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LETTERS TO

Environmental Challenges

Lori Ann Thrupp's article, "Costa Rica's Resource Challenges," (*Hemisphere* [Winter/Spring 1990]), is both provocative and frustratingly incomplete. One can hardly argue against her analysis of the severe and continuing degradation of the natural resources of Costa Rica. Likewise there is little question about the contradictory economic and environmental policies of the government.

Her vision, however, seems partial and shortsighted in many other respects. Her allusions to the majority of Costa Ricans' lack of interest in wildlife, tourism, and science are totally lacking in evidence. Indeed there is substantial evidence that carefully managed environmental projects not only integrate local communities into the projects, but also help to raise their environmental consciousness. Daniel Janzen deserves praise rather than criticism for saving one of the last remaining tropical dry forests in Central America. Prior to the establishment of Guanacaste National Park, the area was under imminent threat of destruction from export-oriented cattle ranching. Blaming Janzen for perpetuating inequitable development, as Thrupp does, is ludicrous.

Thrupp also appears to ignore the major initiatives of the Costa Rican government through its National Strategy for Sustainable Development. This policy, adopted after widespread public debate, is based exactly on what Thrupp argues: "that the social dimensions of conservation cannot be ignored and that the political-economic roots of the problem must be directly confronted." This policy, along with the new Regional Conservation Units, (see my article, "Saving Costa Rica's Environment," *Hemisphere* [Fall 1989]), attempts to do precisely that. Of course, it faces enormous potential resistance and obstacles and its effectiveness remains to be proven.

I would suggest, however, that we contribute very little to solving Costa Rica's problems by damning the country's dependence on export agriculture without offering solutions for handling the difficult transition between an export-oriented economy and a less-dependent, domestically oriented economy. Social justice is indeed a radical aim, but with intelligent planning it may also be a realistic goal.

Jack W. Hopkins
School of Public
and Environmental Affairs
Indiana University

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A Promising Path?

In "An Informal Path to Development?" (*Hemisphere* [Winter/Spring 1991]), Alejandro Portes criticizes *The Other Path*, by Peruvian economist Hernando de Soto. Unfortunately Portes fails to support his contention that De Soto's "message is little more than the long-familiar 'magic-of-the-marketplace' doctrine." What Portes gives us is a lame ideological diatribe, devoid of any analytical or policy alternative to De Soto's work—a work based on exhaustive field research and a sound methodological framework.

The primary reason for the international celebration of De Soto's book (which is subtitled *The Invisible Revolution in the Third World*) is that it provides a thorough analysis and policy map, not only for solving problems regarding the subterranean (informal) sector but also for moving Third World economies toward a new development path. De Soto's book represents the freshest and most significant contribution to Third World development policy in the last two decades. As such, the book did much to rescue international development policy from a rapid slide into obscurity and irrelevance. Contrary to Portes's assertion, De Soto certainly did not "appropriate and reassert what was already known."

The failure of the formal sector as an engine of growth and development in the Third World has given impetus to the informal economy. To be sure, the informal sector has failed to lower unemployment rates, raise wages and salaries to keep pace with inflation, increase the availability of basic goods and services, and improve the economic infrastructure. Nevertheless, it represents the Third World's citizenry's spontaneous, creative, and rational response to the incapacity of national states to satisfy their basic needs. Poverty and misery have promoted self-reliant, survival networks in the form of the informal sector. These networks are a sensible response to decades of economic oppression brought on by state-interventionist policies.

Portes's notions concerning the benefits of subsidized credit are misleading. Although access to credit is an important aspect of the

continued success of the informal sector, economic evidence shows that subsidized credit has had disastrous consequences for Third World development. The major beneficiaries of subsidized credit have been public enterprises and the non-poor. In fact, subsidized credit has become a transfer program for the non-poor while credit regulations and artificially low interest rates have lent themselves to further patronage and corruption. In Third World subsidized credit programs, loans in arrears range from 30% to 95%; in contrast, nonsubsidized loan programs have loan recovery rates exceeding 95%. What would be beneficial for the informal sector's access to credit would be loan programs characterized by market rates, low transaction costs, greater borrower access to lenders, and some linkage between repayment and future lending.

The informal sector has encouraged risk-taking and enterprise in the Third World regardless of social class, enabling large numbers of poor people to achieve subsistence or better.

Kempe Ronald Hope, Sr.
International Consultant
and Economic Adviser
Weston, Ontario, Canada

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Researchers who conducted fieldwork on urban poverty and the informal economy in Latin America and elsewhere in the Third World during the 1960s and '70s should be interested to learn that their collective effort and findings fell short. Now, as Kempe Ronald Hope tells us, "the exhaustive field research and a sound methodological framework" used by Hernando De Soto and his followers have finally revealed the truth. Informal-sector activities that we had seen as an ingenious but frequently desperate means of survival, turn out to be no less than the seed of future national development. While researchers painstakingly traced the mechanisms through which large capitalist firms employ and exploit informal labor, they failed to note the fundamental characteristic of the latter—that it is an engine of growth. But thanks to superior statistical abilities and ethnographic skills assembled by De Soto at his Institute for Liberty and Democracy, the truth shines; street vendors and shantytown sweatshop workers are really the entrepreneurs of tomorrow, destined to move their countries out of underdevelopment once the nefarious mercantilist state is taken out of the way.

Hope's portrayal of events does not stand up to the evidence. De Soto is a skillful politician and a brilliant ideological synthesizer, but he is no scholar. The effort to portray the spread of the informal sector in Latin America as the march of progress has proven attractive to some powerful circles, which may explain why *The Other Path* is distributed by US consulates and embassies throughout the region. Nevertheless, this glowing portrait has little relation to the actual condition and prospects of informal entrepreneurs and their workers.

"De Soto's prescription and mine," President George Bush declared, "is to . . . unleash a million sparks of energy and enterprise; let the incentive of reward inspire men and women to work better for themselves and their families." Economist David Felix calls this "a particularly grotesque piece of P.R. gymnastics." I will content myself with calling it another simplistic recipe to resolve the problem of underdevelopment that is destined, like its predecessors, to bite the dust.

For a review of research evidence on the ingenuity and creativity of the urban poor published ten to fifteen years before De Soto's grand appearance, Hope may consult Alejandro Portes and John Walton, *Urban Latin America* (University of Texas Press, 1976). For a review of recent research on the dynamics of informal enterprise both in advanced and less-developed countries, he may consult Alejandro Portes, Manuel Castells, and Lauren Benton (eds.),

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The Informal Economy (Johns Hopkins University Press, 1989). The conclusion of the latter book provides the "alternative framework" for policies toward the informal sector that Hope demands and that space prevented me from including in the original commentary.

Alejandro Portes
Department of Sociology
The Johns Hopkins University

■

Advocating Violence?

Father Ed Cleary was so concerned to twist the knife in his review of my book *Is Latin America Turning Protestant?* ("Politicized Religion," *Hemisphere* [Summer 1990]) that I should make two points. First, he may be right that too much space is devoted to the spectrum of US evangelists in Latin America. But I felt obliged to examine the issue because of indiscriminate broadsides against the "invasion of the sects" by Catholic bishops who have yet to be corrected by their in-house experts. If so many Catholic scholars had not ignored evangelicals, I would not have had to write the book, let alone establish the difference between the evangelical mission establishment and the religious right.

Second, contrary to Cleary, *Is Latin America Turning Protestant?* does not echo the conservation canard that liberation theology is responsible for advocating violence. I do emphasize that, by asserting rights in repressive situations, consciousness-raising has often provoked more reprisals than Christians can defend themselves against. Most readers should be able to tell the difference between these two points.

David Stoll
Department of Anthropology
Stanford University

Caribbean Development Options

by Evelyne Huber and John D. Stephens

The structural adjustment policies of the International Monetary Fund (IMF) and the World Bank have been widely criticized for impeding rather than promoting development in the Caribbean during the last decade. For instance, such policies have drastically curtailed government expenditure on education and health. As a result, a portion of the region's meager resources must be channeled into the mere rehabilitation of deteriorated physical infrastructure and human resources, leaving little or nothing for programs that broaden the population's access to education and health care. Likewise, structural adjustment policies not only neglect small-scale local agriculture—a significant source of employment and food—they also expose it to formidable international and domestic competition from export-oriented agribusiness. Consequently, small-scale agriculture has declined to the point that major investments are required just to achieve a modicum of recovery, a situation that compounds the Caribbean's problems of unemployment and purchasing power.

Nonetheless, there is some degree of optimism for the 1990s. The end of the Cold War may permit the Caribbean to articulate an alternative development model that combines growth, equity, and democracy. Such an opportunity could extend to the reshaping of economic and political relations among Caribbean nations as well.

Crafting an alternative development model must begin by recognizing two basic changes in the world economy. First, that the growing international mobility of capital and the related globalization of production greatly diminish opportunities for effective economic intervention by national states. Second, that the formation of regional trade blocs is posing new challenges for the Caribbean, particularly for those countries that are members of the Lômé Convention.

On the positive side, these two changes indicate a potential for the expansion of intra-Caribbean trade. On the negative side, they expose the smaller countries to competition from the larger countries for access to North American markets, and the Lômé members to the loss of privileged access to European markets. This array of opportunities and obstacles means that skillful negotiation to promote cooperation among Caribbean countries and to shape their relations with the wider world will be essential to any successful development model for the 1990s.

The case of Jamaica illustrates these opportunities and obstacles. How might Jamaica's policymakers maneuver in this setting? What are the implications for the Caribbean?

Past Models

Since 1970 Jamaica has been economically transformed. Its bauxite/alumina sector declined as a foreign-exchange earner relative to tourism and export manufacturing. Local agriculture for the domestic market was first hurt by import deregulation and then devastated by a hurricane. This same hurricane damaged traditional export agriculture already suffering from declining terms of trade. Finally, local manufacturing for the domestic market declined as a result of import deregulation.

These shifts had serious consequences for the comparative abilities of the public and private sectors to influence the country's economic development. The relative decline of bauxite/alumina as a foreign-exchange earner diminished the state's economic weight in collecting revenues and allocating resources; the diversity and decentralization of the ascendant exchange earners, tourism and nontraditional exports, made them more appropriate for private-sector activity and, therefore, less amenable to state intervention. In addition, the interest-rate policies prescribed by the IMF have concentrated economic assets in the hands of a few large groups based in financial services. These economically powerful groups, now influential in domestic politics, have shown no inclination to invest outside the financial, commercial, and tourism sectors.

In this context, is it feasible for Jamaica to return to the industrialization-by-invitation model it followed in the 1950s and '60s? Even overlooking the income inequality associated with this model, there are several reasons why it would fail in the 1990s. To begin with, industrialization by invitation was driven by foreign investment in bauxite/alumina and tourism. Investment in these sectors, however, no

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Evelyne Huber and John D. Stephens are professors of political science and sociology, and Faculty Fellows of the Center for Urban Affairs and Policy Research, at Northwestern University. They are co-authors (with Dietrich Rueschemeyer) of Capitalist Development and Democracy *(Polity and University of Chicago Press, 1992).*

longer approximates the magnitude needed to generate sustained economic growth. Even assuming the availability of sufficient foreign capital, past experience shows that foreign investment in the minerals and tourism sectors did not establish adequate linkages with the remainder of the economy. Moreover, generalized protection of domestic industry—which was a vital aspect of industrialization by invitation—impeded economic development in the long run throughout the Caribbean and Latin America, mainly by shielding inefficient local producers from competition.

Is it feasible, then, for Jamaica to return to President Michael Manley's democratic socialist path of the 1970s? That path, which, practically speaking, stressed economic redistribution to the detriment of investment, requires state access to a large new inflow of resources from export earnings. Such access is also required for a more investment-oriented state-led development model. Yet no such access is on the horizon for the foreseeable future. Sources for foreign borrowing will be scarce as well, particularly for a democratic-socialist government, which could not afford the unpopular policies associated with IMF conditionality. The Jamaican state, therefore, would be unable to assume direct command of the economy outside its already established participation in the bauxite/alumina industry. Rather, its role would be one of economic regulation. This role, however, demands an efficient state apparatus, the lack of which was a key reason for the failure of Jamaica's democratic socialism in the 1970s. As a result of the drastic deterioration of public-sector salaries in the 1980s, the managerial weakness of the state is even worse today.

Another departure from the model of the 1970s, as well as from that of the 1950s and '60s, would have to be the use of more selective import controls. In the long term, protection would have to be aimed at developing low import-content, domestically oriented industries with a chance of becoming competitive internationally. For example, given the small size of its home market, Jamaica might want to protect the manufacturing of furniture but not refrigerators. Still another departure from the model of the 1970s would have to be successful attempts to obtain higher and more stable prices for raw material exports through agreements with other Third World producers. Jamaica would also have to find niches for its nontraditional exports and to negotiate special trade relations with regional market blocs.

Indiscriminate state shrinking would jeopardize previous economic development in key sectors.

Though Jamaican president Edward Seaga in the 1980s proclaimed his adherence to a neoliberal model, he in fact pursued policies that were much closer to a state-capitalist model, with the important exception of trade deregulation. Would such a state-capitalist model be the most viable one in the 1990s, particularly since the economic conditions of this decade will be similar to those of the preceding decade? The state-capitalist model could generate economic growth if it recognized the necessity of a smaller state-owned economic sector, more efficient state apparatus, and more (though selective) protection. A major problem, however, would likely appear in the area of political strategy. Due to its negative consequences for the distribution of wealth and income, the model of the 1980s would require substantial government expenditures on patronage—by definition, unproductive—in order to maintain a base of popular support. Complicating this problem is the certainty that, in the post-Cold War setting, no Caribbean regime could count on a special relationship with the US like that of Jamaica's in the 1980s. Regimes pursuing a state-interventionist path, even a state-capitalist one, would be particularly disadvantaged in their relations with the US.

The Neoliberal Model

Given that IMF policies currently hold sway, an obvious question is whether a pure neoliberal model would work in the 1990s. A basic problem with this model stems from the fact that the Jamaican state was quite effective in areas such as the bauxite/alumina industry, banking, and importing essential goods. Consequently, indiscriminate state shrinking would jeopardize economic development. An unregulated private sector was apparently successful in tourism and export-platform manu-

facturing, but appearances are deceptive. The state has conducted tourism marketing in both the US and Europe through the Jamaica Tourist Board; and in the early 1980s Jamaican president Seaga and US president Ronald Reagan did the important complementary work of managing Jamaica's international political image. Meanwhile the political negotiation of special access to the US garment market was crucial to the growth of Jamaica's export platforms, as likewise were the devaluations that greatly cheapened the cost of Jamaican labor.

In any case, if the essence of economic development is the improvement of living standards by increasing labor's productivity, then a model based on the degradation of living standards by cheapening labor cannot be effective. At the least, implementing such a model in Jamaica would leave the country's export platforms vulnerable to competition from lower-wage countries in the Caribbean and elsewhere.

The strongest argument against a pure neoliberal model is the lack of any historical precedent. No small, export-oriented economy has ever become a successful late developer by following this path. This fact is clear with respect to the economic development of both small European countries and the "Asian Tigers" (Hong Kong, South Korea, Singapore, and Taiwan). In both instances economic development revolved around the relatively equitable distribution of wealth in the primary sector and state protection of infant industries, as well as a wider range of state regulatory and entrepreneurial activities. To argue that Caribbean recovery and development can be accomplished through a neoliberal model with indiscriminate tariff reduction, deregulation, and state shrinking is to completely misread the comparative evidence.

Even if correctly read, however, the experiences of the Asian Tigers could not be replicated by Caribbean countries for two reasons. First, the post-World War II strategic importance of South Korea and Taiwan provided them with massive US aid, which their states channeled into dynamic economic sectors. Second, as a study by William R. Cline shows, if all Third World countries reached the export density of the Asian Tigers, their manufactured exports would rapidly confront protectionist responses in the developed world. As a result, 80% of such exports would face problems of market access.

Toward an Alternative Model

What conclusions can be drawn for Caribbean development in the 1990s? Arguably a development model for the Caribbean should concentrate on state intervention in the following spheres: promoting special export markets; guiding investment into areas with high export potential; establishing linkages between agricultural and industrial development in both the use of local resources and the creation of a domestic market; and improving human resources.

Within this framework, the state should carry out land reform to create efficient family farmers, agricultural service, and marketing cooperatives. Moreover the state should selectively protect domestic industry and should promote free trade with countries of roughly equal development. The latter implies strong efforts to establish regional integration. The state should encourage foreign investment where it will contribute to foreign-exchange earnings or savings and where domestic resources are insufficient. The issue of distribution should be addressed through state support for small enterprises, both individual and collective, and through improved public health and education programs, which are essential to the development of a skilled labor force.

The preceding is not a naive wish list. It does not include increased government spending on social welfare or public-sector job creation, simply because the resources for such undertakings are unavailable in the 1990s. It conceptualizes redistribution not in terms of government spending on consumption, but in terms of productive assets and access to health care and education.

In this setting, a political strategy based on populist appeals would be counterproductive; either the promises could not be fulfilled or the development policies would be derailed. What is required is painstaking political organization, along with political education regarding development opportunities and obstacles. This approach is necessary to forestall not only the political ascendance of opportunistic populists whose irresponsible policies could thwart development efforts, but also the political alienation of the rank-and-file population during economically difficult times.

Political organization and education should be directed at forging a coalition between the middle and lower classes in support of this development model, as well as at fostering an accommodation with the capitalist class. To be sure, programs such as land reform could jeopardize such an accommodation, depending on the socioeconomic structure of the particular country. It is thus crucial that land reform and related programs not be orchestrated as general attacks on private property, and that investment opportunities be created in other sectors of the economy.

This development model and political strategy could be categorized as social democratic or a moderate form of democratic socialism. It may seem a pale shadow of the development vision pursued in Jamaica in the 1970s or of democratic-socialist ideals in the 1990s. Nevertheless, in light of its correspondence to the successful models of small late developers and its consequences for Caribbean living standards, the approach is more promising than that of the neoliberals. ■

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Women in Public Office

by Kathleen Logan

On February 14, 1991, Dulce María Sauri Riancho de Sierra took office as the first woman governor of Yucatán, Mexico. In so doing she joined C. P. Ana Rosa Payán Cervera, the first woman mayor of Mérida, and Ligia Cortez Ortega, the first woman chief justice of the state supreme court, to form a triumvirate of women in the key state offices of Yucatán. The presence of women at the center of political power is not unique to Yucatán, but indicates a Latin American and Caribbean trend of increased female participation in public life.

Since the mid-1970s women have begun to be elected to the highest offices of Latin American and Caribbean nations. Lidia Geiler of Bolivia (1979) and Violeta Chamorro of Nicaragua (1990) were elected presidents; Eugenia Charles of Dominica (1980) and Maria Liberia Peters of the Netherlands Antilles (1988) were elected prime ministers. (Neither Isabel Perón of Argentina [1974] nor Ertha Pascal Trouillot of Haiti [1990] was *elected* to the presidency of her country.) And with the announcement of her presidential candidacy, Margarita Penón de Arias of Costa Rica becomes the most recent Latin American woman to seek her country's top governmental position.

Kathleen Logan is associate professor of anthropology at Florida International University and Hemisphere *'s book review editor. Her current research project is* En las Calles: Women's Collective Organizing in Mérida, Yucatán, Mexico.

In addition to these high-profile successes, Latin American and Caribbean women have won other important national offices in gradually increasing numbers. Between 1975 and 1987 the growing number of women in the region's parliaments raised the female portion of national legislatures from 5% to 8%. In Dominica women hold more than 20% of the ministerial level positions—a percentage equaled or surpassed by only two other nations worldwide, Bhutan and Norway.

The growing number of women in public office does not easily translate into broader gains for Latin American and Caribbean women.

Latin American and Caribbean women also have a growing presence in local public offices and in public-sector service jobs. Women such as Luiza Erundina and Pascuala Rosado have been elected mayors in such markedly different cities as São Paulo, Brazil, and Huaycán, Peru. In the region as a whole, an average of 20% of state administrators and managers are women, the highest levels being those of Argentina (28%) and Mexico (24%).

The entrance of women into public life via the ballot box and public-sector employment complements the well-known grassroots political activism of Latin American and Caribbean women. Since the 1960s many women, especially those from low-income groups, have participated in the region's community, religious, ecological, peace, human rights, and trade union movements.

Grassroots Spin-Offs?

The growing number of women in public office, however, does not easily translate into broader gains for women. For a variety of reasons, advances for women are likely to be incremental, built upon women's traditional caretaker roles or linked to efforts to improve conditions for citizens in general.

Since public officials of either gender are elected by female as well as male voters, they are likely to focus on issues that mark the lives of women and men alike, such as poverty and sectarian violence. The issues that primarily affect women, such as abortion, rape, pornography, family violence, gender discrimination, and exploitation of domestic workers, will likely continue to merit less attention from both female and male officials.

The problems that female and male politicians must confront—especially regarding the crises of their national economies—are so compelling that the issues that principally affect women occupy secondary status. With limited resources to combat grave national problems, politicians must set priorities that often leave women's issues unresolved.

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The problems that female and male politicians must confront—especially regarding the crises of their national economies—are so compelling that the issues that principally affect women occupy secondary status. With limited resources to combat grave national problems, politicians must set priorities that often leave women's issues unresolved.

Changes for the better in the lives of Latin American and Caribbean women will come when more general conditions in the region improve. Economic reactivation, the end of political violence, and advances in education, health, and public services will incrementally help women.

The success of efforts to improve the conditions of life for women per se requires that female political leaders ally themselves with female grassroots activists. Success in forming alliances with such women will depend upon the leaders' ability to capitalize on the issues that most concern women at the grassroots. Many of the concerns of these women grow out of their traditional roles as family and community caretakers. Thus, issues such as employment, education, health care, and public services are obvious rallying points for such an alliance. Since women at the grassroots have taken a special interest in ecology and human rights, attention to these issues will also enable female politicians to broaden their support among women. If alliances are formed between women politicians and women grassroots activists, they could begin to confront those problems that almost exclusively affect women.

In no case, however, will problems such as family violence, rape, pornography, abortion, gender discrimination, and the exploitation of domestic workers be easily resolved. For example, the question of abortion rights will provoke the opposition of the Roman Catholic Church, and that of pornography will provoke debate about censorship. The matter of rights for domestic workers will divide women by economic interests, while that of gender discrimination will strike at the core of societal role definitions for women and men.

In forming alliances with grassroots activists, women politicians are likely to be least successful if they organize under the banner of feminism. In Latin America and the Caribbean, the term "feminism" is more controversial than in North America and Western Europe. Although feminism is losing its connotation as a North American import of dubious value—and its long history as a home-grown movement is gaining recognition—to be labeled a "feminist" is still a political handicap.

In addition to the promise of alliances between women politicians and women grassroots activists, the election of women to public office promises other long-term gains for women. The prominence of female politicians creates new, socially accepted roles for women and provides role models for future generations of females. In the long run the growing presence of women in public life will help to redefine the Latin American and Caribbean gender description of power and influence. ■

Chile: The Perfect Transition?

by Pamela Constable

After 18 months of civilian rule, Chile's smooth return to democracy from dictatorship is being widely hailed as the "perfect transition." Bloodless and legally neat, the transition period has been marked by an obsession with avoiding confrontation and reestablishing a sense of normalcy after two decades of trauma and conflict.

Half-jokingly, pundits are starting to complain that Chile has become boring. A capital where cafés once flowed with wine and debate until dawn has been reborn, 17 years later, as a businesslike hub of consumer culture and pragmatic politics. Every divisive issue is smoothed over or watered down in endless negotiations. "Is there no room left for dreams, illusions and utopias?" worries José Joaquín Bruner, a leading sociologist, in a recent essay.

The government, a center-left coalition headed by Christian Democrat Patricio Aylwin, has adopted a modest agenda and compromising style, aimed largely at appeasing its right-wing opposition in the legislature and the armed forces. Economic officials, once bitter critics of the free-market model imposed by the former military regime, have swallowed their pride and adopted the model nearly wholesale, keeping Chile's growth and inflation rates among the healthiest in the continent.

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Even General Augusto Pinochet, the dictator who once earned worldwide pariah-hood as he presided over a ruthless police state, is being gradually rehabilitated. "We have to give him credit for his economic success, and for behaving well in a new institutional situation. As he becomes less worrisome, people are judging him more magnanimously," commented Eugenio Tironi, a government spokesman and sociologist who once wrote books that detailed social injustice under Pinochet.

Abroad, the whitewashing of Chile's recent history has been more blatant. In international finance circles, Pinochet's record of foreign-debt repayment and privatization were far better known—and more relevant—than his record of torture and prisoner disappearances. Now that other Latin American democracies are scrambling to copy Chile's formula for economic revitalization, the darker side of its dictatorship is being conveniently forgotten.

In a column in the *Washington Post* (August 23, 1991), Michael Schrage even suggests that the fumbling coup-plotters in Moscow could have "gotten some pragmatic advice from a despot who really knew how to run a coup"—General Pinochet. "The ruthlessly efficient pragmatism of the Pinochet model may ultimately prove more appealing than the still-elusive promises of *glasnost* and *perestroika*," he adds.

Cynical Counsel

Conservative Chileans might agree, but to others such cynical counsel would be a slap in the face. They include the hundreds of thousands who lost their livelihood and dignity during the labor purges that accompanied Pinochet's economic "shock treatment"; the tens of thousands who were imprisoned, tortured, or forced into exile after the 1973 military coup; and the families of at least 700 prisoners who vanished in military custody.

The government's response to the volatile issue of human rights has been rhetorically bold but legally timid. In March 1991 a blue-ribbon official commission produced a harrowing report that describes a systematic terror campaign by Pinochet's secret police and details more than 2,000 murders at their hands. Aylwin presented the report with an impassioned appeal for justice, and about 210 of the cases were forwarded to the courts. But most cannot be prosecuted because of a 1978 amnesty law, and human rights lawyers expect the others to be overturned by higher courts, still dominated by Pinochet-era appointees.

The one likely case with any chance of success stems from the 1976 car-bomb assassination of Orlando Letelier, a former foreign minister under Marxist president Salvador Allende. Half a dozen men have been convicted in the killing, but Chile's supreme court refused to try or extradite the intelligence officials who allegedly ordered it. In August 1991 a Cuban exile from Florida confessed to being the trigger man, and a new high court justice ordered the case reopened. Still, many Chileans doubt the government will pursue the case to its full consequences and challenge Pinochet's formidable former secret police chief, General Manuel Contreras.

On the whole, human rights seem to have degenerated from a noble cause to a political headache—another "bargaining chip" for the executive to use in its delicate power-balancing act with the conservative establishment. Despite his personal compassion, Aylwin's clear priority is political peace, and so far he has not been willing to risk a serious attack on either the civilian or military right.

To a large extent, Aylwin's hands are tied—both by the numerous authoritarian laws enacted by the former regime, and by the fact that Pinochet, who stepped down as president in March 1990, remains commander of a large, modern army that he has sworn to protect from civilian "interference." Under the 1980 constitution, the 76-year-old general can remain in this position for another six years.

By many accounts, Chile's military establishment remains extremely suspicious of civilian authorities. Formal relations are correct, and the few times Pinochet has attempted to overstep the bounds of military authority, Aylwin has firmly resisted. But underneath, many officers are angry at civilian attempts to control the armed forces and defiant over abuses committed in the name of a patriotic, anticommunist mission.

"There is a fundamental mistrust," says Cristian Labbe, a retired colonel and former close aide to Pinochet. "The government doesn't understand us military men. When they try to push us around it has the opposite effect. When one of us is attacked or insulted, we all feel attacked."

The government's attempt to redress military abuses has also been undermined by an epidemic of crime, several prison escapes, and a number of terrorist killings blamed on ultra-leftist groups. The April 1, 1991, slaying of Jaime Guzmán, Chile's leading conservative senator, shocked the nation and forced the government, which had freed a number of leftist prisoners early on, to step up anti-terrorist tactics.

Human rights seem to have degenerated from a noble cause to a political headache—another "bargaining chip" against the conservative establishment.

The progressive ruling coalition is further hamstrung by the restrictive political laws put in place before Pinochet's departure. One-fourth of the senate was appointed under military rule, as were almost all of Chile's 300 mayors, and electoral regulations were skewed to favor conservative districts and tickets. Rightist legislators can effectively veto any government proposal, requiring its supporters to constantly engage in deal-making. As one frustrated congressman said, Chile has become a "democracy of forced accords."

For its part, the public has shown far more concern about concrete economic and social problems than abstract issues of justice. Despite five years of steady economic growth, about one-third of the populace remains below the poverty level, and desperation has coincided with the end of a repressive police state to produce a veritable boom in thievery. In a recent survey, 16% of Santiago residents said their homes had been burglarized.

Setting a New Agenda

While Chilean officials congratulate themselves on achieving the near-perfect transition, critics say the government is failing to confront these and a host of other problems, such as the need for constitutional and judicial reform, the so-called "social debt" to those who suffered economically under Pinochet, and the necessity of reducing the size and autonomy of the military establishment.

By defining itself as a transition government and stressing the need for consensus above all else, Aylwin's administration may have forfeited a unique opportunity to make changes essential to consolidating democracy. Aylwin, though a figure of impeccable moral authority, has cast his presidency in a deliberately limited role, refusing suggestions to extend his four-year term and leaving most divisive issues for his successor.

As critics see it, Chile's transition is already safely past, and its leaders must start acting with more boldness and vision. "A government that inaugurates a regime cannot avoid being foundational," writes social scientist Manuel Antonio Garretón in a recent essay. "This is not an abstract debate. Pragmatism and minimalism are not just strategies—they are ideological options." ■

Bolivia: The Psychology of Drug War

by Raúl Barrios Morón

"Psychological operations" are an integral part of so-called low-intensity warfare. By means of such operations a campaign's organizers direct persuasive messages at target sectors of a population, according to the location and the importance of those sectors in an actual or potential conflict. In light of the campaign's political goals, the purpose of psychological operations is to modify the attitudes, beliefs, and emotions of a target audience by manipulating images, symbols, and information.

In theory, psychological operations motivate allies, demoralize the enemy, and mobilize the support of neutral parties. Against the stark backdrop of military technology and tactics, they are geared to winning hearts and minds. Indeed, the priority of low-intensity warfare is to sow the political seeds of victory before setting foot onto the military field of battle.

In the 1990s the US government has defined the coca-producing regions of Bolivia as fertile terrain for low-intensity warfare. The strategic objectives of the Bush administration coincide with its post-Cold War definition of the Andean region as a hemispheric security zone, owing mainly to the illegal trafficking of cocaine.

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Coca-Producing Regions

René Ramos

Bolivia as War Zone

With the US government's financial support and technical backing, the Bolivian army recently began psychological warfare operations to combat cocaine production as well as associated terrorism and subversion. Army commanders are particularly concerned about two issues: the presence of Colombian drug traffickers in Bolivia's zones of coca-paste production and commerce, and the possible incursion by Peru's *Sendero Luminoso* into Bolivia's border areas. They regard these as "nonconventional" external threats that justify the strengthening of the military establishment. So, evidently, does the Bush administration, which boosted US military assistance to Bolivia from $5.8 million in 1989 to $40.7 million in 1991.

This political climate represents a crucial opportunity for the Boliv-

ian army to recoup its former authority in matters of internal security, which has deteriorated since the transition to democracy began in 1982. Contributing to the military's renewed sense of mission and indispensability has been the institutional breakdown of the police, caused by widespread drug-related corruption.

As a reflection of the new military outlook, the Bolivian army established in 1990 what it calls *Departamento III de Operaciones Psicológicas. Departamento III* formulates strategy for combating drug trafficking, which it identifies as "the principal threat to Bolivia's national security." The formal context of this strategy was the signing, on May 7, 1990, of Annex III to the 1987 US-Bolivian bilateral antidrug agreement, under which President Jaime Paz Zamora agreed to order the Bolivian army into the war on drugs. The new role of psychological operations is thus to create a social climate that paves the way for the inevitable entry of military units into the vast theater of counterdrug operations. What, however, are the implications of this strategy for civil-military relations in the setting of Bolivia's efforts at democratization?

Relevant to this question are two objectives of "drug war" psychological operations. First, they replace the police with the military, thereby militarizing Bolivia's task of maintaining internal security. Second, in so doing they redefine the nation's territory as a war zone, thereby imposing tight restrictions on the expression of public opinion. In the latter respect, the strategy constructs dichotomous categories of reference—for example, that either you support the militarization of counterdrug operations or you support the drug traffickers.

The political construction of such dichotomies is tantamount to discrediting the critics of the militarization program. Thus authorities explained the protest marches by

Military drug-war poster

campesinos in mid-1991 as the product of a conspiracy by intransigent union leaders, opposition parties and nongovernmental organizations, and drug traffickers. The official rhetoric of polarization implicitly defines the military's antidrug role as essential to Bolivia's national security. The underlying message is that only the military can guarantee the nation's survival against the drug trade's subversive impact. In this respect, psychological operations seek to impose, rather than negotiate, political consensus.

The Paz Zamora administration is evasive when asked how Bolivia's tenuous democracy could possibly survive the escalation of social conflict that is likely to occur—above all in rural zones—if the military assumes the police's role of maintaining domestic security. The key question is whether the country's political parties, social groups, executive branch, and congress will prove capable of tightening the reins on the military.

Propagandizing the Countryside

A few of Bolivia's coca-producing regions, such as Chulumani in the Yungas Valley of La Paz, have been blanketed by the propaganda of psychological operations. Part of these operations is the dissemination of a poster titled "Por un mañana mejor" ("For a Better Tomorrow"). The poster's graphic content depicts two antagonistic worlds. On the one side lies a future of peace, prosperity, patriotism, and tradition represented by an unarmed soldier smiling at a hopeful *campesino* couple. On the other side lies the apparent alternative: the darkness, disorder, and alien ways of the present. The organization responsible for the poster is not indicated, undoubtedly a reflection of the army's lack of credibility among *campesinos*.

The poster conveys an unequivocal understanding of the military's self-appointed role. An unarmed soldier occupies center stage, in a tutelary, paternalistic, and trustworthy spirit, pointing the way for a respectful *campesino* man and woman. He guides them away from a netherworld of evil and self-destruction and toward a modernizing rural life whose bedrock values are Catholic and patriotic. Illuminated by a radiant sun, the future setting revolves around a man and tractor at work in a field, surrounded by a bridge, modern-style *campesino* houses, a church, and the Bolivian flag. The latter generously displays the national banner's colors of red, yellow, and green, thus extending a sense of citizenship to the countryside. In spite of the Catholic Church's strong anti-militarization voice, the poster portrays the Church as giving its blessing to the army's antidrug war. No less important, the poster asserts the Bolivian—as opposed to US—origins of the antidrug campaign.

This attempt at symbolic fusion between Bolivia's armed forces and *campesinos* is reminiscent of the military-*campesino* pact of 1961-74, which sustained the period's authoritarian governments. Hence the poster reflects an attempt to resurrect an old anticommunist alliance in a new political setting. In so doing the armed forces are following a strategy of psychological operations to manipulate the vulnerabilities of the target audience. Against a backdrop of extreme rural poverty, Bolivian coca producers face a dual economic vulnerability: the price instability of the coca/cocaine market and their lack of production competitiveness. To many *campesinos*—who, after all, turned to coca production in the first place because of the absence of viable economic alternatives—the military's rural development programs may appear to be the only guarantee of economic survival and progress.

Development programs, as symbolized by the tractor and bridge in the poster, are certainly not new to military campaigns in the Bolivian countryside. What the poster warns, however, is that Bolivia's current rural development program, *Desarrollo Alternativo*, seems to have become a mere complement for an incipient campaign of low-intensity warfare. The points of reference for this campaign are the Andean nexus with post-Cold War geopolitics and the permanence of extreme poverty in Bolivia. In reality, it is not drug trafficking but rather the combination of Bolivia's extreme poverty and the strategic impositions of the US drug war that pose the principal threat to Bolivian national security and the consolidation of democracy. ■

(Translated by Hemisphere *staff)*

Mexico: Free Trade and Ecology

by Jan Gilbreath Rich

Free-trade negotiations have spurred a transformation in Mexico's *Secretaría de Desarrollo Urbano y Ecología* (SEDUE), which has been frequently criticized both in Mexico and abroad for its inability to monitor industrial pollution.

As concerns have surfaced both in Mexico and in the US Congress over the environmental impact of a North American free-trade agreement, SEDUE officials have begun to revamp their environmental programs and look for new international funds to finance them. At the same time, SEDUE began what may be the agency's most significant crackdown on industrial polluters.

SEDUE officials deny that their abrupt improvements emanate from the US public debate over the possibility of worsening industrial pollution under a free-trade agreement, but they acknowledge that their sometimes-beleaguered agency is experiencing a metamorphosis. Sergio Reyes Luján, SEDUE undersecretary for environmental programs, says, "We have every intention to change our situation and the political will to do so."

Over the past few months, SEDUE officials have met every week with their US counterparts in the Environmental Protection Agency (EPA) to form an environmental management plan for the 2,000-mile US-Mexican border.

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They have significantly increased their pollution-monitoring personnel, closed 350 industries over a three-month period for pollution violations, and have finalized an agreement with the World Bank to provide $100 million for new SEDUE financing.

> ***Mexican officials deny that the abrupt improvements stem from US debate over the possibility of worsened pollution under a free-trade agreement.***

These changes, however, do not make SEDUE a modern, effective agency. The new personnel, for example, will enhance what has only been a token gesture in pollution control. Until more than 50 new pollution inspectors were added to its staff in 1991, SEDUE had less than a dozen inspectors for border industries in the four-state area bordering Texas.

Moreover, SEDUE's budget remains small by EPA standards. In 1990 the agency only had about $3.15 million for all pollution control programs in Mexico. Such funding represents a mere fraction of a single US state agency budget for pollution control. But the new World Bank funds, other loans SEDUE is seeking, and the new personnel indicate that SEDUE is going to get tough with both domestic and foreign industries in Mexico, Reyes Luján says. "If some industry goes in the wrong direction, we are going to close it," he claims.

Skepticism

Reyes Luján's promises meet with skepticism, however, from Mexico's environmental community. "Plant closings tapered down dramatically after the US Congress approved fast-track procedures," says Betty Ferber de Aridjis, spokeswoman for the Group of 100, one of Mexico's most prominent environmental groups. "There is still a woefully inadequate budget and there are still not enough [plant] inspections."

Environmentalists are equally concerned with their inability to obtain information on SEDUE's plans. The lack of a right-to-know law in Mexico allows the agency to operate in relative secrecy, complains Aridjis. "It makes it difficult to get accurate information or, sometimes, *any* information," she says.

EPA officials, however, are delighted at the changes in SEDUE. The agency's transformation is mentioned frequently by US officials touting the long-awaited resolution of border environmental issues. In the same spirit of cooperation, the US government has begun to make new offers of technical assistance to SEDUE and to offer some new funding, although no loans or grants have been forthcoming. The EPA recently agreed to give SEDUE about $150,000 for a program on greenhouse gases, for example, but has yet to pro-

duce funds to help SEDUE carry out the joint border management plan—now in its fifth draft.

Initiative of Its Own

SEDUE is showing initiative of its own, however, by negotiating for a loan of $165,000 to shore up agency infrastructure. At the same time, it is forcing domestic and foreign industries to sign new agreements limiting toxic air and water emissions in compliance with technical regulations unfolding under Mexico's omnibus environmental act of 1988. Such agreements are a long-standing tradition in Mexican government, and they are frequently criticized for being both voluntary and unenforceable. SEDUE has put teeth into the agreements, though, by forcing companies to post bonds based on the total investment promised by the company for pollution abatement programs.

Plant shutdowns have also sparked some new fears among foreign industries operating in Mexico. When SEDUE recently shut down a General Motors (GM) plant in Matamoros for 12 days, the auto giant was forced to stop some global car production, Reyes said. As a result, GM has agreed to build new waste-water treatment facilities at 34 plants, he said.

SEDUE and the EPA are also discussing the idea of assessing user fees against border industries that would by channeled into a "green fund," to be used for monitoring border pollution and building infrastructure improvement projects. *Maquiladoras*, now considered cost rather than profit centers, pay only negligible taxes to Mexico. A legal framework to allow such user fees has already been established in Mexican law, Reyes says. Under new regulations that became effective in October 1991, even parastate industries can be charged such fees, he said.

SEDUE's new financial and technical resources, and the cooperative effort with the EPA, will allow Mexico for the first time to assess its overall border pollution problems and the cost of resolving them, Reyes believes. Yet, US and Mexican environmental groups warn that if attention is not continually focused on natural resource issues in US-Mexican trade relations, both SEDUE and the EPA will have less incentive to maintain their present momentum and follow through on an effective border management plan. ■

Editor's Note: Adapted with permission from El Financiero Internacional *(Mexico City), August 26, 1991.*

In Memoriam: Gordon K. Lewis

by Anthony P. Maingot

The lecturer could barely look over the five-foot high lectern. All that could be seen of his head were thick bifocals and long hair pinned in the back with bobby pins. His lectures, in English, always seemed to go over the heads of his few and mostly Spanish-speaking students. To this student, fresh from four years of competent but ideologically uniform US education, his lectures were eye-openers. They were a challenge to critical thinking as well as a call to join action to thought.

This was in 1961 at the *Universidad de Puerto Rico*, Rio Piedras, an intellectual oasis in the Caribbean led by Jaime Benitez, one of that extraordinary generation of men who had helped Luis Muñoz Marín transform the island. The *Universidad de Puerto Rico* was also a bit of a sanctuary for the disenfranchised population of a bland US academic environment, such as ethnic and racial minorities, gays, and those who, like Gordon K. Lewis, were victims of Senator Joseph McCarthy's philistine reign of ideological terror. To be sure, Puerto Rico also had constraints on academic freedom. Lewis would deal with these in his usual devastating style in his most important book, *Puerto Rico: Freedom and Power in the Caribbean* (1963). The university's requirement that any political activities on campus not be partisan, wrote Lewis, "is rather like requesting a system of marriage without sex."

Lewis was passionately partisan: he was a lifelong Fabian and also a lifelong Christian. In the pursuit of an understanding of Caribbean realities, both belief systems took on distinctly radical tones. He infused those systems, not merely with an astonishing knowledge of the history of human frailties, but with a capacity for moral indignation.

While he was Welsh by birth, he was intellectually from the Caribbean. He was firmly a part of those societies and cultures that, having had to build from the vile rubble of slavery, developed in the process a low threshold of tolerance for injustice and exploitation. Because such a stance is never without inner tensions and contradictions, Lewis could not escape these either. He was, for instance, always critical of the Puerto Rican "*Estado Libre Asociado*" status, but at the same time a great admirer of its fundamental architect, Muñoz Marín. He intrinsically disliked the Leninist variety of socialism but admired its most fervent Caribbean practitioner, Fidel Castro.

In his *Main Currents in Caribbean Thought* (1983), Lewis condemns the Caribbean as an intrinsically racist region, yet concludes that if racial democracy is to be created anywhere it will be there. Perhaps Lewis in 1983 was clinging to hopes that everyday experience was proving to be misplaced. This hope was perhaps most directly expressed in 1969 in his *The Growth of the Modern West Indies*. The correct path for the West Indies, said Lewis, was "a socialist ideology so that the nationalist ethic may be married to the planned organization of social equality." Alas, the Caribbean—and the world—is going in the opposite direction.

Lewis was not one to fly with the flock or assert the popular view. Yet his willingness to dismiss "pragmatic considerations," "public opinion," "majority consent," or "mere utilitarian advantage" certainly did not represent his general view on the Caribbean, whose majoritarian democracy Lewis more often than not applauded and promoted.

Here, then, was Gordon K. Lewis, Welsh but also Caribbean; socialist but also the grand teacher of the philosophy of Edmund Burke, British parliamentary principles, and the American founding fathers. A complex man of many nuances but, above all, unequivocally engaged.

The Caribbean has lost its most complete representative of the intellectual enterprise. It is left, fortunately, with the literary legacy of that enterprise. Those who, like this student, learned from him, will sorely miss him. ■

Anthony P. Maingot is editor of Hemisphere.

F A X

Insider briefs on people and institutions shaping Latin American and Caribbean affairs

. . . But We Can Still Be Friends . . .

A minor tiff developed between Brazilian authorities and *General Motors do Brasil.* The dispute erupted when the São-Paulo-based vice president for GM's Latin American operations, Robert B. Stone, announced on May 28, 1991, his retirement and pending replacement by Richard C. Nerod, president of GM's Mexico operations. Nerod sent a strong message to Brazil's government by announcing that GM's regional headquarters would move from São Paulo to Miami. According to a GM spokesperson, "poor communications between Brazil and other South American countries" was one of the major reasons for the shift in corporate headquarters. GM indicated, however, that its plans to invest more than $1 billion in Brazil would not be altered.

■

Cholera Update

Cholera has now appeared in US waters—in Mobile Bay. How the disease found its way to the Gulf of Mexico and into Alabama's oysters remains a mystery. The cause may have been contaminated sewage dumped by a ship carrying infected workers from South America. Or a Food and Drug Administration lab adjacent to Mobile Bay may have accidentally released the bacteria. Meanwhile, health authorities have posted signs to keep boaters and swimmers away from the shellfish shoals.

Edited by Mark B. Rosenberg

It's All in the Body Language

No substantive agreements on the North American free-trade agreement were reached at the Seattle meeting (August 19-20, 1991) of trade negotiators representing Canada, the US, and Mexico. There were, however, some substantive disagreements. The most notable occurred when Mexico's commerce secretary, Jaime Serra Puche, corrected a US State Department translator on three occasions and offered his own translation of the press conference's final question. According to the Mexican official, the translator was giving the forum's questions a more confrontational meaning than was intended by the Mexican journalists, who were directing them at US trade negotiator Carla Hills.

■

We've Heard This Before

According to *Echoes from Eco-Tours,* a Panamanian newsletter, Panama's "best kept secret" is the country's accessible rain forests. Founded by Howard Wenzel, a US expatriate in Panama, *Eco-Tours de Panama S.A.* is dedicated to nature and adventure tourism. The new eco-enterprise has a special agreement with the Smithsonian Tropical Research Institute to run the "Panama Canal Rainforest Adventure." According to the newsletter, the "thrill of passing large ocean liners and gigantic container ships in the Canal in a small boat, combined with the observation of monkeys, turtles, tropical birds and other fauna and flora in the teeming rainforest . . . make this trip one of the most unique and enjoyable jungle tours in the world."

Best Seller #1

Venezuelan author Arturo Uslar Pietri donated, in August 1991, $16,000 from the *Premio de Novela Rómulo Gallegos* to the Venezuelan educational institute, *Fe y Alegría.* Uslar Pietri received the prize for his novel, *La visita en el tiempo.* Upon making the gift, the author declared that education is Venezuela's "most important, dramatic and fundamental problem." He observed that "with all the money we spend, we don't have in Venezuela education that emphasizes the country's needs" (*Agence France Presse,* August 15, 1991).

■

Slow Flow in the Bayou State

Louisiana governor Buddy Roemer has published "Closing the Business Gap with Latin America," a blueprint for the Bayou state's new international trade strategy. According to the August 1991 report, the state's "molasses mentality" and the absence of information for small firms have been major impediments to the growth of trade between Louisiana and Latin America.

■

Mixed Message

The Guatemalan government, not known for its friendly treatment of its indigenous population, is now marketing the music of Guatemala's native groups. A project directed by the *Instituto Guatemalteco de Turismo* is recording and distributing the music of 24 native groups, including the somber sounds of the Kekchi Indians and the reggae rhythms of Black Caribs.

Environmental Music

Milton Nascimento, considered by many to be Brazil's leading popular musician, has turned his attention to the country's festering debate over the environment. He has released a new album, *TXAI* (Columbia Records), which in the language of the Kaxinawa Indians means "the other half of me." The album interprets the threats to the Brazilian rain forest and the indigenous groups who live there. The album includes brief segments of music from Amazonian tribes, juxtaposed with Nascimento's usual mix of jazz and rock. According to *Times of the Americas* (August 21, 1991), the indigenous sounds are the "real soul of the recording."

■

Castro's Future

The almost breathless pace of changes in the USSR and Eastern Europe raises the inevitable question about Cuba: How much longer can Fidel Castro maintain his power? A 1991 Freedom House publication, "Cuba in the Nineties," provides insight into the issue through analyses by leading observers of Cuban affairs, including Senator Claiborne Pell, Jorge Domínguez, Wayne Smith, Luis Aguilar, Irving Louis Horowitz, and Carmelo Mesa-Lago. The magazine-length publication is one of the first documents to be published by "The Cuba Roundtable," organized by Freedom House to provide a forum for the discussion of current developments in Cuba and their impact on US-Cuban relations.

Who Is Gaspar Ilom?

Many know Gaspar Ilom as the hero of *Men of Maize*, Nobel laureate Miguel Angel Asturias's novel of Mayan life in Central America. In recent times, "Gaspar Ilom" has been the nom de guerre of a leader of the *Organización Revolucionaria del Pueblo en Armas*, one of Guatemala's antigovernment insurgencies. The person behind the name is actually Rodrigo Asturias, the oldest son of the elder Asturias.

■

Jet-Set Migrants

Miami has become a mecca for Latin American pop stars, who are now establishing residences in the South Florida city. Among those who periodically call Miami home are Venezuelan singer José Luis Rodríguez ("El Puma"), Nicaraguan salsa singer Luis Enrique, Argentine balladeer María Marta Serra Lima, and Dominican folk/merengue star Juan Luis Guerra. They join Spanish superstars Paloma San Basilio and Julio Iglesias, who also reside in Miami.

■

Best Seller #2

One of the hottest books in Mexico is Elena Poniatowska's *Todo México* (Mexico, DF: Editorial Diana, 1990). The text is a collection of interviews conducted by the renown Mexican author with notable personalities from the world of Hispanic affairs, including Spain's most famous bullfighter, Manuel Benítez, "El Cordobés"; Jorge Luis Borges, the Argentine writer; and the acclaimed filmmaker Luis Buñuel, a Spaniard who took Mexican citizenship. Although the interviews are somewhat dated, they once again reveal Poniatowska's rich interviewing skills.

■

Watch Out

The Smithsonian Institution is now publishing *New World*, a quincentenary publication "dedicated to the Americas." The newsletter mixes scholarly analysis with news notes on cultural activities that are being scheduled around the 500th anniversary of Columbus's arrival in the Caribbean. Volume two of the publication provides in-depth analyses of Columbus's impact from the African-American perspective through essays by Franklin W. Knight, a Johns Hopkins University historian, and Sydney March, a Jamaican poet who edits the *Continent*, a Washington-based African-American news publication.

■

Worth Visiting

The Monterrey Museum of Contemporary Art opened its doors on June 29, 1991, with an exhibit that displayed 300 works by 62 artists from 17 countries. The $11-million project is symbolic of Mexico's emerging role as a mediator and interpreter between Latin America and the US.

■

On the Move

Richard Nuccio, formerly of the Inter-American Dialogue, is now on the staff of the House Subcommittee on Western Hemisphere Affairs. Nuccio replaces long-time staffer Nancy Agris.

Restructuring Argentina

by William C. Smith

Carlos Menem's neoliberal policies have achieved short-term success in tranquilizing Argentina's raging inflation. But can his program of "creative destruction" reverse the economy's long-term structural decline?

Carlos Saúl Menem assumed the presidency on July 8, 1989, with Argentina obsessed by raging hyperinflation. From August 1988 through July 1989, consumer prices soared 3,610% and wholesale prices 5,062%. Menem responded with radical, neoliberal "free-market" reforms that explicitly repudiated the populist and statist economic postulates defended by Peronism since the 1940s. Indicative of changes to come, key members of the presidential entourage grandly spoke of a "new bloc of social, political, economic, and perhaps military power," whose task was nothing less than the "reconstruction of Argentine capitalism." Menem himself expressed the intention to "pulverize the crisis." He warned his fellow citizens to brace themselves for "a tough, costly, and severe adjustment," requiring "major surgery without anesthesia." However vivid the language, the new president was not exaggerating the pain that would soon afflict Argentine society.

The economic logic of Menem's neoliberal project is undeniable; its social and political viability, however, remains highly problematic. A key issue concerns the changing balance of power between the executive and legislative branches of government, on the one hand, and between the state and the most internationally competitive sectors of business, on the other. Another issue is the willingness of the rest of society—middle-class consumers, organized labor, the weaker, domestically oriented segments of urban and rural business, and others—to shoulder the huge social costs resulting from the shrinkage of the state's economic role and the "freeing" of the market.

Menem's "Productive Revolution"

The thrust of Menem's "productive revolution" was first revealed in the "Plan BB," named after Bunge & Born, Argentina's most powerful multinational corporation and, for Peronism, long a reviled symbol of *vendepatria* ("sell out") capitalism. Unveiled by Miguel Roig and implemented by Néstor Rapanelli, his successor as economy minister, the Plan BB consisted of emergency measures—such as a 170% currency devaluation, 200-640% hikes in public-sector tariffs, and reductions in state subsidies—as well as an ambitious blueprint for a new model of economic development. Steps toward this new model were taken with congressional approval of a "revolutionary project" calling for the rapid downsizing of the Argentine state and the drastic deregulation of the country's semi-closed economy.

The start was auspicious. The Menem government's image of authority, combined with positive business expectations and consumer enthusiasm generated by Peronism's conversion to neoliberalism, quickly cooled the fires of hyperinflation. The *Banco Central*'s foreign-exchange position and the state's fiscal situation improved dramatically, and a simulacrum of normalcy was restored. Macroeconomic stability, however, proved extremely fragile. The fiscal surplus was insufficient to cover the *Banco Central*'s escalating interest bill, and the cycle of public-sector borrowing and domestic debt accumulation proceeded without interruption.

By December 1989 renewed currency speculation against the *austral* forced Rapanelli to gamble on major modifications of the

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Plan BB, including a unilateral moratorium on the internal debt. Public uproar from entrepreneurs, agrarian producers, organized labor, and the political parties—including the Peronists—forced Rapanelli's resignation. His replacement was Antonio Ermán González, who had served as secretary of economy of La Rioja—Argentina's poorest province—during the 1970s under then provincial governor Carlos Menem.

Confronted by rising inflation, renewed speculation, and the threat of a run on the banks, Ermán González announced the "Bonex Plan," whose centerpiece was the compulsory conversion of commercial bank time deposits greater than 1 million *australes* (slightly more than $500) into ten-year, dollar-denominated bonds paying 6% annual interest. This unilateral action wiped out most of the public-sector's short-term domestic debt, replacing it with medium-term external debt.

By causing a sharp reduction in the nation's liquidity, the Bonex Plan exacerbated Argentina's already steep recession. Yet the dollar continued to rise, a problem compounded when the International Monetary Fund (IMF) suspended the release of funds under an earlier agreement. Despite the government's promises of deepened austerity, Washington deemed that Argentina had made insufficient progress to be included in the debt renegotiations envisioned under the Brady Plan.

This difficult scenario set the stage for what the Buenos Aires financial newspaper *Ambito Financiero* baptized as a "market coup" responsible for a new round of virulent hyperinflation. For the 12 months ending in March 1990, the consumer price index had risen a phenomenal 20,594%.

Yet another emergency package was decreed to bring the madly careening economy under a semblance of control. Relying on a strong fiscal shock, the measures enacted by Ermán González and his team checked hyperinflation and improved public finances, albeit at the expense of public services, including education and the judicial system.

Yet another emergency measure was decreed to bring the madly careening economy under a semblance of control, based on a strong fiscal shock.

With the threat of hyperinflation receding somewhat, the Menem government concentrated on advancing its neoliberal agenda of dismantling the interventionist state and opening the economy to the rigors of international competition. In July 1990 Ermán González enacted liberalizing measures to deregulate imports and eliminate protectionist measures benefiting local industry. In August the *Ministerio de Economía* was given broad new powers to accelerate the privatization and/or liquidation of the state's largest enterprises. In October Menem went further, signing a decree mandating the privatization within six months of many state-owned companies, such as the YPF petroleum company, *Gas del Estado, Segba, Agua y Energía, Obras Sanitarias,* the post office, and the port administration. Contracts to private companies were awarded for secondary oil and natural gas exploration. Not even the military-industrial complex was to be spared in this privatizing frenzy, as many industries belonging to the holding company *Fabricaciones Militares* were slated for transfer to private ownership.

Privatization was plagued with multiple difficulties. Critics alleged that hasty privatization favored the powerful *grupos económicos* (e.g., Pérez Companc, Bunge & Born, Techint, Pescarmoma, Acindar, Celulosa Argentina, Bridas) with huge unearned profits. The privatization drive was marred by considerable improvisation, if not by downright incompetence. Compounding these problems was the failure to put a regulatory framework into place before companies such as Aerolíneas Argentinas and ENTEL, the telecommunications monopoly, were placed on the auction block.

Meanwhile, increasingly harsh anti-inflation policies plunged the economy into "hyper-recession." Deindustrialization continued, as did the contraction of real wages. Indeed, blue-collar industrial wages were now sufficient to acquire only 40% of the market basket of basic goods and services, while unemployment and underemployment surpassed the unprecedented mark of 17%.

The Menem government greeted this dismal economic news with equanimity, even suggesting that massive social dislocations were positive signs that market-oriented policies were working. The only bright spot was that Argentina's 1990 trade surplus had risen significantly. The main reason for this rise, however, was the collapse of domestic demand and investment, which put a damper on imports. Another reason was the severe overvaluation of the *austral*, caused mainly by tight monetary policy and the hoarding of dollars by many firms to meet their payrolls and tax obligations.

By the end of 1990 Menem's neoliberal project found itself at a dangerous impasse: despite the recession, inflation for the year surpassed 1,800%. Nevertheless, Menem and his economic team chose to stay the course. In December Ermán González further liberalized foreign trade, imposed yet another "deflationary shock," and approved a "tax amnesty" permitting the repatriation of "black" dollars without fear of legal penalties.

These improvisations, plus new emergency course corrections in January 1991, touched off a speculative frenzy, causing the *austral* to lose 50% of its value against the dollar.

Mounting scandals over corruption in high places—such as the "Swiftgate" affair in which US ambassador Terrence Todman accused high functionaries of demanding payoffs from US multinationals—and the threat of another hyperinflationary spike set off a tragicomic round of musical chairs. When the dust settled, Menem's new cabinet lineup saw Domingo Cavallo leave the *Ministerio de Relaciones Exteriores* to take over at the embattled *Ministerio de Economía*. It also saw Guido Di Tella, previously Argentina's ambassador in Washington, shift to *Relaciones Exteriores*, and Ermán González transfer to the *Ministerio de Defensa*.

In March 1991 new economy minister Cavallo prescribed the ultimate in anti-inflation shock therapy: on April 1 the *austral* became freely convertible into dollars. Further, the congress passed a new law prohibiting the *Banco Central* from printing money to cover budget deficits unless new emissions were fully backed by gold or foreign currency. To liberalize foreign trade and to make industry more competitive, the government slashed import duties. Argentina joined Brazil, Uruguay, and Paraguay in forming MERCOSUR (*Mercado Común del Cono Sur*) to bolster the region's bargaining power in negotiating a framework agreement with the US concerning a possible hemispheric megamarket.

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The Cavallo Plan, as the new package was dubbed, represented the 13th modification of the neoliberal model since Menem assumed office. It was a dramatic gamble. Like poker players betting the ranch, Cavallo and Menem risked Argentina's approximately $5.5 billion in foreign reserves in a desperate effort to halt inflation in its tracks. The risks were as high as the stakes: the "convertibility" component of the Cavallo Plan meant that should wealthy Argentines perceive that the government lacked the will or the hard-currency reserves to maintain the *austral* at 10,000 to the US dollar, they could immediately exchange their *australes* for dollars, leaving the *Banco Central*'s coffers empty.

The Argentine economy was already extensively "dollarized": the value of greenbacks in circulation was estimated to be greater than the sum of *australes* in the hands of the public and on deposit in the banking system. This fact gave the plan plausibility and Cavallo a chance to achieve the elusive goal of reactivating at least some economic sectors (e.g., agribusiness and high value-added manufacturing industries capable of exporting) without endangering monetary stabilization. But if this latest version of neoliberalism restructuring were to breathe life into the prostrate Argentine economy, the state would have to achieve a substantial and enduring fiscal surplus while also maintaining a large trade surplus. An agreement with Argentina's creditor banks and the IMF to reduce external debt service and to attract a modest flow of overseas investment capital was also imperative. All these propositions were dubious at best.

In sum Menem's aggressive anti-statist, pro-market policies accentuated the dismantling of the country's industrial base that had gathered momentum under the post-1976 military dictatorship and continued unchecked under Raúl Alfonsín after 1983. Despite draconian deflationary policies, prices continued to rise at moderately high rates. Moreover the "hyperstabilization" strategy resulted in the worst recession in the history of Argentine industry.

The consequences of this recession could be clearly seen in the state's fiscal policies. For example, as recently as 1987 public-sector salaries represented 12% of gross domestic product (GDP), but recent austerity policies (including the dismissal of 60,000 public employees and pledges to trim thousands more) have reduced this figure to less than 6%. Curtailment of public-sector investments triggered a vio-

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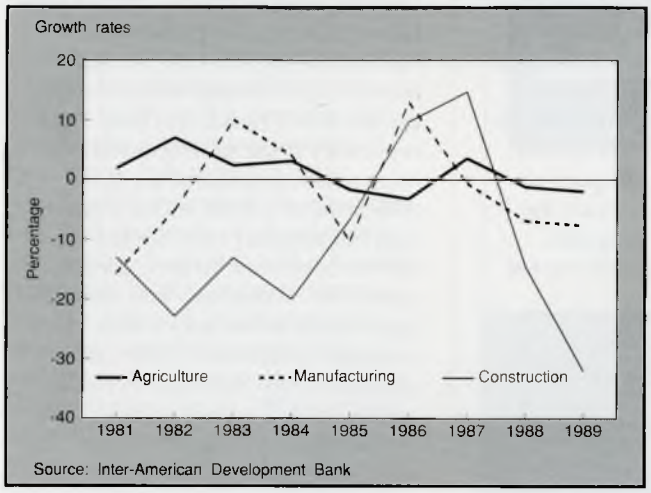

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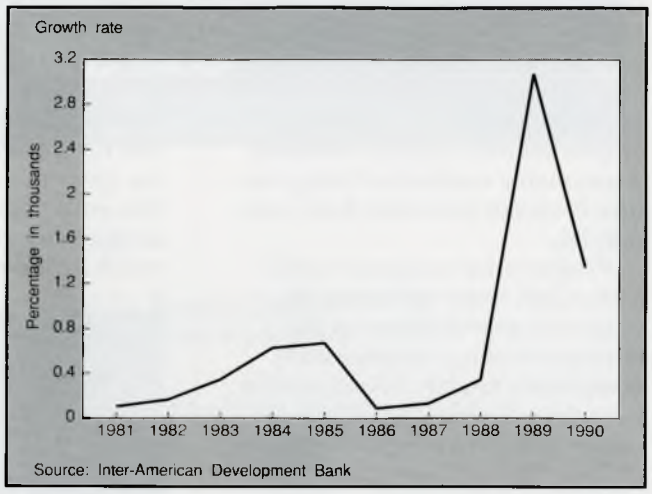

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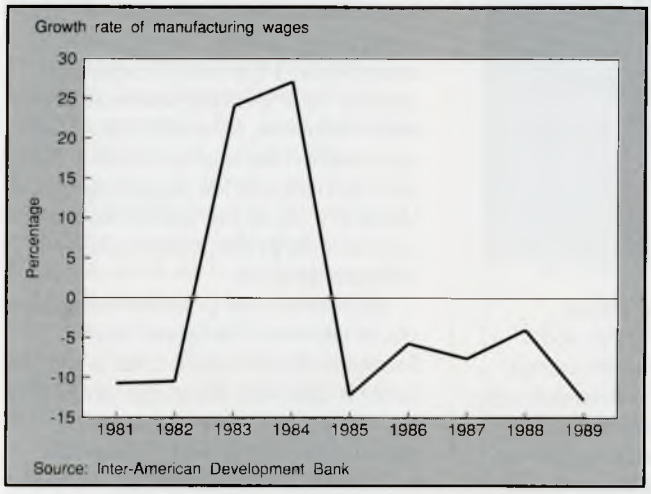
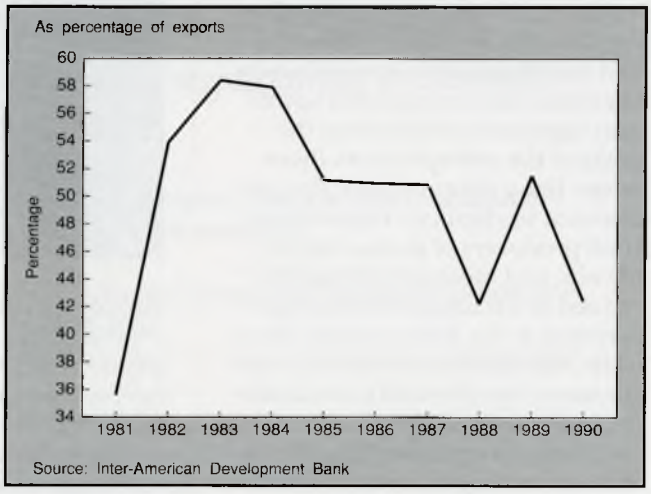


DEBT SERVICE



lent decline in the construction sector (a major employer of unskilled labor) and in the strategic capital goods sector. Reduced expenditure, higher tax revenues, and profits from the sale of state enterprises resulted in small fiscal surpluses that have drastically reduced the state's absorption of credit. While the latter put downward pressure on interest rates, prolonged recession meant that even much cheaper credit was insufficient incentive to reignite private-sector investment. Stagnation continued, with few hopes for quick economic reactivation.

Social Costs of Neoliberalism

Menem's embrace of free-market economic reforms jeopardized his personal popularity and threatened to undermine the allegiance of Peronism's populist social base. Neoliberalism also posed serious questions about the future of democratic consolidation. From the lofty heights of neoclassical economic theory, the logic of neoliberal restructuring and the exigencies of democratic politics may have seemed compatible and even mutually reinforcing. At least in the short run, however, Menem's policies engendered tension, conflict, and contradiction.

The industrial sector's deepening crisis and the continued shrinkage of the domestic market have profound implications for distributive justice. GDP per capita declined more than one-fourth during the 1980s—regressing to the figure reached around 1960—with income inequalities worsening as well. The share of national income going to one-tenth of the population is about 46%, up sharply from 35% in 1974. The poor are now estimated as representing at least 30% of the nation's

population and more than 40% of the population of metropolitan Buenos Aires. Not only have living standards worsened for the poorest groups. In addition there has emerged a category of "new paupers"—workers and middle-class employees who formerly obtained a reasonable standard of living, but who in recent years have fallen into poverty.

Prospects for economic stabilization and, more optimistically, long-term growth hinge on the emergence of an internationally competitive model of development to replace the post-World War II model of import-substitution industrialization. But *Menemstroika* restructuring faces a major political obstacle—the dismantling of the populist coalition (long favored by both Peronists and Radicals) of business and labor interests tied to the domestic market. The irony is that the Menem government's neoliberalism has encountered significant opposition from within the ranks of the entrepreneurs themselves. In an effort to force the government to eliminate export taxes, rural producers of grains, vegetable oils, and meat have frequently refused to exchange their foreign currency at the *Banco Central.* Meanwhile, industrialists producing both consumer durable and nondurable items have voiced misgivings about the emphasis on agriculture and petroleum in the government's plans to return Argentina to the ranks of the world's leading commodity exporters. More generally, many entrepreneurs fear that if the economy is opened too rapidly, and if state subsidies are slashed too drastically, the private sector will be sacrificed on the twin altars of international competitiveness and fiscal austerity.

Organized labor, which continues under Peronist hegemony, is another key member of the populist coalition. Ultimately, the viability of the neoliberal model will hinge on the state leadership's ability to contain labor militancy, implement a restrictive wage policy, and promote the "flexibilization" of the labor market by eliminating rules favoring workers within enterprises. Menem's policies have provoked an open rift within the ranks of the Peronist labor movement. The officially recognized *Confederación General del Trabajo-San Martín* has given its grudging support to Menem's policies; in contrast the antigovernment *CGT-Azopardo,* which includes many public-sector employees and other militant unionists, has strongly opposed plans for privatization and liberalization. The *CGT* has consistently repulsed governmental demands for a social truce and openly sought to rally support for an alternative policy to reactivate the economy. Moves toward revitalization within Peronist labor could spell serious trouble for Menem's project.

Neoliberal prescriptions call for rolling backing the state's role in the economy and society. Ironically, though, they may well require not less but more state intervention.

Not surprisingly, the strongest supporters of Menem's policies are to be found in an emerging center-right alliance between ardently *menemista* sectors of Peronism and the conservative *Unión del Centro Democrático.* Peronism's "historic identity" and its commitment to social justice will be sorely tested at the level of rank-and-file loyalty. It may also have to cope with possible electoral and parliamentary realignments in future congressional and gubernatorial elections.

Underlying these political and economic transformations stands a striking contradiction. On the one hand, neoclassical prescriptions call for rolling backing the state's role in the economy and society; on the other hand, the state bureaucracy must assume additional roles and responsibilities (for which there is little social legitimation) in support of a market-driven economy. In fact, greater economic orthodoxy may well require not less but more state intervention—albeit with different objectives and different beneficiaries—as well as more power concentrated in the hands of the state's bureaucratic elite.

This smaller but more agile (and in some respects more powerful) state has quite naturally been welcomed by the dominant players in the local and transnational business communities. The agro-export interests and industrial capitalists capable of exporting successfully to world markets, however, have been extremely reluctant to assume their role as investors—a requirement of Menem's plans for industrial reconversion and greater international competitiveness.

Moreover, the *grupos económicos* (such as Pérez Companc and Bunge & Born) and business's dominant industrial, financial, and agro-export sectors have consistently used their enhanced leverage to make several demands: the elimination of the fiscal deficit, the end of price controls, the introduction of a favorable exchange-rate regime, and a heavier hand with organized labor. Some of the more conservative business sectors—impatient with the cumbersome procedures of democratic politics—have even urged Menem to steamroll the congress and to implement market-oriented reforms through the executive's decree powers. Evidently at least some entrepreneurs harbor a nostalgic longing for the "efficiency" of policymaking by authoritarian edict.

Tragically, given an economy seriously weakened by decades of

mismanagement, this aggressive neoliberalism probably will not engender vigorous growth and development. In view of Argentina's current political and economic conditions, free-market policies may militate in favor of a perverse outcome—the institutionalization of speculative habits by business, labor, and consumers. An economy based on the logic of plunder and get-rich-quick speculation is hardly conducive to the "creative destruction" so admired by advocates of unfettered market economies. Despite the reforming zeal of the Menem team and its 1991 success in slashing inflation, Argentina's long-term scenario may be one of high inflation, low investment rates, and mediocre macroeconomic performance.

The long-term implications of Menem's neoliberalism for democratic politics are troubling as well. To be sure, the specter of authoritarianism has certainly receded and the prospects for consolidation of the electoral and representational aspects of democracy have improved considerably. Nevertheless, the economy's decline is deeply at odds with the forging of a stable democratic class compromise encompassing the congress and the major political parties, as well as capital, labor, and the middle class.

Argentina's politics are immersed in a sea of embittered and fractious interests, whose horizon of hopes and expectations often fails to surface above the imperative of immediate needs. As was true of earlier resistance to authoritarianism, contemporary struggles for democracy will be inextricably linked to Argentina's Sisyphean search for social justice and a viable model of economic growth. ■

Editor's Note: Revised version of the postscript to the paperback edition of Authoritarianism and the Crisis of the Argentine Political Economy *(1991).*

Abandoning the "Third Position"

by Aldo C. Vacs

Among the surprising policy turns taken by Argentine president Carlos Menem was his decision to abandon the nationalist, nonaligned path of Peronism's "Third Position." Upon entering the presidency in 1989, Menem declared a new, pragmatic approach to foreign policy. Domestically the administration adopted a neoliberal economic strategy designed to reduce the external debt and attract investment capital. Along the same lines, the administration initiated a foreign policy geared to improving relations with the US and the European Community (EC), reestablishing relations with Great Britain, and continuing the process of economic integration with the countries of the Southern Cone.

Menem embarked upon this new path of domestic and foreign policy by appointing Domingo Cavallo—a Harvard-trained economist and former president of Argentina's *Banco Central*—as minister of foreign relations in July 1989 and then as minister of economy in January 1991. Cavallo viewed Argentina's economic problems as resulting from the nation's conjuncture of "socialism without a plan and capitalism without a market." His response fits squarely on the market side, seeking to gain access to foreign markets for Argentine goods while opening Argentina's market to foreign capital and goods. Cavallo's replacement as minister of foreign relations, former ambassador to the US Guido Di Tella, has deepened the nation's commitment to this domestic and international approach.

Menem declared a new, pragmatic approach to foreign policy, geared to improving relations with the US and the EC, reestablishing relations with Great Britain, and continuing the process of economic integration with the rest of the Southern Cone.

An initial obstacle to this approach was US distrust, which was rooted in the tradition of Peronist populism and nationalism, as well as Menem's contradictory campaign statements. In response, the Menem administration reduced Argentina's profile in the support group for Central America's Contadora peace process and refused to criticize the role of the US in Central American conflicts. Moreover the administration shelved the idea of promoting a bloc of Third-World debtors, aligning instead with the US position in favor of individual-country negotiations with international creditors.

In his first meeting with President George Bush, Menem pledged his support for the war against drugs, promised to honor Argentina's debt obligations, and agreed that democracy should be restored in Panama. The Menem government mildly criticized the invasion of Panama as a violation of the principle of nonintervention. Nonetheless, the government carefully refrained from condemning the invasion, declaring that the US action would not impair Argentine-US relations. Likewise, to gain favor with the US, Menem decided to ignore strong opposition at home and to stand alone among Latin American countries by participating in the anti-Iraq mobilization orchestrated by the UN.

During Bush's December 1990 visit to Buenos Aires, he congratulated Menem for having quelled a military rebellion, praising Argentina's president as a "world leader in the field of privatization" and stating that US-Argentine relations "are now excellent and will continue to improve." Bush promised to support Argentina in its debt negotiations with international banks, but made it clear that the country should not expect important concessions.

The development of cordial relations, however, did not eliminate bilateral problems. In December 1990 US ambassador Terrence Todman set a letter to minister of foreign relations Cavallo and min-

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ister of economy Ermán González, denouncing the alleged attempt by several unnamed high Argentine officials to obtain bribes from US companies before authorizing business transactions. Though the Menem administration rejected the accusations, the controversy reduced the prospects for new US investment and credit. In mid-1991 another problem arose when a US congressional investigation indicated that several members of Menem's inner circle, such as the president's sister-in-law and audiences secretary, Amira Yoma, and her former husband and chief of customs at Argentina's main international airport, Ibrahim al Ibrahim, appeared to be involved in money-laundering transactions with drug traffickers and the Bank of Credit and Commerce International.

As for Western Europe, Menem and Cavallo announced their interest in ending Argentina's feud with Great Britain over the Malvinas-Falklands, which led to the February 1990 reestablishment of Argentine-British diplomatic relations as well as various trade and investment agreements. Cavallo later signed an accord with the president of the Council of Ministers of the EC to promote the development of Argentina's economy and social services and to cooperate in scientific-technological programs and joint ventures. Reflecting the renewed interest of European investors was the fact that consortia of Italian and Spanish companies purchased two major Argentine state companies: ENTEL, the state phone and telecommunications enterprise, and *Aerolíneas Argentinas*, the national airline.

Menem's Latin American foreign policy has focused on strengthening trade relations and creating joint enterprises with Brazil as well as fostering economic integration with Brazil and other neighboring countries. Argentine-Brazilian trade has been on the upswing, based on Argentina's increased exports of food products and imports of Brazilian manufactured products. Most important, on March 26, 1991, Argentina, Brazil, Paraguay, and Uruguay signed an agreement creating MERCOSUR (*Mercado Común del Cono Sur*). They are currently negotiating the incorporation of Chile and other South American countries, such as Bolivia and Peru, into the common market.

It is likely that Argentina's foreign-policy tilt toward the US and Western Europe will continue, as the Menem administration seeks diplomatic support for its debt negotiations with multilateral institutions as well as foreign aid and investment for its structural adjustment programs. What is less clear is how successful this approach will be. So far, the benefits to Argentina have been meager: a number of symbolic diplomatic rewards, but no economic rewards of the magnitude necessary to arrest the national economy's long-term structural decline. Indeed, US and Western European agricultural and trade policies have worsened Argentina's plight by maintaining export subsidies and denying Argentine exports access to the leading foreign markets. In sum, while Menem's foreign policy has reduced the chances of confrontation with the US and Western Europe, it has yet to be translated into the economic concessions anticipated by the policy's architects. ■

Lessons from Caribbean Elections

by Robert A. Pastor

A free and fair election is but one stride toward democracy. Given their deep-rooted economic crises and social conflicts, countries such as Suriname and Guyana must clear additional high hurdles in their quest for democracy and development

Democracy is a process under the rule of law whereby a people select and replace their leaders at regular intervals in an atmosphere that permits choice. Democracy requires a free election, but it is more than that. That is why we talk of monitoring an entire electoral process, and not just an election. For analytical and policy purposes, it is useful to divide the democratic process into four stages: pre-election, election, transition, and consolidation. Each stage poses specific challenges that must be surmounted before the country can successfully move on to the next one, arriving ultimately at a consolidated democracy in which civilian leaders have effective authority over the military.

Democracy is not a panacea for social and economic problems. Indeed, in the short term democracy may seem poorly suited to solving a nation's economic crisis because solutions often require austerity and sacrifices for long-term benefit. This is why the transition from an authoritarian government to a consolidated democracy is often both tenuous and dangerous.

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One problem with the democratic transitions is that the governments face a double bind: they need to broaden social access to the political process while also slashing social programs.

One problem with the democratic transitions in Latin America and the Caribbean today is that the new democracies face a double bind: they need to reduce the size of their governments and eliminate their fiscal and external deficits, while simultaneously opening the political process to groups that are often making desperate demands for food, jobs, health, and education. Although the governments of Latin American countries seem almost paralyzed by strikes, they have been more courageous than President George Bush, who has been unwilling to close the US fiscal or trade deficit as much as they have been compelled to do.

While the actors in each country feel their particular difficulties are special, there is an almost uncanny pattern to the litany of problems and complaints. In the experience of the Council of Freely-Elected Heads of Government in monitoring electoral processes and democratic transitions, the opposition in every country was deeply suspicious of both the incumbent government and the electoral process. This distrust is born from a long and tragic history, and it is not without contemporary justification. After every adverse incident, opposition leaders extrapolate from the single instance that a free election is not possible, or that it is part of a conspiracy to rig the election. In most cases there was a problem, but it was not as large, ominous, or widespread as the opposition thought. More important, most of these problems could be resolved.

What We've Learned

The Council of Freely-Elected Heads of Government has monitored electoral processes and democratic transitions in Nicaragua, Panama, the Dominican Republic, Guyana, Suriname, and Haiti (the democratic transition of the latter, of course, having suffered a tragic setback with the military coup of September 1991). In the course of its efforts the Council has learned a great deal, sometimes by making mistakes. What follows are six of the fundamental lessons drawn from its experience.

First, the Council of Freely-Elected Heads of Government considers monitoring the electoral process or the democratic transition only if invited by all the key parties—the government, its opposition, and the election officials. This ensures that the Council will be viewed as fair and that its recommendations will be taken seriously.

Second, the Council tries to get involved early in the electoral process. An election-monitoring group that arrives a day or two before an election can actually do a disservice to democracy.

Third, the Council has learned to listen closely to all charges of electoral irregularities, but not to leap to any conclusions. Finding the truth in a polarized society requires a great deal of work; solving a problem requires even more.

Fourth, the Council tries to work with all sides to identify the priority problems and seek their resolution. The fairness of an election usually turns on the resolution of two to five crucial issues: the registration process, the campaign, the security of candidates and voters, access to the entire voting process by opposition poll watchers and international observers, and the vote count. The Council makes clear to all parties that its ability to judge a fair election depends on its success in resolving these issues.

Fifth, the Council has learned that the best role observers can play is to try to encourage local parties to work out as many of their problems among themselves as possible. This is essential because observers cannot resolve all the problems that a culture of distrust evokes, and part of the democratic process requires that all parties compromise and work together.

Rene Ramos

In a consolidated democracy the opposition views the election as fair. In transitional elections the opposition does not have confidence in the government or the process, and the government rejects the idea that the opposition should be able to veto the legitimacy of a free election. The role of the observers is to mediate the problems and serve as a surrogate for a fair process.

Sixth, the Council has learned to stay away from an electoral process unless it can be certain that at the end it will be able to detect a significant pattern of fraud. Two of its most important techniques are the random selection of sites to observe the election and a "parallel count" to prevent manipulation of the count. If the Council detects fraud, it first tries to correct it, and if this effort fails, then the Council denounces the fraud. Since all parties know this is what the Council will do, this approach serves as a rather effective deterrent.

A Broader Caribbean Strategy

These lessons apply to the pre-election and election stages. The Council has also been working on issues of democratic transition and consolidation. What is needed now is a general US strategy to deal with the newly emerging democracies in a broader Caribbean context.

First, the Caribbean needs to break loose from its past dependence on foreign aid and to adopt a new economic strategy based more on self-reliance. US aid and finance should complement and reinforce, rather than substitute for, such a program. The new economic strategy for the Caribbean should include trade liberalization with an export-bias; fiscal self-reliance with an effective tax system; economic policy favoring investment over consumption; and de-

regulation and privatization. This recipe for success is politically costly, and that is why it is difficult to implement, let alone sustain. After the new policies are implemented, then the US should take a similarly bold step to increase aid and market access.

The Caribbean Common Market (CARICOM) should accept the Dominican Republic, Suriname, and—if the Aristide regime regains power—Haiti, but only after changing CARICOM's treaty to guarantee democracy in its current and new members. The region should agree to the steps it would take as a unit if democracy were threatened in any country. At the General Assembly in June 1991, the Organization of American States (OAS) walked up to this question for the first time and proposed that the OAS meet within ten days of a coup in a member country. This is a small, but encouraging first step, which was put into practice in October 1991 when the OAS denounced the coup in Haiti and imposed trade sanctions. Because of its long-standing democratic tradition, CARICOM should advance this idea several steps by defining the diplomatic, economic, and military sanctions that the democratic community of CARICOM would take to prevent military coups or to reverse them if they occur.

The US should reinforce these Caribbean efforts with a parallel strategy, taking a long view and realizing that a relatively small investment can yield a bountiful dividend in assuring a democratic and prosperous neighborhood. The US should offer the Caribbean a place at the table of the negotiations for a North American free-trade agreement. The Caribbean should first eliminate tariffs within CARICOM and lower its common external tariff. But one way to accelerate that process is to provide the Caribbean with an incentive, and nothing would be better than an invitation to join a wider North American free-trade area. ■

Suriname Tries Again

by Gary Brana-Shute

On Christmas Eve of 1990, Deputy Commander Iwan Graanoogst of Suriname's national army telephoned the presidential palace in Paramaribo, where a cocktail affair was under way, and informed the members of the civilian government that they were dismissed from their posts. President Ramsewak Shankar and the cabinet dutifully obeyed the telephone coup, and Suriname was off on another round of post-coup election preparation. Practice makes perfect. Following the coup in 1980, election preparation took seven years; this time it would take six months, with elections being scheduled for May 25, 1991.

The Christmas Eve coup was largely a result of military commander Desi Bouterse's fury at being detained incommunicado in the Netherlands while there with President Shankar in early December 1990. Shankar did nothing to assist Bouterse, Suriname's de facto ruler. In a damaging photo—much like that of a helmeted US presidential candidate Michael Dukakis in a tank—Shankar is shown forlornly standing in the rain *sans paraplu* outside the Dutch foreign minister's residence. Back in Paramaribo, Bouterse called Shankar a joker and, in a pun on the president's first name, ridiculed him as "Ram the Weak."

Following the coup, an interim government, appointed by Bouterse and approved by a rump parliament, was put in place, headed by the powerless and, some would argue, senile septuagenarian Johannes Kraag. The vice president and premier was the ambitious, tough, and smart Jules Wijdenbosch of the National Democratic Party (NDP), who had headed an appointed government in the mid-1980s and whose party maintains close ties with Suriname's powerful military. An NDP cabinet including some fairly competent technocrats took over the levers of state, dominated the mass media, and began its own state-sponsored election campaign.

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Meanwhile the Front, a coalition party of Afro-Surinamers, East Indians, and Javanese, was caught dead in the water. It mobilized for the promised elections merely by renaming itself the New Front and incorporating the small Suriname Labor Party into its fold.

Politics in Disarray

The 1980s were a troubled decade for Suriname, the polyethnic former colony of the Netherlands. The 1980 military coup overthrew a fragile parliamentary democracy that was based on consociational agreements of proportionality and access to financial and political resources by the major ethnic groups—the Afro-Surinamese, the East Indians, and the Javanese—each of which was represented by its own political party. The military and its civilian patrons ruled the country until 1987, when elections were finally held. The three major ethnic groups confederated into the Front for Democracy and Development in order to contest the elections and, in a public mandate for civilian control of the government, won 41 of the 50 seats in the national assembly.

Constitutionally the president was chief of state and commander in chief, while a vice president served as premier, a cabinet supervised the running of government, and a national assembly comprised the legislature. Yet none of this corresponded to reality. Through the military police and commando units, the military indirectly ruled the country. The power of the military—including several puppet insurgencies in the interior regions—neutralized the civilian leadership. The Front stumbled along until the 1990 coup when, morally and intellectually bankrupt, the coalition managed but a whisper of protest.

Foreign observers and local independent commissions pronounced the May 1991 elections to be free, open, and fair. To a large degree they were correct, at least for the city and coastal countryside. Nonetheless, the expansive, jungle-covered interior district of Sipaliwini—home to several American Indian groups and to the sizeable Maroon population—was generally sealed off from the campaigns of the New Front and the third partici-

Gary Brana-Shute, an anthropologist, has written extensively on Suriname, where he served as an election monitor for the Organization of American States in 1991.

pating party, Democratic Alternative '91 (DA '91)—a collection of young dissidents who had abandoned the New Front. Sipaliwini houses five or six insurgent movements, several of which are manipulated by the military and hence support the NDP. Hence, the NDP enjoyed access to the area while the other parties (and the civilian police force) did not.

The biggest surprise of the elections was DA '91. In a masterpiece of organization, DA '91 mobilized in all ten districts of Suriname with a scant six months of preparation. In what is usually the political kiss of death in Suriname, the party actually discussed concrete and thorny issues and did not pass out free food and drink. Young, progressive, capitalist, and pro-Netherlands and pro-US, DA '91 successfully united the dissident factions that had abandoned the New Front while playing by the ethnic rules of the game. The DA '91 membership came from the three traditional ethnic blocs within the old Front plus Maroons, who had formerly been taken for granted by the old Front's Afro-Surinamer bloc.

In the meantime, the treasury-controlling NDP concentrated on grassroots organization in rural villages and urban ghettos. This campaign strategy was eerily reminiscent of 1970s vintage Michael Manley with an overlay of Maurice Bishop's socialist populism. As the military stayed scrupulously in the background, technocrats tinkered with their spreadsheets and party hacks passed out favors, promotions, and promises to all who listened. Many voters did listen, especially the young ones who were fed up with the impotent old timers of the Front and saw no future for themselves in the middle-class DA '91. The NDP promoted itself as ethnically faceless. To some extent this was true, though the party is mainly identified with left-wing Afro-Surinamers.

In contrast to the carnival jump-up atmosphere of the 1987 elections, the 1991 elections were somber, a reflection of the public's frustration with the Front's inability to carry out the massive mandate of its 1987 victory. The promised removal of the constitutional clause permitting military intervention remained on the books, and ironically the military had grown in strength. In addition, beneath the jovial, happy-go-lucky Suriname spirit was a layer of paranoia, spawned by insurgencies in the jungle interior and urban terrorism in the form of unexplained murders and drive-by shootings in Paramaribo.

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In the past Suriname's elections were less about choice than they were immense national rituals whose outcomes were foregone conclusions. Not so now, as voters could choose from three major parties with distinctive ideas about how to run the country. Demographic, intellectual, and ideological change had transformed Suriname. The country had become younger and more urbane, with a new generation of politicians schooled in European and Third World ideologies. Suriname's returning émigrés were unwilling to tolerate the authoritarian good ol' boys.

Electoral Results

The elections yielded few surprises. Of the national assembly's 51 seats, the old-guard New Front won 30 (down from 41 in 1987). The well-funded, well-oiled NDP secured second place with 12 seats (up from three in 1987). DA '91 landed nine seats. Smaller parties secured a smattering of votes, but not enough to win seats.

Following the election the New Front entered into a tailspin, as its unexpectedly poor performance set off a round of internal bickering. Aggravating the party's disarray was its fierce competition over the division of ministerial seats. In this context the New Front has been determined to form a government without cross-aisle cooperation from either the NDP or DA '91. Therein lies the hitch: in the absence of interparty cooperation, a constitutional clause requires a two-thirds majority in the national assembly to elect a president and may bring the political process to a grinding halt, possibly clearing the path once more for military intervention. Yet the constitution has a loophole, which the New Front was bent on exploiting despite its potential for triggering chaos.

Although Suriname's president is elected by a two-thirds majority of the 51-member national assembly, the New Front's total of 34 seats falls short by four votes. The constitution specifies, however, that if after two rounds of voting within the national assembly no presidential candidate receives a two-thirds majority, the selection process is thrown into semi-public forum at the level of local People's Councils. These require only a simple majority to elect a president.

People's Councils were inaugurated in the 1987 elections in an attempt to reform the colonial political structure. There are over 800 council seats, whose distribution overwhelmingly favors Paramaribo. In spite of the New Front's damaging losses in the 1991 elections, it managed to win more than 600 of the council seats. This means that while voters indicated their displeasure with the old-guard leadership of the New Front, they remained relatively comfortable with the New Front as a famil-

iar political party. In any case the New Front won much more than the majority of local council seats required to elect a president.

On September 6, 1991, about three months after the general elections, the People's Council elected New Front candidate Ronald Venetiaan as president of Suriname. Venetiaan, a 55-year-old mathematics professor and member of the Afro-Surinamese faction of the New Front, received 645 votes against 116 for his main rival, former vice president Jules Wijdenbosch, and 56 for DA '91's Hans Prade.

Does the election of a civilian president from the New Front signal the end of military dominance? Probably not. Whether or not the NDP is a military handmaiden, the party is on a roll and can anticipate future success. After all, the New Front will inherit an empty treasury. And weakened as it is, the New Front is unlikely to do little in the way of serious policymaking. Whether the New Front will hold together or disintegrate into antagonistic ethnic blocs is anybody's guess.

Knowns and Unknowns

There are several other ingredients in this political witches' brew. Domestically, three of the insurgencies with military connections (i.e. those of the American Indian Tukuyana, the Angulla Maroons, and the Mandela Maroons) could substantially increase the civilian stress level, as the interior of Suriname has become divided between warlords and the military. Ronnie Brunswijk and his Jungle Commando, who have been fighting the military off and on since 1986, are hunkered down in a wait-and-see posture and may even be collaborating with their old enemy. The reason is Brunswijk's goal of becoming warlord king of East Suriname. This is only possible with the approval and compliance of the military, which could use Brunswijk to protect its narcotics processing and transshipping operations. In any event the military can cast itself as protector of the urban population from the "jungle barbarians" (as the insurgent groups are perceived in Paramaribo), perhaps eventually in the form of negotiating a truce.

Internationally there is military and nonmilitary posturing, with the US and Brazil doing the former and the Netherlands the latter. US rhetoric is relatively unimaginative, centering on threats of armed intervention to dispatch the Suriname military once and for all. In the aftermath of US armed intervention in Panama and Iraq, however, this is an unlikely event. In contrast, Brazil continues to support Suriname's military with handsome weapons sales and training programs, having caught Washington and the Hague by surprise with its harsh critique of a possible Euro-Suriname union as the reestablishment of a colonial empire on New World shores.

Although signals from the Hague are mixed, there is talk of reestablishing a commonwealth relationship with Suriname. This would involve monetary union with the powerful Dutch guilder; collaboration in, or monitoring of, Suriname's foreign affairs; some sort of judicial and military coordination; and—heavens to colonial Betsy—open travel access to the Netherlands. The idea has been greeted with anticolonial bombast in some circles and misty-eyed nostalgia for the neocolonial days in others. Whether it is serious or not remains to be seen.

With its economy shot and its politics in turmoil, Suriname now languishes. The military has not budged and its closest ally, the NDP, has become stronger—thanks to free elections. The country's insurgencies and drug trafficking continue, while nearly 10,000 Maroon refugees remain in French Guiana, uncertain of their status and fearful to repatriate until a relocation policy is defined and their safety guaranteed. What will happen next is unclear. There might just be more free and fair elections around the corner. ■

Vision for a Free Guyana

by Cheddi Jagan

This is a crucial time that "tries men's souls"—a time of tremendous changes worldwide. We in the People's Progressive Party (PPP) have recognized these changes in charting a dynamic new course for the national reconstruction of our country. Guyana needs sound economic policies, involvement for our people, and revival of national confidence. We need accountable government with a management orientation free of corruption and with transparency in its financial affairs.

These features were last seen in the PPP government of 1957 to 1964. That was the only period in our country's history with a clear direction and sustained growth, based on the encouragement of private capital, a vibrant cooperative sector, and with a small, efficient and profitable state sector.

Somewhere I heard the story of a couple who wished to rejoin each other on their life's journey. Upon inquiring how this could be done, the wife was told: "Have faith in your partner. Walk confidently ahead and he will follow." The wife again inquired: "But how do I know he is really coming with me?" Came the answer: "If you trust him, you will recognize his footsteps."

I invite you to recognize our footsteps. They have left indelible prints in the annals of our country's search for real development and prosperity. The PPP has a brilliant track record. We have demonstrated our capacity to inspire production and to invigorate economic life. As government in the 1957-64 period, the PPP showed, in spite of harassment, an average annual growth rate of 7% in bauxite, 7% in sugar, 8% in manufacturing, and 10% in rice. And our vision produced the Bank of Guyana, the Guyana School of Agriculture, and the University of Guyana, which some had deemed "Jagan's Night School." We solved problems in electricity, telecommunications, drainage and irrigation, transport, health, housing, education, and so on. The people had abundant and cheap food. If we can again follow those footsteps, we will make Guyana into the breadbasket or food bowl of the Caribbean!

If the People's Progressive Party can follow its footsteps of 1957-64, it will make Guyana into the breadbasket of the Caribbean.

Those footsteps have not only led us to successes in business and state management. They were the source of national pride. Every one of our state enterprises was efficiently managed, providing needed services and making profits—Guyana Airways Corporation, Guyana Electricity Corporation, Guyana Rice Marketing Board, Guyana Marketing Corporation, Guyana Rice Development Corporation, Transport and Harbours Department, Guyana Telephone Corporation, and Guyana Industrial Development Corporation. Ours was a success story!

Our promotion of industrialization through Guyanese capital was innovative and impeccable. Need I remind you of the establishment of the Ruimveldt Industrial Estate, the Industrial Development Corporation, and the massive agricultural schemes—Black Bush Polder, Tapakuma, etc.? Need I remind you of our assistance, including crop bonuses and subsidies to farmers, and protection of Guyanese business such as Continental Agencies Paint Factory, Banks Brewery, the Chipboard Factory, stone quarries, rice mills, sawmills, etc.?

That legacy, coupled in the immediate postindependence period with a golden handshake, foreign investment, and overgenerous US aid, had caused one commentator to observe that Guyana would become a model for the Third World. That same commentator recently wrote that Guyana was bleeding to death. Yet the architects of our tragic bloodletting are today pleading for another "chance" and "continuity"! What a shame!

But we must not forever merely look behind us with nostalgia. Rather, we must walk boldly forward, in unity and in confidence. We must feel fortified only by the fact that we made strides before and that we can repeat our per-

Editor's Note: Edited excerpts of an address by Cheddi Jagan, general secretary of the People's Progressive Party of Guyana, to businessmen and professionals, on June 8, 1991, in Georgetown, Guyana.

formance. We must feel capable of making our beloved country ten times more beautiful!

Unfortunately we are starting from a position of collapsing physical and social infrastructure, record low levels of production in the major sectors of the economy—sugar, rice, and bauxite—and alienation of our people, which have led to mass migration of our youths and of our most productive people. The prospects for revival are daunting and monumental and will require the trust and support of all if we are to restore Guyana to its former splendor. For us, economic revival must be based on two pillars:

strate social responsibility. To paraphrase the words of John F. Kennedy, the private sector must ask not what the country can do for it, but what it can do for the country. As I said at the PPP Port Mouran rally: "Now is the time when we must all give a little more for our freedom; we must care a little more for our people; we must sacrifice a little more for the greater good of our nation and her future."

Since the root-cause of the crisis is low production, the PPP will go all out to reactivate the economy. The party expects the private sector to play a pivotal role.

The state sector has taken a licking, primarily because of political interference, leading to mismanagement. The present rulers have helplessly resorted to divestment from a position of weakness and in a manner shrouded in secrecy. The PPP holds no dogmatic position on divestment. While we see no future nationalization, our government will critically examine every enterprise in the public sector, and in consultation with the business community and the labor movement we will seek out ways to ensure their viability.

We will ensure a conductive business environment. In this regard a democratically elected government will count on the goodwill of overseas Guyanese, friendly governments, and multilateral lending agencies to provide the foreign inflows to refurbish our infrastructure and put back on line our idle productive capacity, which will impact directly on our nation's ability to produce and export. In other words, we envisage support for a mini-Marshall Plan as proposed by the Caribbean Council of Churches' Mission to Guyana. Guyana must maintain its credit worthiness, which our rules wantonly surrendered for many years. A new government will not break with the International Monetary Fund, but will negotiate modified terms and conditions that will not penalize our people and affect the ability to increase output in the productive sector. Experience is showing that devaluation, high interest rate/credit squeeze, and wage freeze/wage restraint policies are not only contradictory, but are the very opposite to the intended stabilization and recovery.

We believe, as the former Barbadian central bank governor, Dr. Courtney Blackman, repeatedly stated, that devaluation as an instrument of economic policy has palpably failed in Guyana. The UN 1989 world economic survey also noted that Bolivia, Ghana, Jamaica, Mexico, and the Philippines, which have undergone World Bank austerity measures, have not fundamentally altered their economic structure.

Countries like Guyana need reflation, not deflation, of the economy. Businessmen want stability in currency and interest rates and a strong and independent central bank, like the US Federal Reserve System. In the market economy, the way to reflation is a low interest rate and the way to attract investment capital is a stable currency rate.

In Guyana not a low but a high interest-rate policy was adopted by the rulers. While this was deemed necessary to curb inflation and the parallel market in currency trading, at the same time it squeezed the local businessmen, thus defeating one of the major "recovery objectives"—increased production for export and foreign earnings.

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It is our cherished belief that the human factor for mobilization and development can thrive only in a climate of freedom and in an environment of participatory democracy. This we can achieve under our proposed ethnic-balanced and class-balanced broad-based government—a government that must be a partnership between labor and capital; a partnership between local and foreign enterprise; a partnership of the whole people for the common good of Guyana. The concepts of "enemies of the state" and "mafias" must have no place in a free Guyana!

Since the root-cause of the present crisis is low production and poor productivity, the PPP in government will go all out to reactivate the economy and breathe new life into every sector. In this task we expect the private sector to play a pivotal role. As such, government will act as a catalyst to facilitate growth by removing red tape and allocating resources to stimulate productive endeavors. I share the view of [Jamaica's] Prime Minister Michael Manley that the state must empower the entrepreneur and empower the people for development.

The private sector must not, however, expect to be spoonfed. It must show initiative and demonstrate social responsibility. To paraphrase the words of John F. Kennedy, the private sector must ask not what the country can do for it, but what it can do for the country. As I said at the PPP Port Mouran rally: "Now is the time when we must all give a little more for our freedom; we must care a little more for our people; we must sacrifice a little more for the greater good of our nation and her future."

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The key to a stable currency is increased production and productivity. This can be achieved, considering our potential natural and other resources. What is needed is to overcome "man-made" problems and to attract our Guyanese manpower here and overseas. This means deliberate policies aimed at reducing the cost of living for the working people through subsidies of basic commodities, price controls on selected items, and an abundant and cheap supply of food. We did this before and we can do it again!

It also means real incentives for investment. A new government will review taxation rates at the personal and especially at the corporate levels, including the controversial consumption tax. We recognize that high taxation can be counterproductive, reducing the ability to mobilize capital to finance investments for economic growth. It also leads to tax evasion and capital flight. Additionally, efforts will be made to open up new industrial estates, some of which will be linked to, and integrated with, agribusiness.

Export credit facility will be established at interest rates that put our exporters in a position to rapidly increase exports. Red tape that adversely affects the efficient processing of applications for incentives and hinder production and export will be removed.

Insofar as multinational corporations are concerned, the PPP recognizes they will bring with them capital, technology, management, expertise, and markets needed in our revival drive. In order to attract foreign investors into Guyana, we will look at a number of archaic laws such as the "Capital Issues Control Act."

In July 1990 I told a group of about a dozen American businessmen in Washington at the office of Caribbean and Central American Action that they would be welcomed, preferably in joint ventures, to play a partnership role in our economic development; further, that they would have, under a changed government, the advantage of real political stability. I said it must be clear that our economic, social, and environmental objectives must be fully recognized, and that due regard be given for our laws, independence, and sovereignty.

Foreign investors will be welcomed to play a partnership role in Guyana's economic development, as long as they respect the country's economic, social, and environmental objectives.

In December 1990, in New York City, I told the Leucadia Company officials that we wanted foreign participation, but not as in the days when I grew up on a sugar estate, and British Guiana was called "Bookers' Guiana." We want foreign capitalized economic growth to be in consonance with our national goals and tempered with social justice.

Let me say a word or two about what is described as the "informal economy" and as "illegal traders." We admire their enterprise and drive. We recognize their activities grew out of distortions in the domestic economy. We will do everything possible to assist them and to bring them within the overall formal economy. In this regard we will consider the reduction of custom duties, especially on foodstuff and other consumer items to help bring their activities on line.

Your new government will strengthen the system of industrial relations. The absence of industrial strife and trust and confidence between workers and management are important in our overall strategy of partnership between labor and capital and will lead to growth and expansion of our economy. In this regard we will insist on scrupulous observance of collective bargaining rights, fair employment practices, safe working environment, and protection for women workers. In our national democratic state, adequate wages and good working conditions are not gifts, but sound investments.

We believe our party's dream for Guyana is the same dream of the businessmen, the professionals as well as the working people. The dream of partnership is vital for confidence-building: the confidence of the people in the future of our country, in the currency of our country, in the government of our country.

It is because of this common dream and destiny, of this vision of what is good for Guyana, that the PPP has decided to involve representatives of various socioeconomic organizations such as the Chamber of Commerce, the Guyana Manufacturers' Association, CAGI, the Labour Movement, etc., in the planning and execution of the programs for reconstruction, economic growth, and human development. It is also for this reason that my party rejects "winner-takes-all" politics and is including a civic component on its electoral slate.

Given your support and mandate, my party intends to form a plural democratic government to tackle the tasks of reconstruction ahead and to lay the viable foundations for Guyana to enter the 21st century with honor and in prosperity. Let us collectively achieve the dreams that all of us so fervently share. Let us aim at returning our nation to the pedestal it once occupied in the region. I invite you all to join us in this noble endeavor. ■

Castro's Premature Biography

by Lisandro Pérez

Guerrilla Prince: The Untold Story of Fidel Castro
by Georgie Anne Geyer. Little, Brown and Company, 1991. 445 pp. $22.95.

Someday, somebody is going to write the definitive biography of Fidel Castro. None of the ones produced thus far, including *Guerilla Prince: The Untold Story of Fidel Castro,* can lay claim to being that definitive work, but, by and large, that is not the fault of those who have written about the Cuban leader.

In the case of Georgie Ann Geyer, it is clear she has spent years doing research, examining every source, and interviewing anyone who could even remotely shed light on the subject. And yet, it is still lacking. The main thing it lacks is time. It is a premature biography.

The obvious way in which it is premature is that, of course, the story is not over. The final chapter—which may turn out to be the most revealing and dramatic of all—cannot yet be written. But it also lacks the research possibilities, distance, and perspective that only time can give to any biography, and especially the biography of someone who has been both praised and damned, loved by some and hated by others. The definitive biography of Huey Long, for example, appeared 34 years after his death. Time had to elapse before some of the most important informants would speak openly, before the subject would cease to be hopelessly mired in acrimony, and before the true impact of the person could be judged. The definitive biography of Castro will need a biographer as consummate and detached as Huey Long's. T. Harry Williams was a seasoned Civil War historian who turned his attention to Long without any previous research experience (or baggage) on the man or his era. The work won the Pulitzer Prize and the National Book Award.

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We may not have to wait as much as 34 years after Castro's death for his biography, but it is clear from Geyer's book that we have some waiting to do. Along with other previous biographers of Castro, she is unable to maintain even a minimal detachment from her subject. In her case it is evident she dislikes the Cuban leader intensely. While her negative perspective may well be justified, it is seldom kept in check. The result is a biography in which the biographer is at war with the subject, stooping at times to innuendo, gossip, and gross exaggeration, frequently in tones of irony and ridicule. For example, the chapter on Castro's economic programs is entitled "The Dictator of the Cows" and includes passages such as this one: ". . . it was cows that truly riveted him, cows that became the fulcrum of his obsession to control every living thing on his island, if not the world . . . he had created a revolution against all odds . . . now he would create new life beyond other odds . . ." (p. 328).

Apparently in an attempt to elicit from the reader contempt for the subject, Geyer frequently goes way beyond the data and sources into flights of imagination and speculation that significantly detract from the work's notable contributions. Those lapses of seriousness are exemplified by the following unfortunate passage, which should have fallen to an editor's pencil. It refers to Castro's visit to the US in April 1959: "Everywhere he went, the Americans he feared and hated lionized him. Men who wore proper three-piece suits to the office and dutifully shaved twice a day now, in their fantasies, imagined themselves a Fidel Castro. Women with spindly-legged husbands who left their bungalows every morning for desk jobs and returned tired and irritable at night,

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for a moment had the daring to see themselves in Fidel Castro's arms" (pp. 230-31).

Indeed there is a certain obsession in this work with Castro's purported sensuality and with his sexual life. Those are, of course, valid topics for any biographer. Nonetheless, perhaps because Castro has been secretive about that aspect of his life, Geyer frequently treats it with a tone akin to a tattling exposé complete with hearsay and trivialities.

This biography suffers from another shortcoming linked to its prematurity. As can be expected, the bulk of the large number of interviews she has put together refer exclusively to Castro's life prior to the mid-1960s. Of the 26 chapters in the book, only the last four deal with Castro's life since the 1960s. The reason is obvious: most of Geyer's informants, those who provided the material that gave the early chapters their richness, are living outside of Cuba and had parted company with Castro by the late 1960s. Those who have been by his side since then are not (yet) available to talk.

And so it is that Geyer is able to give us details from testimonies about Castro's actions and words when he was in high school, at the university, and in the Sierra. We get vivid images of the night before the Moncada, of the trips to the US, and even of his activities during the Bay of Pigs and the Missile Crisis. On the other hand, there is nothing with such biographical depth on the decision to enter Africa, the Angola campaign, the crisis of the Peruvian embassy, Mariel, or the invasion of Grenada. Those events and periods are dealt with in the style of history or journalism, but not biography. In fact, the last four or five chapters are little more than an overview of the major events in Cuban history during the 1970s and 1980s. There is almost exclusive dependence on secondary sources and there is little that is new to anyone who has followed Cuban affairs.

Only the last few chapters deal with Castro's life since the 1960s. The reason is obvious: most of the informants are living outside of Cuba and had parted company with Castro by the late 1960s.

Despite all its shortcomings, this book is worth reading, if only for the early chapters. This is especially true for chapters four and five, which focus on the years in the university and Castro's initiation into politics and violence as well as the relation between the two. No other biographer of Castro does a better job of presenting a coherent picture of the political socialization of the man. Geyer describes how he learned the importance of operating outside established institutions, that electoral processes would get him nowhere, that it was important to recognize and seize the precise political moment, that there should be little hesitation in the use of violence, and that preemption and vengeance were critical for survival. The volatile political climate of the *Auténtico* years honed a mind that, from childhood, was exceptionally guileful. After reading those chapters, and with the benefit of hindsight, one can only conclude that the chances were very remote that this man, once in power, would have agreed to establish a participatory democracy.

Geyer is at her finest in those early chapters. She largely sticks to the testimonies she assembled, places them in their proper context, and arrives at plausible analyses without overreaching, trivializing, or engaging in flights of the imagination.

Despite, or perhaps because of, her dislike for Castro, Geyer insists on presenting a picture of the Cuban leader as a political superman, a man with incredible mental resources for the task of political survival, for staying ahead and on top, for successfully maneuvering and using people to his advantage. This is a man who anticipates a situation and is meticulous in his attempts to control it.

If such a portrayal is accurate, and indeed there is little basis for arguing against it, it has implications for anticipating the eventual end of Castro's rule. After reading this book, it is difficult to avoid the conclusion that Castro's rule will end either on his deathbed or with an ignominious whimper. ■

Structural Adjustment Policies in Argentina

by Marian Goslinga

A considerable amount of current literature on Latin America focuses on programs of economic stabilization and structural adjustment, which are central to international political controversies over how to reactivate Latin American economies and promote their development. In 1991 Argentina's structural adjustment program under President Carlos Menem has contributed to a dramatic fall in the country's rate of inflation and the approval of major new foreign loans. But what are the long-term economic and social implications of Menem's program? The literature listed below dates from 1989.

Ahorro, inversión y financiamiento en Argentina y Filipinas: un análisis comparado. José María Fanelli, Roberto Frenkel, Guillermo Rozenwurcel. *Integración Latinoamericana*, v. 167 (May 1991), p. 64-89. [Includes a commentary by Pablo Gerchunoff.]

Algunas reflexiones y perspectivas sobre el endeudamiento externo argentino. Carlos Melconian, Rodolfo Santangelo. *Monetaria*, v. 12 (January/March 1989), p. 27-56. [Discusses foreign exchange rates, interest rates, and foreign debt conversion schemes.]

Argentina y Brasil: ajuste, crecimiento e integración. Aldo Ferrer. *Comercio Exterior*, v. 41, no. 2 (February 1991), p. 135-44.

Argentina, 1946-1983: The Economic Ministers Speak. *Guido di Tella, Carlos Rodríguez Braun.* New York: St. Martin's Press, 1990. 219 p. $59.95. [Based, in part, on papers presented at a symposium held in Toledo, Spain, 1984. Includes the opinion of each authority on the policy applied and the restrictions faced.]

Argentina: The Farce Continues. *The Latin American Times*, v. 10, no. 5 (November 1990), p. 1-6.

Argentina: hacia una economía de mercado. *Fundación de Investigaciones Económicas Latinoamericanas.* Buenos Aires: Manantial, 1990. 174 p.

Argentina: Menem Ditches the Dogma. *Norman Peagam, Charles Scott.* London: Euromoney Publications, 1990. 28 p. [1990 Summer Supplement to the periodical *Euromoney.*]

Argentina: Reforms for Price Stability and Growth. *World Bank.* Washington, DC: The Bank, 1990. 290 p. [Discusses the recent economic stabilization policies.]

The Argentine Economy: Policy Reform for Development. *Eduardo R. Conesa.* Lanham: University Press of America, 1989. 124 p. $27.50. [Published in cooperation with the Center for International Affairs, Harvard University.]

Austerity and Regional Development Strategy in Argentina and Latin America. Alejandro Rofman. In *Lost Promises: Debt, Austerity, and Development in Latin America*, edited by William L. Canak. Boulder, Colo.: Westview Press, 1989.

Banca central en América Latina: selección de textos. *Jesús Silva-Herzog, Ramón Lecuona V., eds.* México: Centro de Estudios Monetarios, 1990-91. 2 vols. [About the experiences of the central banks in handling the foreign debt problem and financing economic development.]

El Banco Mundial y el Plan Baker: análisis del caso argentino. Alfredo García, Silvia Junco. *Boletín Informativo Techint* (January/February 1989), p. 33-61. [Includes general background information on the loans received by Argentina from the World Bank and the economic policies adopted in accordance with the loan agreements.]

Beharrungsinflation und "heterodoxe" Stabilisierungspolitiek: Erfahrungen aus Argentinien, Brasilien und Israel. Friedrich L. Sell. *Kredit und Kapital*, v. 23, Heft 1 (1990), p. 60-85. [Examines the causes and characteristics of inertial inflation and the reasons for the failure of heterodox stabilization programs in Israel, Argentina, and Brazil in the 1980s. Summaries in English and French.]

El Chaco: una economía "reajustada." Andrés Rabossi. *Realidad Económica*, no. 6 (1990), p. 121-36. [Assesses the economic situation in the province of Chaco; concludes that regional development policies adopted since the 1970s have failed to foster economic growth.]

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El control de cambios en la Argentina: la liberación cambiaria y crecimiento. *Fundación de Investigaciones Económicas Latinoamericanas.* Buenos Aires: Manantial, 1989. 164 p.

Control de precios e inflación: la experiencia argentina reciente. *Fundación de Investigaciones Económicas Latinoamericanas.* Buenos Aires: FIEL, 1990. 92 p. [Evaluation of anti-inflation measures, especially price controls, adopted between 1983 and 1989.]

The Crisis of Argentine Capitalism. *Paul H. Lewis.* Chapel Hill: University of North Carolina Press, 1990. 573 p. $49.95. [Focuses on the impact of Peronism and the role of pressure groups.]

A Delicate Balance: Confrontation and Cooperation between Argentina and the United States in the 1980s. Aldo C. Vacs. *Journal of Interamerican Studies and World Affairs,* v. 31, no. 4 (Winter 1989), p. 23-59.

Democracy, Distributional Conflicts and Macroeconomic Policymaking in Argentina, 1983-1989. William C. Smith. *Journal of Interamerican Studies and World Affairs,* v. 32 (Summer 1990), p. 1-42. [Traces the economic aspects of the transition from military rule to civilian government.]

L'économie argentine a l'horizon. Jorge Schvarzer. *Notes et études documentaires,* no. 2 (1989), p. 97-112.

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Fijación de precios en la industria manufacturera bajo condiciones de hiperinflación: el caso argentino. Juan Pablo Villanueva, Juan Carlos Echeverry. *Desarrollo Económico,* v. 31, no. 121 (April-June 1991), p. 73-89. [Discusses the period 1982-89.]

El financiamiento externo argentino durante la década de 1990: agenda y cursos de acción. *Consejo Argentino para las Relaciones Internacionales.* Buenos Aires: Sudamericana, 1989. 299 p. [Collection of articles dealing with measures adopted to deal with the Argentine foreign debt problem, including a discussion of foreign investments.]

From Stabilization to Growth. *Rudiger Dornbusch.* Washington, DC: World Bank, 1990. 52 p. [Prepared for the Second World Bank Conference on Development Economics, held in Washington, DC, April 26-27, 1990, this paper assesses the prospects for the Latin American economies in the 1990s.]

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Historia de dos hiperinflaciones: de Sourrouille a Ermán González. *Walter Graziano.* Buenos Aires: Fundación Gabriel y Darío Ramos, 1990. 251 p.

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El impacto fiscal del pago de la deuda externa: la experiencia argentina, 1980-1986. Marta Bekerman. *Desarrollo Económico,* v. 29, no. 116 (January-March 1990), p. 529-51.

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Opening Late-Industrializing Economies: Lessons from Argentina and Australia. Gary W. Wynia. *Policy Sciences* (Amsterdam), v. 23 (August 1990), p. 185-201. [Emphasizes trade liberalization strategies in the 1970s.]

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The Progress of Policy Reform in Latin America. *John Williamson.* Washington, DC: Institute for International Economics, 1990. 88 p. [Discusses the Argentine case.]

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Radicalismo y empresas públicas, 1983-1989. Aída Arango de Maglio. *Realidad Económica*, no. 6 (1990), p. 29-54. [Lists measures adopted towards public enterprises during the Alfonsín administration; some emphasis on privatization policy.]

Reforma del Estado y transformación nacional. *Carlos Menem, Roberto Dromi.* Buenos Aires: Editorial Ciencias de la Administración, 1990. 246 p.

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