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**Latin America  
Review**



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22 November 1985

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Review**

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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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## Articles

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### Cuba: Reindoctrinating the Masses

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The Castro regime is engaged in an extensive ideological campaign to overcome popular apathy and revive flagging dedication to revolutionary ideals. This effort involves new investment in the Cuban media, as well as the replacement of key personnel in this field, and a thorough inspection of the party's indoctrination apparatus to find out how to make it more effective. The regime seems most concerned with increasingly negative popular attitudes—especially among Cuban youth—toward military service and civilian and military duty overseas. The receptivity of the population to broadcasts from Radio Marti also has Havana worried. The fate of the ideological campaign is certain to have an important impact on the regime's ability to achieve significant economic recovery during the next five-year plan. Barring some major external threat that wakens patriotic sentiment, we believe the Cuban population—disillusioned by unfulfilled promises and prolonged austerity—will remain largely immune to the regime's prodding.

#### The 4 February Report

The first overt indication of official concern about popular attitudes surfaced in July 1984 when the ninth Central Committee plenum ordered a full report "on the party's ideological work" to be presented at the next plenum in December. The report was presented to and approved by the tenth plenum but was not made public until 4 February 1985, four days after a rare special plenum of the Central Committee had removed the party's Secretary for Ideology from his seats on the Politburo and Secretariat "for repeated errors and insufficiencies." Ousted at the same time was the chief of the party's Revolutionary Orientation Department, the office that oversees Cuba's ideological indoctrination apparatus.

The 4 February report found serious fault with the performance of the mechanisms of indoctrination and focused special attention on the gap that had developed between the populace and the Armed Forces. Admitting that there was not yet "sufficient social recognition and appreciation of military life," the report complained that "in not a few instances, families that have a revolutionary attitude toward different tasks and missions nonetheless make the serious mistake of: harboring deserters from the Armed Forces, covering up violations by family members or friends in the military, expressing negative feelings about the accomplishments of the military, or regarding military service not as an honor and a patriotic duty but rather a means of punishment or correction of defects and deviancy."

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The report also indicated there was some resistance in the military establishment to the regime's wholehearted embrace—with the creation of the Territorial Militia—of the concept of a Vietnam-style "war of all the people," and hinted at friction between the regular Armed Forces and the new militia. This tension presumably stems from the fact that the militia has access to its own arms and is subordinate to the Cuban Communist Party rather than the Armed Forces Ministry. Moreover, the report acknowledged that poor organization of militia activities had caused public irritation and was sapping popular enthusiasm—a development subsequently confirmed by Armed Forces Minister Raul Castro in an interview last May. To achieve the regime's objectives, the report insisted that "an effective, integral, and practical ideological campaign must be carried out in an increasingly creative manner, making skillful use of the various forms and methods

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of propaganda and agitation and organizing the actions of various educational and cultural institutions and other entities. . . . "

**The May Symposium**

Last year, while the 4 February report was being drafted, more than 300 papers on various aspects of ideological work were prepared for a symposium held at the party's Nico Lopez National School for Cadres in early May 1985. According to the party's theoretical journal, *Cuba Socialista*, 60 of these papers were chosen for presentation at the symposium, which had as its theme "The Patriotic and Internationalist System of Education in the Ideological Work of the Party." In addition to the 200 Cuban delegates and guests, the affair was attended by delegations from Bulgaria, East Germany, and the USSR.

The symposium was divided into six commissions, each of which discussed specific areas of ideological work. It was evident from the discussion topics that the party is concerned about waning patriotism, popular ambivalence toward the policy of internationalism, and competition from the Western media. One commission, for example, had as a topic "Patriotism and Internationalism in the System of Political Education of the Party, the Party's Youth Arm, and the Mass Organizations." One of the commission's papers—lauded for its timeliness—assessed "the internationalist principle of the Cuban Revolution and the subversive and defamatory content of bourgeois criticism." Several papers addressed the special problem of instilling a spirit of patriotism and internationalism in the younger generation.

( the post-Revolution generation is the most disenchanting segment of the Cuban population.)

Judging from *Cuba Socialista's* description of the symposium and its findings, the Cuban indoctrination apparatus has been ineffective in a number of important areas. It was found wanting, for example, in its task of "educating the Cuban people, and especially the new generations, in socialist patriotism and proletarian internationalism." According to the report, it has not used the mass media most effectively, and has not sufficiently exploited extrascholastic activities "as a means of elevating the

patriotic and internationalist conscience of students."

The report also stated that it must recognize "the correctness and necessity of extolling the role of the Armed Forces" in the political education of the population, "and the new generations in particular." In addition, it must address "the undeferable need to study the enemy's main diversionist theses that are aimed at discrediting the foreign policy of the Cuban Revolution and its classist and internationalist essence" in order to be able to "show scientifically the hollowness of these theories and reveal the true reactionary aims of the so-called Cubanologists."

**Corrective Measures**

Measures to remedy some of these problems had already been initiated well before the symposium took place. In September 1984, for example, the University of Havana inaugurated a new Faculty of Journalism, established "to improve the information effectiveness of the media," according to the Cuban press. In early 1985, Gustavo Robreno, who had headed the regime's international news agency, Prensa Latina, for over a decade, was removed. Shortly thereafter, Nivaldo Herrera, president of the Cuban Radio and Television Institute since 1974, was replaced by Ismael Gonzalez, an obscure official on President Fidel Castro's staff who apparently has had no experience in the field of broadcasting.

President Castro, himself, has become personally involved. In a meeting last July of the party's 14 provincial secretaries of propaganda, he announced his intention to improve the performance and working conditions of Prensa Latina and the other elements of the Cuban media

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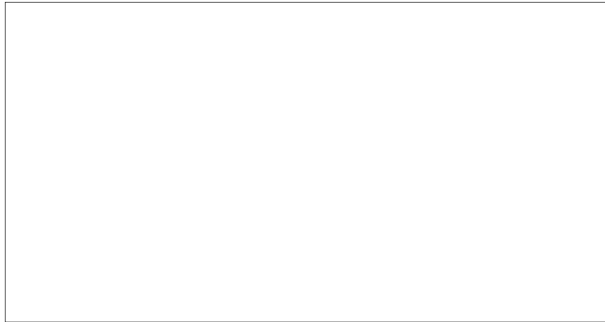
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chief of the US Interests Section in October that the paper expects to receive a new press from East Germany next year that will enable it to produce a clearer product (by offset) at a higher speed. According to the editor, *Granma* intends to use facsimile transmission to speed distribution of the newspaper to parts of eastern Cuba, starting with Santiago de Cuba some 900 kilometers from Havana.

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The US Interests Section in Havana reported in September that an extraordinary effort had been made by the Castro regime to provide better-than-average television programming last summer. This effort included direct satellite coverage of the opening and closing ceremonies of the Youth Festival in Moscow and live coverage of the amateur baseball championships in Edmonton, Canada (which was won by the Cuban team). In addition, good quality movies were offered nearly every weeknight—replacing the usual dreary films about how the Soviets won World War II or overfulfilled their agricultural production goals. Cuban television also produced several adult-style soap operas and dramas, and also broadcast the US-produced series “Roots,” which apparently captured a large audience. [redacted]

To improve performance, some elements of the media have sought help from abroad. The party’s youth arm, which publishes *Rebel Youth*, the country’s second most important daily newspaper, arranged last September to strengthen cooperation with its Hungarian counterpart in the field of “youth press,” according to a Hungarian press announcement. In June, the Czechoslovak news agency CTK reported that the new head of Prensa Latina, Pedro Margolles, and CTK Director Gen. Otakar Svercina had signed a protocol on technical-economic cooperation. According to the public announcement, “the two news agencies will implement an extensive program of the exchange and application of the latest knowledge on news agency activities,” and said that “this new type of cooperation of a higher quality, being implemented in the spirit of internationalism, significantly contributes to increased ideological influence of the media.” [redacted]

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The US Interests Section reported the most interesting new dramatic series is one produced by the Central Political Directorate of the Armed Forces Ministry. The series depicts the successful revolutionary integration of four youths from strikingly different class backgrounds, thanks to the common bond of military service. The four protagonists include the son of a high party official, the son of a midlevel functionary, a poor urban youth, and a peasant youth. The US Interests Section noted that Cubans have been struck by the frank manner in which the relative affluence of the party leader is portrayed—a luxurious home, two cars, and other perquisites—as well as by one of the dramatic sequences involving a white youth falling in love with a black girl over the objections of his family. [redacted]

#### **The Bogomolov Dispatch**

These extensive remedial efforts prompted the *Pravda* correspondent in Havana, P. Bogomolov, to write a dispatch in October 1985 entitled: “Getting Through to Everyone: Cuban Communists Improve Ideological Education Work Among the Masses.” According to his report, “the political enlightenment network has been expanded; party schools, seminars, and courses are working increasingly actively; and an increasing amount of diverse literature on questions of the building of socialism and on international life is being published.” Bogomolov also reflected on the continuing dilemma Cuba is experiencing with disenchanting youth and popular resistance to service overseas, noting that “political study groups discuss problems concerning the moral education of young

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The party’s official newspaper *Granma*, the daily with the largest circulation in Cuba, also is getting its share of improvements. One of its editors told the

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people, the work of Cuban internationalists abroad, the prices and incomes policy, and the struggle against antisocial phenomena.” [redacted]

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Bogomolov also acknowledged some of the problems that exist in the Cuban media. He wrote that “important resolutions on the work of the mass media and on the development everywhere of criticism and self-criticism have recently been adopted” and he went on to describe a meeting of editors of a provincial newspaper in eastern Cuba in which criticism was made of the topicality and effectiveness of the newspaper’s articles. This resulted in the creation of a network of correspondents in factories and rural areas of the province and generated campaigns to improve local transportation and other consumer services. [redacted]

evening hours. Given the ideological convictions of the Cuban leadership and the rigidity of the Cuban political system, however, we believe there is little chance that Havana’s indoctrination apparatus will be able to increase its effectiveness sufficiently to overcome popular apathy. Unless some external stimulus arouses patriotic and nationalistic sentiments and convinces the Cuban people that there is a genuine military threat, the propaganda mill is likely to enjoy only minimal success in motivating the population. [redacted]

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In addition, Bogomolov confirmed the Castro regime’s concern over the impact of Radio Marti. He interviewed a provincial party official in central Cuba who admitted that sociological surveys had been carried out to probe the receptivity of young Cubans to the US broadcasts. The official claimed that the surveys showed most young men and women to be “unreceptive to the standards of the American way of life and style of behavior,” but he frankly acknowledged that “in certain of our country’s port cities there are still groups—albeit negligible in size—of adolescents who blindly ape models which are alien to us.” [redacted]

We believe it is significant that the regime, rather than modifying its policies to accommodate popular sentiment, is sticking doggedly to its commitment to internationalism and is placing hope in its ability to motivate the masses and change popular attitudes. The risks are high. The regime’s unwillingness to compromise could result in further alienation of Cuban youth, increased popular frustration, and hardened apathy. This could leave the leadership vulnerable to external events—a bad defeat of Cuban forces in Angola, for example—that could make its policy of inflexibility costly in terms of popular support. [redacted]

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**Conclusions**

The Castro regime, in our estimation, is justifiably concerned about negative popular attitudes. Cubans seem fed up with the policy of internationalism that indefinitely requires large numbers of “volunteers” to serve hardship tours abroad without reward. Young Cubans especially seem disenchanted with the policy and with the need to perform military service. This is an ill omen for the regime as it enters an extended period of austerity during which it will have to rely heavily on the public’s good will to achieve critical economic goals. [redacted]

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A number of the remedial measures adopted so far almost certainly will increase the appeal of entertainment on the Cuban media and thus stiffen the competition for Radio Marti, particularly during

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**Cuba: Church-State Relations** [redacted]

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President Castro's increasing efforts to exploit religion appear to reflect a new awareness of the church's potential for political influence in the United States and Latin America. US presidential candidate Jesse Jackson's trip to Cuba in the summer of 1984 marked the beginning of Castro's public campaign to portray himself as a friend of religion, thereby opening the way for strengthened ties to politicized elements of the church throughout Latin America and the world. More recently, Castro has tried to make it appear as though he is engaging in dialogue with Cuban church leaders and is willing to improve the status of the domestic church. To date, however, these much publicized changes have had little real impact. Castro seems prepared to continue suppressing religion in Cuba while expanding contacts with left-leaning religious figures in Latin America and elsewhere. [redacted]

as have their aggressive efforts to gain converts. The refusal of some sects to perform obligatory military service brought direct conflict with the government. During a repressive campaign that lasted from 1965 to mid-1968, members of various evangelical groups were thrown into military labor units with a host of other recalcitrants who were considered "social deviants." The regime reserved the harshest treatment, sometimes including death, for militant evangelicals. [redacted]

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**Historical Background**

When Castro came to power in 1959, many of the church's leaders were favorably disposed toward the new regime. Nevertheless, the new Cuban leader was determined to destroy all institutions that could threaten the consolidation of his revolution, and he viewed the church as a prime target. As the new government's policies became radicalized and its links to Communism apparent, the church began openly to oppose the revolution's leftward bent. Castro reacted by labeling Catholics as reactionaries and denying Catholic organizations a voice in the print and broadcast media. In early 1961, the regime took over the church's 250 schools and expelled 500 of its 700 priests. The government also forced all but 200 of 3,000 nuns and brothers to leave the country. [redacted]

In addition, the revolution served to all but decimate the Jewish community. In 1959, there were 15,000 Jews in Cuba, but in the years following, Zionism was outlawed and many of the community's wealthiest and strongest supporters fled the country. Today only about 1,200 mostly elderly Cuban Jews remain, trying to keep their faith alive despite the lack of a local rabbi. According to a recent Western press report, these Jews do not complain of persecution, but the government's permissive attitude is probably due to their small numbers. [redacted]

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Several African-influenced sects and cults also have adherents in Cuba. Santeria, one of the most widely practiced of these, blends Catholicism and voodoo. The secret cult of Abakua is sometimes likened to an African-style Free Masonry. The regime has recently sought to portray these groups as a valuable part of Cuba's cultural heritage. As much as 10 percent of the Cuban population reportedly practices Santeria. [redacted]

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Probably because their smaller numbers made them less threatening to the regime, established Protestant denominations such as the Episcopalians, Methodists, and Presbyterians did not come under such direct attack. Evangelical sects such as the Jehovah's Witnesses have not fared so well, however. The small, semiprivate meetings that characterize the worship of these sects have aroused the government's suspicions, [redacted]

Castro's policies toward religion have guaranteed that the church will never pose a serious political threat to his regime. In a country that once was 85 percent Catholic, only 30 to 40 percent of the people still consider themselves believers. Of that number, according to a source of undetermined reliability, less than 10 percent regularly attend mass. Less than 5 percent of the population is estimated to belong to or be associated with Protestant denominations. [redacted]

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Although these numbers indicate that Castro has been very successful in eliminating any potential threat from the church, he still has seen fit to perpetuate a number of measures designed to discourage the practice of religion. Known believers are barred from party membership, from good jobs, and from university educations. The government limits the number of church services held each week and requires permission for each service. Outdoor religious services are forbidden, although exceptions are made for pilgrimages on the feasts of St. Lazarus and Our Lady of El Cobre, the patron saint of Cuba.

these pilgrimages draw crowds of over 200,000. According to a US Interests Section report, members of neighborhood Committees for the Defense of the Revolution monitor church attendance, causing conscientious churchgoers to attend services in churches far from their homes where they are not likely to be recognized. The government also strictly controls the importation of religious materials such as bibles and Christmas articles. Most of the churches on the island are in an extreme state of disrepair, since the government has made it difficult for them to obtain the supplies and repair parts needed for upkeep.

In the face of such policies, Cuban church leaders realize that their only hope for survival lies in a policy of accommodation. At least one Havana priest has issued statements that minimize the differences between Christianity and Marxism. In 1969, church leaders signed a pastoral letter denouncing the US economic blockade and urging Catholics to cooperate fully in the construction of a new society in Cuba.

**Castro Campaigns as a Friend of Religion**

Castro's effort to improve his image among religious leaders began with Jesse Jackson's visit to Cuba. Castro used this opportunity to launch a campaign aimed at strengthening ties to the international church. Accounts of the visit in Cuban media included statements indicating an appreciation for religion by the Cuban leader. For example, a Martin Luther King ecumenical conference at which both Castro and Jackson presided was heralded in an official Cuban publication as signaling "greater rapprochement between Cuban churches and the



Castro used the Jackson visit to kick off the campaign to improve his image on the issue of religion. Cuba Internacional

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Black church of the United States." The same article praised the conference for its "solidarity with the peoples who are struggling with their liberation and with others who require a climate for peace."

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Last January, at the invitation of their Cuban counterparts, representatives of the US Catholic bishops' conference were allowed to visit Cuba. During their stay, the bishops visited sites of religious interest and were allowed to celebrate mass at a Cuban church. More significantly, however, the bishops met with Castro, who agreed to consider a petition for the release of a group of Cuban political prisoners and to open a dialogue with the domestic church. Like the Jackson visit, the visit of the American churchmen received wide publicity in the Cuban media.

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In September, for the first time in 26 years, Cuban bishops visited the United States to attend a US bishops' conference. While in the United States, they met with US officials, as well as their American colleagues. To appear as though he had kept his promise for a dialogue, Castro met with the Cuban delegation on the eve of its visit and revealed his intention to release a group of political prisoners as requested by the US bishops. In their meetings with US officials and in press reports, the bishops aided Castro's objectives by appearing supportive of his

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President Castro with delegation of priests from the United States  Cuba Internacional

Brazilian liberation theologian Frei Betto's interviews with Castro. In the interviews, Castro makes much of the formative influence of his Jesuit education, and states he should have been quicker to mend relations with the church. The apparent purpose of the book is to establish Castro's credentials as a friend of liberation theology and to change his antireligion image. In one interview, Castro calls liberation theology "one of the most significant happenings of our time." Betto, long a Castro admirer, carried his radical religious beliefs from theory to practice by aiding Brazilian terrorist groups during the 1960s.

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policies and optimistic about a perceived improvement in church-state affairs. The bishops even chided US officials for naming Radio Marti after the Cuban patriot, parroting the standard Cuban line that it is the name, not the station itself, that is most objectionable.

In the book, Castro even praises Pope John Paul II, calling him a notable politician "because of his mobility and contact with the masses." According to the papal nuncio in Havana, Castro's efforts to regularize church-state relations will result in a papal visit to Cuba in 1986 or early 1987. Such a visit would be a significant boost for Castro's campaign to establish himself as a friend of religion and promote his image as a responsible statesman.

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Earlier this month, at the invitation of the Cuban Ecumenical Council, a US interdenominational delegation representing Protestant and Catholic peace groups visited Cuba. According to a Prensa Latina report, the group met with Castro for several hours, discussing their experiences in the antiwar and antinuclear movements, as well as the "delicate" situations in Central America and South Africa. In his talks with the visitors, according to a US Interests Section report, Castro admitted that he had "lost a lot of time" in improving relations with the church and indicated he would continue to develop dialogue with Cuban religious figures.

**Implications for the Cuban Church**

Castro's overtures to religious leaders do not seem to have translated into better operating conditions for the Cuban church. In recent months, Castro has adopted a number of measures that would seem to signal better times ahead for believers. In reality, however, these are symbolic gestures designed to generate optimism among an oppressed domestic clergy longing for any sign of improvement in church-state relations. Probably not coincidentally, much publicized meetings between Castro and Catholic leaders have been timed to maximize public perceptions rather than following a schedule of steady substantive improvements in church-state relations.

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These visits have helped Castro to portray Cuba as a country moving toward moderation in dealing with religion. According to a Cuban press report, for example, a minister who visited with Jackson claimed that religious groups in Cuba enjoyed the same freedom as groups in the United States. In a similar vein, in defiance of a US ban on visits by Communist Party officials, the National Council of Churches invited Jose Felipe Carneado, Castro's chief religious spokesman, to a meeting this month in New York.

Most recently, Castro finally met with the Cuban bishops just days before the Bishop of Camaguey traveled to Rome for a special synod to discuss Vatican Council II. Although the bishops, in their talks with US officials, cited with optimism the creation of a new religious affairs office in the Cuban Communist Party, the action amounts to little more

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Castro's campaign is receiving another boost with the publication of "Fidel y Religion," a book based on

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than a bureaucratic shuffle. The head of the "new" office, Jose Felipe Carneado, had been responsible for religious affairs in the Ministry of Interior since the early 1960s. In this position, he was directly responsible for implementing Castro's policy of suppressing religion in Cuba. Moreover, even though the regime has promised to authorize much-needed church repairs and permit foreign-born clergy to live and work in Cuba, there has been little evidence so far that such changes have actually occurred. [redacted]

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What improvements have occurred seem to be sharply restricted. For example, Christmas may be a more public event in Cuba this year. [redacted]

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[redacted] the government will permit Christmas to be celebrated in some churches this year, and will allow the importation of "everything from audio systems to traditional Christmas decorations from Canada and Panama." [redacted] however, the

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government will continue to forbid private Christmas celebrations in the home. In addition, on at least one Sunday in November, according to a US Interests Section report, the government did not attempt to jam Radio Marti while Mass was being broadcast. This last concession may be a two-edged sword, however, since Cuban prelates have criticized broadcasts of church services, apparently fearing a decrease in church attendance. Most importantly, restrictions against party members joining the church remain unaltered. [redacted]

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In our view, Castro's motivation clearly is to project an image of moderation in Latin America, as well as to build new constituencies in the United States. His actions also are bringing him political dividends in other areas. For example, members of the Cuban bishops' conference attended the July debt extravaganza in Havana, lending legitimacy to Castro's Third World debt campaign. Given the success that Castro has experienced so far, he probably will continue his overtures to the church. Nevertheless, we do not expect a significant change in the treatment of the church in Cuba. Castro probably will restrict his actions to largely symbolic measures, while ensuring that the church remains harmless as a political or social force. [redacted]

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**Cuba-Southern Africa:  
Castro Pressing the Attack** [redacted]

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Cuban President Castro, apparently encouraged by recent developments in southern Africa and buoyed by the visits to Havana by leaders of African Frontline States, believes the time is right for reasserting a hardline stance on a Cuban troop withdrawal from Angola and for pursuing a more vigorous offensive against Pretoria. The Cuban leader has used South Africa's internal turmoil and Angola's recent military successes against UNITA insurgents to increase his rhetoric against South Africa and the United States during the current stall in the US-mediated regional negotiations. Castro reportedly plans to increase Cuba's support to insurgent forces battling Pretoria and is promoting a new unity among the Frontline States to support his strategy in the region. [redacted]

Mugabe, who will become Nonaligned Movement Chairman next year, added further fuel to Castro's fire, with tough talk denouncing South Africa. Castro's hosting of Indian President Gandhi and Sri Lankan President Jayewardene was no doubt motivated by the United Nations General Assembly session and the upcoming Nonaligned summit in Harare, where Cuban delegations will push their views on South Africa and the Third World debt. Although Embassy reporting suggests little effort was expended on courting Jayewardene,<sup>1</sup> Havana pulled out all the stops for Gandhi. Castro spent an unusual amount of time personally escorting the Indian leader around the island and ensuring that he received the red carpet treatment. [redacted]

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**Visit Diplomacy**

A parade of visiting leaders from the Frontline States and other Third World countries last month allowed Castro to capitalize further on the heightened international interest in South Africa and the Namibian issue to push Cuban views. During a visit to Havana, Tanzanian President Nyerere publicly thanked Castro for his contribution to the survival of the Luanda regime and requested that Havana continue its aid to Africa. [redacted]

**Support for Insurgents**

Castro is backing his tough diplomatic stance on South Africa with increased support for the insurgents. [redacted]

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[redacted]

The US Interests Section reports that Cuba recently demonstrated its support for the ANC by burying an ANC official in Havana, until he can rest in a "free and democratic" Namibia. The high-level Cuban attendance and considerable media attention given the funeral symbolically underscored Havana's solidarity with the insurgents and served to draw attention to the situation in southern Africa. [redacted]

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In October Castro also hosted Zimbabwean President Mugabe, President Kaunda of Zambia, and Angolan leader dos Santos. Following the Angolan President's visit, Castro publicly reiterated that the new strength of Angolan and Cuban forces coincided with the "irreversible" and doomed crisis of apartheid in South Africa. Shortly after dos Santos's departure, Kaunda arrived and expressed support for Castro's position that Cuban troops were needed in Angola until a regional settlement was reached. [redacted]

Havana's assessment of SWAPO's capabilities was less optimistic than its estimate of ANC capabilities. The Cubans cited tribalism as the major problem and concluded that SWAPO lacked sufficient dedication, [redacted].

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<sup>1</sup> See Cuba-Sri Lanka piece in Brief section of this issue. [redacted]

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Nevertheless, Havana reportedly hopes that the increased guerrilla activity inside South Africa will force Pretoria to divert military forces from Namibia and allow SWAPO fighters to operate more freely in their homeland. [redacted]

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**Outlook**

Castro probably will have considerable success in his efforts to take advantage of the surge of antipathy toward South Africa among African countries and other nations, and he will undoubtedly intensify his propaganda campaign in the months leading to the Nonaligned summit in Zimbabwe next year. We believe Castro will back up his hardline rhetoric by urging dos Santos not to resume negotiations with South Africa and to consider carefully the regional implications of a Cuban troop withdrawal from Angola for Namibia and for the eradication of apartheid. [redacted]

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The Cuban leader probably will be less successful in instigating greater insurgent pressure against Pretoria because of the problems plaguing insurgent groups that are opposing South African security forces. Despite Havana's low regard for SWAPO's capabilities, however, Castro probably will provide more help for the insurgents to regroup and encourage them to prepare for increased operations. [redacted]

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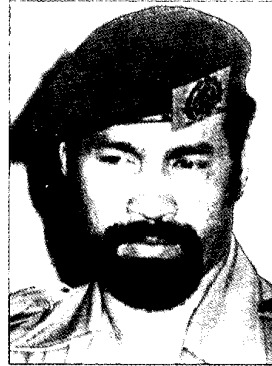
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**Suriname:  
Prospects for Democratization** [redacted]

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Suriname celebrates the 10th anniversary of its independence from the Netherlands this month amid growing evidence that Head of Government Desire Bouterse may backslide on recent moves toward democratization. In an effort to secure desperately needed Western economic aid, Bouterse has encouraged an ongoing dialogue with the leaders of the proscribed political parties by allowing party meetings—illegal since the revolution in 1980—thus raising hopes among many Surinamers for an eventual return to civilian rule. We believe any meaningful progress toward democratization, however, depends on the consent of the military.



*Head of Government  
Bouterse* [redacted]

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[redacted] Bouterse is keenly sensitive to strong pressure from the military to keep its concerns in the forefront. Moreover, assuming Suriname's relations with Libya continue to improve—albeit haltingly—the prospects for a return to Western-style democracy would dim further. [redacted]

country's major source of foreign exchange—represented the stiffest challenge to Bouterse's authority so far. Compelled to negotiate with the labor unions and aluminum companies, he avoided, at least temporarily, a pullout of the US- and Dutch-owned firms. [redacted]

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**Background**

Since parliamentary government was overthrown by the military in February 1980, the Constitution has been suspended, political parties have been banned, and absolute power has resided with the leaders of the revolution and the armed forces Commander, Lieutenant Colonel Bouterse. In December 1982, 15 civilian opponents of the regime were murdered by the military, an event that shocked the public into submission and precipitated the cutoff of vital Dutch economic aid. [redacted]

Unable to ease Suriname's acute economic and political problems and frustrated over the lack of international support, the military sought to include organized labor and business interests in the policymaking process. Last January, a new cabinet consisting of military, labor, and business representatives was formed and mandated to govern until 31 March 1987, when a transition is slated to a democratic government. A National Assembly stocked with Bouterse supporters has been tasked to write a new Constitution. The assembly formally decreed in August that the present government is led by a five-man military authority and a council of ministers (Topberrad) and officially named Bouterse as Head of Government and chairman of the military authority. [redacted]

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The international condemnation that followed the 1982 murders, as well as the US-led intervention in Grenada a year later, led Bouterse to realize that he was increasingly isolated in the region. Suriname downgraded relations with Cuba following the Grenada intervention, expelling the Cuban Ambassador. [redacted]

Furthermore, Bouterse in recent months has met frequently with the leaders of two traditional political parties—Jaggernath Lachmon of the Progressive Reform Party and Henck Arron of the National Party of Suriname—in an attempt to broaden his support by

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In addition, it became apparent that the military was poorly prepared to govern the country. Last year, labor strikes in the vital bauxite industry—the

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Jaggernath Lachmon,  
Progressive Reform Party  
leader [redacted]

Suriname on the Rise ©



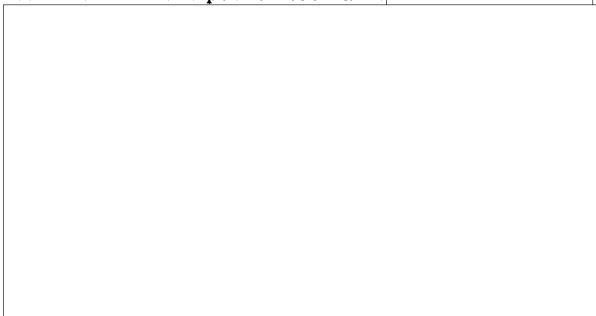
Henck Arron,  
National Party of Suriname  
leader [redacted]

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co-opting them into his government. [redacted]  
[redacted] both leaders have refused to support the regime unless the military guarantees democratization and allows them to consult legally with their party members. [redacted]

Despite these positive developments, Surinamese political leaders realize that Bouterse could abruptly backtrack if he is pushed too hard. [redacted]

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**Military Concessions and Reaction**

Recent events initially raised hopes for an eventual return to civilian rule:

- The regime in October announced that the dialogue between Bouterse and leaders of the traditional parties is entering a new phase and promised that party leaders will be allowed to consult their party members nationwide.
- The three major parties have held small meetings of party officials to pass resolutions approving talks with the military.
- According to the Embassy, Bouterse has invited the parties and his own 25 February Movement to join the Topberrad, which already consists of representatives of the military, business, and three of the country's four labor federations. Lachmon reportedly has indicated he will accept the offer.
- The parties agreed to join Bouterse in the 25 November independence celebrations if a new constitution and a democratization plan could be agreed upon by then, according to the Embassy. In an effort to reach such an agreement, Bouterse and the party leaders have met weekly since October.

**Relations With the Hague and Washington**

We believe Bouterse's tentative accommodation toward the political parties is motivated largely by his efforts to secure Dutch and US aid. Recent events have demonstrated his desire to improve relations with the Dutch, in particular:

- Surinamese and Dutch human rights groups have met in New York to discuss the new Commission on the Rights and Duties of Surinamese Citizens. According to the Embassy, Suriname has accepted Dutch suggestions to improve the Commission's charter.
- Bouterse has refused to extradite three suspected murderers to The Hague, apparently believing that to do so would hurt relations with the Dutch even more than his refusal. [redacted]

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[Redacted]

Any further warming in Suriname's relations with Libya could also hinder the democratization process. Civilian political leaders have voiced opposition to the year-old relationship with Libya, which includes promises of substantial economic assistance and a secret military pact. [Redacted]

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- The Surinamese Government reacted only mildly after the Dutch refused to accept its new charge to The Hague because of his alleged involvement in the 1983 deaths of two prominent members of the military who fell from Bouterse's favor. [Redacted]

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In addition to sidestepping crises with the Dutch, Suriname has probed Washington for increased assistance. According to Embassy reporting, Surinamese officials asked St. Vincent's Prime Minister Mitchell to intervene on their government's behalf with US officials. Suriname's United Nations representative expressed to US officials his embarrassment at the Surinamese Foreign Minister's General Assembly speech in which he criticized US foreign policies. [Redacted]

[Redacted]

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[Redacted] also was upset with the speech and toned down his own speech delivered in October. Moreover, in recent conversations with US officials, Surinamese authorities have asked for a resumption of US aid, pointing to the newly commissioned human rights organization as an example of the government's willingness to meet international expectations. [Redacted]

[Redacted] We believe that Bouterse would have to downgrade relations with Libya to ensure participation by the political parties in the government, a step he probably is unwilling to take. [Redacted]

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**Obstacles to Democratization**

Formidable barriers remain to any return to democratic government in Suriname. According to the proposed Lachmon plan, Bouterse and the military would return to the barracks, from where they could moderate any potential conflicts among the political parties, safeguard the Constitution, and provide security. [Redacted]

[Redacted]

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dialogue with the political parties, as well as with his civilian advisers. Battalion Commander Paul Bhagwandas reportedly spoke for the military when he vowed that the Army would never return to the barracks unless an amnesty for the 1982 murders was guaranteed. Bhagwandas has accused Bouterse of not consulting sufficiently with the military on the dialogue. [Redacted]

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[Redacted] leading military figures would welcome a return to the barracks, middle- to low-level officers would be hurt financially if they had to relinquish their higher paying civil service jobs. We believe this factor and the lack of assurances on amnesty would fuel military opposition to returning power to the parties. [Redacted]

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[Redacted]

[Redacted]

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Without a guarantee of protection, Bouterse is highly unlikely to relinquish any real power. [Redacted]

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[redacted]  
[redacted] Although Bouterse, Bhagwandas, and Gorre apparently have no major policy differences, we believe that, among the three, Bouterse is most inclined to build civilian support for the regime. We doubt, nonetheless, that Bhagwandas or Gorre aspires to replace Bouterse and that neither could command as much loyalty from the military. [redacted]

We believe that, in light of the military's concerns, Bouterse has reassessed the dialogue with party leaders. [redacted]

[redacted]

The US Embassy confirms that the military has instructed the parties to limit their meetings to 25 members. [redacted]

[redacted]

**Outlook**

We believe the democratization process over the next few years will be slow, tentative, and subject to reverses at Bouterse's whim. Despite the opportunity afforded by this month's independence celebrations, we judge that Bouterse will do little more than realign his cabinet again and, if possible, try to convince Lachmon and Arron to join the government. We believe that Bouterse wants the political parties to merge and to join him on the Topberrad, but that this will be rejected by the party leaders. Because they insist on negotiating a formula that will satisfy Dutch demands and restore development aid, they probably are unwilling to join without a clear framework for a return to civilian rule. At the same time, we believe Bouterse will not accept any formula that carries a risk of putting any member of the military on trial. As a result, Bouterse will continue to tilt toward the military in trying to balance its demands with those of the parties. [redacted]

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## Haiti: Domestic Political Opposition

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Domestic discontent in Haiti is increasing, but the internal political opposition—dominated by a handful of personalities with little popular support or vision of political alternatives—remains too weak to pose a serious challenge to the 14-year-old regime of President-for-life Jean-Claude Duvalier.<sup>1</sup> After a 13-month ban on political activity, the Duvalier regime's agreement last summer to legalize political parties created a flurry of interest and activity not seen in Haiti for the past three decades. Opposition leaders have refused to form officially recognized parties, however, objecting to requirements to affirm the concept of the presidency-for-life and to deposit the names and addresses of party supporters with the government.

By compromising with one of the parties, the regime apparently broke the stalemate recently. According to the Embassy, opposition leader Gregoire Eugene announced this month that he has applied to register his party—the Haitian Social Christian Party (PSCH)—under the political parties law. Eugene apparently received pledges from Haitian officials to waive certain requirements, allowing him merely to pledge his party's allegiance to the constitution in effect at the time of the PSCH's formation in 1979. In effect, the government has sidestepped temporarily the issue that had deadlocked Duvalier's plan for democratization and has put pressure on other opposition leaders to follow suit.

### Stop-and-Go Liberalization

The rise of an organized opposition under the rule of President-for-life Francois Duvalier (1957-71) was effectively suppressed through a combination of exile, arrest, and execution. In Jean-Claude's early years as President, he also stifled critics, albeit with less draconian measures than his father. As the younger Duvalier gained confidence in the late 1970s,

however, he permitted the return of some exiles, many of whom had been educated abroad. Two fledgling political parties subsequently existed until Duvalier's sudden crackdown in 1980. A number of opposition leaders, journalists, and trade unionists were then exiled or imprisoned. This cycle of moderation and repression was repeated by allowing the return of some exiles in early 1984, and then banning political party activity in May 1984.

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Recent government actions have repeated the pattern:

- In June, the government denied opposition leader Hubert DeRonceray's request to hold a youth march in Port-au-Prince, claiming in an official communique that the march actually intended to protest the institution of the presidency-for-life.
- In July and August, opposition leaders issued joint statements through the Haitian press criticizing the constraints of the new law on parties. Unlike the short-lived press freedom in 1980 and 1984, Duvalier has not yet reacted with a crackdown.
- In September, DeRonceray, who planned to address a rally in the southern city of Petit-Goave, was taken into custody. According to the Embassy, Haitian officials hinted that his detention was designed to show that the government would reject leniency as long as the opposition refused to operate under the new law.
- The same month, nonetheless, the government invited opposition leaders to participate individually in direct discussions to regain the momentum on democratization; all opposition leaders initially rejected the offer.

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We believe that Duvalier's fledgling political changes reflect his perception that continued foreign aid—especially from the United States—is contingent on political reforms. For example, former Defense Minister Roger Lafontant stated last July that a nominal political opposition is an important element in Duvalier's plan to improve Haiti's international image, as proof that the country has embarked on a course of political liberalization, [redacted]

[redacted]. We doubt, however, that Duvalier intends to relinquish any real control. Not only has the regime hindered the development of aspiring opposition groups, but also it has created its own party, the Parti National Progressiste. The new party is unlikely to experience many of the obstacles faced by genuine opponents of the regime. For example, immediately after its creation last August, opposition leaders charged that the party had failed to follow required legal procedures in registering its formation. [redacted]

**Potential Domestic Challengers**

The extended domination of Haitian political life by the Duvaliers has left little room for the development of independent parties. Current political groups in Haiti only vaguely resemble formal parties. A number of dissidents claim to head groups of anti-Duvalier activists, but these include only a small number of supporters loosely attached to a dominant personality. Unlike the Catholic Church, none of the opposition groups has a nationwide structure.<sup>2</sup> [redacted]

In our judgment, a potential challenge to Duvalier's rule comes from the right. Former supporters of Francois Duvalier, known as Old Guard Duvalierists, have deplored the black elite's loss of prestige and power since Jean-Claude's marriage to Michele Bennett, the daughter of a wealthy mulatto family. As the Bennett family has increased its influence on Duvalier's decisionmaking, the Old Guard's alienation has increased. Some of these individuals—such as Clovis Desinor, who served in Francois Duvalier's cabinet—have called publicly for a return to pre-1971 politics, but few retain the political power needed to turn back the clock. The Embassy doubts

[redacted]

that the Old Guard would openly support Desinor because Jean-Claude has the backing of the armed forces, the militia, and the bureaucracy. Moreover, we believe there is consensus within the regime that the Duvalier name is the glue that holds the political system together. This belief could change, however, if it seemed that democratization was getting out of hand. [redacted]

Another potential source of opposition is represented by a number of moderates who emerged in the late 1970s. The best known are Sylvio Claude and Eugene, who took advantage of the political opening in 1979 to form the Haitian Christian Democratic Party and the Haitian Social Christian Party, respectively. Since their inception, however, neither party has offered candidates for election. Press and Embassy reports indicate that Claude seems more interested in replacing Duvalier than building a viable opposition force, and his party has little demonstrable support. The Embassy characterizes Claude as erratic, with a history of antagonizing the government through wildly intemperate remarks. [redacted]

[redacted]

Although Claude issued a rambling statement the same month detailing his desire for political change in Haiti, the Embassy doubts that he is an avowed democrat. Claude reportedly criticized Duvalier more than the institution of the presidency-for-life, apparently offering himself as Duvalier's replacement.

[redacted]

A leading figure in the moderate opposition is DeRonceray, who served as Haiti's representative to UNESCO in the early 1980s. The Embassy, however, describes DeRonceray as lacking the political skills of compromise and consensus-building as well as a viable strategy to lead opposition against an entrenched regime. Nevertheless, the Embassy says that DeRonceray has the political savvy to move ahead only in periods of liberalization, in contrast to Claude's record of randomly provoking the government. [redacted]

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**Table 1**  
**Major Haitian Opposition Leaders**

Opposition Leader	Name of Movement	Comment
Sylvio Claude	Haitian Christian Democratic Party (PDCH) (founded in 1979; inactive since 1980)	Defying the legal requirement to register in advance to form a political party, Claude has begun to sign up new PDCH members. Although Duvalier has yet to crack down on Claude's resumption of political activity, the latter's personal ambition would make him difficult to control should the government decide to negotiate the same type of deal made with Eugene.
Hubert DeRonceray		DeRonceray, a former government minister under Francois Duvalier, has told Embassy officials that his goal is to abolish the presidency-for-life. Despite his increased visibility, he maintains that he has no plans to organize a party, adding that it is "not his style." Although government measures prevented DeRonceray from delivering speeches in September, the Embassy believes that such actions by Duvalier are strengthening the quiet and well-spoken DeRonceray's reputation as an opposition leader.
Clovis Desinor		Desinor, a former Minister of Finance under Francois Duvalier, announced in February his intention to form a political party. This marked the first time that a member of the Old Guard had publicly opposed a Duvalier. In May 1985, however, Desinor declared his decision to refrain from organizing a party, stating that the new law was too restrictive. [REDACTED]
Gregoire Eugene	Haitian Social Christian Party (PSCH) (founded in 1979)	Eugene, a former law professor, was exiled in 1980, but was permitted to return in 1984, probably because of his greater willingness to work within the narrow constraints of the Duvalier regime. In a 1984 interview with US journalists, Eugene claimed to have wide popular support in Haiti, although he admitted that, before his party newspaper was shut down in 1980, its circulation was only about 200. His signature was noticeably absent from a joint declaration issued in April by opposition leaders objecting to the legal restrictions of the proposed political parties law.
Gerard Gourgue	Haitian League of Human Rights	Although Gourgue strongly criticized government abuses, he has acted since August as an intermediary between Haiti's opposition and the government. Though he doubts that Duvalier will make substantive changes to the political parties law, Gourgue's mediation keeps a channel of communication open.
Alexandre Lerouge	Haitian Democratic Action (ADH) (founded in May 1984)	As the only leading opposition figure to have held elected office, Lerouge's position as Cap Haitien's legislative representative from 1979-83 gives him experience in dealing within the system. Lerouge announced the formation of ADH just days before Duvalier banned all political activity. Although Lerouge claimed in July that ADH has 150,000 supporters, that figure probably represents votes he received in the 1979 election, in which he won by a large majority.
Constant Pognon	National Rallying Democratic Party (PADRANA) (founded in 1984)	Pognon's position as editor of the daily <i>Coquerico</i> was a principal reason for his inclusion in a crackdown on dissidents in December 1980, but he returned to the scene to found PADRANA. Although Pognon has been an inactive opposition leader in the past year, his reputation has earned him a place among "the Band of Five" (Eugene, DeRonceray, Lerouge, Claude, and Pognon).

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**The Elites.** The record of internal stability under Francois Duvalier engendered tentative support for his regime among the country's business and professional elites. Although many members of the elite fled Haiti after 1957, those who remained traded their tacit support of the regime for minimal government interference in the private sector. [ ]

The cautious liberalization of the late 1970s that prompted some elites to return to Haiti was short lived. The reform-minded business sector established a number of organizations, including the Haitian American Chamber of Commerce and the Haitian Association of Industrialists, to promote cooperation between the government and business. Jean-Claude Duvalier even appointed several progressive probusiness technocrats to ministerial positions. A foreign exchange crisis and a sharp recession beginning in 1981, however, quickly spoiled relations. Businessmen, particularly the younger mulatto elite, charged the regime with economic mismanagement and pushed for a more technocratic style of government. The rift widened in 1982, when Duvalier fired popular Finance Minister Marc Bazin and then enacted a value-added tax. [ ]

Despite these setbacks, the private sector shows no signs of open dissent. The Embassy reports that potential opponents within the business sector remain unorganized and, thus far, have not formed alliances with factions of the political opposition. Moreover, according to the Embassy, the business community is satisfied with Duvalier's law on political parties. They reportedly had feared that a more lenient version would encourage destabilizing political activities that Duvalier could not control. [ ]

**The Media.** The press and radio continue to operate under close constraints, but government tolerance has been greater this year than in any other period during the past three decades. In recent months, the independent press has published articles criticizing the regime and reported opposition views on Duvalier's political opening, as well as government rebuttals to the opposition. [ ]

Even with this new openness, there are clear limits to the government's tolerance. In July the regime temporarily shut down Radio Soleil, the Catholic

**Table 2**  
**Haiti: The Election Process**

Government Entity	Comment
National Assembly	Legislative elections for the unicameral assembly, constitutionally scheduled for every six years, have been moved up from 1990 to 1987, in another of Duvalier's efforts to stem international criticism of his regime. The Embassy reported that, despite government interference in the voting process during the 1984 elections, two-thirds of all incumbents were defeated. Nevertheless, the assembly remains a rubberstamp entity and is virtually powerless.
Municipal Councils	Voter turnout was moderate in the 1983 balloting for municipal officials, including mayors, the first such local contests since 1946. Although Duvalier packed the councils with loyalists through registration irregularities and electoral fraud, recent council actions show a fledgling autonomy previously unknown.

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Church's radio station, which had broadcast charges of widespread voter fraud in the July 1985 national referendum on political reform. Although Radio Soleil resumed operations after a three-week hiatus, we believe that the expulsion of the station's news director and two other Belgian priests was designed to silence those priests who have become increasingly outspoken. [ ]

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#### Outlook

With National Assembly and municipal elections scheduled for 1987, the recent stalemate between the government and the domestic opposition apparently has prompted Duvalier to modify the constraints of the political parties law rather than to continue trying to create the bogus "loyal opposition" that some Haitian officials had suggested in recent conversations with Embassy personnel. Duvalier probably will be reluctant, however, to extend the waiver of requirements to other opposition leaders, fearing that this would generate pressure for additional concessions. Short of the compromise

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obtained by Eugene's party, we doubt that other opposition leaders will move quickly to legalize their political activities. In such cases, Duvalier probably will view any political activities by the unregistered parties as illegal, cracking down increasingly on media freedoms, oppositionist travels, and private gatherings. [redacted]

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We concur with the Embassy that the regime's tolerance of the media, in particular, could end suddenly. According to the Embassy, the government informed DeRonceray during his detention in September that his plan to address a rally was considered as an illegal political gathering of an unregistered party. If Duvalier is unable to secure the participation of opposition parties on his terms, we believe he might move similarly against the media by claiming that they were organs of unregistered parties. In any event, we judge that, because the recent liberalization has its limits, the scenario most likely to provoke an immediate crackdown on the media would be a personal attack on Duvalier or other high-level officials. [redacted]

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**Paraguay: Stroessner's  
Economic Blindspot**

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The economic progress made by Paraguay over the past three years is, in our view, jeopardized by the administration's current exchange rate policy. President Stroessner's unwillingness to devalue the currency has led to a weakening trade balance, capital flight, and a loss of reserves. Unless he relents, we believe that Paraguay will face an increasingly unmanageable foreign payments situation.

President Stroessner 

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**Pressure for Devaluation**

Multilateral financial institutions and Paraguay's chief trading partners are showing heightened concern over the gap between the multiple official and parallel market exchange rates of the Paraguayan currency, the guarani. Currently, the guarani is fixed at 160 to the dollar for public-sector overseas debt service, 240 for imports of major agricultural and industrial items, and 320 for all export deals. During the past six months, however, the currency has become greatly overvalued, rising to over 800 guaranies to the dollar on the parallel market. This summer, the World Bank recommended that Asuncion abolish multiple exchange rates and peg the guarani at 400 to the dollar.

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Ultima Hora

for example, one Argentine official estimates that the overvalued guarani has escalated costs by 13 percent. Unless Paraguay reduces the value of the guarani, we expect further delays in Yacyreta's construction and substantial revenue losses for both countries.

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**Stroessner Will Not Budge**

According to the US Embassy, President Stroessner has rejected all proposals for currency reform. Stroessner's grasp of economics has never matched his political savvy, in our view, and apparently his unbending refusal to devalue is based partially on his reported belief that political stability is directly related to the stability of the currency. According to the US Embassy, the President fears a devaluation might unleash a spiral of inflation, leading to further devaluations, severe economic difficulties, and political discontent. Stroessner also recognizes that a devaluation would raise the cost of servicing the foreign debt. Rather than increase taxes to boost revenues, he prefers to keep the exchange rate low and tax exports.

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In August, the IMF—concerned that Paraguay's deteriorating payments posture would soon force a rescheduling of its \$1.7 billion foreign debt—proposed a thorough adjustment of the national economy, including a tighter monetary policy, a revised income tax system, and a devaluation of the guarani. Asuncion, however, has opted to establish a study commission instead of acting on the Fund's recommendations.

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Argentina and Brazil also have been pressuring Stroessner to devalue. Both countries trade heavily with Paraguay and collaborate with Asuncion on several hydroelectric projects along the Parana River. According to the US Embassy, Buenos Aires and Brasilia are unhappy with the unremunerative exchange rate for payments on these projects. On the already financially troubled Yacyreta dam project,

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Although many high-level Paraguayan officials seem to recognize the net costs of the overvalued guarani, none have managed to get Stroessner's ear. He flatly

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*Paraguayans watch flight of  
US dollars.*



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refused a recent recommendation by the President of the Central Bank to devalue in order to slow the drain of Asuncion's foreign reserves. Stroessner, according to the US Embassy, pays more attention to a group of economically unsophisticated advisers who only reinforce his views. [redacted]

A final factor bolstering the current exchange rate policy is the corruption that permeates the government. According to the US Embassy, well-informed Paraguayan businessmen believe that many government officials personally profit from the guaranies artificially low rate. For example, the Central Bank uncovered a number of falsified import cases this year, accounting for losses of over \$40 million. Dollars were purchased at the rate of 240 guaranies for import transactions that were never completed. Instead, the dollars were sold on the black market at triple that rate. [redacted]

#### Implications

Failure to adjust the exchange rate also is undermining domestic confidence in the guarani, spurring large dollar withdrawals from banks, and increasing capital flight. This skittishness was dramatically demonstrated in July, when, according to the US Embassy, rumors that the government might nationalize dollar deposits precipitated a \$50 million run on the banks. [redacted]

[redacted] a number of prominent businessmen and political leaders had transferred substantial sums of money out of the country. We believe such capital flight will accelerate as long as the exchange rate remains unchanged, putting pressure on Asuncion's already depleted—\$500 million as of August—stock of foreign reserves. [redacted]

The current value of the guarani also is reducing Asuncion's trade surplus, discouraging foreign investment, and making it more difficult for Paraguay to manage its foreign debt payments. Although export volume increased this year, revenues dropped, in part because of the decline in world prices for cotton and soybeans, Paraguay's chief exports. Without an exchange rate adjustment, we expect that both gross export value and the trade surplus will continue to shrink, aggravating the existing problem with

#### Paraguay Balance of Payments *Million US \$*

	1982	1983	1984
Trade balance	-315.1	-225.4	-287.8
Exports, f.o.b.	396.2	326.0	361.3
Imports, f.o.b.	-711.3	-551.4	-649.1
Service balance and transfers	-72.6	-22.0	-25.4
Current account	-387.7	-247.4	-313.2
Capital account	322.7	191.1	294.2
Direct investment	36.6	4.9	5.2
Other long-term capital	228.1	284.3	209.8
Short-term capital	65.7	-35.9	81.7
Other	-7.7	-62.2	-2.5
Reserve changes (positive numbers indicate drawdowns in reserves)	65.0	56.3	19.0

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arrears in debt servicing. Paraguay's repeated failure to meet debt payments already has made foreign creditors reluctant to lend new money. [redacted]

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We believe the government will be hard pressed to tackle current economic problems without undertaking some major monetary adjustments, preferably as part of a wider economic stabilization program. We doubt, however, that Stroessner will bend to pressure for devaluation in the short term. Under these circumstances, we expect that the payments position eventually will become so untenable that Paraguay may have little choice in the long run but to abandon its current policy mix and seek a debt rescheduling. [redacted]

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## Latin America Briefs

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**Argentina**
**Labor Restraint** 

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The Peronist-dominated General Confederation of Workers (CGT)—Argentina's largest labor organization—is preparing for wide-ranging substantive talks with President Alfonsin's administration now that the political climate has cooled after last month's congressional election, according to the US Embassy. During the campaign the CGT largely refrained from harsh public criticism of the government's economic policies because of the substantial popular support for the President's austerity measures. Instead, recently elected CGT Secretary General Ubaldini stressed the program's negative impact on workers—higher unemployment and declining real wages—while acknowledging its success in curbing inflation.

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Press reports indicate that labor's talks with the government will center on demands for wage increases, expansionary economic measures, resumption of unrestricted collective bargaining, and the return to the CGT of social-welfare funds—important sources of patronage and influence stripped from union control under military rule. We believe that Alfonsin may make some concessions regarding bargaining or the funds, but that he is unlikely to grant inflationary wage hikes that could jeopardize his austerity program's one clear achievement. We doubt, however, that the CGT will resort to concerted strike activity or massive rallies to pressure Alfonsin in the near term. His election victory has underlined the continued public backing for austerity and the political dangers of appearing openly to obstruct the program. Moreover, the CGT is scheduled to hold its first congress in nearly a decade in December and will be preoccupied with internal organizational affairs. Finally, the onset of the Argentine summer—during which the nation's political life virtually grinds to a halt—militates against strong action by labor, in our view.

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**Panama****Financial Breathing Space** 

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The government signed a \$850 million agreement with international commercial banks on 31 October, after months of delay. The deal provides a \$60 million long-term loan and \$80 million in trade credits, and refinances \$580 million in 1985-86 debt obligations. In addition, the banks promise to maintain \$130 million in deposits with local subsidiaries. While the first \$20 million tranche of the new loan is scheduled to be disbursed by yearend, further drawings are tied to economic policy changes that the new Delvalle government is unlikely to be able to implement. Even though Panamanian financial authorities are telling bankers that labor, industrial, and agricultural reforms required by the World Bank will be made soon, Delvalle—according to US Embassy reporting—has not formulated an economic program and, like his predecessor, almost certainly lacks the authority to push through tough reforms. Meanwhile, Panama City is trying to meet

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international reserve requirements of a two-year IMF standby agreement signed last July by taking a loan on the transisthmian oil pipeline in which it has 40-percent equity. [redacted] 25X1

**Mexico**

**Position on Debt** [redacted] 25X1

Mexican Foreign Minister Sepulveda recently [redacted] 25X1

[redacted] 25X1

[redacted] asserted that 25X1

under the US proposal Mexico still would be unable to service its foreign debt. [redacted] 25X1

[redacted] 25X1

[redacted] President de la Madrid probably sent Sepulveda to relay Mexico's 25X1

disappointment with the recent US proposal and to indicate Mexico expects a more comprehensive solution. The Mexicans have publicly taken a wait-and-see attitude until now, but probably have private misgivings about whether it will facilitate their getting the \$9 billion in new loans they think they will need in 1986. The statements also reflect Mexico City's growing concern about domestic pressures for a debt moratorium and meeting its debt obligations. [redacted] 25X1

**Mexico-Israel**

**Counter Terrorist Training** [redacted] 25X1

[redacted] 25X1

[redacted] The course is scheduled to begin on 5 January and will accommodate 60 students. Instruction is to include: terrorist and antiterrorist tactics, VIP security, hostage rescue techniques, antiterrorist intelligence collection and analysis, and weapons familiarization. [redacted] 25X1

[redacted] 25X1

[redacted] have obtained modest amounts of arms and equipment, including submachineguns, artillery pieces, ammunition, and communications gear, along with limited [redacted] in the past. It does, however, reflect the Marine Corps' continuing determination to enhance its capabilities and stature. In this instance, the Marines may be honing their qualifications in hopes of assuming a key antiterrorism role when Mexico hosts the World Cup games next spring. [redacted] 25X1

**Cuba-Sri Lanka**

**Jayewardene's Visit** [redacted] 25X1

Sri Lankan President Jayewardene's visit to Havana last month following the Commonwealth meeting in neighboring Barbados was one of show rather than substance, indicating Cuban disinterest in expanding ties, according to Embassy



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reporting. The delegation reportedly was treated coolly and left Havana without signing any cooperation accords. Havana's ties to Colombo presently are limited to a tiny embassy presence, and US Embassy reporting suggests that the Cuban Government has only kept it open because of repeated Sri Lankan promises to reciprocate by opening an embassy in Havana. [redacted]

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It is unlikely that Cuba would find Sri Lanka an opportune target for meddling. Havana has little hope of gaining influence with the Sri Lankan Government because Cuba cannot match the levels of economic and technical assistance provided by Western donors. Moreover, the Castro regime is unlikely to complicate its own or Soviet relations with India by providing military aid to Colombo. Reflecting this concern, Havana assured the Indians that the Sri Lankan visit had been perfunctory, according to US Embassy reporting. Finally, Cuba is even less likely to offer support to Tamil insurgents when the Soviet Union has so far declined virtually all Tamil requests for aid. Although Cuba's interest in Sri Lanka is low, it will continue to maintain contact in the hope of gaining Colombo's support in international forums. [redacted]

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**Suriname****Impending Layoffs** [redacted]

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Plans by two large Surinamese companies to implement large-scale layoffs present a serious economic dilemma to the Bouterse regime. Suralco, a US-owned aluminum company and Suriname's largest foreign exchange earner, has announced plans to eliminate at least 500 jobs, while the Kersten Company, a local retailing conglomerate, intends to lay off over 800 workers. Aware of the precarious financial condition of both companies, the government—which, by law, must approve any layoffs—probably will try to reach a compromise. By allowing sizable job losses, however, the government faces the prospect of rising unemployment—estimated by the Embassy to be 30 percent currently—and increased labor unrest. Moreover, if the two companies successfully trim their work forces, other firms are also likely to press the government to agree to layoffs.

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**Cuba Chronology**

October 1985

**1 October**

Tanzanian President Julius Nyerere receives the honoris causa doctorate in political science from the University of Havana. Fidel Castro attends the ceremony and Carlos Rafael Rodriguez speaks.

Nyerere and Fidel visit the Isle of Youth and tour areas of historic, economic, and social interest, including Modelo Prison and industrial sites in Nueva Gerona.

**2 October**

During a press conference, Nyerere thanks Cuba for the help given to Africa and says violence is inevitable in the fight against apartheid in South Africa.

Nyerere also says it is clear that the foreign debt of the underdeveloped countries cannot be paid and Africa should join the rest of the Third World in a search for solutions.

Mexican press reports the signing of an agreement between Medicuba, the Cuban Enterprise for the Import and Export of Medical Products, and the Mexican firm Serinter, S.A.

**3 October**

At the United Nations, South Africa calls on the Security Council to demand the withdrawal of Cuban and other foreign troops from Angola.

Cuba condemns the United States for its cynicism in supporting the Israeli air attack against PLO headquarters in Tunis, saying that such an attitude constitutes an exaltation of terrorism as an international practice.

**6 October**

Western Sahara's Minister of Public Health, Naama Said Yumani and his delegation arrive in Cuba to attend the second session of the intergovernmental commission for economic and scientific-technical cooperation.

At a press conference in Barcelona, Uruguayan President Sanguinetti announces that Uruguay will resume diplomatic relations with Cuba this month.

**7 October**

Fidel Castro greets Zimbabwean Prime Minister Robert Mugabe at Jose Marti Airport. Mugabe's delegation includes the Minister of Community Development and Women's Affairs, Teurai Nhongo.

Fidel and Mugabe discuss bilateral relations and international matters during their first round of talks.

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**8 October**

In a speech, Jorge Risquet praises Mugabe, says Cuba opposes apartheid in southern Africa, and condemns US support for Israel's air raid against the PLO in Tunisia.

President Reagan suspends the entry into the United States of Cuban Government and Communist Party officials not involved in activities with the United Nations or Cuba's diplomatic mission in Washington:

Western diplomats in Islamabad report that Cuba's charge d'affaires in Kabul has been shot and killed apparently accidentally, by one of his staff.

**9 October**

Mugabe and Castro visit the Henry Whitboy School on the Isle of Youth. Mugabe thanks Fidel for having afforded developing countries the opportunity to have their youth educated in Cuba.

In an interview on Colombian TV, Fidel Castro praises President Betancur's efforts to achieve peace with the guerrillas and says Betancur is "a man of good will and good faith."

Castro asserts that his government avoids meddling in the affairs of other countries and explains that "when we agree to do so it is because we are asked."

President of the National Assembly Flavio Bravo meets with Argentine Foreign Minister Caputo to discuss matters of bilateral interest related to the assembly of the Latin American Parliament that begins 10 October in Montevideo.

**10 October**

Isidoro Malmierca and Zimbabwe's Minister of Foreign Affairs, Witness Mangwende, sign an agreement to create a joint commission for economic, scientific, and technical cooperation.

President of the National Assembly Flavio Bravo, addressing the Latin American Parliament meeting in Montevideo, says Cuba believes the foreign debt cannot be paid.

**11 October**

North Korea's President Kim Il-song receives a visiting delegation of the Communist Party of Cuba headed by Armando Acosta.

A Soviet naval detachment composed of four warships under the command of Rear Admiral Putintsev visits the port of Havana. Putintsev is greeted by Abelardo Colome Ibarra and F. Mell.

**12 October**

Cuban Charge d'Affaires in Bolivia Rafael Salas meets with Interior Minister Barthelemy regarding the raid and ransacking of two Cuban diplomatic residences by Bolivian Interior Ministry personnel.

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- 13 October**                      Zambian President Kenneth Kaunda arrives in Havana. In official talks with Fidel Castro, various international matters and bilateral ties are discussed.
- Fidel Castro hosts a reception for Kaunda. At the reception, Castro discusses the reestablishment of relations between Ecuador and Nicaragua with Ecuadoran Ambassador Hidalgo.
- 14 October**                      Fidel Castro accompanies Kaunda on a tour of the Isle of Youth and speaks to students at the Henry Whitboy School.
- 15 October**                      The Cuban Foreign Ministry says the decision of the US administration to suspend the granting of visas to Cuban officials to visit the United States is a continuation "of the policy of hostilities toward Cuba."
- Secretary of the Central Committee of the Communist Party of Cuba, Jose Ramon Valadera, addresses the Fifth Congress of the People's Revolutionary Party of Cambodia.
- 17 October**                      The Uruguayan Foreign Ministry announces that Uruguay is reopening diplomatic relations with Cuba, 21 years after it severed them.
- 19 October**                      Sri Lankan President Janius Jayewardene arrives in Havana and is greeted by Fidel Castro. They discuss the world economy, international issues, and the Nonaligned Movement.
- In an interview with *Business Week*, Fidel Castro says a political solution cannot be found in El Salvador or Nicaragua while the United States is committed to a military solution.
- The Angolan-Cuban Joint Commission for economic, technical, and scientific cooperation meets in Havana. A bilateral cooperation protocol is signed.
- 21 October**                      Indian Prime Minister Rajiv Gandhi and his wife, Sonia, arrive in Havana. They are greeted by Fidel Castro and Vilma Espin at the airport.
- 22 October**                      Gandhi and Fidel Castro discuss bilateral and international issues, especially the Commonwealth Conference, the situation in Central America, and the Nonaligned Movement.
- Gandhi receives the Order Jose Marti awarded posthumously to the late Prime Minister Indira Gandhi. He says India and Cuba are committed to working together.

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The 29th meeting of the Council of Constructors of Electronic Minicomputers is held in Havana. Specialists from Bulgaria, Hungary, East Germany, Cuba, Poland, Romania, the USSR, and the CSSR attend.

**23 October**

On Havana television, Trade Union official Roberto Veiga declares 23 October a day of action against foreign debt and calls for a 10-minute work stoppage at the end of the day in every work center.

Central Committee member and President of the National Bank of Cuba, Raul Leon Torras, dies of a sudden illness at age 50.

Granma announces that Regino O. Farinas Cantero has been named Cuban Ambassador to Afghanistan.

**24 October**

Angolan President Jose Eduardo dos Santos arrives in Havana and is greeted by Fidel Castro at Jose International Airport.

Castro and dos Santos discuss matters of bilateral interest, the South African situation, foreign debt, and the Nonaligned Movement.

**25 October**

A cooperation agreement in agriculture, industrial development, education, and health is signed between Cuba and Seychelles during a joint meeting in Victoria.

Two planes carrying 96 Salvadoran guerrillas and three of the 22 political prisoners released Thursday in exchange for President Duarte's kidnaped daughter arrive in Havana and are greeted by Manuel Pineiro.

**26 October**

Choe Chong-kun, Korean Workers Party Central Committee member arrives in Cuba to sign documents regulating Cuban-North Korean trade for the next five years and a 1986 trade protocol.

**27 October**

Soviet Foreign Minister Shevardnadze arrives in Havana and is greeted by Fidel Castro, Isidoro Malmierca, Jesus Montane, and Lionel Soto at Jose Marti Airport.

**28 October**

Federic Assogba Affo and Vincent Montsi Makhele, Foreign Ministers of Benin and Lesotho, arrive in Havana. Affo tells the press that the Namibian people should gain independence without delay.

Uruguayan Foreign Minister Enrique Iglesias says that his country wants to establish cordial, mutually beneficial relations with Cuba in all spheres, particularly in the field of trade.

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**29 October**

Castro and Shevardnadze discuss bilateral and international issues, and Fidel gives his firm backing to Soviet arms proposals for the Geneva summit.

During his meeting with Shevardnadze, Fidel condemns US policies in Central America and calls for radical restructuring of economic relations to solve the international debt problem.

Minister of Justice of Sao Tome and Principe Dr. Francisco Pires arrives at Jose Marti Airport and is greeted by Justice Minister Juan Escalona.

Press reports from Moscow say that a Soviet factory in Leningrad has just sent Cuba the first parts for an atomic reactor that will be installed at the nuclear power plant in Juragua.

**30 October**

Armando Hart presents busts of Beninese leaders Akpo Bodco and Abdoulaye Issa to Beninese Foreign Minister Affo, who says this ceremony strengthens solidarity.

Carlos Rafael Rodriguez and Isidoro Malmierca meet with Foreign Minister Makhele of Lesotho to discuss bilateral relations and the international situation, especially in southern Africa.

Granma reports that Fidel Castro thinks Ronald Reagan's speech at the 40th anniversary of the UN General Assembly was "a disaster" and "disappointed the entire world."

Soviet Foreign Trade Minister B. I. Aristov receives Amado Blanco, First Vice Minister of Foreign Trade, to discuss trade relations for 1986-90.

Minister of Overseas Construction Levi Farah arrives in Baghdad to represent Cuba at the Iraqi-Cuban joint committee for economic and technical cooperation.

**31 October**

The National Bank of Cuba and the National Institute of Tourism report a new foreign exchange system for tourists and foreigners residing in Cuba to facilitate sales.

Irish Justice Ministry officials report that an unidentified Cuban man has been granted asylum in Ireland after leaving an Aeroflot flight at Shannon Airport.

Levi Farah and Muhammad Fadil Husayn sign a trade cooperation agreement to expand trade, promote economic, industrial, and agricultural cooperation, medical assistance, and training of cadres.



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