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**Latin America
Review** 

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23 May 1986

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Articles have been coordinated as appropriate with other offices within CIA. Comments and queries regarding this publication may be directed to the Chief, Production Staff, Office of African and Latin American Analysis,

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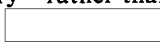
Articles

**Cuba: In Search of
Managerial Talent** 

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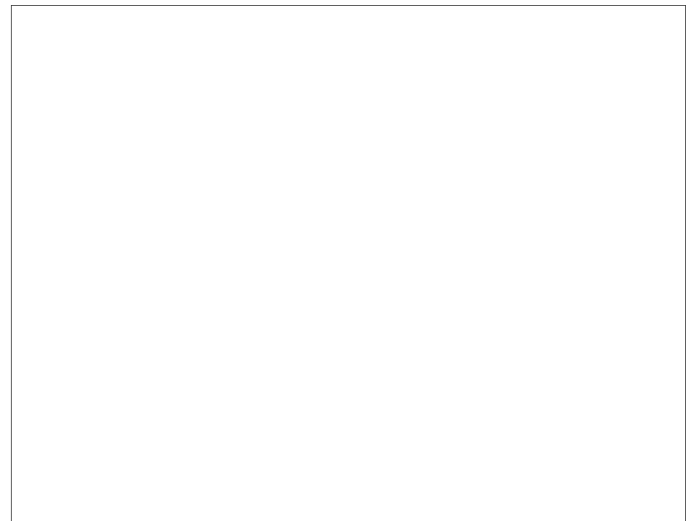
The quest that has been under way in Cuba since early last year to discover and promote managerial talent did not culminate with the Third Party Congress in February. New personnel shifts in the upper and middle levels of government have occurred recently, and we expect the reshuffling process to continue through the year as the Castro regime reacts to mounting political and economic pressures. An efficient management team is only part of the solution to the regime's current problems, however, and unless fundamental policy changes are made—changes that President Castro has thus far staunchly resisted—we believe current conditions will continue to deteriorate.



early March after his return from Asia and had a long talk with her—presumably to discuss her impending ouster. This personal attention from Castro and the delay in effecting her removal suggest she is not politically tainted by the defection and may turn up elsewhere in an advisory—rather than a managerial—capacity. 


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High-Level Shifts

Irma Sanchez, minister-president of the Cuban State Committee for Technical and Material Supply, is the latest cabinet-level official to get the ax. Havana publicly announced on 21 April that she had been replaced by Sonia Rodriguez Cardona, a member of President Castro's personal Coordination and Support Staff. Sanchez, whose new assignment was not specified, almost certainly owes her downfall to the defection in Madrid last December of one of her top aides who Havana claims absconded with some \$500,000 in government funds. 

Sanchez was originally appointed in 1976, reportedly as a result of the skills she displayed while working for the Central Planning Board. 



 After her aide's defection, however, her career took a downturn and she lost her alternate seat on the Central Committee during the party congress in February. According to a source of the US Interests Section in Havana, Castro visited her in

In mid-April, Havana announced that Jose Luis Padron had been dismissed as head of the National Tourism Institute, a post just below ministerial rank. His replacement is Rafael Sed Perez, another official from Castro's Coordination and Support Staff. A colonel in the Interior Ministry, Padron at one time served as the key link between President Castro and the US Interests Section. His departure was no surprise. Padron also lost his position as head of

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Jose Luis Padron. The "good life" led to Padron's removal from the party's Central Committee and the loss of his positions as head of the National Tourism Institute and of CIMEX, Cuba's largest front company operation. [redacted]

has continued to attend Cuban-hosted diplomatic receptions, which indicates he is in retirement rather than disgrace. [redacted]

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Cuba's foremost geographer, explorer, and speleologist, 63-year-old Antonio Nunez Jimenez, has apparently also been retired presumably to devote more time to writing and overseeing the publication of his multivolume work on Cuba's fauna and flora. The US Interests Section found out in April that he had been replaced as vice minister of culture by the current Cuban Ambassador in London, who once served as dean of Havana University. At the same time, Nunez Jimenez's wife, Lupe Veliz, was removed from her post as director for international relations at the Culture Ministry, allegedly for health reasons. Nunez Jimenez lost his alternate seat on the Central Committee in February. [redacted]

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CIMEX, Cuba's largest front company operation, late last year and was dropped from the Central Committee—he had become an alternate member in 1980—in February. [redacted]

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Padron's downfall appears to be part of a general campaign against officials whose corruption and ostentatious display of wealth had reached the point of public embarrassment for the regime. [redacted]

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Secondary Shakeups

Elsewhere in the governmental bureaucracy, shakeups are occurring as a result of the top-level changes made last year, with new chiefs reorganizing and putting their own management teams in place. [redacted]

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[redacted] His precipitate fall from grace may also have contributed to a family tragedy; the US Interests Section reported that, a month after his dismissal from the Central Committee, his daughter committed suicide. [redacted]

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Some officials apparently are simply being put out to pasture. Vice Minister of Foreign Relations Pelegrin Torras de la Luz, for example, was quietly dropped from the Foreign Ministry's directory of officials in January, according to the US Interests Section, and his position presumably remains unfilled. He was subsequently featured by a Havana publication as a prominent Cuban historian, suggesting that henceforth he will devote himself primarily to academic pursuits. Since January, Torras de la Luz

Similarly, Jose Luis Padron's replacement in CIMEX, Emilio Aragones, has begun a clean sweep to improve the company's image and restore its efficiency as a commercial enterprise. [redacted]

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Bohemia ©

Antonio Nunez Jimenez. Pictured here in the garb he wore during an expedition to the Antarctic, Cuba's most noted explorer, geographer, and speleologist has quietly been removed from his job as Vice Minister of Culture.

Outlook

These changes illustrate the fluid character of the Cuban bureaucracy at present, as the Castro regime casts about for ways to combat mismanagement and fend off mounting political and economic pressures. They are typical of the remedial measures Castro has adopted in the past when faced with similar crises. One new element, however, is the tendency to turn a bit more often to technocrats and younger officials rather than to old guerilla veterans and experienced prerevolutionary specialists when making promotions and filling vacancies. We expect this process of reshuffling and reorganization to continue through the end of the year as recently promoted officials try to consolidate their new empires and probe the limits of their expanded influence. In this state of flux, it is likely to be difficult for the regime to achieve immediate benefits from the changes, and any significant improvement in government efficiency—so desperately needed at present—will probably not take place until the lengthy transition period is over.

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Changing faces and organizational structures will not be enough, in our opinion, to equip the regime to meet the current economic challenges successfully. We believe fundamental policy changes are needed, and Castro is showing little indication that he is willing to make them. Some lipservice is being given to decentralization of authority, but Castro seems reluctant to take concrete steps in that direction. We note that three appointees to high positions over the past year all came from Castro's own Coordination and Support Staff and until now have had no public exposure or major managerial experience. As these relative unknowns are vaulted into high positions as a result of Castro's personal intervention, they are likely to rely closely on the Cuban leader when making decisions and exercising responsibility in their new posts.

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**Belize: Ruling Party
on the Defensive** [redacted]

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Party factionalism and growing public discontent are undermining the morale and confidence of Prime Minister Manuel Esquivel and his United Democratic Party (UDP) after 18 months in office. Esquivel and the UDP are increasingly on the defensive in the face of attacks from the opposition People's United Party (PUP)—headed by former Prime Minister George Price—on a wide range of issues, including economic policies, the government's drug eradication program, and foreign policy. In our view, despite public calls for his resignation by the opposition and a possible move by members of his own party to force him to step down, Esquivel faces no immediate danger of being forced out of office. He is, however, likely to encounter increased difficulty implementing his programs. [redacted]

government corruption have undermined Esquivel's administration. [redacted]

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Since winning its first national election in December 1984, the UDP has been unable to overcome the inexperience of its leaders and maintain the confidence of its supporters. [redacted]

The government's inexperience in coordinating policy and in public relations has caused considerable public criticism on a wide range of issues. The UDP created a sharp political controversy and lost support, for example, with the hastily announced decision to break up the Belize College of Arts, Science, and Technology, reduce its budget, and cancel construction of a new campus. The large-scale student and teacher demonstrations that resulted probably could have been avoided if the government had moved quickly to deny rumors that the school would be closed and made its intentions for the school's future clear. Such public relations missteps have prevented the UDP from building its support among the country's largely conservative, but increasingly demanding, young voters—50 percent of the country's population is under 20—on whom the party relied heavily in the 1984 election. According to the US Embassy, this group is increasingly frustrated by Esquivel's lack of strong leadership and his apparent inability to provide new education and economic opportunities. [redacted]

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Dissatisfaction From Several Fronts

Frustration with the Prime Minister's low-key leadership style, the apparent inability of government officials to organize a public relations campaign to promote government policies, and charges of

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The UDP administration has also been unable to defend its policy of selling or transferring land and granting development concessions to foreigners. The US Embassy reported that the sale of 50,000 acres to Coca Cola—for citrus cultivation—and the lease of a Belize City park to a foreign hotel investor, have become popular rallying points for UDP opponents. Besides demanding the establishment of a factfinding commission to examine the Coca Cola transaction, the opposition PUP repeatedly has raised the issue at public rallies and in the press. According to the US Embassy, the UDP's efforts to justify these actions have been disorganized and belated, allowing the PUP to score propaganda points against the government.

Economy Also a Target

Despite some successes in the economic arena, the government has come under increasing public attacks for its failure to make substantial progress toward easing unemployment. The UDP has made modest gains in reversing the economic recession by promoting foreign investment in agriculture and light manufacturing to diversify away from Belize's dependence on the sugar industry. Nevertheless, the UDP is hard pressed to provide jobs for the more than 14 percent unemployed, many of whom are turning to the lucrative drug trade, according to US Embassy reporting. Meanwhile, to meet the growing public demand for higher wages that earlier this year resulted in widespread PUP-led street demonstrations, Esquivel has already announced that the 1986-87 budget will include a 12-percent salary increase for teachers beginning next term.

Foreign Policy

The UDP has come under pressure from opponents and ruling party members alike to display more independence from the United States. The PUP and other government opponents have taken advantage of several controversial foreign policy issues—such as the relatively large number of Peace Corp volunteers, the recent construction of two Voice of America stations, and Esquivel's decision to agree to two aerial drug eradication campaigns under the auspices of the United States to portray the government as a "tool" of Washington. The US Embassy reports that the PUP has been behind demonstrations against the

aerial spraying, accusing the government of bowing to US pressure without providing economic alternatives for Belizean workers.

[Redacted]

Pressure to steer a more independent course has prompted some Cabinet ministers, most notably Foreign Minister Barrow, to express publicly

[Redacted] their disagreement with US policy in Central America,

The US Embassy reports, for example, that after a six-month debate, Barrow was instrumental in convincing the Cabinet to reverse its earlier decision not to include Nicaragua in the portfolio of the newly appointed roving Ambassador to Central America. Barrow argued convincingly that the inclusion of Nicaragua would help diffuse criticism of Belize's close ties to the United States.

Outlook

Unless Esquivel adopts a more assertive leadership style, improves the government's public relations efforts, and revives morale within the UDP, he will have increasing difficulty maintaining his credibility and implementing his initiatives. At a minimum, he will be under pressure at least to assuage members of his own party by agreeing to changes in the party executive at the forthcoming UDP convention and by reorganizing the Cabinet in the name of party unity. Meanwhile, the PUP—which has demonstrated its ability to make political capital out of the UDP's weaknesses—is likely to keep the government on the defensive. Unless Esquivel can weather the present storm of criticism, his party may face significant losses in local contests—the Belize City Council election will take place in December—and suffer damage to its position as it moves toward national elections in 1989.

[Redacted]

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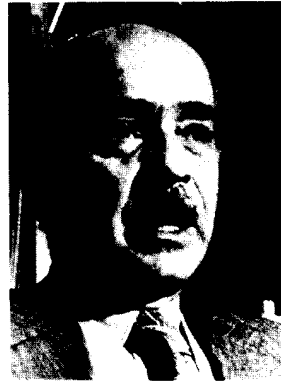
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**Bolivia's Hugo Banzer:
From Dictator to Democrat?**

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Former President (1971-78) Gen. (Ret.) Hugo Banzer Suarez, who personified the Latin American military dictator, has aligned his rightist National Democratic Action (ADN) party with the current civilian government in an apparent effort to support the country's nascent democracy. We believe that Banzer, no stranger to political intrigue but conscious of the widespread sentiment for legitimate government, has adopted the unaccustomed role of supporting the party in power as the best way to assure his own return to the presidency. His support of the government may be the key to political and economic stability in beleaguered Bolivia.



Hugo Banzer Suarez

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Pictorial Parade ©

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Banzer, the Military Autocrat

Banzer's new stance as self-professed democrat is a marked change from his autocratic years as President. Installed in a military coup, he initially headed a coalition composed of the military and two political parties, but he eventually purged the parties and ruled with only military support. The last years of his administration were marked by increasing charges of corruption and human rights violations. In the face of mounting domestic and foreign criticism, he held an election in 1978. Before the electoral outcome could be determined, however, he was overthrown by the military, which had come to view him as a liability. He was then called before Congress for alleged high treason, misuse of funds, and human rights abuses, but indictment attempts were unsuccessful.

economy and with the slogan "Order, Peace, and Work," Banzer won a plurality of the popular vote but lost in a later congressional runoff (constitutionally mandated when no candidate receives a majority) to Victor Paz Estenssoro.

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The "Pact for Democracy"

Although the close loss might have tempted Banzer to subvert the new government, he opted instead for a more legal approach. In October he and President Paz signed the "Pact for Democracy," an unprecedented accord in which they and their parties agreed to put aside partisan politics and work together on the country's urgent political and economic problems.

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A Change of Tack

Apparently recognizing that he had lost his military power base and that his countrymen were wearying of coups, Banzer changed course. He began a campaign to return to the presidency legitimately, running unsuccessfully in 1979.

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the ADN has adhered to the principles of the pact. In late February, for example, the ADN and Paz's Nationalist Revolutionary Movement joined forces in Congress to block a leftist-sponsored initiative to censure the government's economic program. For his part, Banzer recently completed a trip to several European countries, Israel, and the

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Banzer continued his quest for the presidency through the political process. Running in the election last year on a platform emphasizing ways to improve the

United States, during which time he lobbied for economic assistance and support for the democratic process and the government's economic austerity measures.

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By supporting the pact, Banzer has several advantages:

- His party receives control over some key state enterprises.
- He gains maneuvering room. Stressing that the agreement signifies neither cogovernment nor political alliance, he has called it a "Pact for Bolivia." This allows the ADN, in the role of loyal opposition, to criticize specific acts of the administration while supporting its legitimacy as a democratically elected government.
- He has a clear shot at the presidency. If, with his help, the government succeeds in alleviating the country's problems, Banzer will be the leading presidential contender for 1989. (By law Paz cannot succeed himself, and we see few other strong contenders at this time.) If, on the other hand, the government fails, Banzer can dissociate himself and the ADN from it and probably still count on receiving much of the support that he had during the 1985 election.

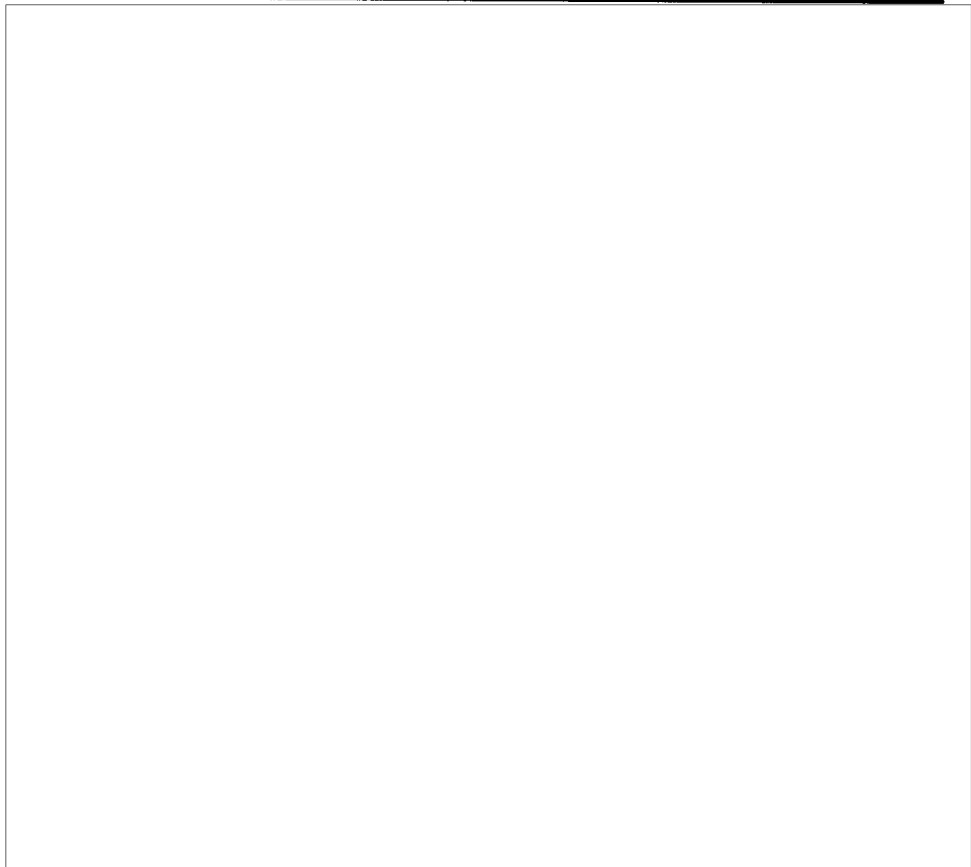
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**Latin America
Briefs**

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Cuba

Farmers' Free Markets Abolished



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President Castro's decision to abolish the so-called farmers' free markets this month, in our opinion, represents a major defeat for those favoring pragmatism in solving Cuba's mounting economic and political problems. Established in 1980 as a means of boosting agricultural productivity through monetary incentives, the markets provided peasants with an outlet to sell for profit the produce they had left over after meeting government production quotas. While the system increased the availability of farm produce, it also aroused ideological misgivings. In announcing the abolition of the free markets, Castro accused the system of promoting corruption, contributing to the recreation of the middleman class, and allowing some farmers to become "millionaires."



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Castro's action bodes ill for any chance of genuine liberalization in economic policy in the face of the country's worsening economic situation. In abolishing the markets, Castro has removed what we believe is a critical incentive to private farmers—the most efficient and productive sector of Cuban agriculture—and a significant drop in productivity is almost certain to result. His singling out of one sector of society for punishment has an ominous overtone; in the past, he has created scapegoats—as in the “revolutionary offensive” of 1968 that eliminated 57,000 small businesses—to divert the attention of the masses away from serious internal problems. While the abolition of the markets may please party hardliners, it is not likely, in our opinion, to sit well with the population in general, which is weary of continuing shortages and austerity.

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Colombia

Ambitious Economic Plans

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Outgoing President Betancur approved a series of economic measures early this month to be implemented during the last 100 days of his administration that are designed to stimulate growth and employment and reduce the budget deficit and inflation. The administration plans to open domestic interest rates to market forces—as recommended by the IMF—and enforce government austerity and severe monetary controls. At the same time, however, Betancur—with an eye to improving the chances of his Conservative Party in the presidential election set for 25 May—plans to complete 104 development projects at a cost of approximately \$850 million and channel some \$25 million in development credit to the private sector. His economic package, already under fire from the opposition Liberal Party, is overly ambitious, too late, and unlikely to meet its goals. We concur with the US Embassy's view that, although some projects will be completed and others accelerated, the next administration, which will take office in August, will probably slow many projects until it establishes new priorities.

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Secret**Cuba Chronology**

April 1986

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- 1 April** Politburo member Juan Almeida speaks at the 17th Communist Party Congress in Prague, praising the Soviets for their aid to Cuba and blasting the United States for its foreign policy.
- 2 April** Carlos Rafael Rodriguez speaks at the 25th anniversary of the Foreign Trade Ministry on improving the quality of export products to compete in the international market.
- Havana TV reports that cooperation between East Germany and Cuba in the sugar industry will double during the current five-year plan. East Germany will provide 10 agricultural-chemical centers.
- Nassau press reports that, during Foreign Minister Malmierca's visit to The Bahamas on 26 March, both countries agreed to maintain ambassadors at the non-resident level, improve cooperation, and combat drug trafficking.
- Jorge Alvarez Moreno, a Cuban doctor in charge of a team of 100 Cuban doctors and nurses working for the Libyan military, seeks political asylum with his wife in Spain.
- 3 April** Politburo member Jorge Risquet and Angolan President dos Santos meet in Luanda. Risquet presents dos Santos with a verbal message from Fidel Castro. They discuss bilateral cooperation.
- 4 April** An official in the Interior Ministry in Spain reports that Madrid has refused political asylum to former Cuban official Manuel Antonio Sanchez Perez.
- Vice President of the National Assembly Severo Aguirre del Cristo and his delegation depart for Mexico to attend the Interparliamentary Union's 75th Conference.
- 5 April** Havana press reports that during the past five years a decisive boost has been given to Cuban television transmission services, which now cover 90 percent of the country.
- The Ethiopian *Herald* reports that Chairman Mengistu received the credentials of the new Cuban Ambassador to Ethiopia, Antonio Perez Herrero.

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- 7 April** Ivan Arkhipov, First Deputy Chairman of the USSR Council of Ministers, arrives in Havana to attend the 16th session of the Commission for Economic and Scientific-Technical Cooperation.
- Raul Roa Kouri, Vice Minister of Foreign Affairs, arrives in New Delhi to discuss with Indian officials the international situation and the Nonaligned Movement (NAM) ministerial meeting to be held there the following week.
- 8 April** President of the National Assembly Flavio Bravo says anti-imperialistic spirit prevailed during the third special session of the Latin American Parliament in Guatemala.
- Granma* warns that the training of Nicaraguan counterrevolutionary gangs by the US Special Forces implies a new phase of US aggression against Nicaragua.
- 9 April** Foreign Minister Malmierca and Denmark's parliament President Svend Jakobsen meet in Havana. Flavio Bravo tells Jakobsen of the results of the recent Latin American Parliament meeting in Guatemala. Carlos Rafael Rodriguez also meets with Jakobsen and explains Cuba's stand regarding international and regional issues, and Cuban economic and social developments.
- Ouagadougou Domestic Service reports that Cuba has granted Burkina 600 high school scholarships and that a working meeting was held to discuss the utilization of these scholarships.
- 10 April** *Granma* reports that Carlos Rafael Rodriguez and Ivan Arkhipov signed a series of trade agreements that will substantially increase Soviet aid to Cuba over the next five years. Rodriguez tells Prensa Latina that the trade agreements will increase Soviet aid by \$3 billion between 1986 and 1990.
- 11 April** Vice President of the National Assembly Severo Aguirre addresses the 75th IPU Conference in Mexico and compares the US warmongering line with the USSR's peace policy.
- 12 April** Carlos Rafael Rodriguez closes the first national exports meeting of the Ministry of the Steelworking Industry, emphasizing in a critical sense the problem of quality.

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14 April

At the NAM ministerial meeting in New Delhi, Isidoro Malmierca expresses confidence that the NAM countries will reiterate their solidarity with Nicaragua, which is facing US attacks.

15 April

Granma charges that the US attack on Libya "confirms that the center of state terrorism against the emancipated peoples is in Washington."

Armando Hart attends the 17th Italian Communist Party Congress in Rome. He says a Vietnamization process has begun in Central America that can be more painful for the United States than for Nicaragua.

16 April

Raul Castro, on the occasion of the 25th anniversary of the Bay of Pigs victory and Militia Day, sends congratulations and revolutionary greetings to participants in the battle.

The UK's United Nations delegate rejects what he calls "an offensive and personal attack" on Prime Minister Thatcher by a Cuban envoy who accused her of a role in the "murder" of innocent Libyans.

Fidel Castro sends a cable to Tripoli condemning the barbaric US aggression against the Libyan people and assuring Cuban solidarity against this aggression.

17 April

Justice Minister Juan Escalona concludes a three-day visit to Laos. He meets with his counterpart, Kou Souvannamethi, and signs a bilateral cooperation protocol.

19 April

Fidel Castro speaks at the 25th anniversary of the Playa Giron victory. He says whoever tries to take over Cuba will only find the soil awash with his own blood, or else die in the attempt.

21 April

Minister of Justice Juan Escalona returns to Cuba from Czechoslovakia, Vietnam, Laos, and Cambodia. He signed cooperation agreements with the police organizations in the countries he visited.

Deputy Sonia Rodriguez Cardona is appointed Minister President of the State Committee for Material and Technical Supply. She replaces Irma Sanchez, who will carry out other tasks.

The State Committee for Statistics of Cuba dedicates a new calculations center in Havana equipped with two Soviet computers that will process statistics.

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- 22 April** Carlos Rafael Rodriguez receives Kenneth Datsy, Secretary General of UNCTAD, to discuss the international economic situation and ways in which developing countries are affected by the foreign debt.
- 23 April** Havana Radio Reloj announces that CEMA member countries will cooperate with Cuba in the extraction and exportation of oil and gas and advanced technology for exploitation of oilfields.
- Cuba begins a new round of talks in Havana with Paris Club creditors on refinancing its foreign debt of 3.5 billion at a time when Cuba's exports are dropping.
- 24 April** The 49th CEMA meetings for maritime transportation cooperation concludes with the signing of a multilateral agreement relating to the consumption of combustible fuel and energy on ships.
- 25 April** In *Granma*, the Cuban Government urges people to sell their jewelry and old coins to the Central Bank to help boost the country's international reserves.
- 28 April** Havana press reports that a delegation from the Paris Club held four days of talks last week with Central Bank President Hector Rodriguez Llompart on refinancing the 1986 maturities on Cuba's debt.
- 29 April** Mexico City press reports that Cuba has told its foreign creditors it will suspend debt payments for 90 days, beginning 5 May, while seeking favorable repayment terms and \$500 million in cash to make up a projected shortfall.
- 30 April** Peruvian Prime Minister Luis Alva Castro arrives in Havana.
- Raul Castro presides over the ninth plenum of the National Committee of the Union of Young Communists, calling on Cuban youths to continue preparing with quality for the defense of Cuba.



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