassy economic experts, the belt tightening required by the Fund probably will include new taxes and improved collection, higher utility rates, dismantlement of government subsidies, and reorganization of inefficient public enterprises. Although measures such as utility rate hikes will cause some economic hardships across the entire population, the expected IMF program, if the new government can adhere to it, will probably forestall the need to undertake even more drastic measures—such as devaluing the currency, substantially slashing imports, laying off civil servants and cutting the government payroll, and reducing public services—that could engender substantial popular discontent. [redacted]

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The Prime-Ministerial Candidates

George Cadle Price, People's United Party
Prime Minister George Price and the People's United Party (PUP) have won every national election since Belize attained self-governance from the British in 1964. Price—a political moderate and strong democrat—remains Belize's only political leader of truly national stature. The Prime Minister is a skilled politician and orator—fluent in both English and Spanish—who has built a countrywide power base among the rural masses, many of whom have an unshakable personal loyalty to him. Founder of the PUP in 1950 and leader of the nonviolent opposition to British colonial rule, Price, now 64, fought for 30 years to gain independence for Belize—his crowning political achievement.

George Price's appeal to the electorate has been matched over the years by his authoritative control over the party apparatus. Indeed, many party colleagues have chafed under his dominating presence and involvement in all areas of policymaking. The Prime Minister, for example, currently also holds the vital defense and finance ministerial portfolios, as well as control over social security. According to US Embassy officials, Price continues to handle foreign affairs issues and maintains a veto power over any ministerial decision. He shows no sign of slowing down and apparently is still driven by his goal of resolving the territorial dispute with Guatemala and ensuring Belizean sovereignty.

Historically, the leader of a reformist, socially conscious party and champion of the dispossessed, Price oversaw the breakup of foreign-owned sugar plantations during the 1960s and early 1970s by providing government loans enabling some 4,000 cane farmers to purchase land. The Prime Minister remains wary of large multinational corporations, according to



George Price

Manuel Esquivel

Embassy reporting, but welcomes foreign capital in small-scale projects or joint ventures. In foreign policy, Price sympathizes with many Third World causes and avoids entanglements in East-West disputes. While Belize is a member of the Nonaligned Movement, the PUP has followed a centrist, pro-West orientation and has not opened relations with any Communist government. Price singled out the United States as Belize's "natural ally" in a speech last year and has made several recent initiatives to strengthen bilateral ties.

Manuel Esquivel, United Democratic Party
Although the UDP has yet to produce a leader of stature and experience commensurate to Price's, the new opposition leader, Manuel Esquivel, is widely viewed—even by political opponents—as honest, hard working, and an effective organizer and campaigner. Esquivel, a 44-year-old Hispanic, typifies a generational and, to a lesser extent, racial shift occurring in the opposition's leadership ranks that the party hopes will enable it to extend its base of support from its Creole, urban, middle-class foundation into rural,

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Hispanic areas. Esquivel speaks both Spanish and English, and, although he is not regarded as a polished public speaker, he does not have the elitist bearing of past UDP leaders that alienated potential supporters. [redacted]

Esquivel's experience in government is limited to service on the Belize City municipal council in the late 1970s and a subsequent five-year stint in the Senate—an appointed upper house with no legislative role. Nonetheless, he ran a surprisingly strong campaign in 1979, losing to Price by only 140 votes. US Embassy officials believe Esquivel lacks depth in his understanding of national and international issues. We believe this is partly due to Price's refusal to inform opposition leaders of many of the details of government negotiations on a variety of issues. In two lengthy interviews with Esquivel, the author found him intelligent, realistic, and well spoken. [redacted]

Esquivel is pro- United States, and we believe he would cooperate with Washington on a wide range of issues, probably including drug eradication and regional policy. Domestically, we believe he would pursue foreign investment—particularly in tourism—more aggressively than has Price. In foreign policy, Esquivel could be expected to drop the PUP's more neutral posture on East-West issues, although he is not uncritical of US policy. Esquivel has expressed apprehension about strong military relations with the United States, fearing that a US troop presence would infringe on Belizean sovereignty. Nonetheless, he says he would accept such a presence if it were required to ensure the country's territorial integrity. He favors a negotiated accommodation with Guatemala on the territorial dispute, but Esquivel is likely to be as resistant as Price to making a land concession. [redacted]

Election Campaign Strategies

United Democratic Party. The perennial opposition United Democratic Party (UDP) is now more unified and confident than in the past. According to US Embassy reporting and press accounts, the UDP is running largely a negative campaign, trying to focus voter attention on the failures of the ruling party—particularly its inability to stem the economic slide—rather than on any new agenda it offers to solve Belize's problems. Party leaders assailed the government, for example, for imposing utility rate hikes and tax increases on a population already battered by the economic recession. Their campaign rhetoric accuses the Price government of mortgaging Belize's sovereignty and control over economic decision making to the IMF. Embassy officials point out, however, that the UDP has few concrete proposals to offer in its platform and, in our opinion, UDP policy—if the party wins the election—would be very similar to the PUP's. [redacted]

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In preparing for the election, the moderate pro-West, business-oriented UDP is trying to broaden its appeal beyond its traditional base among the middle-class Creoles in Belize City. [redacted]

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[redacted] the image of privilege that hampered the UDP in past elections has been overcome with the departure of the party's founding elite. Indeed, in our opinion, the polarization between the right and left in the ruling party is helping the opposition UDP to establish itself as Belize's moderate party of the center, a characterization traditionally conferred on the PUP. Moreover, Embassy reporting supports Esquivel's contention that the UDP strategy of making inroads into the PUP's rural electoral preserve is working, particularly with small farmers, who are not only affected by the downturn in the sugar industry but also are upset over the government's marijuana eradication efforts by spraying of the herbicide paraquat last fall. [redacted]

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People's United Party. The ruling PUP is parrying the opposition's attacks by trying to contrast its more than two decades of experience in government to the political immaturity of its rival. The Prime Minister probably hopes, for example, that his move to the IMF for economic assistance and recent tax increases will impress voters with his ability to make the tough decisions necessary to tackle the country's economic problems. In doing this, he apparently is gambling on being able to shift the voters' attention away from the failures of the past three years to his current action-oriented crisis management. The Prime Minister also took initial steps over the summer to expand relations—particularly economic ties—to Taiwan, South Korea, and Israel. In addition, Price's high-visibility trip to Honduras earlier this year, and his official state visit to Washington last year, boosted his personal prestige and highlighted his efforts to undermine Guatemala's territorial claim by establishing Belize's role in regional affairs. We believe the Prime Minister's next tactic could be to call for elections shortly after signing a \$14 million aid agreement that the US Embassy reports he expects to receive from the United States this fall. [redacted]

[redacted] this

election is critical to the future of the left in Belize, [redacted] Recognizing that the Belizean people are largely pro-US and staunchly democratic, the leftist leaders' strategy over the last decade has been to work within the political party structure and reach power through the electoral process. Because their efforts appear to be directed at gaining control of the party once Price steps down and winning the next election later in this decade, they appear content for the present to recruit allies within the party and to build a popular base of support. Toward that end, both Musa and Shoman are involving young Belizeans in social and civic action projects under the control of their respective ministries. [redacted]

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Although their gains in an essentially conservative country have been hard fought, the leftists' tactic of undermining party conservatives by attacking them for corruption and mismanagement, as well as leftist recruiting of young political activists are paying dividends. In the last few years they have established a sizable power base in the party. An internal party vote last year showed that the two leftist leaders have the support of about one-third of rank-and-file activists, according to US Embassy officials. Recognizing that the majority of Belizeans are generally not receptive to radical solutions, Musa and Shoman maintain an image of moderation and rarely display the strength of their leftist political beliefs in their rhetoric. [redacted]

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The PUP's image of a socially conscious, populist party has been tarnished in recent years, however, by the political infighting between conservative and leftist factions. Price has been forced to use his considerable coercive powers, including a Cabinet shuffle earlier this year, simply to hold the party together and attain a facade of unity during the campaign. The Prime Minister apparently has decided to stick with longtime party veterans and proven votegetters, even those tainted by allegations of corruption. We see no firm signs that Price will substantially alter either the party image, the platform, or its slate of candidates in the coming months. Embassy reporting indicates, however, that the Prime Minister will direct the PUP-controlled redistricting commission to gerrymander electoral district lines to shore up vulnerable candidates and add several new seats to the National Assembly. Price is likely to call the election soon thereafter so that the UDP has minimal time to select candidates for the new seats. [redacted]

In our opinion, this election is likely to boost the leftists standing in the party as well as their long-term goal of gaining the party leadership. Although we assign both parties an equal chance to win the election at this point, we believe the leftists stand to gain no matter which party wins. Embassy reporting indicates that Shoman has a strong grip on his Assembly seat, and that Musa, although facing a tough contest, will probably be helped by the expected electoral redistricting. [redacted]

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From a broad range of plausible voting results, we believe the following two scenarios are the most likely:

Leftists Looking for Election Gains

The coming election is more than a contest to determine which of the two parties comes out on top. [redacted]

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Leftist Leaders

Said Musa

Leftist Minister of Education, Culture, and Sports, Said Musa may have become in recent years Prime Minister Price's closest adviser. At age 40, Musa is widely experienced in both domestic and foreign affairs, and US Embassy reporting indicates that he is closely involved in a broad range of government decisionmaking. He may be the leading candidate to become leader of the People's United Party when Prime Minister Price steps down. Musa, a British-educated lawyer, has served in both the Senate and the House of Representatives and has also been Attorney General. Musa maintains a moderate public posture and tempers his leftist rhetoric, stating that he supports constructive relations with the United States and a mixed economy for Belize. Nonetheless, Musa is pro-Cuban, advocates the establishment of diplomatic and trade relations with Havana, and would clearly move Belize to the left should he ever head the government.



Said Musa



Assad Shoman

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Assad Shoman

Minister of Health Assad Shoman, an avowed Marxist-Leninist, also has substantial influence with Prime Minister Price. Articulate and capable, Shoman—like Musa—is a British-educated lawyer who has functioned as Belizean Attorney General and also has served in both sides of the National Assembly. Shoman is not personally popular outside of his

electoral district, but he would be certain to play a major policy role if the leftist faction ever attained power, especially if former business-associate Musa headed the government. Although only 41, he is especially experienced in foreign affairs, having been deeply involved in Belize's preparations for independence and in negotiations with Guatemala on the territorial dispute. Shoman is more open than Musa about his leftist views and sympathies for Cuba and regional insurgent movements.

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redistricting. From a broad range of plausible voting results, we believe the following two scenarios are the most likely:

- *Price's ruling People's United Party narrowly wins the election, but the leftist faction does better than the party as a whole.* Such a scenario would weaken Price's authority and dilute the strength of party moderates and conservatives since such a result would mean a loss of several seats to the UDP. Leftist leaders, perhaps in a position to pull out of the party and topple the government, could increase their pressure on Price to move to the left on both domestic and foreign policy. A good show in the balloting probably would boost the leftists' recruiting momentum and their prospect of taking over party leadership when Price steps down.

- *The opposition United Democratic Party narrowly wins the election, but the leftists in the ruling party retain their Assembly seats.* This scenario could result in Price's election defeat or retirement from politics and the subsequent takeover of the party by the leftists. As the major opposition in the National Assembly, the leftist bloc—no longer a decided minority in its own party nor constrained by being members of a sitting government—could step up criticism of government policy and more effectively exploit continuing economic and social problems. Even if Price stayed on to lead the opposition in the Assembly, he would have less authority to restrain the leftists and maintain party policy on a centrist course.

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Threats to Political Stability

Regardless which party carries the election, the new government will confront a number of potentially destabilizing forces. These include Havana's attempts to gain a foothold in Belize, the widening impact of turmoil elsewhere in the region, a dramatic rise in drug production, and a security vacuum surrounding the impending departure of British forces from the country. [redacted]



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Cuban Efforts and the Domestic Left

Price's refusal thus far to open official diplomatic relations with Cuba has hindered Havana's attempts to strengthen its influence in Belize. Castro has tried over recent years to gain a foothold in Belize by such standard means as sports and cultural exchanges, educational opportunities, and tempting commercial and technical deals. Havana, for example, offered to market 10 percent of Belize's sugar production last year, trying to take advantage of an opening created by the decrease in the US sugar quota. An earlier attempt, in 1982, to introduce a trade mission into Belize met with widespread public protest. [redacted]

More recently, a three-man Cuban delegation made a secret visit to Belize last spring to discuss with Shoman the opening of a Cuban commercial office, according to a reliable source of the US defense attache in Belize. [redacted]

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The Cubans, in our opinion, have decided for the present to tie their efforts to establish formal relations with Belize to the long-term electoral fortunes of the domestic leftists with whom they maintain close contact. [redacted]

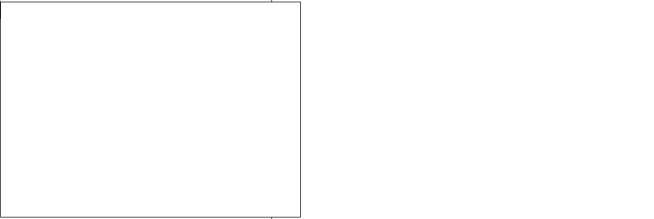


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While such Cuban initiatives may be directed at creating a network in Belize to serve Cuban trade and financial objectives, we believe they also are intended to facilitate arms smuggling to Guatemalan and Salvadoran insurgents. [redacted]

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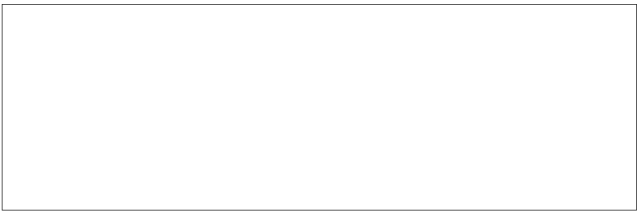
³ Price knows of the activities of Shoman and Musa but, according to US Embassy reporting, he needs their experience and talent in his government. He uses them to maintain unofficial liaison with Castro and the Sandinistas through international forums, where their ministerial duties provide ample opportunity for keeping Belize on good terms with regional leftists. Price also probably sticks with the leftists because he may believe he can exercise greater control over their activities if they remain in the party and serve as government ministers. [redacted]



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Shoman's district earlier this year, saying they intended to register them as voters for the coming election.⁴

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Swelling Drug Production

The dramatic rise in marijuana cultivation over the past two years also is destabilizing and opens yet another potential avenue for foreign leftist penetration of Belize. According to the US Drug Enforcement Agency, the harvest jumped from an estimated 225 metric tons in 1982 to approximately 2,600 metric tons a year later, 90 percent of which is destined for the US market.

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indicated that the spring crop would grow to almost 3,000 metric tons, which could move Belize ahead of Jamaica as the second-largest supplier to the United States after Colombia

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Spillover of Regional Unrest

Belize has been relatively isolated from the political instability and violence elsewhere in Central America, but the country appears increasingly affected by regional turmoil. Last year Belizean authorities uncovered a Guatemalan guerrilla support network in Belize that had been operating since 1979.



The Belizean Police Commissioner admits that up to one-third of his force may be accepting bribes to protect narcotics dealers. In our view, rampant drug trafficking and official corruption present opportunities for Havana to step up its movement of arms and supplies through Belize to Salvadoran and Guatemalan insurgents. Such Cuban activity would not be unprecedented.

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Price's government is concerned about an influx of Salvadorans and Guatemalans fleeing violence or seeking land. Although data are sparse, the US Embassy estimates the numbers of refugees may have grown to 8,000, more than 5 percent of the total population. In announcing new restrictions in April governing resident aliens and refugees, the government expressed concern that foreign nationals were aggravating unemployment, spreading disease, diluting Belizean cultural values, and committing violent crimes. The refugees also are placing an increasing burden on social and security services, and Belizean officials are concerned that some are involved in marijuana cultivation and trafficking. Guatemalan and Salvadoran refugee populations in both Mexico and Honduras have served as conduits for guerrilla groups

The growth of the drug problem stems in part from depressed prices for farm products.

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the average price paid to local growers for marijuana is around \$25 per pound, compared to well under \$1 for food crops such as beans, corn, and rice. Prime Minister Price has told US Embassy officials that the reduction of the US quota for Belizean sugar also has prompted small-scale cane farmers to enter the more lucrative marijuana market. In part, Price probably is making a pitch for a quota increase, but economic realities suggest that in any event the next government will encounter strong opposition to a renewal of eradication efforts.

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More-over, we believe that the refugees, often in need of housing and health care when they arrive, are primary targets for recruitment by Musa and Shoman, who control the relevant social services ministries. For example, the leftists protested to Prime Minister Price about the rough police handling of resident aliens in

⁴ Resident aliens may vote after five years in Belize.

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The Territorial Negotiations

The Guatemalan territorial claim to all of Belize has been the principal foreign policy and domestic issue facing successive British and Belizean administrations since the mid-19th century. Although Guatemala has slowly scaled back its demands over the last two decades, Guatemalan Chief of State Mejia has not fundamentally altered Guatemala's bargaining position. Despite his public call for the recently elected constituent assembly to include a claim to all Belizean territory in a new draft constitution, Mejia introduced a proposal last September and again in May calling for only a limited transfer of territory. Foreign Minister Andrade—Guatemala's primary negotiator—told US Embassy officials that Guatemala requires at a minimum a 2.5-mile-wide strip of coastline running approximately 18 miles north from the border, along with the southernmost offshore cays. Mejia apparently believes that this would ensure that Guatemala's access to the Caribbean is not dependent on the terms of any treaty with a potentially unstable Belize. Andrade noted that an acceptable alternative would be the cession of all Belizean territory south of the Mojo River, a proposition previously rejected by Belize. [redacted]

The Guatemalans believe their proposal—which they view as a major concession most likely to cause substantial political controversy at home—places the onus of resolving the dispute on the British and the Belizeans. The military representative on the Guatemalan negotiating team recently indicated to State Department officials that the Mejia government

might accept a land transfer of just some cays, but the Guatemalan military is unlikely to support any accord that does not include a territorial concession. Mejia and Andrade are trying to make the proposal more attractive to Belize by asserting that the constituent assembly will adopt a harder line and resort to militaristic threats. [redacted]

Prime Minister Price has never been receptive to a territorial concession and, in our opinion, is unlikely to seriously consider that alternative as long as British troops remain in Belize. Price must weigh the relative advantages of making concessions now in order to guarantee Belize's long-term security or of holding out in the hope of eventually reaching agreement on Belizean terms. Price continues to try to undermine Guatemala's position and wear down its resolve by seeking expanded relations with governments friendly to Guatemala, most recently with Taiwan and Israel. He is aware, however, that a rightist civilian government in Guatemala could adopt positions far tougher than those now proposed by Mejia and the military. US Embassy reporting shows that the Belizeans fear, on the other hand, that an agreement reached with the present military government could be overturned by a civilian regime with an electoral mandate. In our view, the cession of southern uninhabited cays holds some promise for eventual resolution of the dispute, but is unlikely in the prevailing election climate in both countries. [redacted]

An Impending Security Vacuum

The Belizean Government has an extremely limited ability to check leftist organizational activity, Cuban penetration, or the spillover of regional turmoil. At present, only the British Forces Belize (BFB) have the intelligence capability and paramilitary training to counter radical leftist subversion. Their official role, however, is strictly limited to defense against a possible conventional Guatemalan military attack. While the presence of British soldiers has a psychologically stabilizing impact on the Belizean population, they do not have an internal police or paramilitary function.

Thus, the British contingent—some 1,650 troops and a 250-man air arm supporting four Harrier jet fighters—patrols only limited stretches of the border, sufficient to assuage Guatemalan fears that Belize will become a major guerrilla staging area, but probably not enough to hamper smuggling and cross-border insurgent activity. Indeed, porous borders, a long coastline dotted with islands, and sparsely populated, dense jungle make Belize both ideal for smuggling

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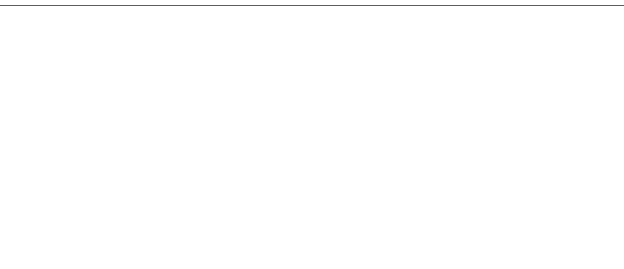
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and an insurgent safehaven because it is almost impossible to patrol. [redacted]

The next Belizean administration, moreover, may be faced with a British withdrawal that would leave the country virtually defenseless. Although the British Government informed the United States in mid-1984 that the BFB will remain in Belize for at least two more years, [redacted]

[redacted] the country's security will fall to a six-year-old Belize Defense Force (BDF) that is neither large enough nor professional enough, according to British and US military officers, to handle substantial domestic civil disorder, much less to deter Guatemalan military aggression. The 600-man BDF does not have the equipment, training, or intelligence capability to counter an expanded Cuban covert presence, increasing insurgent use of Belizean territory, or burgeoning arms and drug smuggling. Illustrating the point, the US defense attache notes that the BDF has only two boats and two reconnaissance aircraft to patrol the entire country. [redacted]

Recognizing the security vacuum a British withdrawal would create, Price has sought outside support from Belize's allies—primarily fellow Commonwealth countries—for a multinational military presence in Belize. He visited Trinidad and Tobago, Barbados, Guyana, and Jamaica in 1982, for example, but failed to develop serious interest for the idea. He also has approached Canada for a military commitment, but Ottawa thus far has been willing only to provide some limited training. Although Belize's territorial sovereignty is strongly supported by Mexico in principle, the Mexican Constitution prohibits sending troops abroad. The dispute with Guatemala, moreover, prevents Belize from joining the OAS⁶ and acceding to



⁶ Article 8 of the OAS Charter prohibits the admission of new members engaged in territorial disputes with existing members.



the Rio Treaty—the hemispheric mutual defense pact. Even if the next government obtains defense commitments from abroad, however, they are likely to focus far more on countering the Guatemalan threat than on internal security needs. [redacted]

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Outlook and Implications for the United States

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We doubt that Belize will suffer the kind of political turmoil and violence found elsewhere in Central America any time soon. Nonetheless, we believe that the strategy of the leading leftists—building their strength and operating within the political system—is working, and that they will pose an increasing threat in the future. Whatever the electoral outcome, we expect that the balloting will strengthen the leftists' position within Price's People's United Party and give their efforts at building party and popular support a strong impetus. We expect the move to the IMF and the economic hardships of the recession to be themes used by the left to build support. The leftists' ability to sustain their progress, however, or even step up their organizing efforts is likely to depend on how well the next administration copes with mounting economic and social problems. [redacted]

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We believe that Cuba will continue to see its near-term fortunes in Belize tied to the success of the domestic left. Havana is likely to continue to try to initiate commercial, cultural, and technical relations, expecting the leftists to be increasingly effective lobbying in its behalf and hoping that economic and social problems provide an opening. We doubt, however, that Castro will score any major success, such as the opening of diplomatic or trade relations, with the next Belizean government. Nonetheless, Cuba probably will seek to increase its covert operations in Belize, partly to improve its ability to move supplies to Guatemalan and Salvadoran insurgents. [redacted]

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In our view, the momentum of the domestic left and the potential for Cuban inroads could be substantially undercut if the next government succeeds in renewing economic growth. We believe, however, that Belize will need increased infusions of economic assistance

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over the next few years just to maintain modest government services, to pay civil servants, and to sustain essential imports—particularly food and fuel—at current levels. Even more aid would be required to begin the diversification of the economy and development improvements that are needed to restore sustained economic growth. Moreover, military aid is critical, in our opinion, if Belize is to upgrade its security forces enough to handle even relatively minor civil disorders, much less prevent regional insurgents from operating in its territory.

[REDACTED]

No matter which party wins the election, we believe the next government will approach the United States for increases in economic and security assistance. During the last year, Price—despite objections from the left—apparently settled on a strategy of gradually strengthening ties to Washington. The Prime Minister has agreed to a new Voice of America facility in Belize and is seeking an increase in economic aid over the \$19 million received last year. Price has welcomed a US International Military Education and Training (IMET) program set for the Belize forces, as well as a \$500,000 military assistance grant program this year. He recently indicated to the US Ambassador that he will allow US combat engineers to undertake short-term civic action projects, although none have been initiated.

[REDACTED]

In our estimation, both Price and opposition UDP leaders are inclined to seek stronger ties with the United States, despite the probable challenge from the left. Along with economic aid and security training, Belizean leaders may seek a mutual defense pact with the United States without a large or permanent presence of US ground forces in Belize. Embassy reporting indicates that they view such an assurance, combined with economic and military aid, as necessary to deter Guatemalan aggression and strengthen their domestic security forces without the attendant problems they fear would come with a US troop presence. They are apparently concerned, for example, that Washington would use their territory as a base of operations against leftist expansion in Central

America and that such activity could embroil Belize in regional strife and inspire leftist activity at home. Some Belizean officials have indicated their concern in the press that the United States would pressure them to make territorial concessions to Guatemala in exchange for security guarantees.

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Large-scale US support for Belize, however, could adversely affect Washington's relations with Guatemala. Already resentful of the large sums of US economic and military aid going to El Salvador and Honduras, according to US defense attache reporting, the Guatemalans are likely to view expanding assistance to Belize as a tilt in Belize's favor with respect to the territorial dispute. An actual US troop presence in Belize, moreover, would be interpreted by Guatemalan leaders as a replacement for British troops designed to deter and oppose Guatemalan military moves against Belize. Unless economic and military aid were concurrently increased for Guatemala, Guatemalan leaders would be likely to view closer US ties to Belize as a political affront.

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