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**Latin America
Review**

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27 September 1985

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Articles

**Guatemala:
Election Procedures Set** [Redacted]

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Procedures are set for Guatemala's national elections scheduled for 3 November. The military thus far has resisted calls to postpone or cancel the elections and now appears committed to handing power to a popularly elected government next January. In our judgment, frustrated losers are likely to use the inevitable logistic difficulties associated with the balloting to question the honesty of the elections and the credibility of the outcome. Overall, however, we believe that any irregularities will be within tolerable bounds that do not seriously undermine the legitimacy of the electoral process. [Redacted]

Laying the Foundation

Guatemala's military historically has shown a reluctance to cede political power to civilian politicians. In March 1982, however, a group of junior officers carried out a coup against the regime of General Lucas Garcia and installed retired General Rios Montt with a mandate to end human rights abuses, curb corruption, and set Guatemala on the road to democratic rule. [Redacted]

General Mejia Victores overthrew Rios Montt, whose reform efforts provoked opposition and undermined military unity, in August 1983 and quickly reaffirmed the military's commitment to civilian rule. As a first step, in July 1984 Mejia sanctioned elections for an 88-member Constituent Assembly charged with drafting a new constitution. [Redacted]

[Redacted] the elections—marked by a turnout of 72 percent of the eligible voters—were free and open. The Assembly was inaugurated in August 1984, and completed its draft of a new constitution and election laws in May 1985. Chief of State Mejia then enacted specific general election laws in June and set 3 November as the date for national balloting. [Redacted]

The Election Stakes

A president and vice president, 100 members of Congress, and local municipal figures are scheduled to be elected in November. Eight presidential candidates, along with their running mates, are registered. To win the presidency on the first ballot, a candidate must get an absolute majority of the vote. If—as now appears likely—no candidate wins a majority, the two top votegetters will face a runoff on 8 December. The newly elected president, as well as members of Congress, will serve five-year terms scheduled to begin when power is formally transferred on 14 January 1986. [Redacted]

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In the case of the congressional races, 75 of the new Congressmen will be elected from geographical departments, while 25 will be elected on an at-large basis. Congressional as well as city council races are to be chosen on the basis of proportional representation while mayors will be selected by a simple plurality. Fourteen parties—either standing alone or in coalition—are now registered [Redacted]

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Voting Procedures

All Guatemalans between the ages of 18 and 70, with the exception of active-duty military personnel and the police who are barred from voting, are required to vote. The US Embassy reports, however, that this requirement, violation of which is subject to a small fine, is rarely enforced. According to Guatemalan statistics, nearly 70 percent of the country's estimated 3.95 million eligible voters are registered. [Redacted]

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The voting is to be conducted at some 5,000 polling tables set up throughout urban and rural municipalities. Voters are required to present an

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identification card, and sign their name or stamp their fingerprint in the electoral registry. Paper ballots are used, with separate ballots of different colors for presidential, congressional, and municipal races. In the case of the presidential ballot, candidates are listed by name, party affiliation, party symbol, and a picture of each candidate. [redacted]

Counting the Ballots

Responsibility for supervising the elections and counting the ballots falls on four independent groups:

- The Supreme Electoral Tribunal has ultimate authority regarding the entire electoral process.
- The Citizen Registry is charged with administrative responsibility for organizing the election, including voter and party registration.
- Departmental Electoral Boards are charged with coordinating local municipal boards in the various departments. Each board is composed of three officials appointed by the Supreme Electoral Tribunal.
- Municipal Election Boards are charged with determining the number of local polling places and for naming the three-person committee to oversee each polling station. There is one committee—appointed by the Departmental Electoral Boards—for each of the 329 municipalities. [redacted]

After the polls close, local polling officials—overseen by official party observers—are responsible for handcounting the ballots and resealing ballot boxes. Tallies are then forwarded to Departmental Electoral Boards, which must—within five days and again under the eye of party representatives—review the results and recount ballots that have been challenged. All results are then forwarded to the Supreme Electoral Tribunal for certification. [redacted]

The Role of the Military

[redacted] Guatemala's military, particularly the senior ranks, is committed to carrying through on the election process. The US defense attache reports that the military is prepared to provide security during the campaign and at the polls, and is planning a major counterinsurgency operation

to preempt any plans by leftist insurgents to disrupt the elections. Although various reports indicate that the military remains the ultimate arbiter of disputes, it thus far has refused to become enmeshed in the political infighting among various candidates. For his part, Mejia has shown a willingness to punish officers for becoming too closely tied to particular candidates and has refused to endorse a civilian candidate. [redacted]

Potential Troublespots

Although the Mejia government has pledged to carry out honest elections, we believe Guatemala's lack of democratic traditions, the shortage of personnel trained and experienced in election procedures, and the government's overall lack of financial resources will produce logistic difficulties that critics on the left or right could use to attempt to discredit the elections. In particular, we believe frustrated losers may claim that illiterate voters were confused by the three-ballot system, or that voters—particularly in rural areas—have been intimidated by representatives of various parties or the military. In addition, we anticipate that there are likely to be charges of rigging and manipulation in counting the ballots. A high number of blank or null ballots—20 percent of the returns in the July 1984 Constituent Assembly elections were declared invalid—could be cited as evidence that the elections do not reflect true voter sentiment. Overall, however, we believe that irregularities are likely to remain within tolerable bounds that will not seriously undermine the credibility of the election process. [redacted]

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Haiti: Recent Economic Reverses

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Haiti's inability to remain in compliance with its IMF program threatens to undo progress begun under the previous accord and push the economy back into a prolonged recession. Haiti faces little or no economic growth, at best, this year, and expected severe financial difficulties could spark renewed unrest similar to last year's sporadic food riots. International donors—increasingly impatient with the government's unwillingness to curtail expenditures apart from the regular budget—are unlikely to respond to Haitian pleas for help as quickly as in the past. Unless the Duvalier regime overcomes its myopic economic policies, even benefits offered under the US-sponsored Caribbean Basin Initiative (CBI) are unlikely to entice much new investment. In these circumstances, Port-au-Prince is likely to look increasingly to the United States for a bailout as a quid pro quo for implementing political reforms sought by Washington.

Hard Times

Haiti's economy—desperate in the best of times—hit particularly difficult straits in 1981. According to US Embassy reporting, real GDP shrank nearly 3 percent largely because a hurricane destroyed one-third of the coffee crop—Haiti's primary export. This had followed a reduction in world demand for coffee that caused prices to decline nearly 60 percent between 1977 and 1981. The consequent slump in coffee earnings on top of unbridled public spending and skyrocketing oil prices caused Haiti's financial picture to dim appreciably. A parallel exchange market sprang up where the Haitian gourde traded at a discount of as much as 15 percent, according to Embassy reporting.

This dismal economic performance caused Haiti's standard of living—traditionally the lowest in the Western Hemisphere—to deteriorate further; World Bank data suggest per capita income fell below \$250. Embassy reports indicate the rate of inflation hit nearly 20 percent in 1981—following an 18-percent increase the previous year—as the government tried to cover unbudgeted spending through hefty

borrowing from the central bank. According to Embassy reporting, the unemployment rate—at least 20 percent—and underemployment that ranged between 50 and 60 percent were eased only by large-scale legal and illegal migration. As many as 20,000 Haitians departed annually in the early 1980s to neighboring Caribbean countries and the United States, according to an academic study.

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Some Promising Signs

Policy Reforms. Having exhausted other viable options, the Haitian Government grudgingly turned to the IMF for help. The new program—a \$65 million standby that ran from August 1982 to September 1983—required President Duvalier to take an unprecedented step in sticking to a realistic budget to make government spending more open and accountable. The Fund's main objective was to reduce pressure on the country's balance of payments by cutting total government spending 25 percent during the period.

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Haiti carefully followed Fund prescriptions.

According to Embassy reporting, new sales taxes were introduced and food subsidies reduced to increase government revenues. The Duvalier regime also severely restricted money supply growth and imposed a moratorium on commercial borrowing for new public projects to curb spending. Perhaps the government's most important reform, however, was the dismantling of the Regie du Tabac—the powerful tobacco and other tax collection agency—which in the past had been used to siphon off revenues secretly for the ruling elite.

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Initial Results. Haiti's efforts produced a small balance-of-payments surplus by yearend 1983, although foreign reserves were reduced to barely one week's import cover in the process. According to Embassy reporting, reduced central bank borrowing and slower money supply growth led to reduced

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demand for imports, slashed inflation to only 6.5 percent, and held the debt service ratio to a manageable 10 percent. Moreover, foreign payments arrears—which had totaled nearly \$20 million in 1981—were virtually eliminated and pressure was reduced on the gourde by the end of 1983. [redacted]

Economic output began to recover in 1983, as concessional flows from official donors—largely from the United States, France, and West Germany—nearly doubled in response to Haiti's adherence to IMF stipulations. Foreign investment also rose sharply in response to the improving economic climate. Although intractable problems kept agricultural production weak, Haiti's light manufacturing sector—particularly its assembly industries—became more active due to renewed financial inflows. Investors and lenders alike were attracted by Haiti's low wage rates, an industrious work force, and weak labor unions. [redacted]

Still, living conditions improved little. Unemployment and underemployment, especially in the countryside, worsened as the financial injections failed to offset fully lower government expenditures. With fewer job opportunities and many Haitians living outside the monetary economy altogether, even the greatly reduced inflation rate provided little benefit to the poor. [redacted]

Recent Setbacks

Haiti's strict compliance under the one-year adjustment program facilitated conclusion of a \$63 million standby in July 1983. [redacted] the new agreement—slated to run until September 1985—was designed to consolidate previous gains, boost lagging international reserves, attract foreign investment, and sustain growth. The government missed its first spending targets in October 1983, but achieved compliance in January 1984. [redacted]

In May 1984, the outbreak of a number of civil disturbances in several provincial capitals—particularly Cap Haitien, which has a long tradition of opposing central government authority—and the Duvalier regime's response, in effect terminated the standby program. According to Embassy [redacted] reports, eroded living standards caused by reduced government spending—especially food subsidy cuts—

Haiti: A Snapshot of Socioeconomic Disparities

Academics have characterized Haiti as a land of startling contrasts; jetsetters, a millionaire elite, and luxury tourist resorts coexist with urban squalor and rural destitution. [redacted]

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24,000 Haitians out of a total population of 6 million own half the country's wealth. As a result, the per capita income of over 95 percent of the populace is actually less than \$120 a year. In Petionville, just outside of the capital, the wealthy escape the object poverty of the urban population. They live on hill-sides overlooking Port-au-Prince in luxury homes complete with tennis courts, swimming pools, and formal gardens. Most are absentee landowners who control Haiti's coffee industry. By contrast, the vast majority of Port-au-Prince's 850,000 residents live without potable water, bathe in open sewers, and many scavenge the city's garbage dumps for food. [redacted]

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Despite the grinding poverty of urban life, [redacted] 30,000 Haitians emigrate to the capital each year to escape the even more wretched conditions in the countryside. [redacted]

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[redacted] per capita income in the capital is 10 times higher than in rural areas, where many Haitians live outside the money economy altogether. Moreover, less than 5 percent of the rural population has access to safe water, compared with nearly 45 percent in urban areas. Similar rural-urban disparities exist in the availability of education, health care, and other social services. [redacted]

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were largely responsible for the riots. The government, claiming the need for emergency spending to quell the disturbances and prevent further trouble, instituted temporary job and food programs in the affected areas that exceeded IMF guidelines on spending. [redacted]

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Because of Haiti's failure to maintain compliance, IMF funding was suspended. Port-au-Prince adopted a "shadow" IMF program—an informal adjustment

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scheme requiring adherence to less stringent targets but providing no financial disbursements. The Fund views such programs as an intermediate stage leading to the resumption of a formal program. Nevertheless, with financial discipline broken, Haiti has failed to comply with any IMF targets. []

Despite the loss of IMF funding, increased government spending and generous aid disbursements from patient benefactors helped the economy to grow 2 percent last year and kept the country's balance of payments in the black. Increased exports to the United States also boosted Haiti's foreign payments position. []

The positive growth figures, however, mask serious problems. Short-term borrowing abroad to support unchecked government spending caused the country's debt service ratio to edge toward 15 percent last year. The spurt in public-sector spending also caused the rate of inflation to jump to 15 percent, nearly doubling the black-market discount rate for the gourde to as much as 16 percent. Living standards also suffered from the fiscal indiscipline. Even with limited government subsidies to selected areas, food prices escalated 15 to 25 percent in the last half of 1984 alone. Embassy reports indicate unemployment failed to decline, despite costly make-work projects. Moreover, [] per capita income stood at only \$235, 9 percent below the 1980 level in current dollars. []

Worrisome Outlook

The turn of events in Haiti already has caused considerable alarm within the international financial community. Indeed, [] unless Haiti improves fiscal discipline, the country's economy will collapse into another economic tailspin. Despite recent talks between the IMF and the government, Haiti has made no real progress toward a new IMF agreement so far this year. In our judgment, the regime's unwillingness to come to grips with excessive government spending and central bank credits, in particular, will prevent a new agreement with the Fund. Moreover, the IMF has declared that negotiations cannot begin in earnest until Haiti repays arrears owed it—currently \$16 million—and shows several months of significant progress under the shadow program. The longer Haiti remains out of

Table 1
Socioeconomic Indicators:
A Comparison

	Haiti	Dominican Republic
Population, 1984 (millions)	5.8	6.4
Per capita income, 1984 (US \$)	235	1,091
Adult literacy, 1984 (percent)	23	68
Urbanization, 1980 (percent)	35	51
Infant mortality (deaths per 1,000 live births)	118 ^a	28 ^b
Life expectancy (years at birth)	55 ^a	63 ^b
Birth rate (births per 1,000 inhabitants)	36 ^a	39 ^b
Population growth rate, 1970-83 (average annual percent)	1.7	2.7
Labor force in agriculture, 1984 (percent)	79	47
Population with access to safe water, 1980 (percent)	13	NA

^a 1980-85.

^b 1983.

[] compliance with the Fund program, however, the more difficult it will be to negotiate a new accord because even more draconian adjustment measures will be needed. []

[] Haiti is having difficulty meeting IMF spending guidelines because Duvalier continues to interfere with the budgetary process. He reportedly has authorized government purchases of residences, overseas properties, and military aircraft totaling several million US dollars. The US Embassy speculates that Duvalier may also be diverting funds to finance a recently formed progovernment political party. [] [] the President believes that, as long as the government keeps unemployment

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Table 2
Haiti: Balance of Payments

Million US \$

	1981	1982	1983	1984	1985
Current account balance	-93.7	-57.5	-78.3	-65.5	-63.5
Trade balance	-191.2	-127.8	-136.6	-128.0	-128.4
Exports	176.1	206.1	222.0	256.6	278.8
Coffee	33.8	40.0	51.2	49.6	56.0
Light manufactures	54.3	66.3	73.5	88.9	95.4
Other	88.0	99.8	97.3	118.1	127.4
Imports	-368.3	-333.9	-358.6	-384.6	-407.2
Oil	-59.7	-51.5	-55.3	-59.0	-61.6
Other	-308.6	-282.4	-303.3	-325.6	-345.6
Net services and transfers	98.5	70.3	58.3	62.5	64.9
Capital account balance	101.5	37.7	83.1	69.5	59.5
Official capital	83.9	41.2	60.2	59.0	55.9
Direct investment	42.4	45.6	63.9	62.0	67.8
Medium- and long-term loans	41.5	-4.4	-3.7	-3.0	-11.9
Net short-term capital	50.4	-8.7	25.3	5.9	6.6
Private capital, errors, and omissions	-32.8	5.2	-2.4	4.6	-3.0
Change in gross reserves	7.8	-19.8	4.8	4.0	-4.0

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from rising and the supply of basic foodstuffs from falling, public resentment can be contained even if support from international organizations ceases. []

similar to that experienced last year. According to the Fund, international reserves in mid-1985 were sufficient to cover less than two weeks' worth of imports. Worried foreign creditors already are demanding prompt payment for such key imports as petroleum and flour. [] a Shell tanker recently delayed offloading its oil until the government fully paid the bill. []

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We believe Duvalier will be hard pressed to accomplish these twin objectives because Haiti's domestic and foreign financial positions are likely to worsen dramatically by the end of 1985. Haiti almost certainly will tap its depleted foreign reserves further and build arrears to meet day-to-day expenses. Unchecked public spending will increase inflation, further weaken the gourde, and hurt the country's already poor international creditworthiness. Moreover, Duvalier's frivolous, unbudgeted expenditures will do little to generate jobs or spur growth. []

[] Haiti can only sustain growth in the future by reallocating resources to maximize foreign exchange earnings. Haiti's brightest prospects are in light manufacturing—especially the assembly industries. Unless the country resumes a valid IMF program, however, potential investors will be deterred, even with encouragement from the CBI. Significant help from other sectors is unlikely. For example, the near-term prospects for

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Moreover, there is a good chance that the country will experience shortages of foodstuffs and other imported staples, a situation that could easily prompt unrest

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agriculture are poor due to the weak world outlook for coffee as well as Haiti's badly eroded soil and primitive farming methods. In addition, [redacted] [redacted] adverse international publicity from Haiti's AIDS outbreak will hurt the small tourist sector. [redacted]

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US Interests

Haiti's inability to reach agreement and comply with an IMF program is likely to present several problems for the United States. Without the regime's commitment to put the country on a more solid economic footing, the decline in private capital and multilateral inflows almost certainly will prompt Haiti to look to Washington for larger sums of aid. Reacting to international pressure, largely from the US Government, Duvalier agreed last spring to legalize political parties and create a prime-ministerial system. As a result, we believe Port-au-Prince will expect especially generous aid in order to implement planned political reforms. Should the United States—and other key donors—not meet Haiti's expectations, Duvalier might well use the country's economic plight to justify a political crackdown on his domestic opponents. Some influential hardliners in the regime, who oppose even limited reforms, probably already are pushing for such action. [redacted]

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Washington also is likely to face increased illegal migration over the near term. [redacted] [redacted] between 1979 and 1984 as many as 40,000 Haitians illegally entered the United States. Prolonged economic difficulties will encourage growing numbers of Haitians to seek jobs elsewhere. Many probably will head for the United States because other traditional havens—The Bahamas and the Dominican Republic—have cracked down on illegal entrants in recent years. The lure of high US wages will remain especially strong. [redacted]

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Grenada: Trade Unions and Democratic Development [redacted]

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Grenada's trade union movement, which had been dominated by Maurice Bishop's People's Revolutionary Government before October 1983, has been slow to exert its independence since democratic government was restored. The hope among many observers that the trade unions would assume broader economic, social, and political functions has yet to materialize. No democratic union leader who can command widespread worker support has emerged to challenge the established trade union left. As a result,

[redacted] leftists remain influential in the union movement and that Cuba and the USSR continue to provide assistance. Meanwhile, the autocratic former Prime Minister Eric Gairy is having some success recruiting agricultural workers into his union and party. [redacted]

For their part, the Blaize government and international entities have had only limited success in revitalizing the once moribund trade union movement. Beset by cabinet infighting and strapped by economic realities of 35 to 40 percent unemployment and 20-percent inflation, the government has concentrated more on creating a favorable investment climate than on rebuilding the labor movement. Union leaders endorsed by the American Institute for Free Labor Development (AIFLD) have failed to win key positions in the leftist-dominated Grenada Trade Union Council (TUC), with which the country's unions are affiliated. Unless leftist influence in the trade unions is more effectively challenged, we believe the left will use the union movement as a means to regain social and political acceptance. [redacted]

Background

During the Bishop years (1979-83), the ruling New Jewel Movement (NJM) infiltrated and dominated the TUC and five of its eight affiliates. These unions served as a major base of grassroots support for the revolutionary government. [redacted] the Bishop regime gave a high priority to gaining control of all the unions. Reflecting this, a number of NJM

members worked full-time on labor matters, drumming up support for the Bishop government, according to US Embassy reporting. The regime subsidized salaries as well as domestic and overseas travel by union leaders. In October 1983, however, the union movement was left virtually leaderless after the assassinations of Bishop, the president of TUC, and the leader of the Agricultural and General Workers' Union by the Bernard Coard faction of the NJM. Several other labor leaders were imprisoned or sought refuge in Eastern Europe. [redacted]

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AIFLD established a presence in Grenada after the US-led intervention and found that some union leaders, who had remained independent under Bishop's regime, were eager to assist in developing a democratic trade union movement. Eric Pierre, president of the Seamen and Waterfront Workers' Union, and Stanley Roberts, secretary general of the Taxi Owners' and Drivers' Association, were regarded as the most promising independent union chiefs, according to US Embassy reporting. Pierre had kept his union free from government control by avoiding criticism of the Bishop regime. Roberts resisted the government's attempts to infiltrate his union more openly and was imprisoned for two years. [redacted]

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Elections to the revived TUC were held in March 1984, but Pierre, AIFLD's candidate for president, failed to win support outside of his own and Robert's unions. Pierre's defeat and the election of leftist Basil Harford, president of the Public Workers' Union, demonstrated the left's lingering clout in the labor movement. Furthermore, trade union leaders had become wary of the political process after being exploited by Bishop and Gairy before him, according to the Embassy. The Embassy reports that Pierre was closely identified by unionists with Prime Minister Herbert Blaize, then leader of the Grenada National Party. Most union leaders, however, did not share

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Grenada Trade Union Council and Labor Unions

	Leadership	Estimated Membership, 1985	Comments
Trade Union Council (TUC)	Basil Harford, president; Anselm Debourg, first vice president	9,000	Affiliated with Caribbean Congress of Labor; allowed readmission of leftist AGWU; Secretary General Charles attended Cuban-sponsored meeting in Martinique.
Agricultural and General Workers' Union (AGWU)	Gordon Thomas	1,000	AIFLD-sponsored union has failed to unseat this holdover from Bishop's government. BGWU pays its officers to keep union alive.
Bank and General Workers' Union (BGWU)	Derek Allard	2,000	Allard has ties to NJM-Coardites. Union has lost membership due to anti-NJM backlash.
Commercial and Industrial Workers' Union (CIWU)	Anselm Debourg, president; Winston Ledlow, vice president	600	
Grenada Teachers' Union (GTU)	John Forsyth, president; Dennis Thomas, secretary general	900	GTU's leftist leaders are holdovers from Bishop's rule.
Public Workers' Union (PWU)	Basil Harford	2,000	Harford and George Brizan founded National Democratic Party; [redacted]
Seamen and Waterfront Workers' Union (SWWU)	Eric Pierre, president; Stanley Roberts, first vice president	500	[redacted]
Taxi Owners' and Drivers' Association (TODA)	Stanley Roberts	180	Roberts in line to succeed Pierre as leading democratic trade union leader. TODA has no official political allegiance.
Technical and Allied Workers' Union (TAWU)	Wilfred Hayes	1,400	Hayes lost position as TUC first vice president to leftist Anselm Debourg; his position in TAWU is threatened by leftist elements.
Agricultural and Allied Workers' Union (AAWU)			AIFLD-sponsored union has reportedly made inroads into AGWU's and Gairy's domains. Has failed to gain recognition by TUC; denounced by left as "CIA" union.
Manual, Mental, and Intellectual Workers' Union (MMIWU)	Eric Gairy	3,000 ^a	Gairy's union/party has a middle-aged following among agricultural workers; not recognized by TUC.

^a Includes members of Gairy's Grenada United Labor Party; about half are regular, dues-paying members.

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Pierre's enthusiasm for Blaize or the 1984 national elections. Consequently, TUC did not endorse any candidates in the campaign. [redacted]

Pierre and Roberts to become council officers. At the same time, the leftist leader of the Commercial and Industrial Workers' Union, Anselm Debourg, replaced democrat Wilfred Hayes as first vice president. Debourg is an NJM activist who was placed in the trade union movement by Maurice Bishop. [redacted]

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Leftist Influence

Despite the NJM's demise in 1983 and the current unpopularity of its remnants, leftist leaders retain influential union positions and are following long-term strategies to increase their support through the labor movement, which represents approximately 40 percent of the work force. Maurice Bishop Patriotic Movement (MBPM) leader Kenrick Radix reportedly has targeted trade unions for increased penetration by party members.¹ [redacted]

[redacted] We believe the election represented a significant advance for the left in the labor movement against more moderate elements. [redacted]

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Leftists in the TUC are using a variety of tactics against their moderate opponents. As TUC president, Harford has strongly criticized the Blaize government, echoing the opposition political parties in condemning the government's budget for not providing sufficient relief to the poor. Moreover, according to Embassy reporting, Harford, Debourg, and Allard sought to sabotage the recent Caribbean Congress of Labor anniversary conference in Grenada by not attending until the final day. In addition, Harford invited MBPM leader Radix to the conference, a move that created friction and anxiety among Congress members. Frustrated with Harford and TUC's leftist bent, Pierre and Roberts have publicly threatened to pull their unions out of the organization. [redacted]

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In addition to contacts with the MBPM, the Bank and General Workers' Union maintains close ties to the NJM remnant led by the imprisoned Bernard Coard. [redacted]

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Leftists also have actively sought to discredit efforts to help democratize the trade union movement. TUC, for example, has rejected the AIFLD-sponsored Agricultural and Allied Workers' Union as a replacement for the discredited Agricultural and General Workers' Union. MBPM and NJM followers also have publicly accused the AIFLD representative and the union as being funded by the CIA. Moreover, according to Embassy reporting, leftist labor leaders have capitalized on the difficulty that some unions have experienced in trying to achieve recognition as legitimate bargaining agents with foreign investors in Grenada. The Labor Ministry's inability to persuade some foreign firms to recognize the unions has provided the leftists with additional propaganda opportunities. [redacted]

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TUC remains the most visible forum of leftist influence in the trade union movement—five of its eight affiliates are still controlled by leftists. Because TUC is the only technically affiliated labor organization in Grenada, it is the sole Grenadian recipient of direct funds from AIFLD and the Caribbean Congress of Labor. Last March, leftist labor delegations voted as a block to reelect Basil Harford as president and to again reject the bids of [redacted]

¹ Following the death of Bishop and the imprisonment of Coard and several of his followers, the NJM split into two factions. The 100 or so hardcore supporters of Coard are considered hardline Marxist-Leninists, whereas the somewhat larger MBPM offshoot consists mostly of Bishop's former supporters. [redacted]

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In addition to the challenge from the left, democratic labor faces a more traditional one from the right. Gairy has echoed the left in attacking the AIFLD for attempting to attract workers away from the traditional unions. [redacted]

[redacted] he has taken his argument to the countryside and has had some success in luring workers back to his Manual, Mental, and Intellectual Workers' Union.² Agricultural Minister George Brizan found it necessary to publicly warn Gairy to refrain from inciting demands among estate workers for higher wages. Gairy's authoritarian manner and lack of appeal among the country's youth, however, probably will blunt his effort in the future. [redacted]

Cuban and Soviet Activities

Although the level of support has drastically lessened from pre-1983 levels, the leftist union leaders apparently have continued to receive aid from the Soviet Bloc. [redacted]

For the present at least, the Soviet Bloc and leftist union leaders appear cautious in pursuing mutual relations, in order to avoid provoking a backlash among the predominantly conservative population. Despite their continuing contacts, we believe the level of Communist funding remains small, given signs that some of the leftist unions appear to be in trouble financially. In fact, the Bank and General Workers'

² Gairy rose to power in the early 1950s by skillfully exploiting the class divisions in Grenadian society. By capitalizing on the animosity of the peasant and labor classes toward the wealthy and politically dominant elite, Gairy's union was a key component of a substantial power base that allowed him to remain in power for over 20 years. [redacted]

Union recently had to raise membership fees and reduce the number of meetings. Concern over adverse publicity also may have caused the leftist unions to heed Caribbean Congress of Labor advice against sending delegates to the Havana trade union conference in July. [redacted]

Outlook

We believe the left faces many obstacles in its quest to regain domestic influence. Recognizing this, leftists are emphasizing long-term strategy rather than short-term gains. Most Grenadians are wary of the left since the events of October 1983. Another constraint is the split between the MBPM and the Coard faction; a reconciliation between the two seems unlikely in the near term despite recent Cuban prodding. [redacted]

Nevertheless, we believe the entrenched leftist presence in key sectors of Grenada's trade union movement, and the government's hesitancy in supporting labor demands in order to entice foreign investors, will facilitate the left's efforts over time to expand its influence. [redacted]

[redacted] We doubt that the left's success in controlling TUC will be reversed as long as leftist union leaders remain united in opposing candidates perceived to be backed by the government or the United States. As long as TUC is dominated by former supporters of Bishop's government, it can be expected to remain at loggerheads with the present government. Moreover, because Grenada's ability to sustain economic growth over the long run depends on its ability to attract foreign investment, the government—although it is supportive of trade unions in general—is likely to be reluctant to push labor demands with the few foreign investors who have located in Grenada thus far. [redacted]

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Both Cuba and the USSR, recognizing organized labor's strong clout in the English-speaking Caribbean, are likely to maintain contacts with Grenada's leftist trade unions. We believe Havana and Moscow will remain parsimonious, however, partly because they appear to be concentrating their assistance on leftist groups elsewhere—particularly in Jamaica and the Dominican Republic—where they perceive the best chances of making electoral gains in the next few years. Continued leftist success in thwarting AIFLD and democratic union leaders or growing discontent with the Blaize government, nonetheless, could encourage the Cubans and the Soviets to step up their support.

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Latin America Briefs

Cuba

Preparing for the NAM Summit

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Cuba's intensive backstage maneuvers at the Luanda ministerial meeting of the Nonaligned Movement (NAM) resulted in the appointment of Zimbabwe to the chairmanship of the NAM. As a result, Havana will have ample opportunities for manipulating the agenda and influencing the outcome of the summit scheduled for next year. Apparently concerned that the favored contender, Yugoslavia, would frustrate Havana's more radical objectives, the Cubans initiated a lobbying blitz of 13 Third World countries to make Zimbabwe the next NAM summit host. Havana was aided in its efforts by the fact that traditionally the summit location is rotated among geographic regions, and it is an African country's turn to host. Cuba probably also hoped to keep the NAM focused on events in southern Africa by such a maneuver.

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Despite indications that Zimbabwe was not interested in the NAM chairmanship, Cuban Foreign Minister Malmierca reportedly organized a meeting to gain a consensus for Harare before its foreign minister arrived at the Luanda meeting. Havana apparently led the other delegations to believe that Zimbabwe was seeking the position, rather than it being a Cuban-inspired move. Moreover, Malmierca met with President Mugabe more than a week prior to the ministerial meeting to press him to host the summit.

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Havana was behind the proposal to have Luanda as the site of the ministerial conference, and therefore able to direct much of the proceedings to secure a radical, anti-US declaration. Having skillfully maneuvered to assure Harare the chairmanship of the NAM conference, Havana is now in a good position to push its pet issues such as South Africa, international debt, and US "imperialism" to the forefront of the NAM agenda. Moreover, Zimbabwe, because of its inexperience with hosting an international summit and the cost, may be receptive to Cuban assistance.

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Caribbean

Trade Squabbles in CARICOM

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Trinidad and Tobago's failure to implement the 14-month-old Caribbean Community (CARICOM) trade accord is prompting sharp criticism from neighboring countries and threatening to jeopardize the organization's viability. The accord would lower trade barriers among CARICOM members and raise tariffs on imports from non-CARICOM countries. Four of CARICOM's 13

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members have yet to implement the agreement—despite three deadline postponements—but Trinidad has drawn the most criticism because it is the largest market in the English-speaking Caribbean. In an attempt to conserve its declining foreign reserves, Trinidad has slashed imports from CARICOM countries about 30 percent so far this year, after a decline of 18 percent in 1984. Grenada and Barbados have expressed the sharpest disapproval of Trinidad's trade policies. Barbadian Prime Minister St. John recently even suggested that Caribbean governments restrict purchases of Trinidadian products until Port-of-Spain relaxes its import restraints. Given its worsening economic problems, Trinidad is likely to make only token efforts to soften its import policies.

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Trinidad and Tobago

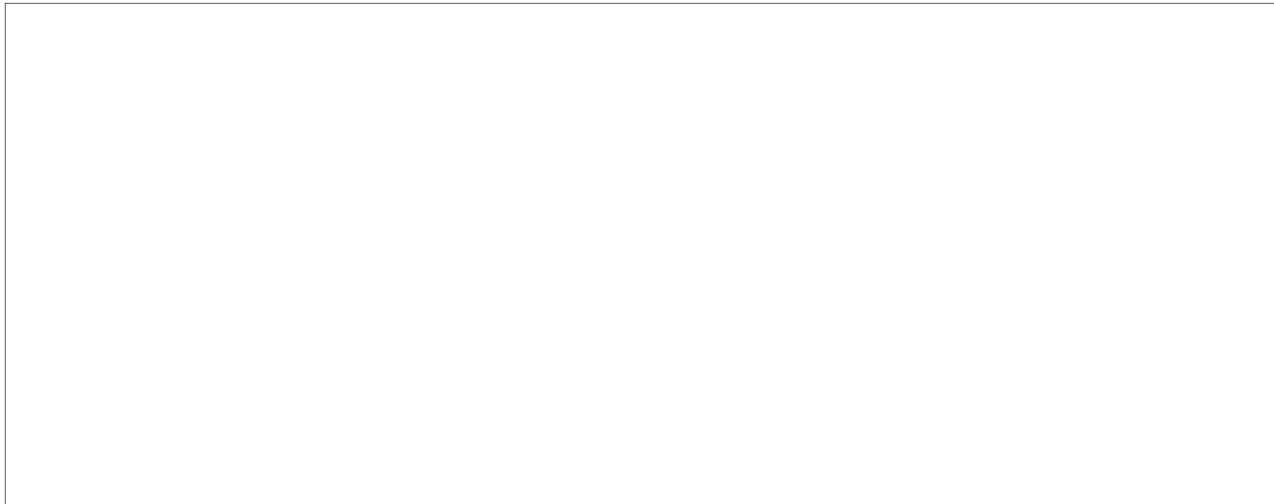
Opposition Gaining Strength

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The formal consolidation of the moderate opposition into a single party—the National Alliance for Reconstruction (NAR) led by A.N.R. Robinson—suggests that the ruling People's National Movement faces its toughest electoral challenge in 30 years. According to the US Embassy, at the September inaugural conference of the NAR—comprising four parties with a broad base of support—a constitution was passed unanimously and all party officers were elected unopposed. Even the allocation of parliamentary seats, a contentious issue during unity negotiations earlier this year, was settled amicably. The Embassy expects national elections, which are due by early 1987, to be held in the fall of 1986. With popular dissatisfaction with the ruling party increasing—largely due to the country's deteriorating economy—the Chambers government probably recognizes it will be hard pressed to remain in power.

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Mexico-Israel

Friction Over Trade

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Mexico City and Tel Aviv are involved in a modest dispute over bilateral trade. At issue is whether the Mexicans are living up to an agreement negotiated earlier this year whereby Mexico City pledged to increase its purchases of Israeli products and

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services in 1985 to over \$100 million in return for Israel's continued purchase of Mexican oil. So far, however, Israeli exports to Mexico have barely exceeded \$25 million. In contrast, Tel Aviv purchased nearly \$250 million worth of Mexican crude oil during the first seven months of 1985. The Mexican press, speculating on the rift in September after Israel's Energy Minister canceled a visit to Mexico City, reported that Tel Aviv would not buy any Mexican petroleum in 1986. [redacted]

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Both sides are publicly minimizing their differences and have agreed to meet in January to attempt to resolve the impasse. In our judgment, the two almost certainly will reach a compromise providing for continued Israeli purchases of Mexican oil. Despite their concern over the trade imbalance, the Israelis value Mexico as a politically reliable oil supplier. In recent years, Mexico has furnished 40 to 50 percent of Israel's petroleum imports. Although such purchases have amounted to less than 4 percent of Mexico's total oil sales, the Mexicans almost certainly want to maintain Israel as a customer at a time when the international oil market is soft. Nonetheless, Mexico City probably believes its tight financial situation, together with its limited need for most Israeli exports, preclude a substantial boost in imports of Israeli products at this time. [redacted]

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Argentina

Construction of Nuclear Power Plant Suspended [redacted]

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Budget cuts in Argentina's nuclear energy program are jeopardizing completion of the country's third nuclear power plant. Argentina attempted to salvage the project by seeking additional funding from Kraftwerk Union (KWU), the West German firm that has been helping with construction of the facility. [redacted]

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[redacted]

The plant was originally scheduled for completion in 1987, but technical and contractual difficulties pushed the target date beyond 1990. [redacted]

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[redacted] Argentina's pronuclear lobby—which includes business, government, military, and political groups—probably will press President Alfonsin's administration to resume construction on its own, but the government's budgetary problems will make it difficult. The mounting financial difficulties facing the nuclear program probably will lead the Argentines to increase their efforts to expand revenue-generating exports of nuclear technology and equipment.

[redacted]

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Cuba Chronology

August 1985

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- 1 August** A Colombian delegation attending the conference on foreign debt in Havana speaks to Fidel Castro of the possibility of renewing relations. Walking away, Fidel responds, "we will talk about that."
- The Habana del Este thermoelectric plant in Santa Cruz de Norte, the largest such plant ever built in Cuba, is scheduled to be completed by December.
- 3 August** Fidel Castro meets with members of the Chilean delegation attending the meeting on foreign debt to discuss unity of the Chilean opposition to President Pinochet and a summit meeting on debt.
- 4 August** At the conference on foreign debt, Fidel Castro says Latin America's huge foreign debt is unpayable and describes it as a "cancer that must be rooted out."
- Granma* reports on a note sent by Fidel Castro to Peruvian President Alan Garcia in which he offers anti-imperialism support to the Garcia regime.
- Fidel Castro states that he has absolutely no links with the Shining Path organization, but that the existence of this organization is indicative of a deep economic crisis in Peru.
- Notimex* reports that Fidel Castro denied reports that Costa Rican financier Robert Vesco is imprisoned in Cuba—he said Vesco decided on his own to live there.
- Notimex* reports that Fidel Castro said he could not assure that he will attend a parliamentary meeting in Uruguay because he must take precautions against a probable assassination attempt.
- 6 August** The Medical Committee for the Prevention of Nuclear War sends letters to Gorbachev and Reagan in observance of the recent unilateral Soviet decision to suspend nuclear testing until January 1986.
- TASS reports that Fidel Castro, in a press conference, described the Soviet Union's decision as important in strengthening peace.
- Syrian President Hafiz al-Asad and Fidel Castro exchange congratulatory cables on the 20th anniversary of the establishment of diplomatic relations.

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12 August

Juan Almeida meets with Guyana's Prime Minister Hamilton Green in Georgetown to discuss themes of mutual interest and issues related to the international and regional situations.

13 August

At a welcoming ceremony for Ramon Castro, North Korea's Vice Premier Chong Chun-ki reaffirms his country's close ties of friendship and solidarity with Cuba.

Politburo member Jorge Risquet arrives in Addis Ababa to discuss cooperation between the two countries' political organizations and governments.

Water rationing measures are announced at a meeting in Havana due to the intense drought. If there is no substantial rainfall soon, Havana will run out of water by October or November.

14 August

Bahamian Minister of External Affairs and Tourism Clement Maynard is presented to the members of the diplomatic corps in Cuba. Foreign Minister Malmierca introduces the chiefs of mission to Maynard.

At a press conference in Montevideo, Brazilian President Jose Sarney confirms that Brazil is considering reestablishing diplomatic relations with Cuba.

15 August

Fiseha Desta, member of the Workers Party of Ethiopia, Politburo, and Secretariat, meets with Risquet to discuss Central America, Africa, and the Nonaligned Movement.

The UN Committee on Decolonization approves a resolution reaffirming the inalienable right of the Puerto Rican people to independence. The resolution was submitted by Cuba and Venezuela.

16 August

Raul Castro speaks at the ceremony commemorating the 60th anniversary of the first Cuban Marxist-Leninist party, founded by Emilio Rodriguez Lara.

Raul Castro presents awards to Emilio Rodriguez Lara and Fabio Grobart at the ceremony.

17 August

Isidoro Malmierca receives Iraqi Under Secretary for Foreign Affairs Wisam al-Zahawi to discuss bilateral relations and the international situation.

18 August

Isidoro Malmierca receives Budimir Loncar, Deputy Federal Secretary for Foreign Affairs of Yugoslavia, to exchange views on bilateral cooperation and international issues.

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19 August

Kim Il-song expresses support to Ramon Castro for Fidel's proposals on the cancellation of the foreign debt and the simultaneous holdings of the coming Olympic games in North and South Korea.

The 25th anniversary of the establishment of diplomatic relations between Cuba and Poland is celebrated by the Cuban Institute of Friendship With the Peoples.

20 August

During a visit with Minister of External Economic Affairs Chong Song-nam, Ramon Castro exchanges viewpoints on the future development of economic, scientific, and technical cooperation.

Ramon Castro departs P'yongyang. Chong Chun-ki underscores the fact that Castro's visit will contribute to the development of bilateral relations.

Pascal Allende, Secretary General of the Movement of the Revolutionary Left, attends a ceremony in Havana for the 20th anniversary of that organization and urges Chileans to unite against Pinochet.

22 August

Chairman of the Provisional Military Administrative Council of Ethiopia Mengistu Haile Mariam receives Risquet to discuss current international issues.

Risquet inspects the rehabilitation activities being carried out, the establishment of new settlements, and other development activities during his visit to Ethiopia.

Prensa Latina reports that Cuba's oil output is growing and the country is planning to pump 2 million tons of oil in 1990, according to Basic Industry Ministry estimates.

Guyana's 1st Vice President Desmond Hoyte receives a Cuban delegation headed by Ursinio Rojas to discuss the need to continue strengthening bilateral ties between the two countries.

Isidoro Malmierca meets with Mitsuro Donawaki, General Director of the Latin America-Caribbean Division of the Japanese Foreign Affairs Ministry, to discuss bilateral relations and foreign issues.

23 August

Isidoro Malmierca arrives in Harare, Zimbabwe. In a press conference he says Cuban forces will remain in Angola as long as South African aggression continues.

Malmierca meets with his counterpart, Witness Mangwende, and conveys a message from Fidel Castro to Zimbabwean Prime Minister Robert Mugabe.

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24 August During a visit to Argentina, Vice Foreign Minister Raul Roa Kouri says that it is Sub-Saharan Africa's turn to host the next Nonaligned Movement meeting.

India's Prime Minister Rajiv Gandhi says during an interview that relations between India and Cuba are characterized by cordiality and understanding.

25 August Angolan President dos Santos and Minister of External Relations Afonso Van Dunem meet in Luanda with Jorge Risquet and Isidoro Malmierca.

Commander of the Revolution Ramiro Valdes and his delegation arrive in Vientiane and meet with Gen. Sisavat Keobounphan, Secretary of the Lao People's Revolutionary Party.

26 August Risquet also meets with SWAPO leader Sam Nujoma in Luanda. Nujoma tells Risquet of SWAPO's recent military actions against South Africa.

The Central Organization of Cuban Trade Unions supports the Namibian people, who are waging a battle under the SWAPO leadership to achieve their independence.

Havana press announces that about 15,000 students (an increase over previous years) from African nations and Nicaragua will receive their education on the Isle of Youth this year.

27 August Valdes decorates Gen. Sisavat Keoboundphan with the Republic of Cuba Friendship Medal and holds talks with Lao officials on security.

Fidel Castro presides over the graduation ceremony of over 1,300 new doctors. Minister of Public Health Sergio del Valle and Politburo members Jose Ramon Machado Ventura and Jaime Crombet attend.

President Reagan tells a Miami radio station that he has discarded the possibility that the United States can improve relations with Cuba, reiterating his disapproval of Cuban relations with the USSR.

The Ministry of the Sugar Industry is investing almost 190 million pesos this year to achieve greater efficiency in sugar production.

28 August In Caracas, Flavio Bravo says that Cuba has abandoned its proposal that Latin American countries not pay their foreign debt because this stance is dividing instead of uniting the nations.

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29 August

Kim Il-song, General Secretary of the Korean Workers' Party sends a congratulatory message to Fidel Castro on the occasion of the 25th anniversary of the establishment of diplomatic relations.

Commander of the Revolution Ramiro Valdes arrives in Hanoi to attend the activities commemorating Vietnam's independence, obtained in 1945.

Foreign Minister Malmierca visits Algeria to discuss topics to be tabled at the nonaligned ministerial conference in Luanda, as well as bilateral relations with Deputy Foreign Minister Noureddine Harbi.

Jorge Risquet conveys a message from Fidel Castro to Ghana's chairman of the Provisional National Defense Council Jerry Rawlings. They discuss the underdeveloped world's debt problem.

30 August

Havana press announces that Central Committee member Severo Aguirre will head a delegation to the Inter-Parliamentary Union conference in Canada, 2-7 September.

President of Burkina Thomas Sankara meets with Jorge Risquet to discuss the Third World external debt and the situation in Africa.

31 August

President of Benin Mathieu Kerekou meets with Jorge Risquet, who delivers a message from Fidel Castro.

At a press conference in Lima, Peruvian Foreign Minister Allan Wagner says his government is confident that diplomatic relations with Cuba will be normalized soon.



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