



Directorate of
Intelligence

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**Latin America
Review**

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10 October 1986

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ALA LAR 86-024
10 October 1986

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**Latin America
Review** [Redacted]

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Articles

Mexico: Democratic Current Stirs PRI [Redacted]

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[Redacted]

The recently formed Democratic Current, a leftist faction in the ruling PRI, is unlikely to be able to open the party to broader decisionmaking, but its mere existence suggests that the process of naming a successor to President de la Madrid will be more rough-and-tumble than usual. [Redacted]

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Brazil: Tensions Over Agrarian Reform [Redacted]

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[Redacted]

Agrarian reform is the most controversial political issue in Brazil today, pitting peasant organizations and leftist groups against landowners. The Sarney administration lacks the political force and the financial resources to enact thoroughgoing reform, and its gradual approach to redressing the country's inequitable land distribution will displease all parties in the dispute. [Redacted]

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Argentina: The Evolution of Alfonsin's Cabinet [Redacted]

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[Redacted]

President Alfonsin's dissatisfaction with the performance of key ministers, combined with squabbling within the Cabinet, has led him to appoint a younger, more technocratic Cabinet. The new team will help Alfonsin govern more effectively. [Redacted]

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Trinidad and Tobago: Heading Into Elections [Redacted] 19

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A rapidly deteriorating economy, a newly organized opposition, and growing divisiveness in the ruling party may lead to a defeat for Prime Minister Chambers' government in elections many observers predict will be held next month. [Redacted]

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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, [Redacted]

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**Latin America
Review** [Redacted]

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Articles

**Mexico: Democratic Current
Stirs PRI** [Redacted]

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The recently formed Democratic Current (CD), a leftist faction in the ruling Institutional Revolutionary Party (PRI), is attracting considerable attention within the party and throughout the country. The group ostensibly supports internal democratic reforms, including more open debate on national issues and greater participation of the rank and file in decisionmaking, according to press reports. The movement, however, probably exists more as a vehicle for PRI leftists to increase their visibility in the party and to influence the nomination of the 1988 presidential candidate. Although the CD is a source of concern within the PRI and is highly publicized in the Mexican press, we do not believe it represents a serious challenge to the ruling party: its goals are illusory and ill defined, and mainline party activists, who dominate the PRI, have launched a strong attack against it. Nevertheless, the existence of such a movement [Redacted] puts additional pressure on President de la Madrid and suggests that the road to naming a successor may be a bumpy one. [Redacted]



Proceso

Porfirio Munoz Ledo—trying to play a larger role in the selection of the 1988 presidential candidate [Redacted]

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during the Echeverria administration and to play a larger role in the selection of the 1988 presidential candidate, who traditionally is chosen by the incumbent. [Redacted]

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Munoz Ledo's [Redacted]

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[Redacted] initial strategy included quietly courting party officials and attempting to mobilize sectors of the Mexican left without alienating President de la Madrid and the current PRI leadership. He probably hoped to build a solid support base before the plan was made public.

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PRI Reaction

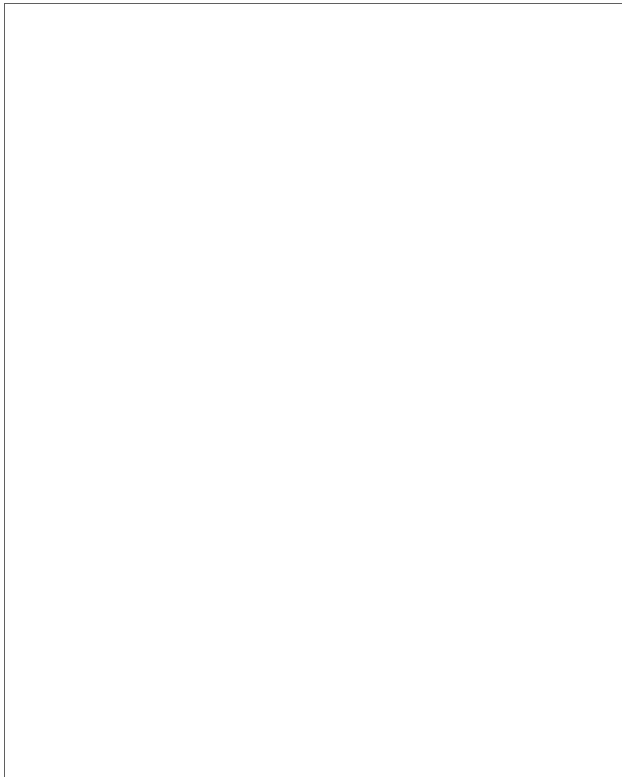
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In further attempts to garner support, Munoz Ledo has solicited the backing of the Catholic Church. The negative publicity surrounding the organization, however, has frightened off the church hierarchy, which is not prepared to risk losing the benefits it receives from its special relationship with the mainline PRI.

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Outlook

The CD lacks the support of most senior officials and commands little loyalty from the rank and file. Because of these shortcomings, we do not believe it has much chance of directly challenging the de la Madrid administration. The group appears to have only a vague political agenda and to consist largely of frustrated leftists on the fringe of party affairs. Its leaders probably will find it an ineffective vehicle to increase their participation in major decisionmaking or to influence the presidential succession.

The Mexican media, which the PRI probably is using to influence public opinion about the CD, have given much attention to the issue in recent weeks. Press articles have intimated that the initiative is a direct challenge to the current administration and suggest that former President Echeverria is behind the movement—an association that Munoz Ledo probably wants to avoid because of Echeverria's lack of popularity in Mexico, particularly within the ruling party.

Conservative, mainstream PRI leaders are seeking to discredit the group, and Munoz Ledo probably will be unsuccessful if he seeks to use the CD to advance his own presidential aspirations or to gain a Cabinet post in the administration entering office in 1988.

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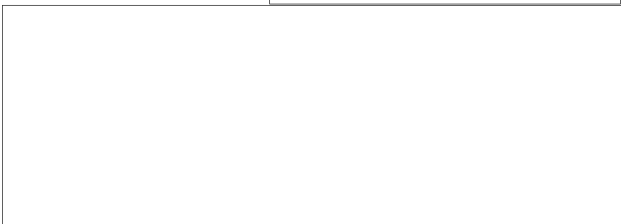
Limited Support

The CD to date has established only a limited following—most PRI members probably, and rightfully, fear alienation from within the party if they support the effort.

Nonetheless, the group is likely to continue to publicize its views. In an effort to secure greater popular support, it may try to draw more attention to dissatisfaction with electoral fraud used by the PRI in recent elections. In our judgment, the CD is unlikely to foster any radical change or split within the PRI, however, and its actions probably will serve only to isolate Munoz Ledo and his limited following.

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Nevertheless, the mere existence of such a movement puts additional pressure on de la Madrid and suggests that political jockeying for the presidential succession will be more rough-and-tumble than usual.

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Brazil: Tensions Over Agrarian Reform [redacted]

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In May 1985 President Sarney launched with much fanfare a land reform program he hoped would bolster support for his government, prevent instability in rural areas, and increase agricultural productivity. Despite these intentions, agrarian reform has burgeoned into the most controversial issue on the Brazilian political scene, according to the US Embassy in Brasilia. Delays in the program have prompted peasant organizations and leftist parties to accelerate land seizures, damaged church-state relations, and provoked a minor Cabinet crisis. Landowners have used legal ploys, illegal tactics, and even violence to undermine the government's efforts to carry out land redistribution. Lacking both the political power and the financial resources to enact thoroughgoing reform, the Sarney administration, in our view, will continue its gradual approach to redressing Brazil's inequitable land distribution. This approach will probably prove unsatisfactory to all parties in the dispute, thereby ensuring that land reform will remain a contentious issue for the future. More immediately important, in our view, it will probably cost Sarney some support in the elections this November, as clashes between both leftist and rightist groups persist, and reform-related violence remains high. [redacted]

Rural Inequality

Official statistics indicate that land concentration in Brazil is severe and increasing. According to the 1980 rural census, only 1 percent of all rural landowners control 46 percent of the arable land, while 50 percent of all farmers control just 2 percent of rural property. A recent census indicates that large landowners—farmers holding more than 1,000 acres—have increased their holdings rapidly in the past 15 years. With government financial incentives favoring large-scale production of export crops and sugar cane, large landholders have increased their holdings at the expense of small and medium-sized farms, often forcing tenants and sharecroppers from land on which they had raised domestic food crops for years. Moreover, Brazil's massive hydroelectric construction

Brazil: Production of Domestic Food Crops 1970 Versus 1985

Tons

	1970	1985
Total	55,288,000	60,903,985
Beans	2,211,000	2,547,925
Corn	14,216,000	22,017,154
Manioc	29,464,000	23,072,553
Rice	7,553,000	9,019,156
Wheat	1,844,000	4,247,197

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program has destroyed the holdings of many small producers. Finally, persistent high inflation has caused rural—and urban—elites to accumulate, but not cultivate, property as a speculative investment.

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[redacted] the increasingly inequitable land distribution constitutes a serious social and economic problem. For example, the Embassy reports the number of farm laborers with little or no land surged from 6.7 million in 1978 to 10.6 million in 1984. As a result, [redacted] violence between landowners and the landless has proliferated in recent years, and 116 people died in conflicts over land in 1984. Some experts estimate that speculators hold 550 million acres—38.8 percent of Brazil's privately owned agricultural land—in a country that has the world's sixth highest malnutrition rate, according to the World Bank. Large tracts of idle land and the decline in the number of small farms have caused the production of domestic staples to increase less than consumption requirements since 1970, forcing Brasilia to augment food imports. [redacted]

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Sarney's Reform Creates a Furor

In a move calculated to reduce rural violence and bolster popular support for his government, Sarney announced in May 1985 his intention to promote land reform. In his speeches touting the plan, Sarney said that agrarian reform would be part of a longer term effort by his government toward eliminating social inequities. He foresaw a process that would bring unused arable land into production, increase domestic food supplies, and provide jobs in rural areas. He said that 20-30 million people would receive land under his program. [redacted]

Nelson Ribeiro, then Minister of Agrarian Reform and Development, drafted the preliminary reform plan. [redacted] the plan was modeled after an existing land redistribution statute that the military regime failed to implement during its 20-year rule. Instead of immediate expropriation of massive landholdings, the reforms were to be carried out over a 15-year period. In the first stage, landholdings were to be inventoried and the government empowered to purchase or expropriate unproductive land from privately owned large farms for distribution to the rural landless. [redacted]

Despite the administration's efforts to craft a moderate program sanctioned by law, the proposal created an instant political furor that surprised and embarrassed Sarney. The Embassy reported that leftist parties and peasant groups began organizing to take land through violent seizures. Landowners reacted by criticizing the government's infringement of private property rights, and they formed armed groups to stop the takeovers. The Brazilian press gave extensive coverage to the spate of armed clashes that left scores dead in rural areas in the summer months of 1985. As violence mounted, the Embassy noted that serious criticism of the plan arose from the National Security Council and Sarney's military ministers. Seeing the violence that the mere anticipation of land transfers provoked, the military ministers feared implementation of the plan would lead to widespread rural unrest in Brazil's New Republic. [redacted]

Land Reform and the Breakdown of Brazilian Democracy in 1964

Academic research indicates that the controversy surrounding land reform in 1962-63 helped contribute to the political crisis that provoked a coup against Brazil's constitutional government. Joao Goulart, who succeeded to the presidency when Janio Quadros resigned suddenly in 1961, was hoping to use land reform to undercut his leftist critics and bolster support for his government. In May 1962, he proposed a constitutional amendment sanctioning land expropriations for redistribution to peasants. The intent was to improve social justice and agricultural productivity. According to historical accounts, Goulart's program immediately drew the ire of the left as a halfhearted measure, while influential landowners and political office holders castigated his program as demagogic. The disenfranchised in the rural areas were mobilized into peasant leagues to carry out land invasions. The Catholic Church, traditionally pro-status quo, experienced internal ferment, as a significant number of pro-reform activists arose in its ranks. Despite Goulart's politicking, he was never able to gain the support of Congress for his constitutional amendment. Some academics contend that the legislative battle over land reform contributed in part to a paralysis in democratic government that heightened political polarization and thwarted economic reform. The resultant economic chaos and social unrest helped convince the military to take power from the civilians to restore order and to restart development. [redacted]

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The furor caused the administration to backtrack and revise the plan. Sarney ordered a watered-down version of the program last October that sanctioned expropriations only after negotiations failed. The President's approval was required on national and regional redistribution plans as well as future expropriation decrees. In his announcement of the program, Sarney assured landowners that productive properties would not be touched. [redacted]

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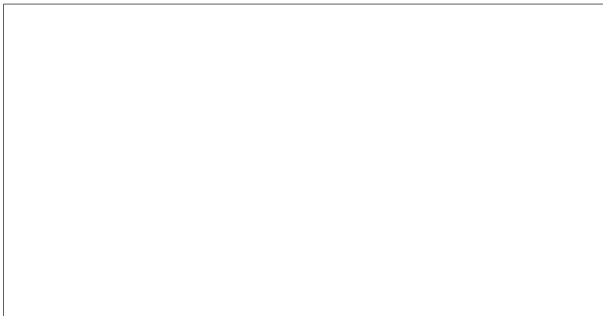
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Tensions Increase in 1986

Sarney's efforts to calm the ferment by seeking a compromise solution have backfired. [redacted] the leftist parties and labor are stepping up their pressure on the government to carry out massive reform this year. Aside from their ideological commitment to land reform, many leftist politicians believe they can exploit the issue to win votes in the coming congressional elections. [redacted] the Workers Party is providing much of the logistic support for organizing large-scale demonstrations by the "landless" in the countryside.



According to the Embassy, however, the most powerful pressure group advocating reform is the Catholic Church. The National Council of Bishops and the Pastoral Land Commission—largely dominated by leftist clergy—are in the forefront of the effort, but even church moderates favor peaceful land redistribution. The National Council of Bishops has criticized the government's plan as inadequately funded and poorly administered. Although the church's hierarchy offers largely rhetorical protest, [redacted] local priests and dioceses are forming lay groups in rural areas that combine religious education with political instruction for peasants. The church hierarchy condemns violence, but [redacted] some local priests in rural areas are heavily involved with leftist parties in instigating violent land seizures. [redacted]

These activities are meeting considerable resistance from landowning conservatives. The toughest opposition group is the Rural Democratic Union, founded primarily by cattle ranchers in late 1985. According to Embassy reports, it claims to be just another lobbying group defending the broad interests

of all farmers and ranchers in Brazil's New Republic. The organization, however, emphasizes agrarian reform to the exclusion of most other issues. It has attacked the administration's program in a major antiland redistribution campaign this year, and it claims to have opened 10 local chapters with 7,000 members. The Rural Democratic Union holds auctions of donated cattle to fund political lobbying of Congress and promote sympathetic candidates in the November elections. On many occasions, however, the members resort to vigilantism to achieve political goals. For example, the Embassy reports that caravans of the group's members have forcibly expelled squatters from occupied lands, [redacted]



Political Fallout and Increasing Rural Unrest

Implementation of the land reform program has been slowed in the wake of the political controversy. To date, official statistics show that 8,000 families have been resettled on expropriated lands—only 5 percent of the families slated to be moved this year. Spokesmen for the government's Institute for Colonization and Agrarian Reform—the agency administering the reform—admit that the majority of these expropriations have been difficult, albeit highly visible, legal cases intended to address particularly thorny areas of the law. At the same time, the Embassy reports that Marco Maciel, Chief of the Civilian Household, with Sarney's apparent approval, has exercised strict control over the pace of reform, pushing a gradualist approach. Moreover, we believe that a lack of adequate funds and a high degree of administrative incompetence have also impeded the effort. [redacted]

Despite the administration's efforts, violence has worsened. The Ministry of Agrarian Reform estimates that by June there had been 92 murders related to land controversies. According to the Brazilian press, violent incidents were particularly numerous in May, and culminated in the murder of a Catholic priest active in supporting the landless. This

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murder shocked the country [redacted]
[redacted]

workers' organizations will continue vociferous propagandizing, demonstrations, and land invasions in support of peasants. At the same time, landowners will continue to impede—by legal means and vigilante actions—implementation of the reforms. The underlying tensions will remain, as will the potential for violence in the rural areas. [redacted]

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Official disagreements over the appropriate pace of land transfers sparked a minor crisis in the Cabinet later in May. Brazilian press reports said that clashes between the aggressive, left-leaning Minister of Agrarian Reform, Nelson Ribeiro, and conservative, right-of-center Maciel increased in frequency and bitterness. Ribeiro resigned in protest after he failed to gain presidential approval for his reform plans, which included emergency land expropriations. To smooth over the crisis, Sarney publicly reaffirmed his administration's commitment to land redistribution and appointed a young leftist politician, Dante de Oliveira, as the new minister. [redacted]

[redacted]

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Outlook

The Sarney administration is publicly committed to continuing its pragmatic approach to land reform. Recognizing the political sensitivities surrounding the issue and aware of the military's fears of provoking widespread rural unrest, we believe Sarney will take a crisis control approach to prevent violent activities by leftist and rightist groups. The government will probably carry out a limited number of high-profile expropriations, focusing on idle properties where large numbers of squatters live or where armed conflict appears likely. Lacking the political support and financial wherewithal to carry out land reform, we believe the government's program will fall far short of its goal of creating a stable, more productive rural society. Sarney probably is gambling that such a piecemeal approach will satisfy political liberals who support his coalition without alienating the powerful landholding class, including many congressmen. We believe this approach runs the risk of satisfying neither political group, thereby causing the loss of some support for Sarney in the November elections.

[redacted]

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For the longer term, we believe agrarian reform will continue to be a politically explosive issue. The Catholic Church, the leftist parties, and rural

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Argentina: The Evolution of Alfonsin's Cabinet

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President Alfonsin's Cabinet has changed considerably since he took office nearly three years ago. The President's dissatisfaction with the performance of key ministers, combined with squabbling within the Cabinet, has led to the appointment of a younger, more technocratic Cabinet. The new team will help Alfonsin govern more effectively and buttress his goal of modernizing Argentine political and economic institutions.

Alfonsin insisted on making all important decisions himself, relying only on a few trusted advisers for guidance, according to Embassy reporting. This independent style of leadership, combined with his departure from traditional UCR policies, resulted in growing friction between Alfonsin and some old-guard Radical Party Cabinet members.

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Cabinet Discord

Alfonsin began his tenure in December 1983 with a cabinet comprised mainly of prominent members of his Radical Civic Union (UCR) party. The President incorporated only a few trusted personal advisers, such as Foreign Minister Dante Caputo and Defense Minister Raul Borrás, into the Cabinet, according to the US Embassy in Buenos Aires. Seven of the 10 original administrative chiefs were members of Alfonsin's statist-oriented Renovation and Change faction of the UCR, while one, Interior Minister Troccoli, belonged to the UCR's conservative National Line faction. Most political observers regarded only Caputo and Social Action Minister Aldo Neri as technocrats who did not owe their appointments to their UCR credentials.

In addition to disagreements between Alfonsin and his Cabinet, severe problems within the ministries themselves, such as ineffective leadership and political infighting, hindered the President's efforts to carry out his policies, according to press and Embassy reports:

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- *Economics Ministry.* We believe economic policy suffered in the early days of the new government from serious policy disputes among Alfonsin's economic advisers. The original Economics Minister, Bernardo Grinspun (a longtime member of Renovation and Change), was one of the first Radical stalwarts to leave the Cabinet, resigning in early 1985 over differences with the President on the direction of economic policy and over public quarrels with the then Director of the Central Bank. Similar disputes with Alfonsin led to the removal of Energy Secretary Conrado Storani in April 1986. Most recently, the President replaced his second Central Bank Director with a technocrat more willing to restrain burgeoning monetary growth and take other measures to control inflation.

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Alfonsin, in our view, designed the Cabinet to satisfy competing interests within the UCR and provide solid support—through the predominance of his Renovation and Change faction—for his policies. As Alfonsin settled into the presidency, however, his agenda for Argentina began to diverge substantially from that of many of his Cabinet members. In his quest to strengthen the country's political institutions and halt spiraling inflation, Alfonsin began to move away from the statist and nationalist tradition of his Renovation and Change faction by implementing an economic austerity program and seeking rapprochement with Washington.¹ Moreover,

- *Defense.* This Ministry has been the most troublesome for Alfonsin, who has had four defense ministers. The first two, Raul Borrás and Roque Carranza—both close friends of the President—died in office. The third minister, German Lopez, had greater difficulty than his predecessors in working with the military and was involved in several feuds with other Cabinet members that

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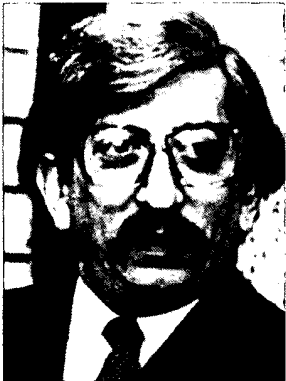


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Cabinet Members



United Press ©

Dante Caputo

Minister of Foreign Relations and Worship (Since December 1983)

Former academic . . . capable minister despite diplomatic inexperience before assuming the post . . . has confidence of Alfonsin, according to US diplomats . . . in firm control of Foreign Ministry, although often clashes with career diplomats over foreign policy issues . . . both leftist and rightist extremists criticize his moderate, pragmatic policies . . . new to UCR party, where he has little support . . . 42 years old.

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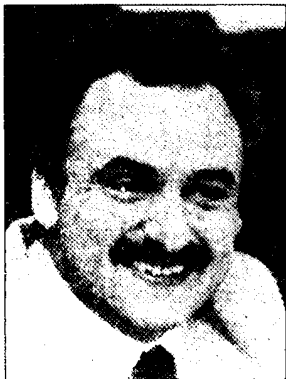
Somos

Juan Vital Sourrouille

Minister of Economy (Since February 1985)

Respected technocrat . . . relative newcomer to UCR party . . . key economic official in Alfonsin administration . . . masterminded Austral Plan, government's anti-inflationary "economic shock" program . . . favors free market policies . . . emphasizes growth in industry . . . 46 years old.

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La Prensa

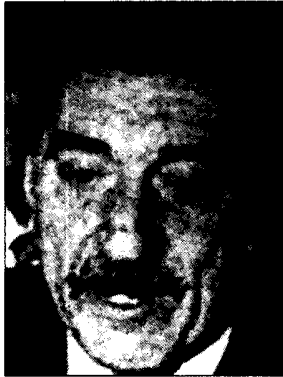
Jose Horacio Jaunarena

Minister of Defense (Since June 1986)

Fourth Minister of Defense since 1983 . . . as number two in the Ministry established good links to armed forces, especially Army, despite lack of military background . . . twice passed over for minister because of his youth (now about 42) and lack of solid party support . . . appointment as Minister marks first time Alfonsin had awarded important portfolio on basis on experience in ministry rather than close political ties . . . building sound security relationship with US . . . described by US diplomats as crafty political survivor.

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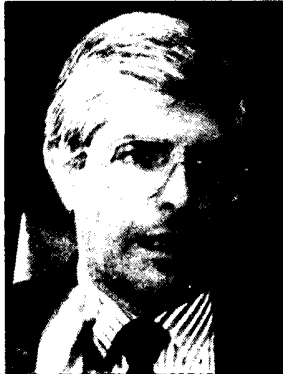


Julio Raul Rajneri

Minister of Education and Justice (Since June 1986)

Close associate of Alfonsin and founder of President's Renovation and Change UCR faction in Rio Negro Province . . . shares Alfonsin's objection to human rights abuses during military regime . . . was surprise choice for Cabinet post . . . given credit in press for influencing Alfonsin to propose Viedma, capital of Rio Negro, as the future federal capital . . . former director of the Rio Negro newspaper and founder of Argentina's first two private news agencies, Noticias Argentinas and Diarios y Noticias . . . 58 years old.

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Pedro Agustin Trucco

Minister of Public Works and Services (Since July 1986)

Youngest member of Cabinet (37) . . . earned portfolio through great energy and dedication displayed in previous job as under secretary for river and marine transport . . . not in public life until 1983 return to democracy . . . has promised to speed up privatization programs and reduce government influence, especially in maritime sector . . . member of Coordinadora faction of UCR.

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Carlos Becerra

Secretary General of the Presidency (Since February 1986)

Young (37), sharp, influential member of UCR's Coordinadora faction . . . mentioned as future UCR candidate for Cordoba governorship . . . appointment to current post followed strong performance as national deputy from Cordoba . . . active in defense and foreign policy issues in Congress.

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La Semana

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eventually led to his resignation. The record turnover of ministers in this department, in our view, has complicated the government's already tense relationship with the armed forces.



his own generation, replacing them with technocrats such as Economics Minister Juan Sourrouille and Labor Minister Hugo Barrionuevo. These men, along with Caputo, Defense Minister Horacio Jaunarena, Education Minister Julio Rajneri, and Public Works Minister Pedro Trucco, are widely considered by the press to be team players who believe in Alfonsin's political agenda. A growing minority of Cabinet members, especially lower ranking heads of the secretariats, are Radicals who belong to factions other than Renovation and Change or, as in the case of Industry and Foreign Trade Secretary Roberto Lavagna, to the rival Peronist Party.

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- *Labor.* This Ministry, in our view, has also suffered from a lack of leadership continuity. Alfonsin's first labor minister mishandled the Congress's vote on a trade union reform bill, seriously damaging government-labor relations and dealing the administration its first legislative defeat. His replacement served only six months before resigning to devote full time to his position as leader of the UCR in Buenos Aires province, thus necessitating the appointment of the current minister.
- *Education and Justice.* Minister Carlos Aramburu, whom the US Embassy describes as a respected UCR member, resigned in June 1986 for what he said were health reasons. The press reported, however, that Alfonsin was unhappy with Aramburu's lackluster performance, the Ministry's bungling of the state-of-siege proclamation last November, and the tensions that educational policy was provoking with the church.

Implications

We believe that Alfonsin now has a relatively cohesive Cabinet that reflects the changes in his views since he assumed office. This younger, innovative team supports the President's increasingly pragmatic and nonideological approach to government and, like Alfonsin, is not wedded to the UCR's traditional policy prescriptions. These ministers also lack the autonomous power base in the UCR enjoyed by their predecessors and are consequently more beholden to the President. The new Cabinet, in our judgment, will enable Alfonsin to present a more united front in the executive branch's efforts to overcome the obstacles that have hampered Argentina's economic and political development over the past 50 years.

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Although Alfonsin has a more technically competent Cabinet, the executive branch still suffers from several problems. In our view, one major flaw in Alfonsin's strategy has been his failure to fire any of his ministers. Some, such as German Lopez, ex-Public Works Minister Neri and former SIDE chief Rossi, have resigned, but Alfonsin has merely shuffled many of the originally troublesome Cabinet members to other posts in government. Ex-Economics Minister Grinspun is currently serving as Planning Minister; former Energy Secretary Storani is now Minister of Social Action; and both Rossi and Domestic Commerce Secretary Concepcion were moved to important posts outside the Cabinet before finally resigning. Alfonsin's inability to rid his government of incompetent or ideologically incompatible officials

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The New Cabinet

According to the press, over the past three years Alfonsin has used 19 individuals to fill eight ministerial positions and 73 appointees to fill 29 Cabinet secretary slots. We believe that these changes have dramatically altered the outlook and priorities of the Cabinet. The average age of Cabinet members has declined from 58 to 48. The President has weeded out many ideologically inflexible UCR party militants of



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means that he will still face resistance to innovative policies from within the executive branch. Both the Radical party and most of the government outside the Cabinet have not undergone the same political evolution as Alfonsin, and we believe that the President does not yet have a strategy to deal with this anomaly. [redacted]

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Finally, Alfonsin must also coexist with the number-two figure in the executive branch, Vice President Victor Martinez, a conservative leader of the UCR's Cordoba faction. [redacted]

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[redacted] While Martinez and his allies probably will not significantly influence administration decisions, his presence will continue to strain decisionmaking in the executive branch and hamper the speedy implementation of Alfonsin's policies. [redacted]

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Trinidad and Tobago: Heading into Elections [redacted]

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The People's National Movement (PNM), which has governed Trinidad and Tobago since that country won independence from the United Kingdom in 1962, may be unseated by the National Alliance for Reconstruction (NAR) in elections many observers predict will be held next month. The rapidly deteriorating economy, newly organized opposition, and growing divisiveness in the ruling party centered on George Chambers's lackluster performance as Prime Minister are largely responsible for the PNM's troubles. Still, the opposition must overcome internal squabbles and the greater financial and organizational resources of the PNM to win the election. We doubt that either party would radically change the course of Trinidad's foreign or domestic policies over the next few years. [redacted]

The NAR's "Platform for Change" published last July outlines plans to curtail government corruption, limit a Prime Minister to two terms in office, give greater independence to local government, and stimulate private investment by lowering corporate taxes and dismantling state-owned businesses. In an effort to diversify Trinidad and Tobago's oil-based economy, the NAR platform calls for development emphasizing the agricultural and construction sectors. The platform also outlines a foreign policy supporting the principles of the Nonaligned Movement (NAM), a New International Economic Order, and a more active Trinidadian role in the Caribbean Community. [redacted]

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The Opposition

In recent years, the historically weak and fragmented opposition has enhanced its electoral strength by joining forces. In the 1981 national elections, candidates from the United Labor Front (ULF), the Democratic Action Committee (DAC), and the Tapia House Movement allied under the National Alliance for Trinidad and Tobago (NATT) to win 22 percent of the total vote and 10 of the 36 seats in Parliament (eight ULF, two DAC). Candidates from the Organization for National Reconstruction (ONR), running independently, also received 22 percent of the vote but not enough in any district to win parliamentary seats. In late 1985, the ONR and the NATT united to form the NAR, in anticipation of national elections mandated by February 1987. [redacted]

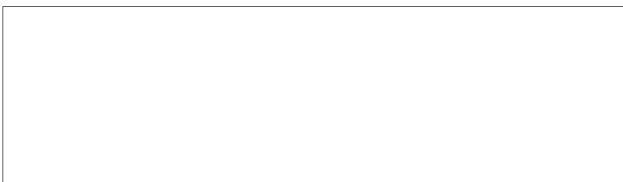
The four parties forming the NAR represent a wide social and political spectrum. Conservative and moderate businessmen dominate the ONR. The ULF is made up primarily of East Indian labor groups, including leftist sugarcane workers. The DAC's support is limited largely to the small island of Tobago, and the Tapia party consists of a small group of leftist intellectuals. In a survey last May by a respected Trinidadian pollster, 60 percent of the country's East Indians and 40 percent of blacks and other ethnic groups support the NAR.¹ [redacted]

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The opposition's newfound numerical strength is partly offset by the competing agendas and personalities of the participants. With half the NAR candidates for Parliament already selected, substantive differences and personal rivalries have intensified as the number of available electoral and party leadership positions shrinks: [redacted]

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Opposition candidates also have made impressive gains in recent local elections. In 1983, a "semi-united" opposition picked up almost half the county, municipal, and city council seats defended by the PNM on the island of Trinidad. NAR members now occupy 66 of the island's 120 total council seats. Although Chambers campaigned actively in 1984 to retain the ruling party's 8 to 4 majority in Tobago's House of Assembly, opposition candidates secured 11 of the 12 seats. [redacted]



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¹ East Indians and blacks each comprise 43 percent of Trinidad's population of 1.2 million; the remaining 14 percent are of mixed race. [redacted]

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The Economic Downturn

Trinidad's economy, the largest in the English-speaking Caribbean, has experienced cumulative problems since 1982. With oil revenues accounting for 70 percent of Trinidad's export earnings, the sustained drop in world oil prices has drained the country's foreign exchange reserves, fueled a foreign debt that has jumped from \$968 million in 1981 to over \$1.9 billion at present, and driven the rate of unemployment to at least 20 percent. Real GDP fell 8 percent during 1983-85, and the US Embassy predicts output will drop 2 percent this year. In an effort to ease the country's foreign payment strains, the government devalued the currency by 33 percent last December. To cover a fiscal deficit that the Ministry of Finance expects to reach \$600-700 million this year, the country has stepped up requests for foreign borrowing, but lending commitments are well below needs. To compensate, Port-of-Spain drew down international reserves 20 percent during July and August to about \$600 million, according to US Embassy estimates.

The economic contraction has severely pressed organized labor, whose membership has fallen from 40 percent of the work force in the 1970s to less than 30 percent currently. Despite rising unemployment, lockouts by businesses, and the erosion of benefits

gained during the oil boom, the US Embassy foresees no significant shift by major labor unions toward radical policies or violent tactics. The 1985 reorganization of the state sugar enterprise CARONI will eliminate 4,500 jobs by 1988, and cuts in subsidies to other government-owned companies will bring further layoffs. A few unions that traditionally support the PNM show signs of backing the NAR, but the Embassy doubts that radical political parties have gained support. We believe unrest will grow, however, as the economy sags over the near term.

[Redacted]

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Trinidad and Tobago's economic bind has prompted the government to explore expanded ties to Cuba and the Soviet Union, but it is moving cautiously. In late 1984, the government entered a \$15 million reciprocal trade agreement with the Castro regime. Havana has tried to take advantage of Port-of-Spain's economic plight and gain a diplomatic presence by claiming that, when more "normal" relations are in place, Cuba would expand its purchases of Trinidadian products.

[Redacted]

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[Redacted]

[Redacted]

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The Ruling Party

In addition to the challenges of opposition unification and a deteriorating economy, the ruling People's National Movement is racked by worsening intraparty disputes. The bickering apparently has focused on Chambers, who lacks the charisma and drive of his predecessor, the late Eric Williams. No overt threat to Chambers's position has been mounted

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Trinidadian Political Leaders



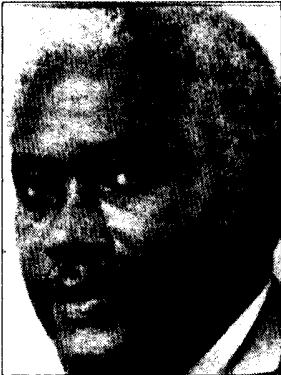
Photoreporters ©

George Chambers

Prime Minister, Minister of Finance and Planning since death of Eric Williams in 1981 . . . elected PNM head in 1981 . . . [redacted] . . . claims commitment to Caribbean integration but sidetracked from regional issues by domestic problems . . . opposed US-led intervention in Grenada in 1983 . . . studied general education and agriculture at Oxford . . . 58 years old. [redacted]

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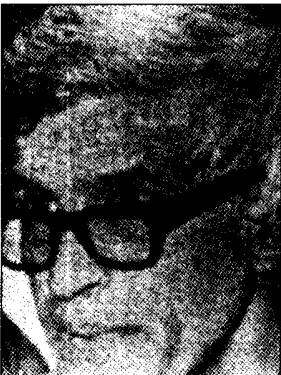


Sunday Guardian

A. N. R. Robinson

First leader of the opposition National Alliance for Reconstruction (NAR) . . . popular black Tobagonian . . . former Cabinet minister during the 1960s . . . resigned from PNM in 1970 . . . formerly led Democratic Action Congress . . . reserved and deliberate . . . received law degree in London . . . also has degrees in philosophy, politics, and economics . . . 49 years old. [redacted]

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Sunday Guardian

Basdeo Panday

Opposition leader in Parliament . . . deputy NAR leader . . . formerly head of United Labor Front . . . president of the All Trinidad Sugar and General Workers Trade Union . . . radical activist during the 1960s . . . practiced law 1965-76 . . . also has degrees in economics and dramatic art . . . [redacted] devout Hindu . . . ideologically left of center . . . stresses commitment to democracy and peaceful opposition . . . 53 years old. [redacted]

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so far, but many senior PNM officials privately blame him for the party's troubles. [redacted]

design to wrest political power from certain sections of the community." Since then he has charged that a NAR victory would cause "chaos." [redacted]

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[redacted]

[redacted]

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Outlook

The Alliance currently appears to hold a slight edge, but the ruling party's adeptness at exploiting its inherent advantages and the timing of the election will influence the outcome. The PNM's redistricting and access to other government resources, as well as its established grassroots structure, could at least partly offset recent NAR gains. Most observers believe that the longer Chambers waits to call an election, however, the harder it will be for his party to win. The weakening economy is draining government revenues and raising prospects for a highly unpopular currency devaluation by early 1987. At the same time, delayed elections would help the NAR to develop its fledgling organizational apparatus. [redacted]

Popular support for the party apparently is at a record low. Two-thirds of the respondents to a survey in May said they want a change in government; only 18 percent preferred the reelection of the PNM. Still, almost half those polled expect the PNM to retain power. [redacted]

The electoral record and the NAR's growing appeal to black voters suggest that major racial violence is unlikely, but we believe allegations of massive vote fraud could spark at least sporadic unrest. This election will be the first in which blacks have headed the two major parties.² Although the PNM is likely to warn of an "Indian takeover" in hopes of consolidating black support, the NAR's ability to deflect PNM charges will turn on the Alliance's presentation of acceptable black candidates. Ten of the 18 candidates nominated by the NAR thus far are black, but the Embassy says none are of "star-quality." [redacted]

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Fearing further setbacks before the election, the ruling party has taken some piecemeal measures to try to bolster its position. The party in August indefinitely postponed local Trinidadian elections originally scheduled for that month. The US Embassy says the PNM-dominated elections commission recently gerrymandered 21 voting districts to enhance the ruling party's chances in the populous corridor east of the capital, Port-of-Spain. The Embassy also notes that the PNM is the only party refusing to participate in forming of an electoral code of conduct sponsored by an interdenominational church group.

We believe a PNM win would result in many new Cabinet members but little change in foreign or domestic policy. Chambers has publicly promised a fresh slate of candidates. The PNM clearly hopes to

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² The PNM has always faced East Indian leaders of the opposition in national elections, except in 1981, when Hudson-Phillips headed the ONR in a three-way race. [redacted]

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[redacted]

As in the past, PNM campaign strategy reportedly involves exploiting the country's historical racial cleavages. In a speech in July that opponents denounced as racist, Chambers warned of a "grand

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counter the NAR's "time for a change" theme by presenting itself as a revitalized party, but it has not indicated it is preparing significant changes in policies. We believe Chambers will continue to maintain nonaligned foreign policies with occasional praise and denunciations of the United States. We doubt that Chambers would attempt to reassert the country's regional leadership until economic conditions improve.

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An NAR victory would immediately test the unity of the new alliance. We believe that if ULF-sponsored candidates win numerous parliamentary seats, Panday might well challenge Robinson's leadership. According to Embassy officials, the ULF is virtually assured of winning at least 8 to 10 seats, and is likely to be the strongest NAR contingent. It is not clear, however, to what extent ULF members would support Panday over Robinson. Relations between the NAR's business and labor factions would also be severely tested, because the NAR pledge to "privatize" the economy—the government controls about 80 percent of the economy—would inevitably cause layoffs. Although Robinson apparently favors stronger relations with the United States, we believe Panday's influence could be sufficient to block such a tilt.

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Regardless of the election outcome, the next administration will have to cope with major economic constraints. With or without IMF support, tighter austerity measures will be necessary to protect the country's dwindling international reserves. We believe sharp reductions in government spending and a second devaluation since late 1985 almost certainly will face the new government. Selling of or cutting subsidies for most of the 64 jointly or wholly government-owned companies will probably continue, but resistance by labor groups that have already made major concessions may slow this process. An NAR victory could heighten labor expectations and raise the potential for unrest if, as we expect, the economy continues to deteriorate over the near term. Given the economic impetus behind recent contacts with Cuba, gradual expansion of trade with Havana is likely to occur no matter which party wins the election.

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Latin America Briefs

Cuba

New Anticrime Commission Created

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The mounting wave of street crime, juvenile delinquency, and other forms of antisocial behavior prompted the Castro regime in late September to create a new office of the Council of State, called the National Social Attention and Prevention Commission, to try to reverse the tide. Judging from an announcement in the Cuban media, the commission, rather than dealing with the crime problem directly, will be primarily a coordination mechanism, charged with managing the crime prevention and rehabilitation programs of 21 different elements of the government, party, and mass organizations. Party Politburo member Vilma Espin, president of the Federation of Cuban Women, was named to preside over the commission.

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The Cuban media have focused increasingly on the crime problem. In late August, for example, a Havana radio station reported the capture of a person implicated in 16 robberies and the arrest of a gang of 14 thieves who were responsible for 20 break-ins at warehouses and other commercial establishments in the capital. *Moncada*, the monthly journal of the Interior Ministry, has described in detail some of the more audacious cases of criminal activity encountered by the National Revolutionary Police, and has pointed an accusatory finger at one of the party's mass organizations, the Committees for the Defense of the Revolution (CDRs), for contributing to the success of criminals through apathy. At the CDRs third congress in September, the fight against crime was made the organization's top priority.

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Despite the appointment of the single-minded, tenacious Espin to head the new commission, we doubt that it will amount to much more than yet another layer of bureaucracy on an already topheavy governmental system. Nevertheless, the creation of the commission and the naming of a Politburo member to head it reflect the growing concern at the highest level over the current crime trend. The leadership appears to have become convinced that, in light of Cuba's deteriorating economic situation, remedial action must be taken at the national level if the rising incidence of crime is to be kept from developing into a major domestic political issue.

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ALA LAR 86-024
10 October 1986

Brazil

Beef Shortage Causing Public Discontent [redacted]

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[redacted] President Sarney's government believes that Brazil's meat shortage is likely to become a political issue in the campaigns for local elections next month. Though Brazil is normally a beef exporter, several factors have contributed to the widespread scarcity:

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- Thousands of beef cattle died in a prolonged drought early this year.
- Government price controls have caused ranchers to withhold supplies from the market.
- Higher real wages under the Cruzado Plan have sharply increased the demand for meat products.

The shortage is receiving extensive and critical press coverage, according to the US Embassy in Brasilia. [redacted] lengthening queues to purchase beef—a key staple in the Brazilian diet—are drawing the ire of consumers.

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[redacted]

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To alleviate the shortage and resultant consumer discontent, the government last month announced a higher producer price for beef and the elimination of value added tax on beef, poultry, and fish. It also banned beef exports, limited poultry exports, and increased meat imports. Nevertheless, producers remain dissatisfied with the new price and continue to withhold cattle from the market, according to the Embassy. In response, Sarney invoked—on a limited scale—a controversial law that allows the government to confiscate cattle from private producers to augment domestic supplies. Even if such seizures cause ranchers to begin to comply with government demands, we believe beef shortages are likely to persist for the next two to three months because of delays in the distribution network. In the interim, consumer dissatisfaction with the scarcity of beef and other basic products is likely to cost candidates of the government's party some support in the elections next month, as well as undermine public confidence in Sarney's economic management. [redacted]

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