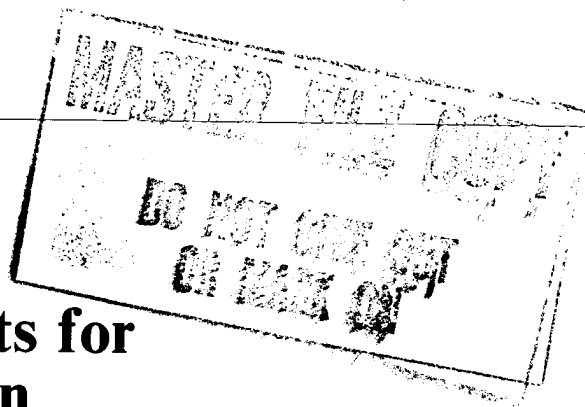




**Director of
Central
Intelligence**

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Guyana: Prospects for a Leftist Coalition

Special National Intelligence Estimate

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April 1985*

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GUYANA: PROSPECTS FOR A LEFTIST COALITION

Information available as of 3 April 1985 was used in the preparation of this Estimate, which was approved by the National Foreign Intelligence Board on that date.

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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organization of the Department of State.

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The Assistant Chief of Staff for Intelligence, Department of the Army

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SCOPE NOTE

Guyana, a relatively small and sparsely populated country on the northeast shoulder of South America, has faced a drastic downturn in its economy over the last several years. President Burnham, unable to attract much Western aid and investment, has turned increasingly toward the Soviet Bloc and Cuba for economic support. He also is exploring an alliance with his Marxist-Leninist political opposition as a means of obtaining potentially greater Communist assistance.

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This Estimate briefly examines the political and economic setting in Guyana. It then looks at Burnham's relations with Moscow, Havana, and other Communist and radical countries, and considers the prospects for expanded relations over the next year or so. It also discusses the prospects for a political coalition with the Communist opposition and the potential internal and external impact. Finally, it examines the longer term prospects for Guyana, with or without a coalition, and the impact of either alternative on Soviet and Cuban interests.

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KEY JUDGMENTS

Since the loss of Grenada in 1983, Moscow and Havana have moved to enhance relations with Guyana as part of their strategy for rebuilding their influence in the Caribbean. As a result, the Soviets and Cubans have renewed their longstanding effort to encourage Guyana's longtime dictator, Forbes Burnham, to invite the leader of Guyana's Communist Party, Cheddi Jagan, into a coalition government. Meanwhile, Guyana's worsening economy has prompted Burnham to look to the USSR, Cuba, and other Communist countries for aid. Burnham has begun coalition negotiations with Jagan, apparently as a means of gaining foreign economic support and defusing domestic political tensions.



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Moscow and Havana so far have shown little inclination to provide significant economic or military aid to Guyana. Relations are nevertheless expanding, and more substantial aid might be in the offing should a coalition agreement be reached. The Soviet presence, which has remained stable at about 70 people since 1982, is likely to grow



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For their part, the Cubans have courted Burnham more actively in the past year than at any time since establishing relations in 1972. The Cuban presence has grown to about 80 officials, mainly civilian advisers working on new agricultural or medical projects. the Cubans reportedly have provided small arms to the Burnham regime. However, we believe that Burnham—distrustful of Soviet/Cuban motives and aware of US, Venezuelan, and Brazilian sensitivities—would be unlikely to permit the Soviets or Cubans to have a large military or civilian presence in Guyana.



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Meanwhile, other Communist states are getting more heavily involved in Guyana. North Korea now has some 200 people in Guyana, primarily engaged in various economic development projects. East Germany recently reached a barter agreement and may have provided limited military assistance. In addition, Bulgaria may become involved in a major hydroelectric project. As in Grenada, such activity may enhance Communist influence while precluding the need for large-scale Soviet involvement.




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Burnham would probably agree to a coalition government with the Communist Party if he concluded it would be to his net political and economic advantage. We believe he would agree to a coalition in the hope of:

- Extracting enough economic, and possibly military, aid from the Soviets and Cubans to improve the economy and shore up support among his Afro-Guyanese backers.
- Undermining Jagan's political standing by having him share the blame for continued economic hardship and any subsequent repressive measures, such as strike breaking, that may become necessary. 

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We believe Burnham would want a coalition before the end of 1985, when he must call elections. Although he is already holding talks with the Communists, prospects for a coalition remain doubtful, primarily because the two sides have not yet been able to agree on a meaningful compromise. Still we do not rule out the possibility that a coalition could emerge before the end of the year. 

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Even if a coalition materializes, Jagan's party, its membership heavily Indo-Guyanese, would have little chance of gaining real influence. Burnham not only is unwilling to share power, but would also probably bend to pressure from the almost exclusively Afro-Guyanese military establishment to restrict the Indo-Guyanese role. The military, which is the key to Burnham's continued supremacy, is also suspicious of Moscow and Havana because of their long association with Jagan and his followers. Thus, while the military would probably welcome Soviet Bloc arms, it would probably oppose a large Soviet or Cuban presence.





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 we believe the military might intervene to prevent or overthrow a coalition government if it believed that the Soviet Bloc and Cuba were gaining too much influence or that Jagan's supporters were achieving dominant positions. In this case, we believe the military's goal probably would be limited to establishing a new civilian government committed to protecting its interests and containing the Soviet and Cuban role. Such a government would be unlikely to dismantle the statist economic structure or abandon Third World rhetoric, but it probably would be more friendly to the United States and more pragmatic in trying to resolve Guyana's economic difficulties. 

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A Burnham-Jagan coalition would probably facilitate Soviet and Cuban efforts to influence Guyanese and other regional leftists. The

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USSR clearly values Guyana as a supporter of Soviet causes in international forums and as a participant in Soviet front organizations and peace groups. Havana probably hopes to expand use of Guyana as a meetingplace for regional leftists, as the regional distribution center for Cuban propaganda, and for intelligence collection in the eastern Caribbean. Guyana's location offers many of the same geographic advantages to Havana as Grenada did as a potential site for air facilities between Cuba and Africa, and the Cubans may be interested in gaining access rights. For his part, Burnham might agree to selective use of Guyanese air facilities by the Cubans, the Soviets, or their allies in return for economic inducements, should they be offered at some future date. 

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DISCUSSION

The Political Setting

1. Except for Paraguay's President Stroessner and Cuba's President Castro, President Forbes Burnham has been in power longer than anyone in the Western Hemisphere. Although he has retained the trappings of a parliamentary democracy, Burnham has ruled as a dictator during his 20 years as leader of Guyana. Burnham is Afro-Guyanese, and his regime has resulted in black domination of the country's political, military, and economic spheres, even though Guyana's East Indian community is numerically larger.¹ The Guyanese leader has entrenched his black followers in every key institution, including labor and the military. The nation's mounting economic troubles, however, are beginning to weaken Burnham's traditional support mechanisms.

The People's National Congress

2. Burnham is the creator and undisputed leader of the People's National Congress (PNC), a socialist-oriented party that draws its support primarily from the largely urban Afro-Guyanese. The party has served as Burnham's principal mechanism for generating political support, playing on perceptions of blacks that he is the only alternative to their subjugation by the Indo-Guyanese ethnic majority. The party structure parallels that of the government and, under Burnham's direction, the PNC establishes policy lines and monitors the government's implementation of those policies. Burnham maintains his absolute power over the party structure by frequent shifts in assignments, thereby establishing a climate of uncertainty and preventing potential rivals from establishing a power base. Most of the so-called factions within the PNC have been created by Burnham to keep his subordinates off balance.

¹ Guyana's population at about 700,000. Slightly over 50 percent are Indo-Guyanese of East Indian origin, and some 43 percent are Afro-Guyanese or blacks. A sprinkling of Chinese, Portuguese, British, and Amerindians make up the remainder.

The Military

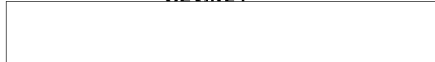
3. The almost exclusively Afro-Guyanese security forces—military and paramilitary—are the key element in Burnham's power base. To facilitate control of the military, Burnham has split the security forces into four competing entities: the Guyanese Defense Force, the Guyanese People's Militia, the Guyanese National Service, and the Guyanese Police Force. In addition, the Guyanese leader uses a variety of techniques to ensure loyalty, including personally approving the appointment of all senior officers. Officers of all services are indoctrinated politically and, before promotion to captain, must swear an oath of personal loyalty to Burnham. Despite the country's staggering economic problems, he also has attempted to make certain that military pay and benefits are provided efficiently.

4. Nevertheless, mounting budget deficits forced Burnham to slash last year's budget of the Guyanese Defense Force (GDF). As a result of the cutback, real wages for the military plummeted, and there was rising discontent among all ranks. Even Burnham loyalists in the GDF openly criticized the President during the past year. By mid-1984, Burnham had turned to the police to staff his personal bodyguard—an indication of his concern about the loyalty of the GDF.

Organized Labor

5. Organized labor, with the exception of the Indo-Guyanese sugar workers, has traditionally been a strong base of support for Burnham. Nevertheless, a number of unions hitherto susceptible to PNC direction have taken an increasingly independent path since the government broke a six-week strike by

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Guyana's Armed Forces

We estimate the strength of the Guyanese defense establishment to be about 6,400. The defense establishment consists of several forces, including the Guyanese Defense Force (GDF), the Guyanese People's Militia (GPM), the Guyanese National Service (GNS), and the Guyanese Police Force. The government could almost double the size of the Defense Force if it ordered a general mobilization. The Army has one understrength infantry brigade with 2,250 men and a second brigade that is probably used solely as a training unit. The GDF also comprises a small Navy and Air Corps, with a combined strength of 500. Most of the senior officers in the GDF were trained by the British, and are reported to be highly competent and professional. Since the early 1970s, GDF officers have received training in Brazil, Cuba, East Germany, North Korea, the United States, and Canada.

Paramilitary forces include the People's Militia, which serves as the principal reserve force and has an active strength of 1,775, including a permanent staff of some 400 men. The youth-oriented National Service has an estimated permanent staff of 1,200 and trains up to 2,000 recruits a year. Since 1974 an estimated 11,000 to 15,000 have been trained. A third paramilitary organization, the Guyanese Police Force, has a strength of about 2,500. One of its elements is the Tactical Services Unit, a battalion-size riot squad similar to a light infantry battalion. In a general mobilization, these paramilitary organizations would probably be incorporated into GDF line units.

Most of the weapons in the GDF inventory were supplied by Brazil, North Korea, Yugoslavia, and the United Kingdom. More recently, Guyana has approached the USSR and several Soviet Bloc countries for arms.



The military is capable of border surveillance and maintaining internal security, but could not hold out for more than a few days against, for example, a full-scale invasion by Venezuela. The GDF's greatest weaknesses are its lack of air defense and its limited logistic capability.

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and opposition elements ousted the PNC from control of the umbrella Trades Union Congress—the nation's sole collective bargaining agency—for the first time in 20 years.

The Opposition

6. Burnham continues to benefit from the long-standing disunity and ineffectiveness of Guyana's political opposition. The Marxist-Leninist People's Progressive Party (PPP), headed by Cheddi Jagan and made up almost entirely of Indo-Guyanese, is the official opposition party, with 10 of the 72 seats in parliament. Not generally perceived as a serious threat to the ruling party, the PPP is useful to Burnham as "proof" that Guyana tolerates a free opposition. The PPP's political domination prior to Guyana's last free election in 1964 was based on Jagan's immense popularity with the Indo-Guyanese poor.

many outside political observers believe Jagan is no longer a serious political force. He reportedly participated in the rigged 1980 election mainly to earn the official title of "opposition leader," and he cooperates with the regime as often as he criticizes it. In recent years, he has spurned efforts of other opposition groups to form a united front against Burnham.

7. Another Marxist party, the Working People's Alliance (WPA), founded in the late 1970s, appeals for support across racial lines and publicly demands a true democratic process, including free elections and human rights. Burnham regarded the WPA as a potentially serious threat and took early steps to hamstring it. The murder of its leader in 1980 is widely believed by Guyanese to have been directed by Burnham, and further harassment by the government has stunted the party's growth and effectively inhibited remaining members.



8. virtually the only other currently active opposition groups are the recently formed Democratic Labor Movement party and the Guyana Council of Churches. Both are relatively moderate in the Guyanese context and probably favor better relations with the United States. Nevertheless, they suffer from inadequate resources and so far have been unable to generate meaningful support.

bauxite workers, most of them Afro-Guyanese, in the spring of 1983. The massive layoffs that followed, in which many of the strikers lost their jobs, left a legacy of bitterness. Erosion of Burnham's control over labor was underscored last September, when independent

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We believe that, if Burnham disappeared from the political scene, none of these organizations would garner much influence in the near term.

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The Economy

Dismal Economic Performance

9. Despite Guyana's wealth of resources and official claims of recent progress, the country's economy is in shambles. We believe that in 1984 output plummeted about 10 percent to barely 60 percent of the peak 1976 level. This represents the steepest economic decline of any Latin American country over the past eight years. Output of the chief export commodities—bauxite, alumina, sugar, and rice—has been hampered by adverse world trends, pervasive corruption, mismanagement, and labor disputes. Burnham has responded to the downward trend not by encouraging private enterprise, but by expanding the state's control of the economy. The private sector's share of production is now only about 15 percent. At the same time, the low level of exports and a chronic inability to obtain budgetary support from international financial institutions have forced Guyana to implement stringent import restrictions.

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10. The unfavorable performance of Guyanese exports has crippled its ability to finance the imports on which its economy depends. In the struggle to balance its international accounts, Georgetown has slashed imports, exhausted its foreign reserves, and built up large payment arrears. External debt, which stood at \$694 million at the end of 1982, climbed to \$1.3 billion by December 1984.

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11. Guyana's public finances have deteriorated in tandem with the country's mounting foreign payments problems. The economic slump and a flourishing black market have greatly reduced government revenues. At the same time, rising interest payments, growing losses in unprofitable public corporations, large consumer subsidies, and long-delayed wage hikes have swelled government expenditures. Since foreign financing has almost completely dried up in recent years, the deficit has been financed by borrowing from the domestic banking system and by printing money. As a result the inflation rate is now some 30 percent annually, while the unemployment rate exceeds 25 percent.

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12. Despite Guyana's grave economic plight, Burnham has been unwilling to take sufficient austerity measures to regain funding from international lenders. Past International Monetary Fund (IMF) programs have foundered on Guyana's repeated failures to meet

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agreed-upon fiscal and monetary targets; the last agreement, in 1982, came unglued after only three months. Burnham's refusal to undertake extensive economic restructuring, including a steep devaluation of the currency and a revival of the private sector, has been a major obstacle in obtaining a new IMF accord.

Burnham believes implementation of these measures would directly threaten his Afro-Guyanese power base—whose loyalty he has ensured with favors, privileges, and jobs in the public sector. Moreover, any revival of the private sector would disproportionately benefit the commerce-oriented Indo-Guyanese community.

13. Because the Inter-American Development Bank (IDB) has attached fewer strings to its loans than other potential Western donors, it is Guyana's only remaining source of sizable foreign funds and the only international lender with which Guyana is current in its obligations. the IDB last June planned project aid to Guyana worth \$30-40 million annually during 1984 and 1985. The IDB also continued work on a \$40 million irrigation project.

High Social Costs

14. The unraveling of the economy has drastically reduced living standards, and, according to reporting from a variety of sources, basic survival increasingly consumes the attention of most Guyanese. Endemic shortages of food, drugs, transportation, electricity, and water worsened in 1984. The educational system, once the region's best, has disintegrated. The Guyanese traditionally have looked to emigration, not political action, as the solution to their misery. As a result, we believe that Burnham is increasingly aware that, unless he can improve the country's economic performance, he risks losing support even among the Afro-Guyanese, who have long been his principal backers.

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Relations With Moscow and Its Allies

Pressure for a Coalition Government

15. Burnham's relations with Cuba and the USSR traditionally have been characterized by mutual suspicions and distrust. Despite his leftist policies, the Cubans and the Soviets have long viewed the Guyanese leader as a corrupt opportunist, and Burnham is well aware that both countries would prefer to see their ideological kinsman, Cheddi Jagan, in power. Moscow and Havana are resigned to the political reality of Burnham's firm grip on power, however,

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and, [Redacted] have long advocated that he include the PPP in a national front government. [Redacted]

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16. Recent trends, however, have generated greater interest on both sides in expanded ties and a corresponding renewed effort toward a coalition government in Guyana. Recognizing the dim prospects of obtaining economic help from the West, Burnham by 1982 began to turn increasingly toward the USSR and its allies. Since the loss of Grenada in 1983, Moscow and Havana have moved to enhance existing relations with Georgetown as part of their strategy to rebuild their position in the Caribbean. Consequently, according to a variety of sources, Cuba and the USSR during 1984 renewed their push for a coalition government.

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[Redacted]

such a role could adversely affect Soviet relations with neighboring Brazil and Venezuela, as well as Argentina and Peru—states with which the USSR has significant economic ties. Still, the Soviets will continue to probe for new opportunities to develop influence in Guyana. [Redacted]

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19. The USSR clearly values Guyana as a supporter of Soviet causes in international forums and as a participant in Soviet front organizations and peace groups. Moscow has exploited such local leftist attitudes as exist to its advantage, but has taken a cautious approach in expanding its relations with Georgetown. The Soviet presence, which has remained stable since 1982, stands at about 70 people. The Soviets have an ally in Jagan's pro-Moscow PPP, and they also have several supporters within the Burnham government and the PNC. [Redacted]

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17. In our view, Burnham also may be encouraging coalition pressure with an eye toward its effect on both the West and Moscow. He may hope that the prospect of Jagan's Communists returning to power would prompt the United States to try to avert such a development by offering Burnham incentives—such as softer IMF terms. [Redacted]

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20. Despite its interest in promoting a leftist coalition government, Moscow so far has been unwilling to provide any significant economic aid to Guyana. The Soviets traditionally have considered Guyana a poor investment and trade risk because of its weak creditworthiness. Moscow and Georgetown have discussed barter arrangements that would use Guyana's bauxite as the key commodity, but the preference of both sides for hard currency has been a major obstacle in reaching agreement. [Redacted]

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[Redacted] For the same reason, he may hope that Venezuela and Brazil would step up their limited economic assistance, and that Venezuela would be more accommodating in resolving its territorial dispute with Guyana. As for the Soviets, Burnham may hope that they would abandon their parsimony in the expectation of making progress in uniting leftist forces in the region. [Redacted]

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Soviet Interests

18. Soviet objectives in Guyana generally parallel those for Latin America as a whole, that is, to neutralize or supplant US influence and to promote leftist change. At the same time, the USSR does not want its support of leftist groups to jeopardize more important state interests. For this reason, Moscow may be wary of too extensive an involvement with Guyana, because

Cuban Role

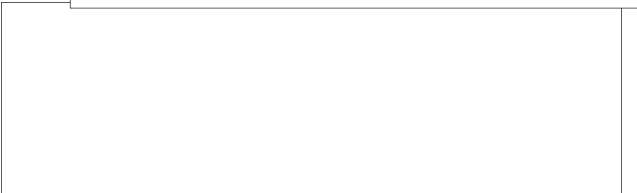
22. Keenly aware of their political isolation in the Caribbean, the Cubans view Guyana—in the aftermath of Grenada—as the best available base of operations to try to restore their credibility with regional

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leftists and to regain influence. In the past year, Havana has courted the Burnham regime more actively than at any time since relations were established in 1972.



Moreover, Cuban Foreign Minister Malmierca followed up with a five-day visit to Guyana in November to discuss bilateral relations. Despite these overtures, we believe that Castro continues to distrust the opportunistic Burnham, while Burnham still harbors suspicions about Cuban contacts with his domestic opposition.

23. The Cuban presence in Guyana has grown from some 55 people in 1983 to about 80 officials, and it is likely to expand in the near future.

the majority are civilian advisers involved in various medical or agricultural projects, including sugar and tobacco cultivation, dairy production, and cattle raising.



24. Castro is likely to continue pressing for a larger Cuban role in Guyana, primarily because it provides him with the best available access to Eastern Caribbean leftists. Following the pattern previously used in Grenada, Havana probably hopes to expand use of Guyana as a meetingplace for regional leftists, as the regional distribution center for Cuban propaganda, and for intelligence collection on the Eastern Carib-



25. Cuba's economic problems and its distrust of Burnham probably will limit its willingness to provide substantial economic and political aid to Guyana in return for Burnham's agreement to form a coalition government. Havana is more likely to continue to offer only small amounts of aid, security force training, and scholarships. Castro may hope that this assistance, combined with additional Soviet aid and Burnham's domestic political considerations, will be enough to persuade the Guyanese leader to link up with Jagan. Once a coalition is in place, Cuba may be willing to provide more substantial assistance.

Other Actors

26. In the past year, Guyana has strengthened relations with other Communist states. North Korea, which has carefully cultivated Burnham's favor since the mid-1970s in line with its worldwide competition with South Korea, stepped up its activities during 1984. The North Korean presence now numbers over 200,

North Korean technicians are in Guyana in connection with a variety of aid projects, including an irrigation scheme, a hydroelectric project, a glass factory, and several health projects. The large North Korean mission in Georgetown provides a convenient base for anti-Seoul and anti-US diplomatic and propaganda activities. In May 1984, P'yongyang sent 12 military instructors to train Guyana Defense Force personnel to operate recently purchased howitzers and air defense artillery.

27. The German Democratic Republic is represented in Guyana by a trade office, and

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[Redacted]
GDR provided two small patrol boats to the Maritime Corps of the GDF [Redacted]

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[Redacted]

[Redacted] some Guyanese officers are already worried about what they see as increased North Korean, Cuban, and Soviet influence in Guyana. We believe the largely British-trained officer corps is basically pro-Western, [Redacted]

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[Redacted]

The rank and file probably reflect the pro-Western sympathies that prevail in the population at large. Such popular commanders as the Chief of Staff, Brig. Gen. Norman MacLean, and Desmond Roberts of the Defense Secretariat are reported to be pro-Western. [Redacted]

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28. [Redacted] Bulgaria is negotiating to fund some of the construction costs of a hydropower station, but work has yet to begin. China maintains a small diplomatic mission in Georgetown, and a few Chinese technicians are assigned to the Ministry of Economic Development. [Redacted]

29. Libya's presence in Guyana has been reduced recently. Tripoli closed its People's Bureau in Georgetown in early 1985, and [Redacted]

[Redacted]

[Redacted] Libya still has an Islamic Cultural Center in Guyana and participates in two joint agricultural ventures with Guyana. [Redacted]

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Possibility of a Burnham-Jagan Coalition

Risks of a Coalition Government

30. Before agreeing to a coalition government, Burnham would weigh the risks and benefits carefully. He is not inclined to share power, and would want to ensure that he does not undermine his support among his black constituency, especially the military. He also would want to determine the economic rewards and dangers before making a final decision. On balance, we believe that, if Burnham concludes that a coalition government is to his net political and economic advantage, he would probably go forward with one, possibly before the end of the year. [Redacted]

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32. The officer corps—overwhelmingly Afro-Guyanese—owes its privileged position to Burnham and the PNC. Burnham would have to assure the officer corps that its interests would continue to be protected and that the Indo-Guyanese would not achieve any positions of real power. While the military would be likely to welcome Soviet Bloc arms and technical assistance, the officer corps probably would oppose a large Cuban or Soviet presence. They would fear Communist ties to the PPP, as well as the danger of provoking US intervention. [Redacted]

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33. Should Burnham and Jagan agree to a coalition, we believe the armed forces might intervene if they believed that Jagan supporters were achieving dominant positions or that the Soviet and Cuban roles were becoming too influential. [Redacted]

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Economic Calculations

34. Burnham would also give strong consideration to economic factors before making a final decision on a coalition. He especially would weigh the benefits and risks of Western versus Soviet Bloc aid. As matters stand, an agreement with the IMF probably would reopen other Western financing and produce faster economic results than Soviet Bloc aid, but Burnham sees an agreement as a threat to his power base. An IMF program not only would impose austerity on his black supporters but also could bring a revival of the Indo-Guyanese-dominated private sector. [Redacted]

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The Military Perspective

31. Because the military establishment remains the main prop shoring up the Burnham regime, the Guyanese leader almost certainly would take the military's views into account in considering the formation of any coalition government. Military leaders probably would strongly disapprove of any meaningful government role for Jagan and his followers. Aside from fears rooted in ethnic animosity, many military leaders reportedly view Moscow and Havana with suspicion because of their longstanding ties to Jagan.

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36. The Soviet Union and Cuba may already have agreed to provide increased economic and military aid in return for Burnham's agreement to pursue a coalition. While we have no direct evidence of such a deal, we have noted increased, but so far limited, Communist aid activities over the past year.

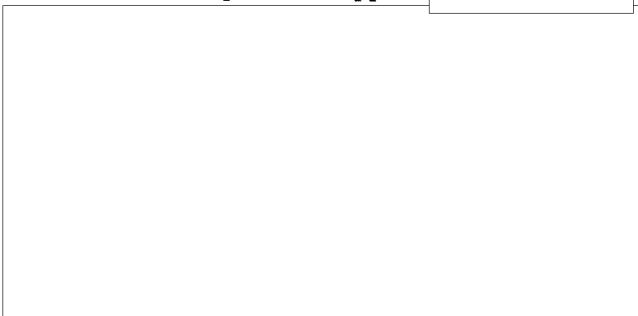
37. Burnham also might want to bring Jagan into the government in order to have his opponent share the blame for continued economic hardship. For example, Burnham might offer Jagan some troublesome ministry, such as labor or agriculture, for the purpose of making him bear the onus of further repressive measures, including strike breaking, that may become necessary as the economy continues to deteriorate. Using such tactics, Burnham would hope to limit political damage to his own party and erode Jagan's already faltering support among the Indo-Guyanese.

Political Impact

38. Even if Burnham decides on a coalition government, we see little chance for Jagan's party to gain power. Burnham has made several pro-Moscow or pro-Cuban appointments to high government and party posts during the past year, aimed partly at diminishing Jagan's value to Moscow by increasing his own. These appointments include:

- Ranji Chandisingh as PNC General Secretary, Deputy Prime Minister, and Vice President.
- Richard Van West-Charles as "Senior Minister" of Health and Public Welfare.
- Halim Majeed as Deputy Political Adviser in the Office of the President.

Like many other Indo-Guyanese elevated by Burnham, Chandisingh and Majeed defected from the PPP. None of these functionaries, however, has any substantial base of independent support.



39. We believe the formation of a Burnham-Jagan coalition government would make it somewhat easier for the USSR and Cuba to influence Guyanese affairs

and, over time, their broader strategic interests might be better served as well. Guyana would probably give even stronger political support for Soviet-Cuban positions, serve as a model of unity for the region's splintered leftist groups, and provide a more effective focal point for support to radicals in the Eastern Caribbean.

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40. We judge that Burnham—shaken by the US intervention in Grenada—would continue to monitor Cuban and Soviet activities closely. Because of US, Venezuelan, and Brazilian sensitivities, and Burnham's underlying mistrust of Cuban and Soviet motives, he would be unlikely to allow Havana or Moscow to have a large military or civilian presence. A coalition arrangement also might put Cuba and the USSR in a better position to take advantage of the political vacuum likely to occur with the eventual departure of Burnham from power. Should such a departure occur in the near term, however, we doubt that party and government officials linked to Moscow and Havana would have sufficient influence to be able to control the outcome of a leadership struggle.

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Impact on Other Foreign Actors

41. Since Venezuelan President Lusinchi took office in February 1984, his government has sought to improve relations with Guyana. These have long been strained by a territorial dispute over Guyana's Essequibo region. The Venezuelan Foreign Minister visited Guyana in February 1985, and there are indications that Venezuela may significantly reduce its territorial demands. Strong nationalistic sentiments in both countries probably will hamper progress on this issue, however, and we believe a near-term resolution is unlikely. Nevertheless, economic relations may increase over the next year as Caracas attempts to expand its influence in Guyana.

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42. The Lusinchi government recently has expressed concern that the presence and influence in Guyana of advisers from Cuba and other Soviet-aligned countries is growing

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The formation of a Burnham-Jagan coalition—as opposed to mere talk of future possibilities—would be likely to deepen Venezuela's anxiety about Communist political inroads because of Jagan's ties to the Soviet Union. A governing role for Jagan would, in our view, especially alarm the Venezuelan military and the private sector.

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43. Brazil's relatively recent interest in Guyana stems from security concerns. In mid-1981

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referred to Guyana and Suriname as Brazil's

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“soft underbelly” and echoed the military’s longstanding concern that a neighboring country might come under Cuban influence or Communist rule. During 1982, the Brazilians followed up [redacted] sending their Foreign Minister to Georgetown and hosting Burnham in Brasilia. The two countries signed agreements to cooperate in energy, mining, agriculture, and other areas. Brazil also authorized a \$10 million arms sale, although so far only a few small arms reportedly have been delivered. [redacted]

strenuous effort were made, Guyana would be \$9 million short of paying off its debt to the Fund in 1985. [redacted]

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44. [redacted]

[redacted] we believe Brasilia may be willing to offer trade and aid incentives to bolster Burnham and to diminish the prospect of his turning to Jagan or Havana for support. For their part, the Guyanese, who in the past generally ignored Brazil, are now giving it extensive press coverage. Following Brazil’s recent presidential election, Guyana sent a high-level delegation to the inauguration to discuss improved bilateral relations. This suggests that Burnham may be looking toward Brasilia as a source of more extensive economic support. [redacted]

47. In these circumstances, the hardships of the vast majority of Guyanese are likely to deepen this year as supplies of basic foods, particularly rice and milk, and services continue to shrink. Moreover, Trinidad’s growing economic difficulties apparently are prompting it to reconsider its oil supply arrangement with Guyana. Should Trinidad harden its credit terms, Guyana’s already inadequate fuel and electricity supplies probably would be further reduced. [redacted]

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48. In our view, the likely response to the deepening misery of the ordinary Guyanese, whether black or Indo-Guyanese, will continue to be emigration, not rebellion. Nonetheless, there may be increasing labor unrest, particularly if Burnham is unable to regain control of the Trades Union Congress. [redacted]

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Prospects for Guyana With or Without a Coalition

Grim Economic Outlook

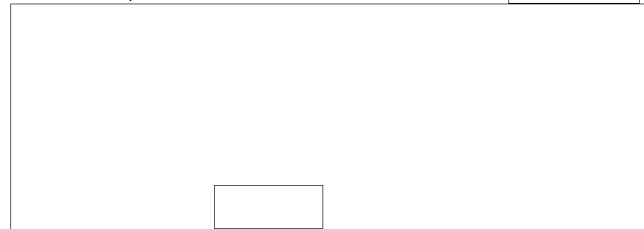
45. Regardless of whether Burnham decides on a coalition government or not, the outlook for Guyana’s economy is poor. The progressive deterioration of capital stock, emigration of skilled labor, and declining farmland fertility will make it especially difficult to turn the economy around quickly. In addition, international market trends point to another bleak year for Guyana’s major foreign exchange earners. The depletion of domestic rice stocks last year is likely to leave little available for export this year, even if the rice harvest is better than anticipated. Sugar production will continue to suffer from prolonged shortages of fertilizers. Foreign exchange constraints and lagging world demand also point to continued problems in the bauxite industry. Output and sales of refractory-grade bauxite may improve, however, under a February agreement with a US firm to provide \$80 million in new investment, as well as technical and marketing assistance [redacted]

49. Even if Burnham decides against entering into a coalition with Jagan to diffuse economic discontent, we see little prospect of his removal from power during the period of this Estimate. His sudden death, either from natural causes or violence—always possible but not probable in the near term—would be likely, in our view, to create a political vacuum. The Constitution is deliberately vague on the issue of formal succession and, for tactical reasons, Burnham has refused to designate a political heir. Should a void in the leadership occur, we would expect most of the top military chiefs to favor a PNC faction headed by Vice President Hamilton Green, or another relative moderate, over leftist adviser McDavid. [redacted]

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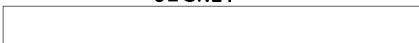
46. At present, the prospects are dim that Guyana will obtain an IMF agreement, and thereby regain access to other Western concessional and commercial lending. Guyana’s Finance Minister, in his annual budget presentation to Parliament, said that, even if a




50. We believe the military—in line with the dictates of its British traditions—would return to its constitutional role once a government pledged to protect Afro-Guyanese and military interests had been installed. Should the country’s economic distress spark civil unrest that threatened to become unmanageable, however, the military might perceive that it could

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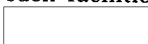
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handle the situation better than a civilian government. In addition, should the various military groups be unable to agree on which of the competing PNC factions to choose, the security forces might look to their own ranks for a compromise candidate or a popular military leader might try to seize power for himself. None of these eventualities, however, would be likely to benefit the PPP. The overwhelming preponderance of Afro-Guyanese in the security forces virtually guarantees that the result would be a regime dedicated to Afro-Guyanese supremacy. 

Impact on Soviet and Cuban Interests

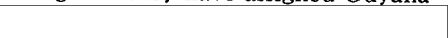
51. Soviet and Cuban interests in Guyana will not be substantially hurt even if a Burnham-Jagan coalition does not occur in the near term. Both countries are likely to continue to press for closer relations with the Burnham government. Over the longer term, in the absence of a coalition Havana and Moscow would be forced to maintain somewhat more circumspect contacts with Jagan's party, and their room to maneuver Guyanese allies into influential positions in a post-Burnham government might be reduced. We believe the Soviets and Cubans, nonetheless, will continue to look for opportunities to influence Guyanese affairs at low costs and to develop Guyana as a center for eastern Caribbean activities. 

52. The loss of Grenada as a possible site for access to air facilities probably has increased Soviet and Cuban interest in Guyana, whose location offers many of the same geographic advantages. Cuba briefly used Guyana as a refueling point for flights to Angola in the mid-1970s, and Georgetown is about 500 nautical miles closer to Africa than Grenada. We have no evidence that the Cubans or the Soviets have request-


ed access rights to Guyanese air facilities, but this is almost certainly of interest to them. If Burnham were approached on the subject, he might agree to selective use of such facilities in return for economic inducements. 


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Indicators

53. So far, neither the Soviets nor the Cubans have taken steps indicating that they have assigned Guyana a high priority. 

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 The initiation of activities, such as the following, would indicate a high probability that such an increase had occurred:

- A significantly enhanced Soviet or Cuban political or economic presence in Guyana.
- Initiation of a Soviet or Cuban military advisory presence.
- Soviet or Cuban efforts to influence or control Guyana's military or security forces.
- The commitment of Soviet or Cuban economic or military aid on a large scale.
- Promulgation of bilateral agreements with Moscow in a wide range of areas, such as science, culture, ideology, and media.
- Significant Soviet or Cuban involvement in the expansion of Guyanese airfield or port facilities and utilization of such facilities to support Havana's or Moscow's policy interests. 

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