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# LATIN AMERICAN TRADE REVIEW 1989

## A U.S. Perspective

**U.S. DEPARTMENT OF COMMERCE**
**International Trade Administration**
**Office of South America**

**June 1989**

U_ITED STATES I PART"E T OF CO""ERCE
International Trade Administration
Washington, D.C. 20230

**LATIN AMERICA TRADE REVIEW 1988: A U.S. PERSPECTIVE**

I am pleased to provide you with the International Trade Administration's latest review of trade with Latin America and the Caribbean. Two-way trade increased substantially last year, reinforcing the importance of the region to our national and economic interests. These interests are strong not only in trade, but also in investment and finance.

The region's economic prosperity is tied closely to a resolution of the debt issue. The Brady Plan is a recognition of the need to address this pressing question, and provide resources for investment necessary for the region's long term growth.

Over the coming months, there will be numerous elections held throughout the region. The results will have significant implications for our policy in the region, and for the U.S. business community. Enhancing our competitiveness will require renewed effort, not only on the part of federal and state officials, but also the private sector. Ultimately, our efforts to liberalize trade and investment rules in the region and to improve intellectual property protection will bear fruit only if the busuness community takes advantage of the opportunities created.

Latin America and the Caribbean represents nearly a $100 billion export market for us, with significant long-term potential. We cannot afford to ignore this area and should target it with renewed and creative vigor.

Richard L. Johnston
Acting Assistant Secretary
for International Economic Policy

June 1989

# Regional Overview

## The Latin American Economy in 1988

Throughout the 1980s, Latin America continued to struggle in what has been termed its "lost decade." Real growth slowed sharply, inflation accelerated, and the region again was a net resource exporter to the industrialized countries. While the region's international debt was reduced in absolute terms in 1988, its size and scope continued to be a drag on economic growth and a major preoccupation of government authorities. External financial flows to most countries remained weak, and some governments compensated for this weakness by rapidly expanding the domestic money supply.

The outlook for 1989 is uncertain. Several countries will have new governments, hold elections, or prepare for them in 1990. Thus, potential policy changes will in large part be constrained by political considerations. Moreover, against the backdrop of the debt overhang and continuing net capital exports, economic policy-makers will also continue to find their options greatly constrained.

Latin America's gross domestic product grew only by about 1 percent in 1988 (estimates vary from 0.7 percent to 1.4 percent), well below the rate achieved in 1987 (2.5 percent). This resulted from sluggish aggregate growth in the four major economies--Argentina, Brazil, Mexico, and Venezuela. Of the four, only Venezuela recorded a solid increase, at 4.2 percent. This lackluster performance kept many countries at a per capita output level no higher than that achieved in the late 1970s. However, a decade later, policy options for many countries are much more limited. For example, the current overall reluctance of private lending institutions to provide substantial new financing will continue to act as a brake to new investment.

The sizeable jump in inflation last year eroded real purchasing power in the region. If investment and consumption are relatively stagnant, it will be left to the external sector (exports) and governments to spur growth. Governments throughout the region are struggling, however, to curb their fiscal deficits and thereby reduce inflation and structural inefficiencies.

Fortunately, the region's impressive export performance last year should continue in 1989. The countries' currencies largely move with the dollar, and thus Latin America is increasingly competitive in Asia and Europe. Export expansion, and by implication export diversification, will play a central role in the region's growth prospects this year.

Indeed while total regional exports expanded by about 13 percent last year, exports to the United States increased by only 10 percent. For South American countries, export market diversification was even greater; overall exports expanded by 20 percent, but those to the United States increased by only 7 percent. This export diversification, while a slow process, should in the long term assure steadier growth and lessened dependence upon the health of one major market.

Latin America's debt concerns are being addressed more actively this year. There is recognition in both the public and private sectors that debt reduction will be required. However, from an international trade perspective, the region's use of potential savings will be especially important in implementing its export expansion goals. While numerous social objectives will compete for the debt savings, it is important that the savings be channeled to those productive enterprises which assure long-term growth.

## Latin America's Exports

Global exports from the region increased by about 13 percent in 1988. The growth was uneven, however.

Overall, South American exports increased by 20 percent (with gains of 30 percent or more by Argentina and Chile); Mexico and the Caribbean Basin countries essentially stayed level.

Increased commodity prices, apart from petroleum, helped the region export more than $100 billion for the first time since 1984. Yet traditional exports from the region are becoming less important in the 1980s as nontraditional, including manufactured, exports have increased substantially. For example, U.S. imports of manufactured goods from the region have nearly tripled since 1981, while manufactured imports from industrialized countries have increased at a more modest rate.

This suggests that while commodity prices remain quite important, several promising signs are on the horizon. This shift towards increased value added exports, diversification of markets, and expansion of the product base (e.g., Ecuadorian shellfish, Chilean fruit, and Venezuelan aluminum) all indicate an opportunity for assured growth. Policy-makers in the region should take the opportunity to ensure that the recent gains are translated into a coherent program for the next decade.

## Latin America's Imports

The region's total imports increased last year by about 16 percent, nearly 50 percent moe than in 1987. However, this growth was skewed greatly. Mexico's imports increased by some 55 percent, while South America's increased by only 5 percent. Last year import growth occurred in only five South American countries. Brazil, South America's largest importer, reduced its imports by 2 percent.

This varied growth is not surprising in light of the region's overall economic performance. In fact, South American import growth would have been significantly lower had not some countries (notably Chile, Paraguay, and Venezuela) achieved double digit increases. These countries recorded among the highest GDP growth in the region. This underscores the importance to the international community of long-term growth in Latin America and the implications it has for international trade.

The slower import growth during this decade also is tied to debt service. The region's import level in nominal terms remains 23 percent below 1981 levels. While import demand has been weak, there will be significant increases in demand once sustainable growth is achieved. The region needs substantial infrastructure development, creating demand especially for new equipment, spare parts, and intermediate products. These goods will be especially critical if Latin America is to continue its export expansion efforts.

## Latin America's Trade Balance

On the surface, the region's trade balance improved greatly last year. A $21 billion surplus was recorded, representing a 4 percent gain over 1987 when the surplus amounted to about $20 billion. Most countries improved their trade balance, although those of Mexico and Venezuela deteriorated -- Venezuela recorded a deficit for the first time in this decade. As a result of an ambitious export expansion program and curtailed imports, Brazil recorded a $19 billion surplus, a dramatic $8 billion improvement in one year. Brazil alone accounted for 90 percent of Latin America's surplus.

## U.S. Trade with Latin America

U.S.-Latin American trade expanded by 16 percent last year, after a 12 percent growth in 1987. U.S. exports increased by 25 percent, while imports from the region grew by 9 percent. As a result, the U.S. bilateral trade deficit was reduced by over $4 billion, to $8.1 billion. Latin America accounted for about 7 percent of the global U.S. deficit, a 1 percentage point improvement over 1987.

U.S. export increases were recorded throughout the region, with declines registered only in Argentina and Peru. All major categories except mineral fuels (which declined) recorded double digit growth. Food and animal exports increased by 40 percent, while machinery and transportation equipment rose by 27 percent. As a result of this strong performance, the U.S. share of Latin America's import market improved from 48 percent in 1987 to 51 percent last year.

Our exports to Mexico increased by over 40 percent, largely the result of import liberalization and the resulting release of pent-up demand. The United States was particularly strong in those markets which achieved impressive growth -- Chile, Colombia, and Venezuela. This strength can be partly attributed to a more competitive dollar vis a vis major European and Asian competitors and to the region's traditional preference for U.S. products when competitive.

U.S. imports from the region also grew, but at a slightly lower rate than in 1987. This slower growth is attributable to a decline in imports of agricultural and mineral fuel products -- down 8 percent. The other eight major categories increased by nearly 25 percent. Argentina, Brazil, Chile, and Mexico recorded the largest gains, although among these, only Mexico's rate of increase exceeded its global increase in exports.

U.S. trade with Latin America is highly concentrated among four countries in the region: Brazil, Colombia, Mexico, and Venezuela. These four countries accounted for nearly three-quarters of U.S. exports to the region, and slightly over that on the import side. With the exception of Colombia, the smallest of the four, these countries face severe debt constraints. A new austerity program in Venezuela will have a very direct, and immediate, effect on U.S. export prospects in 1989. Brazil faces an uncertain year, and Mexico's once sizeable trade surplus has diminished considerably. These factors suggest that in 1989, it is unlikely that U.S. exports to the region will sustain the strong levels achieved in 1988.

In view of the above, there should be a rapid convergence of interests to bring Latin America back to more robust growth. It has been estimated that the debt crisis has cost the United States as much as $75 billion in lost exports over the past decade. Given the United States' interest in reducing its global trade deficit, the United States cannot assume that the Latin American market will be as receptive in 1989, without addressing the questions of how to sustain the market, and ensure its long-term viability.

Document No. 141631

# WHITE HOUSE STAFFING MEMORANDUM

**DATE:** 05/16/90 **ACTION/CONCURRENCE/COMMENT DUE BY:** 2:00pm 05/17/90

**SUBJECT:** PRESIDENTIAL REMARKS: COUNCIL OF THE AMERICAS (05/16 6:15 pm draft)

| | ACTION | FYI | | ACTION | FYI |
|---|---|---|---|---|---|
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| DARMAN | ☑ | ☐ | ROGICH | ☑ | ☐ |
| ~~BATES~~ | ☑ | ☐ | UNTERMEYER | ☐ | ☐ |
| CARD | ☐ | ☑ | ROGERS | ☐ | ☑ |
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| HAGIN | ☐ | ☐ | _____ | ☐ | ☐ |

**REMARKS:**

Please provide any comments/recommendations directly to Chriss Winston by 2:00 p.m. on Thursday 05,17, with a copy to my office. Thanks.

**RESPONSE:**

See Comments.
5-17-90
Holly Williamson 90 MAY 17 PM 03

**James W. Cicconi**
**Assistant to the President**
**and Deputy to the Chief of Staff**
**Ext. 2702**

1990 MAY 16 PM 6:43

McGroarty/Dooley
May 16, 1990
6:15 pm
[AMER]

PRESIDENTIAL REMARKS: COUNCIL OF THE AMERICAS
THE STATE DEPARTMENT
MAY 22, 1990
11:00 A.M.

Thank you, Mr. Secretary [Baker]. [Introductory acknowledgements. President and Chairman of Council of the Americas.] [Admin. Members, State officials.]

I am pleased once again to speak to this influential group -- pioneers in the private-sector effort to expand trade and investment between the U.S. and Latin America. And I'm delighted to address this gathering after what has been a remarkable year of change.

Over the past twelve months, it has sometimes seemed that the eyes of the world rest solely on Eastern Europe -- on the miraculous transformation that has taken place there. Our friends in Latin America have watched these historic events unfold, with inspiration and awe. But also, I know, with an unmistakable **sense of anxiety** -- concern that our **active involvement in Europe** will mean **a decline in U.S. interest in Latin America.**

I am here today to assure you -- just as I've assured the many Latin American leaders I've met with -- that the events of the past year have <u>increased</u> U.S. interest in this region --

strengthened our desire to forge a new partnership with the growing forces of freedom in Latin America.

**Because the fact is, the great drama of democracy is unfolding <u>right here in our own hemisphere.</u>** //

Think about the tremendous gains made for freedom this past year. / When I spoke here last May, the people of Panama were preparing to go to the polls -- even as the dictator of Panama was preparing to steal the election. In Nicaragua, civil war raged, the Sandinistas ruled -- and the brave men and women of the Nicaraguan opposition were just beginning the long campaign that led to this year's great victory for democracy.

In Central America -- Nicaragua and Panama. In South America -- Paraguay and Chile. All across the Americas, today more people live under freely-elected governments than ever before -- and we are <u>closer</u> than ever before **to the day when all the people of the Americas, North and South, will live in freedom.** //

Even in Haiti, the scene of so much anguish and turmoil, the provisional government has now announced its intention to hold free elections. / Only Cuba remains -- Castro's island prison, isolated, out of step with the democratic tide. // But today -- on the anniversary of Cuban Independence -- let me say with certainty that <u>even in Cuba</u>, **democracy will not be denied.** //

Insert #1 (Treasury) →

As we in the U.S. welcome our Central and South American neighbors into the ranks of democracy, we owe them our help -- and something more. We owe them our <u>respect</u> -- the respect due

one free nation from another. The outstretched hand of partnership, from the nation that will be, by the year 2000, home of the world's second-largest Spanish-speaking culture -- the United States. //

I've worked to strengthen our ties. Just this year alone, I've met with Presidents Barco, Paz and Garcia, at the Andean Drug Summit in Cartagena. Here in Washington, I've hosted Presidents Perez and Paz, Cristiani and Endara, Collor de Mello, Calderon and Callejas, and Prime Minister Manley. In each case, I've come away from our talks with a strong sense of optimism. And I believe every one of those leaders left the White House knowing that **the U.S. is engaged as never before in the future of this hemisphere.**

While from country to country conditions differ, we know now that our challenge is to consolidate democracy -- and accelerate development.

That means advancing the **intellectual revolution** now sweeping Latin America -- a movement away from stale, Statist ? ✓ Treasury doctrines. Away from dictatorships of the Right and Left. Toward democracy -- free government -- free enterprise. Toward the true political and economic **empowerment of the people.**

That means encouraging, for the first time in many cases, genuine free market reform. Even in countries that claimed no kinship with communism, economies have been **capitalist in name only.** In practice, they were rigged to favor the ruling elite -- organized to ensure the prosperity of the people in power --

not to open an avenue toward upward mobility for anyone ready and willing to work.

Peruvian economist Hernando de Soto describes the maze of bureaucratic barriers that stood in the way of the entrepreneur and stifled economic growth in his country. de Soto also shows how much Lima, Peru's capital, owed its economic vitality to the illegal, shadow economy -- run by enterprising individuals without the consent of the State.

de Soto's prescription -- and mine -- is to free this economic force. Unleash the million sparks of energy and enterprise. Let the incentive of reward inspire men and women to work to better themselves and their families.

Already, Latin America is discovering this path. In Brazil, Argentina, Venezuela, Mexico and Jamaica, free market reforms are going forward, creating space for private initiative to take hold and flourish. As they succeed -- as they reap the rewards that will follow what can be a painful transition -- ~~there is hope that~~ these nations will bring others in their wake.

needs to be more positive. (EPC)

And there's no reason to stop there -- no reason not build on this shift towards the free market philosophy, and make our ultimate aim **a free trade agreement that links all of the Americas -- North and South.** We look forward to the day when not only are the Americas the first fully democratic hemisphere -- but when all are equal partners in a free trade zone stretching from the Alaska's Port of Anchorage to Argentina's Tierra del Fuego. //

premature -- a study is underway. (EPC, USTR, Treasury) This absolutely has to be deleted. Any problem, please call me. Holly W.

And we in the U.S. must do all we can to ensure the future of free markets in the Americas -- because our nation **has a stake in the economic health of this hemisphere.** Last year, for the first time ever, two-way trade between the U.S. and Latin America topped $100 billion dollars. As that trade continues to grow -- so will the link between our prosperity and the prosperity of our Latin American partners.

Let me provide a few statistics to drive home this point: Last year, the Columbian economy grew 4 (3.9 exactly) percent. U.S. exports to **Columbia** rose 9 percent. // **Mexico's** economy grew 3 percent -- and U.S. exports to that country climbed 21 percent. // In **Chile,** with an overall growth rate of 10 percent, U.S. exports increased by **triple that rate -- more than 30 percentage points.**

Delete. See Insert #2 from Treasury

Now, let's take a fresh look at a familiar statistic. We all know total Latin debt exceeds $400 billion dollars, and we've all heard analyses of what that means for development in Latin America. Well, I ask you today to consider **what it means for the U.S.: by one estimate, the debt burden has cost the United States as much as $75 billion in lost exports over the past ten years.**

over for explanation of deletion.

This moves + becomes part of Insert #1 from Treasury

That's why I'm so pleased to report on the progress we've made this past year under the Brady Plan. Mexico, Venezuela and Costa Rica have all reached agreement with their creditors on ways to restructure their debt -- ways that complement their efforts to restructure their economies along free-market lines.

Because in the long-term, the free market remains the only path to sustained growth. } part of Insert #1 now.

[[Of course, the private sector plays a crucial role. I know Council of the Americas is committed to expanding opportunities for trade and investment. And I'm pleased to hear about the promising new ventures generated by your own recently completed Caribbean/Central American Action mission to Nicaragua....]]

Taking advantage of new investment opportunities is good for business -- but, at this critical moment, there's something beyond the bottom line. Something that can't be measured in simply in terms of GNP. The role the Council of the Americas can play -- expanding trade and strengthening the private sector -- contributes **not just to economic growth -- but to the growth of democracy.** //

Now, there is **an important role for government to play as well** -- especially during the difficult days of **transition from dictatorship to democracy.** That's why I've called on Congress to provide more than $700 million dollars in emergency economic aid to Panama and Nicaragua. This aid is critical. / A little over a week ago, I received a note from President Chamorro -- just three weeks into her term in office, dealing with a crippling strike staged by pro-Sandinista unions -- telling me that **Nicaragua was bankrupt.** And yet, **for more than 2 months now, this emergency aid has been bogged down on Capitol Hill, as Congressmen take advantage of these two nations' dire needs to**

**tack on unrelated amendments -- and load onto our aid request funding for their pet projects.**

Meanwhile, for the people of Nicaragua and Panama -- **democracy hangs in the balance. //**

So let me say to the Congress: **not one more day of delay. The fate of freedom rests in your hands.** Rise above parochial interests and the politics of pork barrel. **Do the work of democracy -- and pass this emergency aid package now. ///**

Today, I began by speaking about the changes that have riveted world attention on Europe. Part of the power of the story is that it can be told in intensely personal terms -- as the story of the dissident playwright who is now president. Of the electrician who came to symbolize his people's hopes for freedom. // Democracy's advance in Latin America has produced its share of heroes -- and today I'll close with three from one country alone -- Latin America's newest democracy: Nicaragua.

For four years -- beginning in 1979, the year the Sandinistas took power -- Enrique Dreyfus was head of Nicaragua's Supreme Council of Private Enterprise -- a private-sector group in many ways similar to this one. His criticism of Sandinista rule put him on the Sandinista black list, and landed him in prison. Today, with the Sandinistas swept from power, Enrique Dreyfus is not just free from persecution -- he is Nicaragua's new Foreign Minister.

In 1985, members of the Sandinista internal security force beat Sofonias Cisneros for criticizing the way the Sandinistas

had politicized the schools. Today, Ms. Cisneros is Minister of Education. //

And on July 10, 1988, opposition leader Myriam Arguello was beaten, taken from her home in the middle of the night by Sandinista police -- tried, and sentenced to six months in prison. Today, Myriam Arguello is President of Nicaragua's freely-elected National Assembly. //

Three stories that underscore in <u>personal</u> terms the truly revolutionary <u>political</u> change that's taken place not just in Nicaragua -- but across the Americas. Change that proves beyond doubt that the day of the dictator is over -- and democracy's day has come. //

For our part, we in the United States must do all we can to help secure for all the Americas the freedom, the peace and prosperity we enjoy. // Once again, thank you -- and God bless the United States of America.

# # #

# Treasury Inserts

Insert 1

The strengthened debt strategy launched last spring has reinvigorated market-oriented economic reforms in Latin America. Market-oriented economies are the long-term foundation for democracy.

That's why I'm so pleased to report on the progress we've made this past year under the Brady Plan. Mexico, Venezuela and Costa Rica have all reached agreement with their commercial banks and spurred their efforts to restructure their economies along free-market lines. It is crucial that this involves policies that foster investment, open up trade, repatriate flight capital, and promote non-inflationary growth. Because in the long-term, the free market remains the only path to sustained growth.

Insert 2

In many Latin countries, poor economic policies and heavy debt burdens have impaired growth and development during the 1980s. Reduction of commercial banks debt can free up resources for imports, investment, and growth.

United States Department of State

*Washington, D.C. 20520*

DATE 5/17/90

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# BUSINESS AMERICA

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Volume 111, Number 8 April 23, 1990



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**International Trade Administration**

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This annual World Trade Outlook issue summarizes current economic trends and prospects for U.S. business around the world. Regular features of *Business America* will resume in the next issue.


**U.S. Trade Outlook**
The improvement which occurred in the U.S. trade balance last year is expected to continue in the months ahead. 2

**Western Europe**
The U.S. trade balance improved with every major country in Western Europe in 1989. Articles summarize prospects in the United Kingdom, France, Ireland, the Federal Republic of Germany, Norway, Finland, Iceland, Denmark, Sweden, Switzerland, Austria, Italy, Spain, Portugal, Belgium, Luxembourg, the Netherlands, Greece, Turkey, and Yugoslavia. 6

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**Western Hemisphere**
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# MEXICO

## The Demand Here is Great For Products Made in U.S.

*By Paul Dacher*

Mexico is our third largest trading partner, after Canada and Japan, with two-way trade reaching $52.2 billion in 1989. This was a nearly 20 percent increase over 1988's two-way trade of $43.9 billion, and 50 percent above the $34.8 billion level reached in 1987.

**U.S. exports 1989—$25.0 billion**
**U.S. imports 1989—$27.2 billion**

Two years after reducing tariffs and removing most barriers to trade, Mexico remains a strong market for U.S. exporters. A growing economy and a favorable exchange rate combined with the liberalization have created a great demand in Mexico for U.S.-made products.

Following a 42 percent growth rate in 1988, U.S. exports to Mexico grew by 21 percent in 1989, to almost $25 billion. Totaling $11.3 billion, machinery and transportation equipment dominate our exports to Mexico. Parts and accessories for motor vehicles are the major component of this sector of our trade.

The Mexican market is strong for all types of intermediate and capital goods, as well as raw materials. This reflects the growth in investment in Mexico which occurred due to lower interest rates and increased internal demand. The recently concluded debt agreement will free even more capital for investment.

Poor harvests and economic conditions—such as price controls and high interest rates—which discourage production of agricultural products have increased Mexico's demand for imports. During 1989, U.S. exporters of food and live animals increased their sales to Mexico 33 percent, from $1.5 billion to $2 billion. Major U.S. exports to Mexico include cereals—particularly corn and sorghum, meat, dairy products, and vegetables.

U.S. imports from Mexico reached a record $27.2 billion in 1989, an increase of nearly $4 billion over 1988. The rise can be attributed to higher petroleum prices and Mexico's successful efforts to establish a competitive manufacturing sector.

Manufactured goods, consisting primarily of motor vehicles and parts and electronic equipment, dominate our imports from Mexico. However, our largest single commodity import from Mexico is crude petroleum, at $4 billion in 1989, an increase of $1.2 billion over the year before.

Agricultural imports continue to be an important element of our trade with Mexico. U.S. imports of these products from Mexico totaled $2.4 billion in 1989, and were led by vegetables, shrimp, and coffee.

The major factor affecting our trade with Mexico will be the state of the Mexican economy. Mexico's GDP grew an estimated 3 percent in 1989, the strongest growth in many years. Inflation was brought down from 51.7 percent in 1988 to just under 20 percent in 1989, due to Mexico's adherence to an austerity plan which combines strict monetary and fiscal policy, and wage, price, and exchange rate controls.

The U.S. Embassy in Mexico has identified the following product areas as excellent prospects for U.S. firms: telecommunications equipment and services, oil and gas field machinery, industrial plant design, engineering and maintenance services, computer peripherals and software, machine tools, pollution control equipment, hotel and restaurant equipment, petrochemical equipment, industrial process controls, and plastics production machinery and equipment. Nevertheless, exporters should realize that many other products also have good market potential.

### Assistance for Exporters

To assist U.S. exporters in marketing in Mexico, the Department of Commerce, through its offices in Mexico City, Guadalajara, and Monterrey, provides exporters with assistance in locating agents and distributors, market research, and counseling, and organizes numerous trade exhibitions. The exhibitions which have been organized for the remainder of 1990 by the U.S. Trade Center are: Packaging and Food Processing, June 19-22; Hotel and Restaurant Equipment, July 24-27; High Technology Equipment, Aug. 21-23; Telecommunications, Oct. 16-18; and Rep-Com (Matchmaker), Dec. 4-6.

For more information on exporting to Mexico, contact the Mexico Division of the U.S. Department of Commerce at (202) 377-4464.

# BRAZIL

## New Stabilization Measures Should Facilitate U.S. Trade

*By Roger Turner*

Brazil's new President, Fernando Collor, has unveiled an ambitious economic stabilization package, incorporating measures to gradually eliminate most major non-tariff import barriers.

The package seeks to cut spiraling inflation to the single-digit level in 1990; curtail government spending; sharply reduce the $100 billion fiscal deficit; privatize state enterprises; eliminate all subsidies; institute a free exchange rate; and encourage foreign investment. Positive improvement in U.S.-Brazil trade flows is expected, provided the liberalization measures can be implemented and administered in an efficient and expeditious manner.

**U.S. exports 1989—$4.8 billion**
**U.S. imports 1989—$8.4 billion**

In 1989, U.S. exports to Brazil rose 13 percent over 1988 levels, while imports declined 10 percent. The $3.6 billion U.S. trade deficit reflected a 26 percent drop compared to 1988, resulting in our lowest trade deficit with Brazil since 1986.

The Collor trade liberalization measures, once implemented, will abolish the 1,200-item prohibited list; eliminate or by-pass rules or procedures which currently facilitate discretionary import licensing, including import substitution restrictions or "national similars testing"; eliminate company import quotas; reduce the merchant marine tax by 50 percent, and eliminate the remainder in 1991; and phase out market reserve barriers (except informatics).

The positive effect of these liberalization measures is likely to be tempered by other changes. For example, some duty rates will be increased, to compensate for removal of non-tariff barriers, especially on national similars. The IPI or value added tax on industrial products, including imports of manufactured goods, can no longer be waived.

Even prior to the Collor liberalization measures, however, U.S. firms forecast that demand for capital goods would continue to grow in 1990, to help ensure the competitiveness of Brazil's export-oriented industries. Since 1988, demand

had been supported by tariff reductions, a cheap U.S. dollar, and a more flexible application of Brazil's import barriers, especially for analytical and scientific instruments and industrial process controls.

Efficient and timely implementation of the Collor measures, however, should provide an additional stimulus to U.S. exports. The U.S. share of Brazil's non-oil imports should improve upon its current level of 28 percent. The United States should also anticipate further reduction of its bilateral trade deficit with Brazil.

In 1989, more than 52 percent of U.S. exports to Brazil consisted of aircraft, organic chemicals, computers and parts, telecommunications equipment, and coal. Other best prospects included electronic components, software and services, medical equipment, metalworking equipment, and machine tools.

U.S. exports were boosted last year by an overvalued cruzado, and a steady industrial recovery in Brazil, beginning in May. In 1990, however, these favorable conditions should change. A continuation of the Central Bank-controlled "float" is likely, although devaluation is a possibility. A recession is already under way, as economic reforms have sharply restricted liquidity in order to reduce inflation.

A major devaluation, or too low a floating exchange rate, would make Brazil's imports more costly, but these conditions would not necessarily mean a reduction in imports. In the medium to long term, industrial growth should continue, and local firms are likely to shift some of their sales efforts from the domestic to the international marketplace. The shift should help to sustain the demand for American products.

The trade liberalization measures are not self-executing, but will depend upon efficient implementation to be effective. The dursability of the measures, however, may well depend on Brazil's ability to continue to generate sizeable trade surpluses. The early forecast for 1990 is for a $10 billion surplus, but the actual year-end figure should decline. Much will depend upon Brazilian exporters' ability to deal with lost subsidies, including BEFIEX; the fact that imports under the drawback regime will now enter Brazil at the floating rate; and increased state and federal export taxes.

Finally, the Collor Government has announced a policy of encouraging foreign direct investment, as part of its economic/trade development portfolio. The government hopes the investment will support economic growth, attract foreign technology, and facilitate Brazil's rapid integration with major Western markets.

To help U.S. firms promote their goods in Brazil, the Commerce Department has scheduled the following trade promotion events over the next 12 months: trade fairs—Brazil COM EXPO/Telecom (June), Software USA (June), ABAVE/tourism (August), Compute USA (August), Productivity USA/Instrumentation (August), Study USA (September), Brazil COM-90/Telecom (September), Medical Equipment (October), Textile Machinery (April); and catalog shows—oil and gas (October), medical equipment (October), and consumer goods (June).

For further information, contact the Brazil Desk at (202) 377-3871.

# VENEZUELA

## U.S. Exports Should Benefit As Import Rules are Eased

*By Herbert A. Lindow*

U.S. exports to Venezuela declined by an estimated 34 percent to $3 billion in 1989, the lowest level since 1983. The slump in exports was due to the sharp recession in the Venezuelan economy. Gross domestic product was off an estimated 8-10 percent as the economy underwent adjustment after registering unsustainable external and internal imbalances in 1988. The outlook for 1990 is for stability, with GDP expected to be in the 0 to 2 percent range.

**U.S. exports 1989—$3.0 billion**
**U.S. imports 1989—$9.8 billion**

When the current government took office in February 1989 it found the nation's international reserves at very low levels. The government subsequently undertook dramatic reforms, including a major devaluation of the bolivar. The previous statist/import substitution model was changed to a market-oriented approach emphasizing efficiency. The cumbersome rules and red-tape affecting imports were eliminated and a program of trade liberalization instituted. Venezuelan producers became aware they would have to become competitive both at home and abroad.

Reforms in the trade area centered on the exchange rate, quantitative import restrictions, and tariffs. The preferential exchange rate was eliminated, as was the need to obtain exchange permits (*conformidades*). Exchange for import payments is now available at a free floating market rate.

Also, quantitative import restrictions have been removed on most manufactured goods. To give domestic industry breathing room to adjust to foreign competition, the government set the maximum tariff rate at 80 percent (mostly applicable to consumer goods). This rate is to drop to 50 percent in May, with annual reductions of 10 percentage points scheduled each year until the maximum rate reaches 20 percent by 1993. In the case of many industrial materials and various types of machinery and equipment not made in Venezuela, the rates are already 20 percent or less.

U.S. exporters of consumer goods, except some luxury items, should have improved sales prospects as the tariffs gradually come down and remaining quantitative restrictions are eliminated. Because of the new emphasis on leaner operations, there is considerable demand for cost-cutting machinery and equipment, including used items; industrial materials and semi-processed goods also have good opportunities. Venezuela has issued new drawback provisions and is considering maquila operations.

Several major projects planned or begun in 1989 are expected to move forward during 1990-91. These are largely centered in aluminum smelting, bauxite mining, petrochemicals, pulp and paper, hydroelectric power, chemicals, coal mining, and gold production/processing. The new liberal foreign investment rules issued at the end of January 1990 should also lead to increased trade opportunities, particularly when economic growth resumes, most likely in 1991.

The U.S. Department of Commerce will hold a number of trade events designed to promote exports of U.S. goods and services to the Venezuelan market. Between April 1990 and September 1991, the following catalog shows will be presented: Plastech; Instruments/Medical Equipment; Oil and Gas Equipment; Sporting Goods, Auto Parts and Accessories; and Telecommunications. An Agri-Business Trade Mission is scheduled for June 1990; concurrently, Commerce will participate in the Latin American Petroleum Show in Maracaibo. Also, the U.S. Embassy in Caracas will undertake a number of trade promotion events, including a Safety and

Security show (Seguridad '91) in September 1991.

For additional information, contact the Venezuela Desk, (202) 377-4303.

# COLOMBIA

## U.S. Exporters Get a Boost From 'Apertura' Program

*By Laurie MacNamara*

Colombia remains at the top of promising Latin American markets for U.S. exporters. Despite the overall sluggishness of the Colombian economy (3 percent GDP growth in 1989, following several years of at least 4 percent growth), U.S. exports continued their healthy expansion, growing 9 percent in 1989. Colombian importers have benefited from a comfortable foreign exchange position and the maintenance of currency competitiveness with Colombia's major trading partners.

**U.S. exports 1989—$1.9 billion**
**U.S. imports 1989—$2.5 billion**

In February 1990 the Colombian Government, in an effort to prepare the economy for full participation in the international economy, announced the first steps in an extensive five-year trade liberalization program, the "Apertura." On the import side, several measures to revamp the prior licensing regime, including the transfer of more than 800 tariff classifications on the prior licensing list to the free list, have already been taken. Other measures affecting tariffs and import taxes will be in place shortly.

Although overall economic growth will be limited by both internal and external factors in 1990, the positive trend in U.S. exports should continue, as American exporters begin to reap the benefits of the "Apertura" by the end of the year.

Several markets are best prospects for U.S. exporters:

*Computers and Peripherals*—Imports of computers and peripherals increased significantly over the last decade, reaching an estimated $190 million in 1989. The market is expected to grow at an average annual rate of 6.5 percent over 1990-92, with particular demand for computer modular equipment and laptop units.

The U.S. Embassy in Bogota will be sponsoring two Foreign Buyer Group Events in computers during 1990: PC Expo in New York (June) and ACM Computer Graphics in Dallas (August).

*Telecommunications*—The demand for imported communications equipment will rise as digital systems replace analog systems. Imports expanded to an estimated $190 million in 1989, and are expected to grow by 5 percent per year in 1990-91. Private branch telephone exchanges, microwave equipment, and mobile radio services are in particular demand.

*Automotive Parts and Accessories*—Local production of these items does not meet demand due to low quality, high prices, and inadequate production. The import market registered an estimated $360 million in 1989, and should average 2 percent growth over 1990-91. Best sales prospects include pistons, compressors, and oil pumps.

*Oil and Gas Equipment*—The hydrocarbons sector became a mainstay of the economy in 1986 after several major discoveries were made. Imports of equipment have almost doubled since then, reaching an estimated $390 million in 1988, and growth is anticipated to continue at 4-6 percent per year until 1992. Best prospects include portable drilling rigs, and oil-well and oil-field pumps.

*Health Care Equipment*—The Colombian Government is committed to upgrading the public health system, the social security system, military health services, and, eventually, private health services. Import demand increased to an estimated $80 million in 1989, and should grow by approximately 5 percent in 1990-91. A large range of items is in demand, including electromedical apparatus, neurological equipment, and dialysis equipment for private homes.

U.S. exporters interested in the Colombian market should consider participation in the Bogota International Trade Fair, which will be held July 7-22, 1990 in Bogota. This biennial event, one of Latin America's preeminent industrial and commercial fairs, affords U.S. suppliers an excellent opportunity to exhibit and sell their products. The U.S. Pavilion this year will include separate exhibits on health care services (Salud-USA) and education (Study-USA). Further information on participation in the U.S. Pavilion may be obtained from the Commercial Section, U.S. Embassy Bogota, APO Miami, Fla. 34038.

For more information contact the Commerce Department Colombia Desk Officer at (202) 377-1659.

# CHILE

## This is One of the Region's Most Promising U.S. Markets

*By Mark Siegelman*

Chile represents one of the most promising markets in Latin America, with U.S. exports increasing by over 30 percent in each of the last two years. This expansion has resulted from rapid Chilean economic growth, reaching 10 percent in 1989, as well as from the initiation of many large investment projects.

**U.S. exports 1989—$1.4 billion**
**U.S. imports 1989—$1.3 billion**

Chile's new civilian government, led by President Patricio Aylwin, was inaugurated on March 11, replacing the military regime of General Augusto Pinochet, in power since 1973. Aylwin's economic team is committed to maintaining the free-market model which proved so successful under the Pinochet government. The basic thrust of foreign trade policy should continue—export-led growth, a competitive exchange rate, and an open import system. The business sector remains very confident of prospects over the next few years.

Chile's domestic economy and export sector have been spurred by sustained domestic and foreign investments in mining, agribusiness, forestry, and fisheries. Led by favorable copper prices, Chile's exports grew 15 percent to $8.1 billion in 1989, while imports surged 33 percent to $6.5 billion. Import growth should ease slightly in 1990, due to more moderate economic growth of 5-6 percent, as the government prevents overheating of the economy and curtails inflationary pressures.

Foreign investors have contributed substantially to Chile's economic growth. According to the government's Foreign Investment Committee, authorized investments under the foreign investment statute reached $3 billion in 1989, while actual materialized investments exceeded $1 billion. In addition, the Central Bank of Chile is analyzing another $1 billion of potential investments under debt/equity swap provisions. The United States has accounted for about half of all foreign investment.

The United States is Chile's principal trading partner, supplying about 24 percent of Chile's total imports and absorbing 21 percent of its exports. U.S.

exports that supply Chile's export sector have experienced the sharpest gains, particularly mining and earthmoving equipment, transportation equipment, and agricultural chemicals. Prospects should also remain strong for food processing and packaging machinery, computers, medical equipment, pulp and paper processing equipment, commercial fishing equipment, telecommunications and electric power equipment.

The Commerce Department conducts a broad trade promotion program in Chile to increase the sale of U.S. products. Two major upcoming events are the Latin American Mining Exposition (EXPOMIN) to be held in Santiago May 15-20, and the U.S. exhibition at the Santiago International Trade Fair (FISA), Oct. 31-Nov. 11.

U.S. firms interested in more information on exporting to Chile can contact the U.S. Department of Commerce Desk Officer at (202) 377-1495.

# CARIBBEAN BASIN

## U.S. Firms in Good Position To Share in Future Growth

*By Andrew Lowry*

The Caribbean Basin is a strong and growing market for the United States, with good long-term potential. The region's movement towards democracy and market-oriented economic policies, as well as its decreasing dependence on traditional export commodities, provide a solid basis for future economic growth. U.S. companies, which have good access to the region and a strong market share, are in an excellent position to participate in that growth.

U.S. exports to the Caribbean Basin, which were up 20 percent in 1989 to $9.4 billion, are projected to again show strong growth in 1990. Much of this growth is driven by increased U.S. market share, which grew from 51 percent in 1988 to 57 percent in 1989. The Caribbean Basin Initiative (CBI), which primarily boosts Caribbean nations' exports to the United States, has also indirectly increased U.S. exports to the Caribbean, as Caribbean manufacturers import equipment and raw materials to take advantage of the CBI.

Leading U.S. exports to the Caribbean Basin are basic agricultural products, refined petroleum products, chemicals, plastics, paper and paperboard, and electrical and industrial machinery. Particularly good growth opportunities exist for U.S. exports of supplies and equipment to those sectors currently undergoing expansion: light manufacturing (especially apparel and electronics), agribusiness, tourism, and other service sectors (especially data entry).

### Caribbean

The CARICOM nations (the English-speaking Caribbean) have been particularly good markets for U.S. exporters. U.S. exports to CARICOM nations increased 35 percent in 1989 to $2.3 billion. Jamaica, which accounts for a major portion of this amount (about $1 billion), should continue to be a strong market in the 1990s. The smaller Eastern Caribbean nations, especially those which have successfully diversified into promising service areas such as tourism and data entry, also have good potential. Supplying the tourism sector in the Caribbean is one of the most profitable areas for U.S. exporters.

The Dominican Republic, which is not a member of CARICOM, is also a major market for U.S. exports, accounting for $1.6 billion in 1989. Textile fabrics (for apparel assembly), food processing equipment, computers, agricultural machinery, and medical equipment are best prospects for U.S. exporters.

### Central America

U.S. exports to Central America increased by 18 percent in 1989 to $2.6 billion. Central America should continue to show good growth in 1990, particularly as Panama and Nicaragua import essential capital goods and other products to rebuild their economies. These two countries present unique opportunities and challenges for U.S. businesses.

In Panama, despite two years of economic mismanagement and U.S. sanctions, the foundation for a strong economy still exists. The Canal, the pipeline, and the Colon Free Zone, three mainstays of the Panamanian economy, all emerged unscathed from the crises. Panama has an energetic and entrepreneurial private sector that will be quick to take advantage of emerging opportunities. The U.S. Eximbank has been authorized to provide up to $400 million in credit guarantees to support U.S. exports, and an aid package of nearly $500 million for Panama is being considered by Congress. Transportation and distribution equipment and services, tourism, and food processing equipment are leading U.S. export prospects. Panama's CBI status has been reinstated, and all sanctions have been lifted.

The recent lifting of the U.S. embargo on trade with Nicaragua will also provide U.S. businesses with numerous trade and investment opportunities. Current best prospect sectors include agriculture, fisheries, construction, and basic industries. The U.S. Department of Commerce and the World Trade Center in Miami are sponsoring a seminar on Business Opportunities in Nicaragua on May 15, in Miami. For additional information, contact the Department of Commerce Nicaragua Desk Officer (202-377-2527) or the Miami World Trade Center (305-579-0064).

Other Central American nations are also good markets for U.S. exporters. Costa Rica and Guatemala, in particular, have long been significant trading partners of the United States, absorbing $880 million and $660 million, respectively, in U.S. exports in 1989.

### Caribbean Basin Initiative

The Caribbean Basin Initiative (CBI), which went into effect Jan. 1, 1984, provides duty-free access to the U.S. market for most goods produced in CBI beneficiary countries.

The program is having a significant effect on trade in the region, as demonstrated by the 12 percent increase in exports from CBI nations to the United States in 1989 (to $7.1 billion). This was the second consecutive annual increase, and reflects the fact that increases in U.S.-bound exports of CBI eligible nontraditional agricultural and manufactured products are beginning to outweigh declines in exports of more traditional sectors such as sugar, petroleum, and other commodities.

Legislation enhancing the original CBI program is currently being considered by Congress. The most significant feature of the legislation is the establishment of the CBI as a permanent program. (Under the original legislation, CBI would expire at the end of 1995.) Other enhancements to the program are also being considered. The House of Representatives passed its version of the legislation (known as CBI II) in 1988, and the Senate is expected to act on a comparable bill this spring.

For additional information, call the CBI office on (202) 377-2527.

United States Department of State

*Washington, D.C. 20520*

DATE May 15, 1990

**FACSIMILE TRANSMITTAL SHEET**

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**COMMENTS:**

Per our Conversation on Monday.

- LANGE's —
- Council Draft (Staffing?) W/ TRADE Agreement Lang...
- ARONSON'S FAXED COMMENTS.

As we look around the world, we see miracles every day. In Europe the Berlin Wall has fallen and millions of people long denied their liberty have regained their democratic rights. Our friends in Latin America, Mexico, and the Caribbean also are watching these historic developments. They too are filled with inspiration and awe, but they are also filled with a sense of anxiety.

Latin America is asking the United States a fundamental question today. Will the advances in Eastern Europe come at this hemisphere's expense? Will the United States be diverted by events around the world and once again neglect the challenges and opportunities confronting the Americas?

I am here to give the answer on behalf of the United States. We will not disengage from this hemisphere. Just the opposite. The United States is rediscovering its rightful place as an equal partner with the nations of Latin America.

Just two years from now, in 1992, we will celebrate the 500th anniversary of the discovery of the new world. It is fitting that today we have embarked on a voyage of rediscovery of America's place in this hemisphere. First, we are rediscovering our own Latin identity and roots here in the United States. By the year 2000 the second largest

Spanish-speaking population in the world will live here in our own country. Already in San Antonio or Miami or even in New York or Chicago one can see American culture and society being influenced by the newest members of our society. We are witnessing as well the inspiring example of a new generation of leaders of Latin America. Together we are building the world's first completely democratic hemisphere. In the year since I took my oath of office as President of the United States, Paraguay, Chile, Panama, and now Nicaragua have claimed their rightful places in the community of democratic nations in this hemisphere. Only Haiti and Cuba stand out as the exceptions to the democratic norm. The provisional government of Haiti has called for new elections. The United States, the Caribbean nations, the OAS, and the United Nations are all mobilizing to assist in that important democratic transition. Communist Cuba stands isolated as never before as a political dinosaur. I have no doubt that the day will come when the people of Cuba will taste the freedom which they have been denied for more than 30 years.

I have enormous hopes for the future of democracy in this hemisphere. But all of us know that new, fragile, democratic regimes need our assistance at a time like this. It has been over five months since Operation Just Cause helped liberate Panama. Yet the Congress still has failed to provide urgent assistance to the new democratic government there. It is

three months since Violeta Chamorro won election as President Nicaragua. Yet, while she and her new government fight a heroic battle to consolidate democracy, Congress plays politics with my emergency aid request. Congress fiddles while democracy is at risk. This is intolerable. I call on the leaders of the House and Senate to pass my emergency assistance bill without further delay.

As inspiring as the birth of democracy throughout this hemisphere has been, so too has been an intellectual revolution one can witness from Kingston to Buenos Aires, Mexico City to Santiago. The new generation of leaders in this hemisphere has faced up to the challenge of a global competitive economy and declared that this hemisphere will not be left behind. From Brazil to Argentina to Bolivia to Chile to Venezuela to Jamaica to Costa Rica and to Mexico, a new generation of leaders in this hemisphere has taken the tough decision to unshackle their economies from decades of state regulation and special privilege and control. There cannot be true economic growth or economic freedom without upward mobility for all who have the gumption and the vision to compete. But too often in the past, the economic system has been rigged against all but a privileged few at the very top. Hernando DeSoto has described the phenomenon in the Peruvian economy well. He wrote that an average Peruvian could take ___ days and must obtain over a hundred licenses just to start

a small business in that country. And yet, he also saw that in the formal sector outside the official world of regulation and special privilege, the poorest Peruvians were starting small businesses, mobilizing scarce resources and trying to better their own lives. Today across this hemisphere leaders like Collor de Mello in Brazil, Carlos Menem in Argentina, Carlos Salinas in Mexico, and Michael Manley in Jamaica are stripping down barriers to investment, removing excess layers of state bureaucracy and control, realigning exchange rates, and trimming bloated fiscal deficits. In other words, Latin America is turning to two ideas, which we in North America have long believed in--political freedom in the political market place and economic freedom in the economic market place. The question facing us in the United States is, can we take yes for an answer? At a time when Latin America is tearing down barriers to investment in trade; will we also face up to the challenge of reducing protectionism and barriers to trade here in our own country? You in the Council of the Americas have long been pioneers in the effort to increase trade and investment between the United States and the nations of this hemisphere. I am here to tell you that the President of the United States is an ally in that fight. Wherever possible I want to see trade and exchange expand across this hemisphere. I look forward to the day when from Nova Scotia to Tierra del Fuego all the barriers to trade have been removed and we have created not only the first democratic hemisphere but the first hemisphere in which all trade is free.

COUNCIL OF THE AMERICAS \ THE STATE DEPARTMENT
MAY 22, 1990 \ 11:00 A.M.

THANK YOU, MR. SECRETARY [BAKER]. DAVID ROCKEFELLER, CHAIRMAN OF THE COUNCIL OF THE AMERICAS. AMBASSADOR LANDAU, THE COUNCIL'S PRESIDENT. // BERNARD ARONSON -- OUR VERY ABLE ASSISTANT SECRETARY OF STATE FOR INTER-AMERICAN AFFAIRS. //

I AM PLEASED ONCE AGAIN TO SPEAK TO THIS INFLUENTIAL GROUP -- PIONEERS IN THE PRIVATE-SECTOR EFFORT TO EXPAND TRADE AND INVESTMENT BETWEEN THE U.S. AND LATIN AMERICA. AND I'M DELIGHTED TO ADDRESS THIS GATHERING AFTER WHAT HAS BEEN A REMARKABLE YEAR OF CHANGE.

OVER THE PAST TWELVE MONTHS, IT HAS SOMETIMES SEEMED THAT THE EYES OF THE WORLD REST SOLELY ON EASTERN EUROPE -- ON THE MIRACULOUS TRANSFORMATION THAT HAS TAKEN PLACE THERE. OUR FRIENDS IN LATIN AMERICA HAVE WATCHED THESE HISTORIC EVENTS UNFOLD, WITH INSPIRATION AND AWE. BUT ALSO, I KNOW, WITH AN UNMISTAKABLE SENSE OF ANXIETY -- CONCERN THAT OUR ACTIVE INVOLVEMENT IN EUROPE WILL MEAN A DECLINE IN U.S. INTEREST IN LATIN AMERICA.

I AM HERE TODAY TO ASSURE YOU -- JUST AS I'VE ASSURED THE MANY LATIN AMERICAN LEADERS I'VE MET WITH -- THAT THE EVENTS OF THE PAST YEAR HAVE INCREASED U.S. INTEREST IN THIS REGION -- STRENGTHENED OUR DESIRE TO FORGE A NEW PARTNERSHIP WITH THE GROWING FORCES OF FREEDOM IN LATIN AMERICA.

BECAUSE THE FACT IS, THE GREAT DRAMA OF DEMOCRACY IS UNFOLDING RIGHT HERE IN OUR OWN HEMISPHERE. //

THINK ABOUT THE TREMENDOUS GAINS MADE FOR FREEDOM THIS PAST YEAR. / WHEN I SPOKE HERE LAST MAY, THE PEOPLE OF PANAMA WERE PREPARING TO GO TO THE POLLS -- EVEN AS THE DICTATOR OF PANAMA WAS PREPARING TO STEAL THE ELECTION. IN NICARAGUA, CIVIL WAR RAGED, THE SANDINISTAS RULED -- AND THE BRAVE MEN AND WOMEN OF THE NICARAGUAN OPPOSITION WERE JUST BEGINNING THE LONG CAMPAIGN THAT LED TO THIS YEAR'S GREAT VICTORY FOR DEMOCRACY.

IN CENTRAL AMERICA -- NICARAGUA AND PANAMA. IN SOUTH AMERICA -- PARAGUAY AND CHILE. ALL ACROSS THE AMERICAS, TODAY MORE PEOPLE LIVE UNDER FREELY-ELECTED GOVERNMENTS THAN EVER BEFORE -- AND WE ARE CLOSER THAN EVER BEFORE TO THE DAY WHEN ALL THE PEOPLE OF THE AMERICAS, NORTH AND SOUTH, WILL LIVE IN FREEDOM. //

EVEN IN HAITI, THE SCENE OF SO MUCH ANGUISH AND TURMOIL, THE PROVISIONAL GOVERNMENT HAS NOW ANNOUNCED ITS INTENTION TO HOLD FREE ELECTIONS. THIS THURSDAY, I WILL BE MEETING AT THE WHITE HOUSE WITH PRESIDENT ERTHA TROUILLOT, WHERE WE'RE SURE TO DISCUSS WAYS WE CAN SUPPORT DEMOCRACY IN HAITI. // IN ALL OF LATIN AMERICA, ONLY CUBA REMAINS -- CASTRO'S ISLAND PRISON, ISOLATED, OUT OF STEP WITH THE DEMOCRATIC TIDE. // BUT TODAY -- THE DAY WE ARE CELEBRATING THE ANNIVERSARY OF CUBAN INDEPENDENCE -- LET ME SAY WITH CERTAINTY THAT EVEN IN CUBA, THE DREAM OF DEMOCRACY CAN ONLY BE DEFERRED -- IT WILL NEVER BE DESTROYED. //

AS WE IN THE U.S. WELCOME OUR CENTRAL AND SOUTH AMERICAN NEIGHBORS INTO THE RANKS OF DEMOCRACY, WE MUST OFFER THEM OUR HELP -- AND SOMETHING MORE. WE MUST OFFER THEM OUR RESPECT -- THE RESPECT DUE ONE FREE NATION FROM ANOTHER -- AND THE OUTSTRETCHED HAND OF PARTNERSHIP.

I'VE BEEN WORKING TO STRENGTHEN OUR TIES. JUST THIS YEAR ALONE, I'VE MET WITH PRESIDENTS BARCO, PAZ AND GARCIA, AT THE ANDEAN DRUG SUMMIT IN CARTAGENA. HERE IN WASHINGTON, I'VE HOSTED PRESIDENTS PEREZ AND PAZ, CRISTIANI AND ENDARA, COLLOR DE MELLO, CALDERON AND CALLEJAS, AND PRIME MINISTER MANLEY. IN EACH CASE, I'VE COME AWAY FROM OUR TALKS WITH A STRONG SENSE OF OPTIMISM. AND I BELIEVE EVERY ONE OF THOSE LEADERS LEFT THE WHITE HOUSE KNOWING THAT THE U.S. IS ENGAGED AS NEVER BEFORE IN THE FUTURE OF THIS HEMISPHERE.

WHILE FROM COUNTRY TO COUNTRY CONDITIONS DIFFER, WE KNOW NOW THAT OUR CHALLENGE IS TO CONSOLIDATE DEMOCRACY -- AND ACCELERATE DEVELOPMENT.

THAT MEANS ADVANCING THE INTELLECTUAL REVOLUTION NOW SWEEPING LATIN AMERICA -- A MOVEMENT AWAY FROM STALE, STATIST DOCTRINES. AWAY FROM DICTATORSHIPS OF THE RIGHT AND LEFT. TOWARD DEMOCRACY -- FREE GOVERNMENT -- FREE ENTERPRISE. TOWARD THE TRUE POLITICAL AND ECONOMIC EMPOWERMENT OF THE PEOPLE.

THAT MEANS ENCOURAGING, FOR THE FIRST TIME IN MANY CASES, GENUINE FREE MARKET REFORM. EVEN IN COUNTRIES THAT CLAIMED NO KINSHIP WITH COMMUNISM, TRUE FREE ENTERPRISE DID NOT EXIST. IN PRACTICE, ECONOMIES WERE OFTEN ORGANIZED TO ENSURE THE PROSPERITY OF THE PEOPLE IN POWER -- NOT TO OPEN AN AVENUE TOWARD UPWARD MOBILITY FOR ANYONE READY AND WILLING TO WORK.

PERUVIAN ECONOMIST HERNANDO DE SOTO DESCRIBES THE MAZE OF BUREAUCRATIC BARRIERS THAT STOOD IN THE WAY OF THE ENTREPRENEUR AND STIFLED ECONOMIC GROWTH IN HIS COUNTRY. DE SOTO ALSO SHOWS HOW MUCH LIMA, PERU'S CAPITAL, OWED ITS ECONOMIC VITALITY TO WHAT HE CALLS THE "INFORMAL SECTOR" -- THE THOUSANDS OF INDEPENDENT AND ENTERPRISING INDIVIDUALS DOING BUSINESS WITHOUT THE CONSENT OF THE STATE.

DE SOTO'S PRESCRIPTION -- AND MINE -- IS TO FREE THIS ECONOMIC FORCE. UNLEASH THE MILLION SPARKS OF ENERGY AND ENTERPRISE. LET THE INCENTIVE OF REWARD INSPIRE MEN AND WOMEN TO WORK TO BETTER THEMSELVES AND THEIR FAMILIES.

ALREADY, LATIN AMERICA IS DISCOVERING THIS PATH. IN BRAZIL AND BOLIVIA, IN ARGENTINA, VENEZUELA, MEXICO, COSTA RICA AND JAMAICA -- FREE MARKET REFORMS ARE GOING FORWARD, CREATING SPACE FOR PRIVATE INITIATIVE TO TAKE HOLD AND FLOURISH. AS THEY SUCCEED -- AS THEY REAP THE REWARDS THAT WILL FOLLOW WHAT CAN BE A PAINFUL TRANSITION -- THESE NATIONS WILL BRING OTHERS IN THEIR WAKE. //

WE IN THE U.S. MUST DO ALL WE CAN TO ENSURE THE FUTURE OF FREE MARKETS IN THE AMERICAS -- BECAUSE OUR NATION HAS A STAKE IN THE ECONOMIC HEALTH OF THIS HEMISPHERE. // WE KNOW THAT SINCE THE LATE '70S, LATIN AMERICA'S SHARE OF ALL U.S. TRADE DROPPED FROM 10 PERCENT OF ALL U.S. EXPORTS, DOWN TO 7 PERCENT. / AND YET -- LAST YEAR, FOR THE FIRST TIME EVER, TWO-WAY TRADE BETWEEN THE U.S. AND LATIN AMERICA TOPPED $100 BILLION DOLLARS. AS THAT TRADE CONTINUES TO GROW -- SO WILL THE LINK BETWEEN OUR PROSPERITY AND THE PROSPERITY OF OUR LATIN AMERICAN PARTNERS.

LET ME PROVIDE A FEW STATISTICS TO DRIVE HOME THIS POINT: LAST YEAR, THE COLOMBIAN ECONOMY GREW 3 PERCENT. U.S. EXPORTS TO COLUMBIA ROSE 9 PERCENT. // MEXICO'S ECONOMY GREW 3 PERCENT -- AND U.S. EXPORTS TO THAT COUNTRY CLIMBED 21 PERCENT. // IN CHILE, WITH AN OVERALL GROWTH RATE OF 10 PERCENT, U.S. EXPORTS INCREASED BY TRIPLE THAT RATE -- MORE THAN 30 PERCENTAGE POINTS.

THE MOST EFFECTIVE WAY TO ENSURE EXPANSION OF TRADE BETWEEN THE UNITED STATES AND LATIN AMERICA IS FOR ALL COUNTRIES OF THE HEMISPHERE TO SUPPORT A SUCCESSFUL URUGUAY ROUND. THE AMBITIOUS AGENDA IN THE URUGUAY ROUND, INCLUDING PROPOSALS FOR SIGNIFICANT MULTILATERAL TARIFF REDUCTIONS, WILL BENEFIT OUR LATIN AMERICAN TRADING PARTNERS. WE ARE COMMITTED TO THE EXPANSION OF TRADE AND INVESTMENT LIBERALIZATION, AND WE SEEK LATIN AMERICAN SUPPORT FOR THESE VERY IMPORTANT OBJECTIVES.

IN ADDITION, THE STRENGTHENED DEBT STRATEGY LAUNCHED LAST SPRING HAS REINVIGORATED MARKET-ORIENTED ECONOMIC REFORMS IN LATIN AMERICA. MARKET-ORIENTED ECONOMIES HELP PROVIDE THE NEEDED FOUNDATION FOR DEMOCRACY.

THAT'S WHY I'M SO PLEASED TO REPORT ON THE PROGRESS WE'VE MADE THIS PAST YEAR UNDER THE BRADY PLAN. MEXICO, VENEZUELA AND COSTA RICA HAVE ALL REACHED AGREEMENTS WITH THEIR CREDITORS ON WAYS TO REDUCE THEIR DEBT -- WAYS TO COMPLEMENT THEIR EFFORTS TO RESTRUCTURE THEIR ECONOMIES ALONG FREE-MARKET LINES. BECAUSE IN THE LONG-TERM, THE FREE MARKET REMAINS THE ONLY PATH TO SUSTAINED GROWTH. //

WE ALL KNOW THE PRIVATE SECTOR PLAYS A CRUCIAL ROLE. / TAKING ADVANTAGE OF NEW INVESTMENT OPPORTUNITIES IS GOOD FOR BUSINESS -- BUT, AT THIS CRITICAL MOMENT, THERE'S SOMETHING BEYOND THE BOTTOM LINE. SOMETHING THAT CAN'T BE MEASURED SIMPLY IN TERMS OF GNP. THE ROLE THE COUNCIL OF THE AMERICAS CAN PLAY -- EXPANDING TRADE AND STRENGTHENING THE PRIVATE SECTOR -- CONTRIBUTES NOT JUST TO ECONOMIC GROWTH -- BUT TO THE GROWTH OF DEMOCRACY. //

NOW, THERE IS AN IMPORTANT ROLE FOR GOVERNMENT TO PLAY AS WELL -- ESPECIALLY DURING THE DIFFICULT DAYS OF TRANSITION FROM DICTATORSHIP TO DEMOCRACY. THAT'S WHY I'VE CALLED ON CONGRESS TO PROVIDE EMERGENCY ECONOMIC AID TO PANAMA AND NICARAGUA. THIS AID IS CRITICAL. / A LITTLE OVER A WEEK AGO, I RECEIVED A LETTER FROM PRESIDENT CHAMORRO -- JUST THREE WEEKS INTO HER TERM IN OFFICE -- TELLING ME THAT NICARAGUA WAS BANKRUPT. AND YET, FOR MORE THAN 2 MONTHS NOW, THIS EMERGENCY AID HAS BEEN BOGGED DOWN ON CAPITOL HILL, AS CONGRESSMEN TAKE ADVANTAGE OF THESE TWO NATIONS' DIRE NEEDS TO TACK ON UNRELATED AMENDMENTS -- AND LOAD ONTO OUR AID REQUEST FUNDING FOR THEIR PET PROJECTS. TO GIVE YOU AN IDEA OF THE MAGNITUDE OF THIS PROBLEM. IN MARCH I REQUESTED $800 MILLION FOR PANAMA AND NICARAGUA -- OUT OF A TOTAL REQUEST OF $2.9 BILLION FOR DIRE EMERGENCY SUPPLEMENTALS -- ASKING THAT THIS BILL BE FINISHED APRIL 5. <u>IT IS NOW MAY 22</u> AND THE FUNDS FOR PANAMA AND NICARAGUA HAVE BEEN <u>REDUCED</u> BY $80 MILLION -- WHILE THE TOTAL BILL HAS <u>GROWN</u> BY $1.4 BILLION. <u>FINALLY</u>, IT APPEARS THE CONGRESS MAY ACT THIS WEEK ON THIS VITAL MEASURE.

MEANWHILE, FOR THE PEOPLE OF NICARAGUA AND PANAMA -- DEMOCRACY HANGS IN THE BALANCE. //

SO LET ME SAY TO THE CONGRESS: NOT ONE MORE DAY OF DELAY. THE FATE OF FREEDOM RESTS IN YOUR HANDS. RISE ABOVE PAROCHIAL INTERESTS AND THE POLITICS OF PORK BARREL. DO THE WORK OF DEMOCRACY -- AND PASS THIS EMERGENCY AID PACKAGE NOW. ///

TODAY, I BEGAN BY SPEAKING ABOUT THE CHANGES THAT HAVE RIVETED WORLD ATTENTION ON EUROPE. PART OF THE POWER OF JHE STORY IS THAT IT CAN BE TOLD IN INTENSELY PERSONAL TERMS -- AS THE STORY OF THE DISSIDENT PLAYWRIGHT WHO IS NOW PRESIDENT. OF THE ELECTRICIAN WHO CAME TO SYMBOLIZE HIS PEOPLE'S HOPES FOR FREEDOM. // DEMOCRACY'S ADVANCE IN LATIN AMERICA HAS PRODUCED ITS SHARE OF HEROES -- AND TODAY I'LL CLOSE WITH THREE FROM ONE COUNTRY ALONE -- LATIN AMERICA'S NEWEST DEMOCRACY: NICARAGUA.

FOR FOUR YEARS -- BEGINNING IN 1979, THE YEAR THE SANDINISTAS TOOK POWER -- ENRIQUE DREYFUS WAS HEAD OF NICARAGUA'S SUPREME COUNCIL OF PRIVATE ENTERPRISE -- A PRIVATE-SECTOR GROUP IN MANY WAYS SIMILAR TO THIS ONE. HIS CRITICISM OF SANDINISTA RULE PUT HIM ON THE SANDINISTA BLACK LIST, AND LANDED HIM IN PRISON. TODAY, WITH THE SANDINISTAS SWEPT FROM POWER, ENRIQUE DREYFUS IS NOT JUST FREE FROM PERSECUTION -- HE IS NICARAGUA'S NEW FOREIGN MINISTER.

IN 1985, MEMBERS OF THE SANDINISTA INTERNAL SECURITY FORCE BEAT SOFONIAS CISNEROS FOR CRITICIZING THE WAY THE SANDINISTAS HAD POLITICIZED THE SCHOOLS. TODAY, MR. CISNEROS IS MINISTER OF EDUCATION. //

AND ON JULY 10, 1988, OPPOSITION LEADER MYRIAM ARGUELLO WAS BEATEN, TAKEN FROM HER HOME IN THE MIDDLE OF THE NIGHT BY SANDINISTA POLICE -- TRIED, AND SENTENCED TO SIX MONTHS IN PRISON. TODAY, MYRIAM ARGUELLO IS PRESIDENT OF NICARAGUA'S FREELY-ELECTED NATIONAL ASSEMBLY. //

THREE STORIES THAT UNDERSCORE IN PERSONAL TERMS THE TRULY REVOLUTIONARY POLITICAL CHANGE THAT'S TAKEN PLACE NOT JUST IN NICARAGUA -- BUT ACROSS THE AMERICAS. CHANGE THAT PROVES BEYOND DOUBT THAT THE DAY OF THE DICTATOR IS OVER -- AND DEMOCRACY'S DAY HAS COME. //

FOR OUR PART, WE IN THE UNITED STATES MUST DO ALL WE CAN TO HELP SECURE FOR ALL THE AMERICAS THE FREEDOM, THE PEACE AND PROSPERITY WE ENJOY. // ONCE AGAIN, THANK YOU -- AND GOD BLESS THE UNITED STATES OF AMERICA.

# # #

Speech pitched too low

McGroarty/Dooley
May 18, 1990
9:30 am
[AMER]

**ALL CHANGES BUT NSC's**

PRESIDENTIAL REMARKS: COUNCIL OF THE AMERICAS
THE STATE DEPARTMENT
MAY 22, 1990
11:00 A.M.

Thank you, Mr. Secretary [Baker]. [Introductory acknowledgements.] David Rockerfeller, President of the Council of the Americas. Ambassador Landau, the Council's Chairman. // Bernard Aronson -- our very able Assistant Secretary of State for Inter-American Affairs. //

I am pleased once again to speak to this influential group -- pioneers in the private-sector effort to expand trade and investment between the U.S. and Latin America. And I'm delighted to address this gathering after what has been a remarkable year of change.

Over the past twelve months, it has sometimes seemed that the eyes of the world rest solely on Eastern Europe -- on the miraculous transformation that has taken place there. Our friends in Latin America have watched these historic events unfold, with inspiration and awe. But also, I know, with an unmistakable **sense of anxiety** -- concern that our **active involvement in Europe** will mean **a decline in U.S. interest in Latin America.**

I am here today to assure you -- just as I've assured the many Latin American leaders I've met with -- that the events of

the past year have increased U.S. interest in this region -- strengthened our desire to forge a new partnership with the growing forces of freedom in Latin America.

**Because the fact is, the great drama of democracy is unfolding right here in our own hemisphere.** //

Think about the tremendous gains made for freedom this past year. / When I spoke here last May, the people of Panama were preparing to go to the polls -- even as the dictator of Panama was preparing to steal the election. In Nicaragua, civil war raged, the Sandinistas ruled -- and the brave men and women of the Nicaraguan opposition were just beginning the long campaign that led to this year's great victory for democracy.

In Central America -- Nicaragua and Panama. In South America -- Paraguay and Chile. All across the Americas, today more people live under freely-elected governments than ever before -- and we are closer than ever before **to the day when all the people of the Americas, North and South, will live in freedom.** //

Even in Haiti, the scene of so much anguish and turmoil, the provisional government has now announced its intention to hold free elections. / Only Cuba remains -- Castro's island prison, isolated, out of step with the democratic tide. // But today -- on the anniversary of Cuban Independence -- let me say with certainty that even in Cuba, **democracy will not be denied.** //

As we in the U.S. welcome our Central and South American neighbors into the ranks of democracy, we owe them our help --

and something more. We owe them our respect -- the respect due one free nation from another. The outstretched hand of partnership, from the nation that will be, by the year 2000, home of the world's second-largest Spanish-speaking culture -- the United States. //

I've worked to strengthen our ties. Just this year alone, I've met with Presidents Barco, Paz and Garcia, at the Andean Drug Summit in Cartagena. Here in Washington, I've hosted Presidents Perez and Paz, Cristiani and Endara, Collor de Mello, Calderon and Callejas, and Prime Minister Manley. In each case, I've come away from our talks with a strong sense of optimism. And I believe every one of those leaders left the White House knowing that **the U.S. is engaged as never before in the future of this hemisphere.**

While from country to country conditions differ, we know now that our challenge is to consolidate democracy -- and accelerate development.

That means advancing the **intellectual revolution** now sweeping Latin America -- a movement away from stale, Statist doctrines. Away from dictatorships of the Right and Left. Toward democracy -- free government -- free enterprise. Toward the true political and economic **empowerment of the people.**

That means encouraging, for the first time in many cases, genuine free market reform. Even in countries that claimed no kinship with communism, economies have been **capitalist in name only.** In practice, they were rigged to favor the ruling elite -

- organized to ensure the prosperity of the people in power -- not to open an avenue toward upward mobility for anyone ready and willing to work.

Peruvian economist Hernando de Soto describes the maze of bureaucratic barriers that stood in the way of the entrepreneur and stifled economic growth in his country. de Soto also shows how much Lima, Peru's capital, owed its economic vitality to what he calls the "informal sector" -- the thousands of independent and enterprising individuals doing business without the consent of the State.

de Soto's prescription -- and mine -- is to free this economic force. Unleash the million sparks of energy and enterprise. Let the incentive of reward inspire men and women to work to better themselves and their families.

Already, Latin America is discovering this path. In Brazil and Bolivia, in Argentina, Venezuela, Mexico, Costa Rica and Jamaica -- free market reforms are going forward, creating space for private initiative to take hold and flourish. As they succeed -- as they reap the rewards that will follow what can be a painful transition -- **these nations will bring others in their wake. //**

We in the U.S. must do all we can to ensure the future of free markets in the Americas -- because our nation **has a stake in the economic health of this hemisphere.** Last year, for the first time ever, two-way trade between the U.S. and Latin America topped $100 billion dollars. As that trade continues to grow --

$48b exp
$57 b imp
$105b

Bob Dormitzer
Commerce - ITA
Off. of S.A.
377-1658

1988 - $427. b - World Bank

 Bruce Tuba

so will the link between our prosperity and the prosperity of our Latin American partners.

Let me provide a few statistics to drive home this point: Last year, the Colombian economy grew 4 percent. U.S. exports to **Colombia** rose 9 percent. // **Mexico's** economy grew 3 percent -- and U.S. exports to that country climbed 21 percent. // In **Chile**, with an overall growth rate of 10 percent, U.S. exports increased by **triple that rate -- more than 30 percentage points.**

Now, let's take a fresh look at a familiar statistic. We all know total Latin [debt exceeds] $400 billion dollars, and we've all heard analyses of what that means for development in Latin America. Well, I ask you today to consider **what it means for the U.S.: by one estimate, poor economic in Latin America -- related in part to the debt burden -- has cost the United States as much as $75 billion in lost exports over the past ten years.**

That's why I'm so pleased to report on the progress we've made this past year under the Brady Plan. Mexico, Venezuela and Costa Rica have all reached agreement with their creditors on ways to reduce their debt -- ways that complement their efforts to restructure their economies along free-market lines. Because in the long-term, the free market remains the only path to sustained growth. //

We all know the private sector plays a crucial role. / Taking advantage of new investment opportunities is good for business -- but, at this critical moment, there's something beyond the bottom line. Something that can't be measured in

Am. $44.371 b = exports
debt. $400 b 1989

simply in terms of GNP. The role the Council of the Americas can play -- expanding trade and strengthening the private sector -- contributes **not just to economic growth -- but to the growth of democracy.** //

Now, there is **an important role for government to play as well** -- especially during the difficult days of **transition from dictatorship to democracy.** That's why I've called on Congress to provide more than $700 million dollars in emergency economic aid to Panama and Nicaragua. This aid is critical. / A little over a week ago, I received a ~~note~~ letter from President Chamorro -- just three weeks into her term in office, ~~dealing with a crippling strike staged by pro-Sandinista unions~~ -- telling me that **Nicaragua was bankrupt.** And yet, **for more than 2 months now, this emergency aid has been bogged down on Capitol Hill, as Congressmen take advantage of these two nations' dire needs to tack on unrelated amendments -- and load onto our aid request funding for their pet projects.**

Meanwhile, for the people of Nicaragua and Panama -- **democracy hangs in the balance.** //

So let me say to the Congress: **not one more day of delay. The fate of freedom rests in your hands.** Rise above parochial interests and the politics of pork barrel. **Do the work of democracy -- and pass this emergency aid package now.** ///

Today, I began by speaking about the changes that have riveted world attention on Europe. Part of the power of the story is that it can be told in intensely personal terms -- as

the story of the dissident playwright who is now president. Of the electrician who came to symbolize his people's hopes for freedom. // Democracy's advance in Latin America has produced its share of heroes -- and today I'll close with three from one country alone -- Latin America's newest democracy: Nicaragua.

For four years -- beginning in 1979, the year the Sandinistas took power -- Enrique Dreyfus was head of Nicaragua's ~~Supreme~~ Superior Council of Private Enterprise -- a private-sector group in many ways similar to this one. His criticism of Sandinista rule put him on the Sandinista black list, and landed him in prison. Today, with the Sandinistas swept from power, Enrique Dreyfus is not just free from persecution -- he is Nicaragua's new Foreign Minister.

In 1985, members of the Sandinista internal security force beat Sofonias Cisneros for criticizing the way the Sandinistas had politicized the schools. Today, Mr. Cisneros is Minister of Education. //

And on July 10, 1988, opposition leader Myriam Arguello was beaten, taken from her home in the middle of the night by Sandinista police -- tried, and sentenced to six months in prison. Today, Myriam Arguello is President of Nicaragua's freely-elected National Assembly. //

Three stories that underscore in <u>personal</u> terms the truly revolutionary <u>political</u> change that's taken place not just in Nicaragua -- but across the Americas. Change that proves beyond

doubt that the day of the dictator is over -- and democracy's day has come. //

For our part, we in the United States must do all we can to help secure for all the Americas the freedom, the peace and prosperity we enjoy. // Once again, thank you -- and God bless the United States of America.

# # #

Deborah

Pres. from Haiti
Trouillot
May 24

Bill Brownfield (Carolyn Wimmer 647-5780

McGroarty/Dooley
May 16, 1990
6:15 pm
[AMER]

PRESIDENTIAL REMARKS: COUNCIL OF THE AMERICAS
THE STATE DEPARTMENT
MAY 22, 1990
11:00 A.M.

David Rockefeller, Chair
Amb. George Landau, Pres
Kim Flower, Mging Dir
Aronson

Kim Flowers

Thank you, Mr. Secretary [Baker]. [Introductory acknowledgements. President and Chairman of Council of the Americas.] [Admin. Members, State officials.]

I am pleased once again to speak to this influential group -- pioneers in the private-sector effort to expand trade and investment between the U.S. and Latin America. And I'm delighted to address this gathering after what has been a remarkable year of change.

Kim Flowers

Kim Flower Council of the Americas 659-1547

Over the past twelve months, it has sometimes seemed that the eyes of the world rest solely on Eastern Europe -- on the miraculous transformation that has taken place there. Our friends in Latin America have watched these historic events unfold, with inspiration and awe. But also, I know, with an unmistakable **sense of anxiety** -- concern that our **active involvement in Europe** will mean **a decline in U.S. interest in Latin America.**

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strengthened our desire to forge a new partnership with the growing forces of freedom in Latin America.

**Because the fact is, the great drama of democracy is unfolding <u>right here in our own hemisphere.</u>** //

Think about the tremendous gains made for freedom this past year. / When I spoke here last May, the people of Panama were preparing to go to the polls -- even as the dictator of Panama was preparing to steal the election. In Nicaragua, civil war raged, the Sandinistas ruled -- and the brave men and women of the Nicaraguan opposition were just beginning the long campaign that led to this year's great victory for democracy.

In Central America -- Nicaragua and Panama. In South America -- Paraguay and Chile. All across the Americas, today more people live under freely-elected governments than ever before -- and we are <u>closer</u> than ever before **to the day when all the people of the Americas, North and South, will live in freedom.** //

Even in Haiti, the scene of so much anguish and turmoil, the provisional government has now announced its intention to hold free elections. / Only Cuba remains -- Castro's island prison, isolated, out of step with the democratic tide. // But today -- ~~on~~ the day we are celebrating the anniversary of Cuban Independence -- let me say with certainty that <u>even in Cuba</u>, **democracy will not be denied.** //

As we in the U.S. welcome our Central and South American neighbors into the ranks of democracy, we owe them our help -- and something more. We owe them our <u>respect</u> -- the respect due

one free nation from another. The outstretched hand of partnership, from the nation that will be, by the year 2000, home of the world's second-largest Spanish-speaking culture -- the United States. //

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Already, Latin America is discovering this path. In Brazil, Argentina, Venezuela, Mexico and Jamaica, free market reforms are going forward, creating space for private initiative to take hold and flourish. As they succeed -- as they reap the rewards that will follow what can be a painful transition -- there is hope that these nations will bring others in their wake.

And there's no reason to stop there -- no reason not to build on this shift towards the free market philosophy, and make our ultimate aim **a free trade agreement that links all of the Americas -- North and South.** We look forward to the day when not only are the Americas the first fully democratic hemisphere -- but when all are equal partners in a free trade zone stretching from Alaska's Port of Anchorage to Argentina's Tierra del Fuego. //

Business America - Apr. 23, 1990
Dept of Commerce



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$48 b exp
$57 b imp

Let me provide a few statistics to drive home this point: Last year, the Columbian economy grew 3 percent. U.S. exports to **Columbia** rose 9 percent. // **Mexico's** economy grew 3 percent -- and U.S. exports to that country climbed 21 percent. // In **Chile**, with an overall growth rate of 10 percent, U.S. exports increased by **triple that rate -- more than 30 percentage points.**

Bob Dornauer - Commerce Dept - Off of S.A. I.T.A. 377-1658

32

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Because in the long-term, the free market remains the only path to sustained growth.

[[Of course, the private sector plays a crucial role. I know Council of the Americas is committed to expanding opportunities for trade and investment. And I'm pleased to hear about the promising new ventures generated by your own recently completed Caribbean/Central American Action mission to Nicaragua....]]

Taking advantage of new investment opportunities <u>is</u> good for business -- but, at this critical moment, there's something <u>beyond the bottom line</u>. Something that can't be measured ~~in~~ simply in terms of GNP. The role the Council of the Americas can play -- expanding trade and strengthening the private sector -- contributes **not just to economic growth -- but to <u>the growth of democracy.</u>** //

Now, there is **an important role for government to play as well** -- especially during the difficult days of **transition from dictatorship to democracy.** That's why I've called on Congress to provide more than $700 million dollars in emergency economic aid to Panama and Nicaragua. This aid is critical. / A little over a week ago, I received a note from President Chamorro -- just three weeks into her term in office, dealing with a crippling strike staged by pro-Sandinista unions -- telling me that **Nicaragua was bankrupt.** And yet, **for more than 2 months now, this emergency aid has been bogged down on Capitol Hill, as Congressmen take advantage of these two nations' dire needs to**

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For our part, we in the United States must do all we can to help secure for all the Americas the freedom, the peace and prosperity we enjoy. // Once again, thank you -- and God bless the United States of America.

# # #

FACSIMILE COVER SHEET

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C. 20506

Clearance (to Geneva) _____ Section # _____

Date 5/21/90

Time Sent _____ C.D. Log Number 18

Number of Pages Excluding Cover 2

| TO: NAME: | AGENCY: | PHONE #: | FAX #: |
|---|---|---|---|
| Peggy Dooley | Research Office EOP | 395-7750 | 395-6218 |
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FROM: Linda Linkins

PHONE: 395-3583

FAX #: (202)395-3911

CONTACT: If There are any problems please call: (202)395-3417

SUBJECT: trade/debt data

MAY 21 '90 14:39 FROM US TRADE REP PAGE.001

OFFICE OF THE DEPUTY ASSISTANT SECRETARY
FOR PUBLIC AFFAIRS
DEPARTMENT OF THE TREASURY

Room 3442 - (202) 566-8773
1500 Pennsylvania Avenue, NW
Washington, D.C. 20020

# FACSIMILE COVER SHEET

DATE: 5-21-90

NO. OF PAGES: 10
(Excluding Cover Page)

TO: Peggy Dooley

ADDRESSEE'S FAX NUMBER: 456-6218

ADDRESSEE'S CONFIRMATION NUMBER: 456-7750

FROM: Desiree Tucker-Sorini FAX NO. (202) 786-8433

COMMENTS/SPECIAL INSTRUCTIONS:

Treasury's comments re President's remarks to Council of the Americas.

COUNCIL OF THE AMERICAS
AN AFFILIATE OF THE AMERICAS SOCIETY, INC
1625 "K" ST NW SUITE 1200 WASHINGTON DC 20006 202/659-1547

May 11

The three principal officers of the Council of the Americas who will be on the podium when the President enters:

David Rockefeller, Chairman

Amb. George W. Landau, President

Kim Flower, Managing Director

NOT USG CLASSIFICATION

(5/4/90)

~~CONFIDENTIAL~~\FOR EYES ONLY
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WORKING DRAFT

TESTIMONY TO BE OFFERED BY COUNCIL CHAIRMAN DAVID ROCKEFELLER ON MAY 22, AT 9:00 AM — SAME DAY PRESIDENT BUSH WILL ADDRESS COUNCIL.

DETERMINED TO BE AN ADMINISTRATIVE MARKING, PER E.O. 12958, SEC. 3.3 (C)
RMC 10/19/04

TESTIMONY BEFORE THE
JOINT ECONOMIC COMMITTEE
UNITED STATES CONGRESS
MAY 22, 1990

OPENING STATEMENT

Mr. Chairman, distinguished Members of the Joint Economic Committee, other Members of the Senate and House of Representatives present, I would like to thank you for the opportunity for several corporate members of the Council of the Americas and me to appear before you this morning, and for others to present written testimony for the record. We would be pleased to answer any questions you may have.

As you know, the Council of the Americas is a U.S. business association made up of over 200 major U.S. multinational corporations doing business in Latin America and the Caribbean. It has been in operation in its present form for over 20 years, and is dedicated to achieving close, mutually beneficial relations between the United States and the countries of Latin America and the Caribbean.

We have two principal themes that we would like to discuss with you this morning.

-- We believe that Latin America -- despite its erratic, inconsistent and disappointing economic performance in the 1980s -- offers large and potentially rapidly growing opportunities for U.S. trade and investment, which will be increasingly important to the national economic and security interests of the United States in the 1990s.

-- And secondly, that for these economies to return to economic health, Latin American governments must create the conditions of fiscal and financial responsibility that will attract increased local private sector savings and investment while opening their economies to participate in the increasing globalization of trade and investment. Once in place, these reforms in restructured economies must be maintained for a number of years before their economic benefits become widely apparent.

Concerning the first theme, our basic message to you today is simple and straight forward -- we are convinced that Latin America is of significant importance to the vital interests, economic as well as strategic, of the United States, a basic

truth that will not come as a surprise to anyone. But we do not believe that this importance is sufficiently reflected in U.S. programs and policies, the press, our educational system, or by the general public, despite sustained efforts over the years by a number of our political leaders, educators, journalists and other opinion makers. We also do not believe that our current, highly welcome cooperative relations with the Soviet Union and Eastern Europe, permit us the luxury of stepping back from our responsibilities -- and opportunities -- in this Hemisphere.

We recognize that the very size of our economy -- the largest in the world -- often tends by comparison to downplay the economic importance of Latin America. Our GNP is some five times larger than the nearly one trillion dollar combined GNP of all the Latin American countries. As the world's largest exporter -- and with by far the largest, and most open, import market in the world, the U.S. economy is of much greater importance to Latin America than are the Latin American markets to our economy. As the old saying goes, "When the U.S. economy catches cold, Latin America suffers pneumonia." For example, in 1988, the United States bought over $51 billion or 48 percent of Latin America's exports, while Latin America took only 13 percent of U.S. exports -- some $43 billion, about the size of our trade deficit with Japan. This is down from 18 percent of our exports purchased by the countries of Latin America in 1981. One of the potential problems which requires our attention is the possibility that the importance of the United States to Latin America could diminish in the future because of the history of strained relations between this country and Latin America. Both the EC and Japan would be poised to take advantage of this situation.

This basic, overwhelming asymmetry should not blind us to the fact that Latin America is important to our economy and our society in many ways. We have an enormous stake in a democratic and prosperous Latin America. In 1989 Mexico, with a population of 85 million persons, was our third largest individual export market, buying some $25 billion of our exports. And, if appropriate policies are pursued, these are markets that hold out the promise of above average rates of growth in the future.

The region is now blessed with elected, representative governments. Recent events in Haiti, Nicaragua, and Panama are sweeping away the last authoritarian governments. Chile, Brazil, and Argentina have seen military governments replaced by civilian ones. This is a unique period in Latin America's history, and the "winds of freedom" are strong in the region. Only Castro's Cuba has so far been able to thwart the demands for freedom.

Recent dramatic changes in Eastern Europe have opened that region to the possibilities of political and economic freedoms, and to intercourse with the world's political and economic communities. Western European countries are eagerly pursuing

economic opportunities in Eastern Europe with the promise of new investments and joint ventures. The economic unification of the Germanys is a process that is underway. All of these initiatives are expected to require large amounts of long-term investment capital, drawn from a limited pool of available world investment resources.

As welcome as these events are, our friends in Latin America fear that their economic and investment needs may be pushed even lower on the world's priority list as they seek to make their newly gained democracies economically viable. They sense that the world may be passing them by.

It is clear that our economic interests in Latin America, present and foreseeable, exceed our economic interests in Eastern Europe. Our exports in 1988 to the six Eastern European countries totaled $876 million, some two percent of our exports to Latin America. While the book value of our private investment in Latin America totaled $49 billion in 1988, limited U.S. investments in Eastern Europe were valued in the several tens of millions of dollars. Brazil's 140 million population alone substantially exceeds the 113 million people in Eastern Europe which is only about a quarter of the 445 million inhabitants of Latin America.

The United States lost between $50 and $130 billion in exports to our traditional export markets in Latin America in the 1980s, according to Department of Commerce estimates. Imports by these nations were cut back to make partial payments on the foreign debt. Investment levels were slashed and per capita incomes fell during the 1980s by 8 percent, truly Latin America's "lost decade of development." Latin America's average standard of living in 1989 stood at the same level as it did 12 years earlier. For the region, this has meant the loss of about $500 billion of purchasing power according to estimates by the Inter-American Development Bank.

It has been argued in some academic circles that due to the decline in East-West military superpower rivalries, the United States has lost interest in Latin America. It seems to me that this argument is based on a narrow, strictly military definition of security. We believe that a broader definition of U.S. security interests would include consideration of such items as:

-- immigration flows attracted by the strong U.S. market;

-- narcotics production, interdiction, and consumption;

-- narco-terrorism that threatens democracies in Colombia and Peru and which gained power in Panama, eventually requiring costly unilateral U.S. military intervention;

and, perhaps the greatest threat to our survival of all,

-- environmental degradation.

All of these problems which affect our security and survival require healthy economies to solve them. To a large extent, these problems are the products of weak and declining economies.

Governments did not fulfil their responsibilities. Fiscal deficits exploded; inflation reached unheard of levels of 100 percent or more monthly; and domestic interest rates skyrocketed. The indigenous private sector responded accordingly, and large amounts of private savings were moved abroad to provide some hedge against inflation and large unexpected devaluations. Investment levels fell even further.

Latin American governments, slowly, one by one, are coming to realize that what is needed is a new compact between governments and their citizens. Responsible government economic management in those areas legitimately within its control, such as fiscal and monetary policy, will result in repatriated private savings -- "capital flight" if you will -- to take advantage of the investment opportunities created.

This process of economic restructuring is well underway in Latin America. It includes:

-- trade liberalization to open up the economies to foreign competition and, in the process, making Latin American exports competitive in the new, global economy;

-- tax reforms and the restoration of fiscal discipline;

-- exchange rates which are more competitive;

-- privatization of inefficient and over-staffed government and commercial operations acquired in the era when "import substitution" policies were in vogue;

-- and removal of obstacles to foreign investment.

In a sharp change from earlier policies, foreign investment is now being courted by Latin America as one means of partially replacing foreign commercial bank lending which has dried up since the foreign debt crisis that started in 1982. It is the same economic policies that result in increased domestic investment and return of "capital flight" that make a country

attractive to the foreign investor. Well-managed economies attract investment from both domestic and foreign sources.

Latin America is learning that it must not only compete for capital and investment flows from the world's savings pools, but that it must compete for the savings of its private sector and citizens as well.

Economic restructuring is perhaps furthest along in Chile, Costa Rica, and Bolivia. Some countries have made substantial reform efforts -- Mexico, Jamaica, Uruguay, and Venezuela for example -- but have not yet benefited from higher rates of economic growth as the reform measures must be maintained for a number of years. Argentina, on the other hand, has tried several different approaches, so far with only minimal success, while Brazil is just beginning the process. Peru has yet even to achieve the consensus to undertake restructuring.

The United States needs a politically and economically healthy Latin America. The 1990s could be a decade of opportunity for Latin America and the Caribbean as well as for the United States. The time is right to focus on this new opportunity in Latin America. There are new governments, new attitudes, and a new openness to new ideas. The United States should:

-- understand and encourage the needed changes taking place in several areas of the world;

-- implement an aggressive business development strategy to retain and expand our traditional export markets;

-- encourage new investment in Latin America as well as support existing investments there;

-- assure a reliable and secure supply of essential imports such as petroleum;

Latin American governments <u>have</u> changed: Latin American economies <u>are</u> changing.

Mr. Chairman, we are not here with our hats in hand. We are NOT proposing a new Marshall Plan for Latin America, which could detract from the imperative for economic restructuring. But we do believe that the financing resources available under the Brady Plan should be carefully monitored to assure that adequate international resources are available for those countries who do undertake painful, but necessary restructuring. Also the time may be appropriate to consider relief from official indebtedness for those smaller economies that are restructuring, such as Jamaica, which have a high proportion of official debt that is

not eligible for renegotiation under the Brady plan. All of these economies need some breathing room in order to fulfill their new free market potential.

Mr. Chairman, trade with the EC, Japan, and other areas of the world is equally as important as trade with Latin America, and we are NOT proposing a Western Hemisphere trading bloc. It is not a question of one or the other. The best hope for all of the nations of the world is lower trade barriers for all negotiated multilaterally. We strongly support U.S. efforts in the current GATT Uruguay Round. The Latin American countries must be encouraged to overcome their concerns and support these negotiations. But, given the emerging trade patterns of the 1990s, including EC 1992, we do need to focus more closely on the trade needs of our neighbors in this hemisphere.

We welcome the discussions with Mexico to explore ways to increase even more the burgeoning trade between our two countries, discussions which could conceivably eventually lead to a comprehensive trading area including Canada. Given our long common border, immigration from Mexico will only become manageable when the living and working conditions for its people are substantially improved.

We also need to rethink our trading and economic relationship with Brazil, which is already among the top ten economic powers in the world. A strong, growing and successful Brazil is important to U.S. security interests in the Hemisphere, as well as to our trade and investment interests.

Mr. Chairman, we need to continue to encourage and provide support for these countries as they implement political and economic reforms -- "restructuring" under the Baker and Brady plans -- which in the long run will benefit not only the countries themselves but the United States as well. The U.S. business community did not write off Latin America even during the darkest days of the 1980s. We remain optimistic that with encouragement and support from the United States and the international financial institutions, "restructuring" will lead to a healthy economic growth in the Hemisphere.

McGroarty/Dooley
May 18, 1990
10:30 am
[AMER]

**ALL CHANGES BUT NSC's**

PRESIDENTIAL REMARKS: COUNCIL OF THE AMERICAS
THE STATE DEPARTMENT
MAY 22, 1990
11:00 A.M.

Thank you, Mr. Secretary [Baker]. [Introductory acknowledgements.] David Rockerfeller, Chairman of the Council of the Americas. Ambassador Landau, the Council's President. // Bernard Aronson -- our very able Assistant Secretary of State for Inter-American Affairs. //

I am pleased once again to speak to this influential group -- pioneers in the private-sector effort to expand trade and investment between the U.S. and Latin America. And I'm delighted to address this gathering after what has been a remarkable year of change.

Over the past twelve months, it has sometimes seemed that the eyes of the world rest solely on Eastern Europe -- on the miraculous transformation that has taken place there. Our friends in Latin America have watched these historic events unfold, with inspiration and awe. But also, I know, with an unmistakable **sense of anxiety** -- concern that our **active involvement in Europe** will mean **a decline in U.S. interest in Latin America.**

I am here today to assure you -- just as I've assured the many Latin American leaders I've met with -- that the events of

the past year have increased U.S. interest in this region -- strengthened our desire to forge a new partnership with the growing forces of freedom in Latin America.

**Because the fact is, the great drama of democracy is unfolding right here in our own hemisphere. //**

Think about the tremendous gains made for freedom this past year. / When I spoke here last May, the people of Panama were preparing to go to the polls -- even as the dictator of Panama was preparing to steal the election. In Nicaragua, civil war raged, the Sandinistas ruled -- and the brave men and women of the Nicaraguan opposition were just beginning the long campaign that led to this year's great victory for democracy.

In Central America -- Nicaragua and Panama. In South America -- Paraguay and Chile. All across the Americas, today more people live under freely-elected governments than ever before -- and we are closer than ever before **to the day when all the people of the Americas, North and South, will live in freedom. //**

Even in Haiti, the scene of so much anguish and turmoil, the provisional government has now announced its intention to hold free elections. / Only Cuba remains -- Castro's island prison, isolated, out of step with the democratic tide. // But today -- the day we are celebrating the anniversary of Cuban Independence -- let me say with certainty that even in Cuba, **democracy will not be denied. //**

As we in the U.S. welcome our Central and South American neighbors into the ranks of democracy, we owe them our help -- and something more. We owe them our respect -- the respect due one free nation from another. The outstretched hand of partnership, from the nation that will be, by the year 2000, home of the world's second-largest Spanish-speaking culture -- the United States. //

I've worked to strengthen our ties. Just this year alone, I've met with Presidents Barco, Paz and Garcia, at the Andean Drug Summit in Cartagena. Here in Washington, I've hosted Presidents Perez and Paz, Cristiani and Endara, Collor de Mello, Calderon and Callejas, and Prime Minister Manley. In each case, I've come away from our talks with a strong sense of optimism. And I believe every one of those leaders left the White House knowing that **the U.S. is engaged as never before in the future of this hemisphere.**

While from country to country conditions differ, we know now that our challenge is to consolidate democracy -- and accelerate development.

That means advancing the **intellectual revolution** now sweeping Latin America -- a movement away from stale, Statist doctrines. Away from dictatorships of the Right and Left. Toward democracy -- free government -- free enterprise. Toward the true political and economic **empowerment of the people.**

That means encouraging, for the first time in many cases, genuine free market reform. Even in countries that claimed no

kinship with communism, economies have been **capitalist in name only.** In practice, they were rigged to favor the ruling elite -- organized to ensure the prosperity of the people in power -- not to open an avenue toward upward mobility for anyone ready and willing to work.

Peruvian economist Hernando de Soto describes the maze of bureaucratic barriers that stood in the way of the entrepreneur and stifled economic growth in his country. de Soto also shows how much Lima, Peru's capital, owed its economic vitality to what he calls the "informal sector" -- the thousands of independent and enterprising individuals doing business without the consent of the State.

de Soto's prescription -- and mine -- is to free this economic force. Unleash the million sparks of energy and enterprise. Let the incentive of reward inspire men and women to work to better themselves and their families.

Already, Latin America is discovering this path. In Brazil and Bolivia, in Argentina, Venezuela, Mexico, Costa Rica and Jamaica -- free market reforms are going forward, creating space for private initiative to take hold and flourish. As they succeed -- as they reap the rewards that will follow what can be a painful transition -- **these nations will bring others in their wake. //**

We in the U.S. must do all we can to ensure the future of free markets in the Americas -- because our nation **has a stake in the economic health of this hemisphere.** Last year, for the first

time ever, two-way trade between the U.S. and Latin America topped $100 billion dollars. As that trade continues to grow -- so will the link between our prosperity and the prosperity of our Latin American partners.

Let me provide a few statistics to drive home this point: Last year, the Columbian economy grew 4 percent. U.S. exports to **Columbia** rose 9 percent. // **Mexico's** economy grew 3 percent -- and U.S. exports to that country climbed 21 percent. // In **Chile**, with an overall growth rate of 10 percent, U.S. exports increased by **triple that rate -- more than 30 percentage points.**

Now, let's take a fresh look at a familiar statistic. We all know total Latin debt is about $400 billion dollars, and we've all heard analyses of what that means for development in Latin America. Well, I ask you today to consider **what it means for the U.S.: by one estimate, poor economic in Latin America -- related in part to the debt burden -- has cost the United States as much as $75 billion in lost exports over the past ten years.**

That's why I'm so pleased to report on the progress we've made this past year under the Brady Plan. Mexico, Venezuela and Costa Rica have all reached agreement with their creditors on ways to reduce their debt -- ways that complement their efforts to restructure their economies along free-market lines. Because in the long-term, the free market remains the only path to sustained growth. //

We all know the private sector plays a crucial role. / Taking advantage of new investment opportunities is good for business -- but, at this critical moment, there's something beyond the bottom line. Something that can't be measured simply in terms of GNP. The role the Council of the Americas can play -- expanding trade and strengthening the private sector -- contributes **not just to economic growth -- but to the growth of democracy.** //

Now, there is **an important role for government to play as well** -- especially during the difficult days of **transition from dictatorship to democracy.** That's why I've called on Congress to provide more than $700 million dollars in emergency economic aid to Panama and Nicaragua. This aid is critical. / A little over a week ago, I received a note from President Chamorro -- just three weeks into her term in office, dealing with a crippling strike staged by pro-Sandinista unions -- telling me that **Nicaragua was bankrupt.** And yet, **for more than 2 months now, this emergency aid has been bogged down on Capitol Hill, as Congressmen take advantage of these two nations' dire needs to tack on unrelated amendments -- and load onto our aid request funding for their pet projects.**

Meanwhile, for the people of Nicaragua and Panama -- **democracy hangs in the balance.** //

So let me say to the Congress: **not one more day of delay. The fate of freedom rests in your hands.** Rise above parochial

interests and the politics of pork barrel. **Do the work of democracy -- and pass this emergency aid package now.** ///

Today, I began by speaking about the changes that have riveted world attention on Europe. Part of the power of the story is that it can be told in intensely personal terms -- as the story of the dissident playwright who is now president. Of the electrician who came to symbolize his people's hopes for freedom. // Democracy's advance in Latin America has produced its share of heroes -- and today I'll close with three from one country alone -- Latin America's newest democracy: Nicaragua.

For four years -- beginning in 1979, the year the Sandinistas took power -- Enrique Dreyfus was head of Nicaragua's Supreme Council of Private Enterprise -- a private-sector group in many ways similar to this one. His criticism of Sandinista rule put him on the Sandinista black list, and landed him in prison. Today, with the Sandinistas swept from power, Enrique Dreyfus is not just free from persecution -- he is Nicaragua's new Foreign Minister.

In 1985, members of the Sandinista internal security force beat Sofonias Cisneros for criticizing the way the Sandinistas had politicized the schools. Today, Mr. Cisneros is Minister of Education. //

And on July 10, 1988, opposition leader Myriam Arguello was beaten, taken from her home in the middle of the night by Sandinista police -- tried, and sentenced to six months in

prison. Today, Myriam Arguello is President of Nicaragua's freely-elected National Assembly. //

Three stories that underscore in personal terms the truly revolutionary political change that's taken place not just in Nicaragua -- but across the Americas. Change that proves beyond doubt that the day of the dictator is over -- and democracy's day has come. //

For our part, we in the United States must do all we can to help secure for all the Americas the freedom, the peace and prosperity we enjoy. // Once again, thank you -- and God bless the United States of America.

# # #

Unofficial Listing of Meetings with Foreign Leaders
President George Bush
1989 - PRESENT

| COUNTRY | BEGAN | LEADER'S TITLE AND NAME | CIRCUMSTANCES | ENDED |
|---|---|---|---|---|
| AFRICA | 03/27/90 | SEE COMMENTS | DROP BY | 03/27/90 |
| AUSTRIA | 02/20/90 | CHANCELLOR FRANZ VRANITZKY | OVAL OFFICE | 02/20/90 |
| BAHRAIN | 03/28/90 | AMB HOSTLER | PHOTO OP | 03/28/90 |
| BANGLADESH | 02/01/90 | PRESIDENT ERSHAD | PRAYER BREAK. | 02/01/90 |
| BERLIN | 02/27/90 | MAYOR WALTER MOMPER | PRIVATE | 02/27/90 |
| BOLIVIA | 05/08/90 | | OWV | 05/08/90 |
| BURUNDI | 02/01/90 | PRESIDENT BUYOYA | PRAYER BREAK. | 02/01/90 |
| COLOMBIA | 02/15/90 | SEE COMMENTS | SUMMIT | 02/15/90 |
| CONGO | 02/12/90 | PRESIDENT DENIS SASSOU-NGUESSO | STATE | 02/12/90 |
| COSTA RICA | 03/20/90 | PRES-ELE RAFAEL ANGEL CALDERON | OVAL OFFICE | 03/20/90 |
| CZECHOSLOVAKIA | 02/21/90 | PRES. VACLAV | OVAL OFFICE | 02/21/90 |
| CZECHOSLOVAKIA | 02/20/90 | PRES. VACLAV HAVEL | OWV | 02/20/90 |
| EL SALVADOR | 02/01/90 | PRESIDENT CRISTIANI | PRAYER BREAK. | 02/01/90 |
| EL SALVADRO | 02/01/90 | PRESIDENT ALFREDO CRISTIANI | PRIVATE | 02/01/90 |
| EUROPEAN COMM. | 02/05/90 | AMB VAN AGT | CREDENTIALS | 02/05/90 |
| HONDURAS | 04/17/90 | Callejas | OWV | 04/17/90 |
| IRELAND | 03/16/90 | DEP PM BRIAN LENIHAN | OVAL/ROSE GARD. | 03/16/90 |
| IRELAND | 02/27/90 | PM HAUGHEY | OWV | 02/27/90 |
| ITALY | 03/06/90 | PRIME MINISTER ANDREOTTI | OFFICIAL | 03/06/90 |
| JAMAICA | 05/03/90 | | OVAL OFFICE | 05/03/90 |
| JAPAN | 03/12/90 | FORMER PM NOBORU TAKESHITA | MEETING/OVAL | 03/12/90 |

Unofficial Listing of Meetings with Foreign Leaders
President George Bush
1989 - PRESENT

| COUNTRY | BEGAN | LEADER'S TITLE AND NAME | CIRCUMSTANCES | ENDED |
|---|---|---|---|---|
| KENYA | 02/10/90 | PRESIDENT MOI | PRAYER BREAK. | 02/01/90 |
| MALI | 02/05/90 | AMB. TOURE | CREDENTIALS | 02/05/90 |
| MICRONESIA | 02/05/90 | AMB. MAREHALAU | CREDENTIALS | 02/05/90 |
| MOZAMBIQUE | 03/13/90 | JOAQUIM CHISSANO | OWV | 03/13/90 |
| NATO | 02/10/90 | MANFRED WARNER | CAMP DAVID | 02/11/90 |
| NATO | 02/24/90 | MANFRED WOERNER | PRIVATE | 02/24/90 |
| NETHERLANDS | 02/05/90 | AMB MEESMAN | CREDENTIALS | 02/05/90 |
| NEW GUINEA | 03/28/90 | AMBASSADOR PAPUA | PHOTO OP | 03/28/90 |
| NEW GUINEA | 03/28/90 | AMBASSADOR FARRAND | PHOTO OP | 03/28/90 |
| NORWAY | 02/23/90 | PM JAN SYSE | OVAL OFFICE | 02/23/90 |
| PANAMA | 04/30/90 | Endara | OWV | 04/30/90 |
| POLAND | 03/22/90 | TADEUSZ WAZOWIECKI | SECOND PRIVATE | 03/22/90 |
| POLAND | 03/21/90 | TADEUSZ MAZOWIECKI | STATE | 03/21/90 |
| ROMANIA | 03/15/90 | REV. TOKES | OVAL OFFICE | 03/15/90 |
| S. AFRICA | 02/28/90 | GATSHA MANGOSUTHU BUTHELEZI | PRIVATE | 02/28/90 |
| SAUDI ARABIA | 02/22/90 | PRINCE BANDAR | PHOTO OP | 02/22/90 |
| SPAIN | 02/05/90 | GOV. JORDI PUJOL | PRIVATE | 02/05/90 |
| SUDAN | 02/05/90 | AMB ABDALLA | CREDENTIALS | 02/05/90 |
| SUDAN | 02/05/90 | AMB KAWARI | CREDENTIALS | 02/05/90 |
| URUGUAY | 02/05/90 | LUIS ALBERTO LACALLE | PRIVATE | 02/05/90 |
| USA | 02/22/90 | SENATOR WARNER | PRIVATE | 02/22/90 |
| USA | 03/14/90 | AMB JOHN NEGROPONTE | PHOTO OP | 03/14/90 |
| USA | 02/22/90 | SENATOR SAM NUNN | OVAL OFFICE | 02/22/90 |
| USA | 02/14/90 | SEE COMMENTS | OVAL OFFICE | 02/14/90 |

Unofficial Listing of Meetings with Foreign Leaders
President George Bush
1989 - PRESENT

| COUNTRY | BEGAN | LEADER'S TITLE AND NAME | CIRCUMSTANCES | ENDED |
|---|---|---|---|---|
| USA | 03/09/90 | MR. WEINBERGER | PRIVATE | 03/09/90 |
| USA | 03/21/90 | JUDGE WEBSTER | PRIVATE | 03/21/90 |
| USA | 03/08/90 | SECRETARY BRADY | PRIVATE | 03/08/90 |
| USA | 02/01/90 | SEE COMMENTS | MEETING | 02/01/90 |
| USA | 03/12/90 | AMB JAMES WOOLSEY | PRIVATE | 03/12/90 |
| USA | 03/08/90 | SEE COMMENTS | | 03/08/90 |
| USA | 03/23/90 | SENATOR EDWARD KENNEDY | PRIVATE | 03/23/90 |
| USA | 02/27/90 | SEE COMMENTS | OVAL OFFICE | 02/27/90 |
| USA | 02/22/90 | AMB TED BRIGGS | PHOTO OP | 02/22/90 |
| USA | 02/09/90 | MR. KURT MUSE | PRIVATE | 02/09/90 |
| VENEZUELA | 04/26/90 | Perez | STATE | 04/26/90 |
| WEST GERMANY | 02/24/90 | CHAN. HELMUT KOHL | CAMP DAVID | 02/25/90 |
| ZIMBABWE | 03/28/90 | AMB RHODES | PHOTO OP | 03/28/90 |

Salinas (private - June 10)

Barco - 6/5



**United States Department of State**

*Washington, D.C. 20520*

DATE 5/14/90

FACSIMILE TRANSMITTAL SHEET

PLEASE DELIVER TO:

NAME Peggy Dooley

OFFICE Research - Communications

ROOM NO.

TELEPHONE NO. 456-7750

NUMBER OF PAGES ATTACHED 1

FROM:

NAME Roberta Jacobson

OFFICE ARA

TELEPHONE 647-9393

COMMENTS:

As requested, background on former Nicaraguan political prisoners, now in government

- On July 10, 1988, Sandinista police beat opposition leader **Myriam Arguello** (ar-GWEH-yo) while breaking up a peaceful demonstration at Nandaime. Arguello was taken from her home at one in the morning, tried and sentenced to six months in prison.

  On April 24, 1990, Myriam Arguello was elected President of Nicaragua's National Assembly.

- From 1979 to 1983, **Enrique Dreyfus** (DRAY-fuss) was head of Nicaragua's Supreme Council of Private Enterprise, a private-sector group. He spent five months in jail between October 1981 and February 1982 for criticizing Sandinista economic and political moves.

  President Violeta Chamorro chose Dreyfus for her Foreign Minister.

- In 1985, Interior Ministry officials beat **Sofonias Cisneros** (so-fo-NEE-ahs sees-NEH-rohs) for criticizing the politicized curriculum of the Sandinista regime.

  Cisneros is now Minister of Education.

Directions to Sally Salmon's

8 pm

**Enter Virginia From:**

1. **Beltway** - From 1-495 take G.W. Parkway to Chain Bridge Exit; loop onto Chain Bridge Road until it dead ends into Glebe Road. Turn right on Glebe and proceed for approximately 1.5 miles. Turn left on Dittmar (by a red church) and proceed approximately 1 mile. Turn left at Vernon Street. Proceed until it dead ends to 37th Place. Proceed right to white house with black shutters. **4508 North 37th Place. 532-3187**

2. **14th Street** - From 395 and 14th Street Bridge, take Arlington Cemetary/G.W. Parkway exit (the one before National Airport). Proceed approximately 5 miles on the G.W. Parkway following Dulles Airport signs. Take the Spout Run Parkway exit. Take first exit on right, Lorcum Lane. Turn right on Old Dominion (Rt. 309). Turn right on Glebe Road (Rt. 120) Go past Washington Golf and Country Club for approximately 1.5 miles. Turn right by red church onto Dittmar. Proceed for 1/2 mile. Turn left on Vernon Street Street. Proceed until it dead ends to 37th Place. Proceed right to white house with black shutters. **4508 North 37th Place. 532-3187**

350 - Council Membership
~220 businessmen
1/8 Am VP Ams multinat'l.

Others = observers
Fed F Affrs bureaucracy
Commerce
Fed
Hse + Sen FR Comm
State

[redacted]

Baker intro
Aronson

DEPARTMENT OF TREASURY
FACSIMILE COVER SHEET
15TH & PENNSYLVANIA AVE., N.W.
WASHINGTON D.C. 20220

FAX MESSAGE NUMBER: _____ DATE: 5/21/90

NUMBER OF PAGES TO FOLLOW: 7

TO: Ms. Peggy Dooley
White House

ADDRESSEE'S FAX NUMBER: 456-6218

ADDRESSEE'S CONFIRMATION NUMBER: _____

FROM: Jane Bardon

SENDER'S FAX NUMBERS: (202) 786-8418

SENDER'S CONFIRMATION NUMBER: 566-5396

COMMENTS/SPECIAL INSTRUCTIONS:

Per our telephone conversation.

UNCLASSIFIED

Table 15

LATIN AMERICA AND THE CARIBBEAN: NET CAPITAL INFLOW AND TRANSFER OF RESOURCES

*(Billions of dollars and percentages)*

| | Net capital inflow (1) | Net payments of profits and interest (2) | Transfer of resources (3) = (1)-(2) | Exports of goods and services (4) | Transfer of resources/ exports of goods and services (5) = (3)/(4) (5) |
|---|---|---|---|---|---|
| 1973 | 7.9 | 4.2 | 3.7 | 28.9 | 12.8 |
| 1974 | 11.4 | 5.0 | 6.4 | 43.6 | 14.7 |
| 1975 | 14.3 | 5.6 | 8.7 | 41.1 | 21.2 |
| 1976 | 17.9 | 6.8 | 11.1 | 47.3 | 23.5 |
| 1977 | 17.2 | 8.2 | 9.0 | 55.9 | 16.1 |
| 1978 | 26.2 | 10.2 | 16.0 | 61.3 | 26.1 |
| 1979 | 29.1 | 13.6 | 15.5 | 82.0 | 18.9 |
| 1980 | 29.7 | 18.1 | 11.6 | 107.7 | 10.8 |
| 1981 | 37.6 | 27.2 | 10.4 | 116.1 | 9.0 |
| 1982 | 20.2 | 38.8 | -18.6 | 103.2 | -18.0 |
| 1983 | 2.9 | 34.4 | -31.5 | 102.4 | -30.8 |
| 1984 | 10.0 | 36.7 | -26.7 | 113.7 | -23.5 |
| 1985 | 2.5 | 35.3 | -32.8 | 109.3 | -30.0 |
| 1986 | 8.7 | 32.2 | -23.5 | 95.5 | -24.6 |
| 1987 | 14.9 | 31.4 | -16.5 | 108.2 | -15.2 |
| 1988 | 5.3 | 34.2 | -28.9 | 122.9 | -23.5 |
| 1989[b] | 13.7 | 38.3 | -24.6 | 133.8 | -18.4 |

Source: 1973-1988: ECLAC, on basis of figures supplied by the International Monetary Fund; 1989: ECLAC, on the basis of official figures.
[a] Percentages. [b] Preliminary estimates.

Table 16

LATIN AMERICA AND THE CARIBBEAN: TOTAL DISBURSED EXTERNAL DEBT [a]

| | End-of-year balance in millions of dollars | | | | | | Growth rates | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1984 | 1985 | 1986 | 1987 | 1988 | 1989[b] | 1979-1981 | 1982-1983 | 1984-1987 | 1988 | 1989[b] |
| **Latin America** | 367 058 | 377 274 | 393 649 | 416 352 | 412 986 | 415 900 | 23.0 | 11.1 | 4.3 | -0.8 | -0.7 |
| **Oil-exporting countries** | 153 434 | 156 444 | 161 640 | 168 215 | 167 975 | 170 505 | 24.6 | 10.3 | 2.6 | -0.1 | -1.5 |
| Bolivia [c] | 3 208 | 3 294 | 3 536 | 4 162 | 3 993 | 4 100 | 13.4 | 9.5 | 7.2 | -4.1 | 2.7 |
| Ecuador | 7 596 | 8 111 | 9 077 | 10 267 | 11 034 | 11 700 | 21.1 | 19.7 | 8.7 | 7.5 | 6.0 |
| Mexico | 96 700 | 97 800 | 100 500 | 102 400 | 100 400 | 99 900 | 30.8 | 12.0 | 2.2 | -2.0 | -0.5 |
| Peru | 12 068 | 13 877 | 15 630 | 16 942 | 18 725 | 19 980 | 1.0 | 14.0 | 8.0 | 10.5 | 6.7 |
| Venezuela [d] | 33 862 | 33 362 | 32 897 | 34 444 | 33 823 | 34 825 | 26.0 | 4.1 | -0.2 | -1.8 | 3.0 |
| **Non-oil-exporting countries** | 213 624 | 220 830 | 232 009 | 248 137 | 245 011 | 245 395 | 21.7 | 11.8 | 5.6 | -1.3 | 0.2 |
| Argentina | 46 903 | 49 326 | 51 422 | 54 700 | 59 000 | 61 100 | 42.1 | 12.8 | 5.0 | 7.9 | 3.6 |
| Brazil [e] | 104 926 | 105 126 | 111 045 | 121 174 | 113 300 | 111 100 | 14.5 | 10.2 | 5.6 | -6.5 | -1.9 |
| Colombia | 12 350 | 14 063 | 14 987 | 15 663 | 16 454 | 16 950 | 28.0 | 16.1 | 8.2 | 5.1 | 3.0 |
| Costa Rica | 3 752 | 3 742 | 3 922 | 4 194 | 4 100 | 4 500 | 13.3 | 14.7 | 4.4 | -2.2 | 9.8 |
| Chile | 19 659 | 20 403 | 20 716 | 20 660 | 18 971 | 17 610 | 30.7 | 7.6 | 3.5 | -8.2 | -7.2 |
| El Salvador | 1 949 | 1 980 | 1 928 | 1 880 | 1 913 | 1 825 | 19.1 | 8.4 | -0.1 | 1.8 | 4.6 |
| Guatemala | 2 495 | 2 694 | 2 674 | 2 700 | 2 647 | 2 830 | 19.3 | 25.0 | 6.0 | -2.0 | 7.0 |
| Haiti [d] | 607 | 600 | 697 | 741 | 785 | 800 | 21.1 | 22.3 | 7.9 | 5.9 | 1.9 |
| Honduras | 2 392 | 2 794 | 3 018 | 3 105 | 3 045 | 3 260 | 17.8 | 17.0 | 9.6 | -1.9 | 7.1 |
| Nicaragua [c] | 4 362 | 4 936 | 5 760 | 6 270 | 7 220 | 7 570 | 27.4 | 21.5 | 13.5 | 15.2 | 4.8 |
| Panama [f] | 4 368 | 4 774 | 4 935 | 5 324 | 5 400 | 5 500 | 13.3 | 14.2 | 5.0 | 1.4 | 1.9 |
| Paraguay | 1 654 | 1 772 | 1 855 | 2 043 | 2 002 | 2 150 | 12.4 | 24.5 | 8.6 | -2.0 | 7.4 |
| Dominican Republic | 3 536 | 3 720 | 3 812 | 3 795 | 3 844 | 3 900 | 24.4 | 14.0 | 3.5 | 1.3 | 1.5 |
| Uruguay | 4 671 | 4 900 | 5 238 | 5 888 | 6 330 | 6 300 | 36.1 | 22.0 | 6.6 | 7.5 | -0.5 |

Source: ECLAC, on the basis of official figures.
[a] Includes debt owed to the International Monetary Fund. [b] Preliminary figures. [c] Public debt. [d] Total debt according to official figures and data supplied by the international financial agencies. [e] Up to 1984, corresponds to World Bank data. [f] World Bank data.

United Nations, Preliminary Overview of the Economy of Latin America and the Caribbean, 29 December 1989.

TABLE N° 13

CHILE

## GROWTH RATES OF GROSS DOMESTIC PRODUCT BY SECTOR 1/

(Percentage change in 12 months)

| SECTOR | 1987 (*) | | | | | 1988 (*) | | | | | 1989 (*) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | I | II | III | IV | TOTAL | I | II | III | IV | TOTAL | I | II | III | IV | TOTAL |
| Agriculture | 5.9 | 2.8 | 5.0 | 4.4 | 4.5 | 5.1 | 6.4 | 6.1 | 5.6 | 5.7 | 1.4 | 5.6 | 2.8 | 1.7 | 3.0 |
| Fishing | 28.4 | -17.9 | -28.1 | -10.6 | -8.0 | -5.8 | 1.2 | 24.8 | 0.0 | 2.6 | 33.7 | 21.7 | 28.5 | 10.5 | 24.0 |
| Mining | 0.2 | -3.3 | -1.2 | 4.5 | 0.0 | -1.1 | 0.0 | 8.4 | 9.2 | 4.2 | 5.3 | 12.0 | 11.0 | 5.5 | 8.4 |
| Industry | 10.8 | 2.5 | 5.6 | 3.8 | 5.5 | 9.3 | 7.6 | 9.5 | 8.4 | 8.7 | 10.7 | 14.1 | 8.5 | 7.2 | 10.0 |
| Elect., Gas and Water | 5.3 | 4.2 | 3.5 | 2.4 | 3.8 | 9.1 | 8.1 | 9.9 | 10.2 | 9.3 | 7.5 | 8.0 | 0.8 | 3.3 | 4.8 |
| Construction | 4.1 | 11.2 | 19.2 | 8.5 | 10.6 | 7.5 | 5.2 | 6.5 | 5.2 | 6.1 | 13.7 | 10.0 | 16.7 | 5.8 | 11.5 |
| Commerce | 11.1 | 5.6 | 6.6 | 7.1 | 7.5 | 8.3 | 9.6 | 10.5 | 10.5 | 9.8 | 15.0 | 17.0 | 12.5 | 11.1 | 13.8 |
| Transport | 12.6 | 11.3 | 7.1 | 9.7 | 10.1 | 10.6 | 6.6 | 13.5 | 15.0 | 11.5 | 14.4 | 18.1 | 14.7 | 10.9 | 14.4 |
| Others 2/ | 6.8 | 6.1 | 4.3 | 4.0 | 5.8 | 3.7 | 5.7 | 6.0 | 7.8 | 5.8 | 8.2 | 9.4 | 10.0 | 8.1 | 8.9 |
| TOTAL G.D.P. | 8.5 | 4.3 | 5.2 | 5.0 | 5.7 | 6.0 | 6.4 | 8.4 | 8.7 | 7.4 | 9.7 | 12.1 | 10.4 | 7.8 | 10.0 |

1/ Over the same period of the previous year.
2/ Includes Financial Services, Personal Services, Housing, Public Administration, Import Duties and Banking Charges.
(*) Estimated.

Source : Banco Central de Chile. in Quarterly Economic and Financial Report of Chile December 1989



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# Table 1
## Colombia: Basic Data

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Pop. Growth (1975-88) | 2.1% / year | | GDP (1988) | | $38.2 billion | | |
| Population (mid-1988) | 30 million | | GDP Per Capita (1988) | | $1,300 | | |
| | Annual Averages | | | | | | |
| Growth Rates | 1970-79 | 1980-85 | 1986 | 1987 | 1988 | 1989 | 1990 |
| Real GDP | 5.8 | 2.6 | 5.8 | 5.3 | 3.7 | 3.0 e | 2.8 p |
| Industrial Output | | | 6.0 | 5.0 | 3.7 | 1.8 | |
| Consumer Prices * | 19.8 | 22.2 | 20.9 | 24.0 | 28.1 | 26.1 | |
| Wholesale Prices * | 22.5 | 22.6 | 24.4 | 25.2 | 29.5 | 30.4 | |
| Money (M1) * | 23.9 | 21.9 | 22.7 | 25.8 | 25.7 | | |
| Domestic Credit * | 20.3 | 37.7 | 7.9 | 28.8 | 23.0 | 31.8 e | |
| Export Value | 17.7 | 1.0 | 43.7 | -3.3 | 1.6 | 10.7 | |
| Import Value | 16.5 | 3.6 | -7.2 | 11.3 | 19.1 | 8.3 | |
| Export Volume | | | 56.2 | 65.9 | 4.6 | | |
| Import Volume | | | -18.2 | 3.3 | 13.3 | | |
| Other Economic Indicators | | | | | | | |
| Consol. Public Deficit/GDP (%) | | 5.8 | -0.6 | 1.8 | 2.8 | 2.4 e | 2.2 p |
| 90-Day Certificate of Deposit | | 29 | 33 | 34 | 31 | 33 | |
| Unemployment Rate | | | 12 | 10 | 10 | 9 | |
| Exchange Rate Change *, ** | -9.4 | -25.5 | -27.2 | -20.4 | -27.4 | -29.2 | -28.3 (4/90) |
| Real Eff Ex Rate Chg *, ** | | -2.0 | -25.5 | -10.7 | -3.6 | -3.3 | |

| GDP Origin (%) | 1983 | 1988 |
|---|---|---|
| Agriculture | 23 | 21 |
| Manufacturing | 21 | 21 |
| Mining | 1 | 5 |
| Government | 8 | 9 |
| Other | 47 | 45 |

| Ratios to GDP (%) | 1983 | 1988 | |
|---|---|---|---|
| Gross Dom. Saving | 17 | 20 | |
| Gross Dom. Invstmt | 23 | 21 | |
| Govt Expenditure | 15 | 15 | |
| Net Debt *** | 43 | 35 | (1989e) |
| Imports-gds & svcs *** | 31 | 22 | |

| Export Composition (%) | 1983 | 1988 |
|---|---|---|
| Coffee | 60 | 32 |
| Petroleum and Derivative | 18 | 26 |
| Coal | 0 | 7 |
| Chemicals | 3 | 5 |

| Import Composition (%) | 1983 | 1988 |
|---|---|---|
| Consumer Goods | 11 | 12 |
| Intermediate Goods | 38 | 49 |
| Fuels | 13 | 3 |
| Capital Goods | 38 | 34 |

| Export Destination | 1983 | 1988 |
|---|---|---|
| United States | 28 | 40 |
| Japan | 4 | 6 |
| European Community | 39 | 29 |
| Venezuela | 4 | 3 |
| Non-Oil Developing Countries | 13 | 14 |

| Import Origin | 1983 | 1988 |
|---|---|---|
| United States | 36 | 37 |
| Japan | 11 | 11 |
| European Community | 17 | 20 |
| Venezuela | 8 | 3 |
| Non-Oil Developing Countries | 20 | 19 |

e - Estimate p - Projection
* - Dec/Dec.
** - decrease = depreciation.
*** - adjusted for exchange-rate changes.

Stephen Yeaple
International Finance Department
14-May 1990

Federal Reserve Bank of N.Y.

PD-
Bob Dormetzer
Comm.
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MEXICO - GDP

# PRODUCTO INTERNO BRUTO

CUADRO II-17



| DENOMINACION | Millones de pesos corrientes | | Indice de Precios implícito 1980 = 100 | | Millones de Pesos de 1980 | | |
|---|---|---|---|---|---|---|---|
| | 1987 | 1988 p/ | 1987 | 1988 p/ | 1987 | 1988 p/ | 1989 p/ |
| TOTAL | 193 612 286 | 392 791 754 | 4 021.6 | 8 054.2 | 4 816 541 | 4 883 306 | 5 024 226 |
| Agropecuarias, silvicultura y pesca | 16 825 428 | 30 851 976 | 4 100.0 | 7 826.9 | 412 246 | 398 880 | 386 637 |
| Minería | 9 801 262 | 12 567 189 | 5 349.4 | 6 832.0 | 183 295 | 183 965 | 182 306 |
| Industria manufacturera | 50 092 046 | 106 681 769 | 4 889.4 | 10 101.0 | 1 024 736 | 1 055 656 | 1 118 636 |
| Construcción | 7 733 820 | 15 382 602 | 3 153.6 | 6 430.6 | 245 244 | 239 066 | 246 336 |
| Electricidad | 2 091 820 | 4 961 610 | 3 120.6 | 6 969.1 | 67 025 | 71 210 | 76 925 |
| Comercio, restaurantes y hoteles | 52 378 194 | 108 224 200 | 4 259.9 | 8 609.2 | 1 229 759 | 1 257 673 | 1 298 198 |
| Transporte, almacenamiento y comunicaciones | 13 797 439 | 29 251 632 | 4 540.4 | 9 379.2 | 303 937 | 311 927 | 330 874 |
| Servicios financieros, seguros y bienes inmuebles | 13 678 224 | 30 615 448 | 2 618.3 | 5 729.9 | 522 227 | 534 473 | 545 246 |
| Servicios comunales, sociales y personales | 29 743 502 | 59 988 909 | 3 325.7 | 6 680.8 | 893 842 | 898 068 | 907 816 |
| Servicios bancarios imputados | —2 529 449 | —5 733 581 | * | * | —65 770 | —67 612 | —68 748 |

% Δ 2.89

p/ Cifras preliminares.
FUENTE: Sistema de Cuentas Nacionales, Instituto Nacional de Estadística, Geografía e Informática.

from: Indicadores Economicos, Marzo 1990

# OFERTA Y DEMANDA GLOBAL

CUADRO II-18

| DENOMINACION | Millones de Pesos de 1980 | | | | |
|---|---|---|---|---|---|
| | 1985 | 1986 | 1987 | 1988 p/ | 1989 p/ |
| OFERTA | 5 287 728 | 5 060 366 | 5 154 481 | 5 349 733 | 5 587 051 |
| Producto Interno Bruto | 4 920 430 | 4 738 640 | 4 816 541 | 4 883 306 | 5 024 226 |
| Importaciones de bienes y servicios | 367 298 | 321 726 | 337 940 | 466 427 | 562 825 |
| DEMANDA | 5 287 728 | 5 060 366 | 5 154 481 | 5 349 733 | 5 587 051 |
| Consumo privado | 3 082 640 | 3 013 860 | 3 007 569 | 3 079 414 | 3 264 373 |
| Consumo de gobierno | 557 799 | 566 056 | 559 048 | 557 391 | 553 826 |
| Formación bruta de capital fijo | 881 160 | 777 198 | 775 172 | 821 616 | 870 393 |
| Variación de existencias | 20 252 | —66 486 | —35 106 | 20 682 | 1 053 |
| Exportación de bienes y servicios | 745 877 | 769 738 | 847 798 | 870 630 | 897 406 |

p/ Cifras preliminares.
FUENTE: Sistema de Cuentas Nacionales, Instituto Nacional de Estadística, Geografía e Informática.

Table 4.--U.S. trade data
Flow: Total exports
Type: F.a.s. value
Partner: Chile
(Thousands of dollars)

| SITC rev 3 commodity / Time period | 1986 | 1987 | 1988 | 1989 |
|---|---|---|---|---|
| Total all commodities | 823,295 | 796,155 | 1,064,913 | 1,410,753 |
| 723--Civil engineering & contractors' plant & equipment | 79,449 | 67,764 | 106,829 | 143,258 |
| 782--Motor vehicles for transpt of gds & spec pur vehs. | 5,202 | 15,992 | 25,211 | 62,415 |
| 562--Fertilizers (except crude of group 272) | 20,951 | 26,089 | 35,314 | 57,700 |
| 752--Automatic data process machs & units thereof | 33,033 | 32,276 | 43,052 | 51,981 |
| 994--Estimate of shipments valued under $1,501 | 15,034 | 22,446 | 30,928 | 47,833 |
| 764--Telecommunications equipment, n.e.s. & pts, n.e.s. | 14,312 | 17,586 | 20,460 | 41,282 |
| 784--Parts and accessories of motor vehicles, etc | 11,354 | 15,091 | 22,767 | 39,771 |
| 728--Machry etc specializd for particulr industries nes | 14,416 | 20,275 | 25,703 | 39,519 |
| 334--Oil (not crude) from petrol & bitum minerals etc. | 15,088 | 10,988 | 20,653 | 32,892 |
| 713--Internal combust piston engs, and pts, n.e.s. | 18,588 | 20,583 | 28,507 | 31,674 |
| 321--Coal, pulverized or not, but not agglomerated | 4,286 | 4,291 | 2,642 | 28,135 |
| 778--Electrical machinery and apparatus, n.e.s. | 5,208 | 6,473 | 10,288 | 26,589 |
| 874--Measuring/checking/analysing & contr inst&appt nes | 22,317 | 17,255 | 19,455 | 25,333 |
| 759--Parts etc for office mach & auto data process mach | 15,274 | 21,437 | 27,079 | 22,455 |
| 792--Aircraft & associated equipmt; spacecrft veh; & pts | 121,057 | 7,920 | 21,953 | 22,275 |
| 523--Metallic salts and peroxysalts of inorganic acids. | 13,653 | 13,426 | 19,131 | 20,959 |
| 744--Mechanical handling equipmt, & pts thereof, n.e.s. | 7,823 | 8,700 | 11,195 | 20,025 |
| 657--Special yarns, special textile fabrics, etc | 8,325 | 12,610 | 14,175 | 16,010 |
| 571--Polymers of ethylene, in primary forms | 5,789 | 8,573 | 11,714 | 15,640 |
| 553--Perfumery, cosmetics or toilet prep, except soaps. | 4,098 | 3,779 | 8,576 | 15,408 |
| 716--Rotating electric plant and parts thereof, n.e.s. | 2,786 | 2,924 | 4,607 | 15,195 |
| 522--Inorganic chemical elements, oxides, halogen salts | 18,792 | 22,871 | 34,246 | 14,869 |
| 597--Additives for min oils etc; antifreeze etc preps. | 9,173 | 9,211 | 11,331 | 14,589 |
| 781--Motor cars & oth motor vehicles | 1,106 | 2,431 | 3,349 | 13,657 |
| 741--Heating & cooing equipmt and pts thereof, n.e.s. | 4,439 | 8,294 | 13,790 | 13,464 |
| 575--Plastics, n.e.s., in primary forms | 8,425 | 12,604 | 12,492 | 13,091 |
| 724--Textile & leather machinery & pts thereof n.e.s. | 3,648 | 6,479 | 7,227 | 12,486 |
| 743--Pumps, air or other gas compressors and fans | 5,704 | 7,375 | 10,084 | 12,447 |
| 722--Tractors (oth than mechanical handling equipment). | 1,998 | 4,299 | 13,898 | 12,193 |
| 898--Musical instruments and parts, records, tapes etc. | 5,875 | 5,286 | 8,091 | 12,086 |
| 591--Insecticides, disinfectants etc, retail packed etc | 5,166 | 7,528 | 8,573 | 11,237 |
| 699--Manufactures of base metal, n.e.s. | 2,925 | 4,809 | 6,215 | 10,735 |
| 742--Pumps for liquids; liquid elevators & pts. | 6,538 | 6,411 | 6,861 | 10,543 |
| 772--Electrical apparat for switchg or protectg elec circ | 4,876 | 6,252 | 5,560 | 10,261 |
| 582--Plates, sheets, film, foil & strip of plastics. | 5,135 | 5,027 | 6,700 | 9,489 |
| Total of items shown | 521,842 | 465,352 | 658,657 | 947,498 |
| Total other | 301,454 | 330,803 | 406,256 | 463,255 |

Note: 1983-88 data are estimated.
Note: Compiled from official statistics of the U.S. Department of Commerce.
Top 35 commodities sorted by Total exports, F.a.s. value in 1989.

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Table 5.--U.S. trade data
Flow: Total exports
Type: F.a.s. value
Partner: Colombia
(Thousands of dollars)

| SITC rev 3 commodity / Time period | 1986 | 1987 | 1988 | 1989 |
|---|---|---|---|---|
| Total all commodities | 1,307,747 | 1,409,710 | 1,756,698 | 1,915,884 |
| 511--Hydrocarbons nes & specified derivatives | 51,555 | 61,318 | 78,996 | 96,113 |
| 723--Civil engineering & contractors' plant & equipment | 106,374 | 100,407 | 89,601 | 89,847 |
| 041--Wheat (including spelt) and meslin, unmilled | 49,331 | 29,063 | 43,249 | 78,303 |
| 752--Automatic data process machs & units thereof | 51,122 | 50,111 | 50,128 | 65,654 |
| 792--Aircraft & associated equipmt; spacecrft veh; & pts | 44,771 | 51,816 | 67,198 | 63,275 |
| 713--Internal combust piston engs, and pts, n.e.s | 58,140 | 57,941 | 64,316 | 56,564 |
| 784--Parts and accessories of motor vehicles, etc | 24,533 | 27,942 | 28,637 | 43,317 |
| 641--Paper and paperboard | 24,581 | 33,647 | 36,027 | 43,042 |
| 575--Plastics, n.e.s., in primary forms | 15,817 | 34,732 | 41,368 | 42,240 |
| 562--Fertilizers (except crude of group 272) | 15,540 | 19,925 | 28,843 | 40,018 |
| 744--Mechanical handling equipmt, & pts thereof, n.e.s. | 4,405 | 8,920 | 12,517 | 39,519 |
| 724--Textile & leather machinery & pts thereof n.e.s. | 10,583 | 14,100 | 20,210 | 39,133 |
| 874--Measuring/checking/analysing & contr inst&appt nes | 19,477 | 21,743 | 21,886 | 38,462 |
| 994--Estimate of shipments valued under $1,501 | 11,977 | 21,687 | 25,713 | 34,352 |
| 334--Oil (not crude) from petrol & bitum minerals etc. | 34,735 | 9,270 | 16,735 | 33,446 |
| 513--Carboxylic acids etc halides etc & derivatives | 10,214 | 17,516 | 23,591 | 30,449 |
| 512--Alcohols, phenols etc & halogenated etc derivatvs | 14,476 | 18,462 | 27,415 | 29,747 |
| 516--Organic chemicals, n.e.s | 17,819 | 19,440 | 29,128 | 27,293 |
| 764--Telecommunications equipment, n.e.s. & pts, n.e.s. | 22,899 | 13,568 | 27,015 | 27,083 |
| 591--Insecticides, disinfectants etc, retail packed etc | 16,886 | 15,613 | 20,030 | 26,741 |
| 741--Heating & cooling equipmt and pts thereof, n.e.s. | 11,842 | 13,382 | 17,159 | 24,918 |
| 679--Iron & steel tubes, pipes & hol profiles, fittings | 6,425 | 3,144 | 9,447 | 24,158 |
| 571--Polymers of ethylene, in primary forms | 13,282 | 25,958 | 33,319 | 23,948 |
| 728--Machry etc specializd for particulr industries nes | 19,113 | 18,228 | 27,074 | 23,780 |
| 743--Pumps, air or other gas compressors and fans | 14,060 | 14,942 | 22,102 | 22,238 |
| 842--Women/girls coats, capes etc, tex fabric, not knit | 11,088 | 9,607 | 17,666 | 22,044 |
| 759--Parts etc for office mach & auto data process mach | 20,689 | 29,708 | 37,174 | 21,768 |
| 515--Organo-inorganic & heterocyclic compounds etc | 24,315 | 29,254 | 32,106 | 21,393 |
| 514--Nitrogen-function compounds | 8,889 | 9,101 | 16,682 | 18,928 |
| 931--Special transactions & commod not classif by kind. | 5,284 | 7,183 | 11,314 | 17,922 |
| 778--Electrical machinery and apparatus, n.e.s. | 6,187 | 7,658 | 9,637 | 17,219 |
| 716--Rotating electric plant and parts thereof, n.e.s. | 6,798 | 6,675 | 12,422 | 17,025 |
| 992--Shipments not over $10,000, not identified by kind | 14,815 | 18,875 | 21,535 | 15,870 |
| 523--Metallic salts and peroxysalts of inorganic acids. | 18,839 | 14,524 | 18,076 | 15,776 |
| 411--Animal oils and fats | 17,132 | 20,335 | 31,030 | 15,544 |
| Total of items shown | 795,996 | 855,796 | 1,068,545 | 1,247,128 |
| Total other | 511,751 | 553,914 | 688,145 | 668,756 |

Note: 1983-88 data are estimated.
Note: Compiled from official statistics of the U.S. Department of Commerce.
Top 35 commodities sorted by Total exports, F.a.s. value in 1989.

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9.06

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Table 12.--U.S. trade data
Flow: Total exports
Type: F.a.s. value
Partner: Mexico
(Thousands of dollars)

| SITC rev 3 commodity | Time period: 1986 | 1987 | 1988 | 1989 | %Δ |
|---|---|---|---|---|---|
| Total all commodities | 12,379,267 | 14,569,554 | 20,633,263 | 24,968,823 | 21.01 |
| 784--Parts and accessories of motor vehicles, etc | 716,048 | 868,562 | 1,132,190 | 2,804,975 | |
| 764--Telecommunications equipment, n.e.s. & pts, n.e.s. | 469,947 | 527,366 | 734,416 | 975,518 | |
| 772--Elecricl apparat for switchg or protectg elec circ | 431,249 | 461,982 | 667,695 | 923,687 | |
| 773--Equipment for distributing electricity, n.e.s | 426,992 | 597,359 | 829,371 | 899,073 | |
| 994--Estimate of shipments valued under $1,501 | 178,315 | 339,334 | 459,502 | 675,707 | |
| 778--Electrical machinery and apparatus, n.e.s | 262,086 | 369,574 | 460,895 | 622,863 | |
| 776--Thermionic, cold cathode, photocathode valves etc. | 489,010 | 560,198 | 727,801 | 576,441 | |
| 874--Measuring/checking/analysing & contr inst&appt nes | 203,811 | 312,904 | 370,271 | 494,592 | |
| 713--Internal combust piston engs, and pts, n.e.s | 396,409 | 371,573 | 459,842 | 478,265 | |
| 759--Parts etc for office mach & auto data process mach | 311,014 | 389,549 | 522,894 | 462,261 | |
| 699--Manufactures of base metal, n.e.s | 142,867 | 191,754 | 260,819 | 459,109 | |
| 044--Maize (not including sweet corn) unmilled | 144,035 | 281,286 | 392,540 | 449,903 | |
| 334--Oil (not crude) from petrol & bitum minerals etc. | 250,080 | 380,855 | 297,023 | 439,766 | |
| 642--Paper & paperboard, cut to size or shape, articles | 196,984 | 237,387 | 348,099 | 436,069 | |
| 251--Pulp and waste paper | 193,333 | 273,434 | 342,744 | 363,228 | |
| 893--Articles, nes of plastics | 104,745 | 136,804 | 221,782 | 354,678 | |
| 792--Aircraft & associated equipmt; spacecrft veh; & pts | 108,378 | 172,059 | 133,279 | 349,063 | |
| 931--Special transactions & commod not classif by kind. | 62,908 | 53,318 | 70,520 | 327,470 | |
| 222--Oil seeds/oleaginous frt for extr soft fix veg oil | 243,220 | 266,889 | 402,352 | 325,241 | |
| 045--Cereals, unmilled except wheat, rice, barley, maiz | 65,401 | 64,279 | 146,314 | 323,356 | |
| 771--Electric power machinery, and parts thereof | 82,134 | 106,230 | 154,398 | 312,882 | |
| 741--Heatng & coolng equipmnt and pts thereof, n.e.s. | 148,395 | 125,325 | 185,776 | 279,444 | |
| 728--Machry etc specializd for particulr industries nes | 212,838 | 194,485 | 216,530 | 279,089 | |
| 716--Rotating electric plant and parts thereof, n.e.s. | 126,964 | 132,767 | 222,820 | 256,678 | |
| 575--Plastics, n.e.s., in primary forms | 147,509 | 155,911 | 186,958 | 243,819 | |
| 821--Furniture & pts; bedding, mattresses, etc | 88,185 | 91,716 | 142,194 | 237,976 | |
| 752--Automatic data process machs & units thereof | 121,770 | 129,754 | 169,265 | 235,115 | |
| 743--Pumps, air or other gas compressors and fans | 131,458 | 187,539 | 272,067 | 232,432 | |
| 511--Hydrocarbons nes & specified derivatives | 200,923 | 214,746 | 222,985 | 230,187 | |
| 992--Shipments not over $10,000, not identified by kind | 143,028 | 161,171 | 286,335 | 227,097 | |
| 775--Househld type elec & nonelec equipment, n.e.s. | 39,751 | 48,452 | 150,146 | 220,684 | |
| 582--Plates, sheets, film, foil & strip of plastics | 120,318 | 157,244 | 239,925 | 204,881 | |
| 894--Baby carriages, toys, games and sporting goods | 40,863 | 60,274 | 139,150 | 201,107 | |
| 684--Aluminum | 67,098 | 84,421 | 122,216 | 196,717 | |
| 898--Musical instruments and parts, records, tapes etc. | 73,684 | 92,370 | 133,018 | 185,623 | |
| Total of items shown | 7,141,752 | 8,798,870 | 11,824,129 | 15,484,994 | |
| Total other | 5,237,514 | 5,770,684 | 8,809,134 | 9,483,829 | |

Note: 1983-88 data are estimated.
Note: Compiled from official statistics of the U.S. Department of Commerce.
Top 35 commodities sorted by Total exports, F.a.s. value in 1989.

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March 18, 1990, Sunday, Late Edition - Final

SECTION: Section 4; Page 2, Column 1; Week in Review Desk

LENGTH: 1132 words

HEADLINE: THE WORLD;
Latin America Is Transformed; Making Progress Is Another Matter

BYLINE: By LARRY ROHTER

DATELINE: MEXICO CITY

BODY:

THERE were smiles and embraces all around as the popularly elected leaders of Latin America came together last week to meet the two newest members of their club: Patricio Aylwin of Chile and Fernando Collor de Mello of Brazil. But the festive atmosphere barely began to convey the mix of giddy pride and apprehension permeating the region.

In the last year Latin America has gone through a surprising transformation, quiet compared with Eastern Europe's but profound nonetheless. The culmination was the defeat in free elections of the Sandinistas in Nicaragua and the inaugurations last week in Santiago and Brasilia of elected presidents who owe nothing to their militaries. That combination of events produced the odd sight of Vice President Dan Quayle in Santiago shaking the hand of President Daniel Ortega Saavedra of Nicaragua, just hours after supporters of Gen. Augusto Pinochet had attacked Mr. Quayle's motorcade.

In Brazil, as in Chile, Nicaragua, Costa Rica and Honduras, recent elections have ended with the victory of center-right presidents who believe in the market economy, popular suffrage and all the other values that the United States holds dear. The results offer an extraordinary opportunity, one that last week allowed President Bush to announce the lifting of a five-year economic embargo against Nicaragua and the creation of a ''fund for democracy'' to help the new governments in Nicaragua and Panama, where the American invasion and overthrow of Gen. Manuel Antonio Noriega has brought to power a government of the same ideological bent.

Washington, though, still seems to be merely reacting to - and sometimes misinterpreting - events. The tentative peace feelers extended to the Sandinistas just before the Nicaraguan election last month suggest that despite statements to the contrary, the Bush Administration had expected Mr. Ortega to remain in power. The recent withdrawal of United States support of Nicaraguan rebel leaders based in Miami, allowing them to be replaced by younger, more aggressive contras, may have deprived Washington of leverage essential to a peaceful transition in Nicaragua.

''We don't plan ahead,'' said an American official in the region. ''We didn't have an aid package sitting there ready for Panama or Nicaragua, so we've had to develop one on the spot. It's not the best way to do things, but it seems to be the way that we always end up doing it.''

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The reluctance of some congressmen to approve a $1 billion aid package for Panama because they believed the money would be better spent in Eastern Europe has also raised questions about Washington's commitment. Throughout Latin America there is envy of the attention the United States is giving Eastern Europe and alarm that this hemisphere is being ignored. Gabriel Garcia Marquez, the Nobel laureate novelist from Colombia and a longtime supporter of the Cuban revolution, was probably speaking for many when he said in Santiago last week that ''the day the United States launches a perestroika of its own, Latin America will change fundamentally.''

Widening Distinctions

In the 1980's, only one country in Latin America enjoyed an increase in per capita income: Colombia, whose economy is skewed by its principal exports, cocaine and marijuana. Elsewhere, the money that ordinarily could have gone to relieve poverty and improve education and health has been eaten up by inflation - 80 percent a month in Brazil as Mr. Collor takes office - or diverted to repay a collective foreign debt of over $400 billion.

For those reasons, political liberalization and the disappearance of autocratic military regimes have not brought anything resembling economic democracy. If anything, class distinctions have probably widened; much of the middle class that seemed to be forming 25 years ago has been driven back into poverty, especially in South American countries such as Brazil, Argentina and Peru. Peasants who were just beginning to move out of a subsistence way of life have disappeared from the economic map altogether.

All that lends credence to the claim that Latin America remains ''a volcano waiting to erupt,'' in the words of President Carlos Andres Perez of Venezuela. More than half of the Latin American population is under 30, has no memory of prosperity or democratic transfer of power and holds a demonstrated affection for charismatic young leaders claiming to offer new solutions to old problems.

Last week's inauguration in Brasilia means that neither of the presidents of the region's two largest countries, Brazil and Mexico, has yet celebrated his 42d birthday. Both Mr. Collor and President Carlos Salinas de Gortari of Mexico come from traditional political families but they represent a new leadership class: technocrats, either foreign-educated or inspired by developments abroad, who have denounced the economic stagnation and concentration of political power in their societies.

The hemisphere's longest-reigning head of state - and last remaining despot, given the fall eight days ago of Lieut. Gen. Prosper Avril of Haiti - also made his way to Brasilia, but his presence served mostly to emphasize his own growing eccentricity and isolation. Fidel Castro said he was going to Brazil to strengthen contacts with other Latin American governments and because ''you have to show the imperialists you aren't afraid of them.''

He warned that if Cuba abandons Marxism-Leninism, ''the independence of the other peoples of Latin America will be reduced practically to zero'' because Cuba will no longer serve as a lightning rod for American hostility. But coming after he had just jailed a group of human rights leaders and introduced bread rationing, his words seemed hollow.

An Out-of-Step Relic

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''When are they going to begin to understand us?'' Mr. Castro complained in Brasilia, referring not only to his enemies in the United States but the growing number of Latin American political leaders and intellectuals who see Cuba as a relic, out of step with the times.

In the next few weeks, Peru, Colombia and the Dominican Republic are scheduled to hold their presidential elections, rounding out the cycle of more than a dozen elections in little over a year. None of them has been challenged by sore losers or overturned by military men worried that the winner will embark on radical social experiments.

Given Latin America's turbulent past, that forbearance in itself may be cause for celebration. But if the new leaders fail to deliver on their promises of better times or are left in the lurch by the United States, Latin Americans will once again have to worry about falling back into a cycle in which their choices seem limited to apocalyptic revolutionary movements or military governments determined to resist change.

GRAPHIC: Photo: Hunger and poverty: scavengers at a dump in Guatemala City (Magnum/James Nachtwey) (pg. 1); Warming trend: Vice President Dan Quayle with Presidents Daniel Ortega Saavedra (center) of Nicaragua and Alan Garcia (right) of Peru in Santiago, Chile, for the inauguration of Patricio Aylwin (Agence France-Presse); Out: Pinochet's last salute (Sipa/Bob Strong); ''A volcano waiting to erupt'': More and more Latin Americans are being driven back into poverty (Mel Rosenthal); New generation: Fernando Collor de Mello, the first popularly elected President of Brazil in 29 years, with his wife, Rosane (Sipa/Bob Strong) (pg. 3)

SUBJECT:
ECONOMIC CONDITIONS AND TRENDS; POLITICS AND GOVERNMENT; ARMAMENT, DEFENSE AND MILITARY FORCES

NAME:
ROHTER, LARRY

GEOGRAPHIC:
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November 17, 1981, Tuesday, Late City Final Edition

SECTION: Section A; Page 2, Column 3; Foreign Desk

LENGTH: 1317 words

HEADLINE: NICARAGUA'S ODD CELLMATES REFLECT BATTLE FOR MINDS

BYLINE: By ALAN RIDING, Special to the New York Times

DATELINE: MANAGUA, Nicaragua, Nov. 10

BODY:

In a former industrial park outside Managua, where large warehouses have been turned into improvised prisons, three of Nicaragua's leading businessmen and a score of prominent Communists are sharing a clean but overcrowded cell.

They are awakened at 5 A.M., given tortillas, rice and beans three times a day and allowed to wash in a fenced-in patio in the sun each morning. But they have many hours to discuss their philosophical differences and their common fate.

The three businessmen have begun serving seven-month prison terms for signing a letter last month describing the country's Sandinist rulers as ''Marxist-Leninists,'' while the Communist leaders are facing three years' imprisonment for complaining that the regime has surrendered to capitalism.

Both groups are accused of sabotaging Nicaragua's fragile economy through agitation, the businessmen in the private sector and the Communists among the workers. Yet both groups insist they still support the two-year-old revolution, though not as it is being carried out by the Sandinists.

Businessmen Refuse to Invest

At the heart of the political crisis here is the question of what ideological direction the revolution will eventually take. The private sector and conservative opposition parties are convinced that the Sandinists are Marxist-Leninists intent on importing a Cuban model of Communism. Even though 60 percent of the economy remains in private hands, businessmen refuse to invest for fear of losing all.

The small but influential Nicaraguan Communist Party, on the other hand, argues that the Sandinist revolution is following a path of state capitalism instead of building ''popular power'' along strict Marxist-Leninist lines. And it has begun to mobilize industrial workers to protest against wage controls and the ban on strikes.

The Sandinists insist that their goal is still to carry out a profound social revolution without eliminating political pluralism and a mixed economy, but their critics on the left and right doubt this will be possible.

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In practice, the guerrillas-turned-rulers have resisted the extreme left's demands for stronger measures against the private sector, but their radical pronouncements have nevertheless kept alive the fears of conservatives.

Relations With U.S. Tense

At a closed-door meeting in late August, for example, Defense Minister Humberto Ortega Saavedra told army officers that ''Marxist-Leninism is the scientific doctrine that guides our revolution.'' This and similar phrases were deleted before the text was distributed, but both versions of the speech circulated widely, further undermining the confidence of businessmen.

In private, top Sandinists concede that their main instrument of analysis is Marxism, but they stress that they are not adopting Soviet, Chinese, Albanian or even Cuban models and they angrily denounce the ''irresponsibility of ultraleftists.''

The Sandinists' close ties with Cuba and their open solidarity with revolutionary movements in El Salvador and Guatemala have also brought tensions to their relations with the Reagan Administration, which earlier this year cut off economic aid after charges that Nicaragua had shipped arms to Salvadoran guerrillas.

But independent analysts believe that the success or failure of the revolution will be determined at home, specifically by the Sandinists' ability to reverse the current trend toward polarization and rebuild something of the alliance of businessmen, democrats and revolutionaries that toppled Gen. Anstasio Somoza Debayle in July 1979.

'Final Effort' Is Urged

Now, once again, conservatives and Sandinists are trying to work out their differences. But because of the growing social cost of the economic slump and the mounting hostility of the Reagan Administration, both sides also believe this may be their last chance to reach an understanding. ''We have to make a final effort to see if anything can be done,'' said Alfonso Robelo Callejas, Nicaragua's principal opposition leader, ''If we don't sort out this mess, both us and the Sandinists will be swept away and some third force will decide things.''

''We're willing to make profound concessions to insure national unity for a long time,'' said Sergio Ramirez Mercado, a member of the three-man junta. ''But we're not going to do so from a position of weakness. They will also have to be flexible so we can get on with rebuilding the economy.''

The basic complaint of conservatives, consisting of the private sector, opposition parties, the Roman Catholic hierarchy and the daily newspaper La Prensa, is that the Sandinists have not lived up to their promise to hold early elections and have instead seized control of the army, the police and the Government.

Conservatives also charge the regime with eroding political pluralism by limiting the opposition's right to hold rallies and with undermining the mixed economy by decreeing ''arbitrary'' confiscations of private factories and farms.

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The Sandinists, on the other hand, have argued that elections were postponed until 1985 to allow time for reconstruction after the ravages of the 1979 civil war and they insist that opposition parties are free to organize, though not campaign.

But they also assert that the leaders of the business community are more interested in playing politics than reviving the economy, adding that while 80 percent of credit and foreign exchange has been channeled to the private sector, many businessmen have decapitalized their companies and sent money out of the country.

Spending Cuts Ordered

In declaring a one-year economic emergency last September, the Government acknowledged many of its own mistakes and ordered a cut in public expenditure. But it also tightened foreign exchange controls, banned strikes and seizures of farms and factories and made it a crime to publish ''false news'' damaging to the economy.

Then, on Oct. 19, the Superior Council of Private Enterprise wrote a letter charging the regime with following ''a plan to transform this revolution into a Marxist-Leninist adventure that will only bring more bloodshed and suffering to our people.''

The following night, four council members were arrested, although one was released after 10 days because he had not signed the letter. Four other signers were either abroad or in hiding, but the president of the council, Enrique Dreyfus, and two directors, Gilberto Cuadra and Benjamin Lanza, were tried and sentenced.

At the same time, Sandinist policemen began rounding up members of the Communist Party, including its secretary general, Eli Altamirano, whose agitation among trade unions was considered by the regime to be even more dangerous than the business group's protests. So far, about 100 Communists have been arrested.

While the detention of the Communists was largely ignored outside Nicaragua, however, protests over the arrest of the businessmen poured in from abroad. ''It was the price we had to pay to reassert our authority,'' a Sandinist commander said, ''but we know that it helped our enemies and embarrassed our friends abroad.''

Not surprisingly, the release of the three council leaders is one of the main demands of the opposition in the coming negotiations with the regime. ''We won't free them as a prior condition for a dialogue,'' Mr. Ramirez, the junta member, said, ''but we don't mind showing our good will by ordering their release once the opposition has also shown its good will.''

GRAPHIC: Illustrations: photo of Pedro Joaquin Chamorro

SUBJECT:
PRISONS AND PRISONERS; POLITICAL PRISONERS; POLITICS AND GOVERNMENT

GEOGRAPHIC:
NICARAGUA

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November 16, 1981, Monday, Final Edition

SECTION: First Section; World News; A18

LENGTH: 900 words

HEADLINE: Nicaragua's Ex-Envoy Backs Sandinistas Despite Differences on Policies

BYLINE: By Christopher Dickey, Washington Post Foreign Service

DATELINE: MANAGUA, Nicaragua, Nov. 15, 1981

KEYWORD: MANAGU

BODY:

Arturo Cruz, a key political figure who resigned yesterday as ambassador to the United States, typifies the many Nicaraguans who are critical of the Sandinista revolutionary government, but feel they must support it in the face of the increasingly hostile attitude of the Reagan administration.

"It is obvious I am not happy," Cruz said today before leaving for Washington where he will hand over the embassy to his successor, whose name has not yet been announced.

"We have come to the point," Cruz said, "at which every key position in the government should be held by a Sandinista."

Cruz, 58, and a member of the Democratic Conservative Party, described himself as "loyal to the revolution, but after all a dissident."

Cruz's resignation also can be seen as another in a long series of disputes between the Sandinistas and the politically powerful community of professionals and businessmen they need to rebuild the country's shattered economy.

Cruz, who from exile in Washington opposed the dictatorship of Anastasio Somoza, returned to Nicaragua after the Sandinista victory, first as president of the Central Bank and then as a member of the ruling junta. Disillusioned and drained, he left the junta in March to become ambassador temporarily and try to improve the already tense relations between Managua and Washington.

The former ambassador has told friends in recent weeks that he has been frustrated by the critical attitude toward Nicaragua expressed by U.S. officials and the Sandinista government's crackdown on dissent.

At a press conference yesterday and a relaxed interview this morning, Cruz made it clear that while he disagrees with much Sandinista policy, he will do everything in his power to support this government rather than see it fall because of U.S. pressure or violent internal opposition.

In recent months the Sandinistas cracked down on dissent from every quarter, shutting down an opposition newspaper for days at a time, tacitly condoning mob violence against the home of an opposition leader and on Oct. 21 arresting four leaders of the Superior Council of Private Enterprise for their denunciation

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of the government's Marxist leanings and inflammatory rhetoric. Several members of the small Communist Party, which also issued a statement criticizing the government, were also jailed.

Three of the four arrested business leaders were convicted of making statements damaging to the country's economy and sentenced to seven months in jail. One of them, Enrique Dreyfus, is a friend of Cruz.

"It is obvious that I am not happy to see Enrique Dreyfus in prison, or for that matter, the other gentleman, the communist," Cruz said this morning.

But Cruz says national unity is vital now because of the threats -- economic, political and military -- to the country as a whole. He is not alone.

Even La Prensa, the opposition newspaper temporarily closed five times by the government, today denounced Secretary of State Alexander M. Haig Jr.'s "interfering and threatening attitude" toward the country in an editorial entitled "We Nicaraguans Will Solve the Problems of Nicaraguans."

Alfonso Robelo of the Nicaraguan Democratic Movement and other opposition leaders repeatedly point out that U.S. hostility allows the hard-liners among the Sandinistas to hide their failings by appealing to Nicaraguans' intense nationalism.

To meet the threat seen here from Washington as well as from increasingly hostile neighbors like Honduras, Guatemala and El Salvador, many non-Sandinista political leaders support a major restructuring of the government that would, at least temporarily, give the leftists an even stronger hand.

Rafael Cordova Rivas, the only non-Sandinista on the three-man junta, went so far as to say that in Nicaragua, "we need a dictatorship."

The Sandinistas have maintained a collegial administration for more than two years through their nine-member National Directorate, to which the junta is subordinate. Conflicts within the directorate have led to considerable vacillation and inconsistency.

As one opposition figure said privately, "The greatest concern of my friends on both sides is that leaders of the government feel their authority is not taken seriously. They the Sandinistas feel their own rank and file might even challenge them in due course."

If the Sandinistas felt more secure, such people argue, they would not be inclined to such rash actions as the arrest of opposition figures and the closings of La Prensa.

One senior Nicaraguan official said the Sandinistas want to release the jailed businessmen, but the Sandinistas are "extremely fearful this might be interpreted as weakness and to avoid this they are willing to go to almost any lengths."

The massive military buildup here, increasing dependence on Cuban aid and identification with the Soviet Bloc and Nicaraguan involvement with Salvadoran rebels are all focal points for much of Washington's hostility. While the Sandinistas, with their internationalist doctrine, might have pursued such

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paths anyway, the fear of being accused of weakness in the face of U.S. pressure contributes to their actions.

"I do not doubt for one moment that we are being provoked by Washington," said one disaffected government official, "but we are falling into the trap. The whole thing is hanging by a very thin thread."

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May 18, 1987, Monday, Final Edition

SECTION: FIRST SECTION; PAGE A1

LENGTH: 2943 words

HEADLINE: Pattern of Abuses Laid to Sandinistas;
Detainees, Rights Groups Charge Torture, Oppressive Confinement

BYLINE: William Branigin, Washington Post Foreign Service

DATELINE: TIPITAPA, Nicaragua

BODY:

Last month, two carloads of Sandinista secret police pulled up to Rosa Moreira Trana's rickety wooden shack here and arrested the 58-year-old widow and two of her 12 children: a 26-year-old son and a 22-year-old pregnant daughter.

So began 18 days of suffering and terror for one of the thousands of Nicaraguans who have passed through the Sandinista prison system. Moreira's story reflects a pattern of human rights violations -- including arbitrary arrests and torture -- under the Sandinista government as it wages an escalating war with U.S.-backed rebels, who also have been charged with widespread abuses.

According to Moreira, she and her children were taken to Managua's notorious El Chipote prison, where she was accused of being a rebel leader and placed in a tiny, stifling, lice-infested cell with a steel door, no light and only a hole in the ceiling to let in air.

Already at the facility operated by the secret police was another son, who had been picked up at work in Managua the day before. She said she was targeted as a suspected rebel because her family hails from a southern part of the country, where the insurgents enjoy support.

During her detention, Moreira said, guards deprived her of sleep, menaced her with a snake, gave her pills that made her sick and threatened to kill her children. At one point, she said, she heard a man being beaten and was told it was one of her sons.

Finally, ill and terrified after 18 days of solitary confinement in a dark cell, Moreira said, she signed a confession that she was not allowed to read and was released along with her daughter. Now, Moreira said, police have told her that she and her daughter are under indefinite "house arrest," although neither has appeared in court. Her two sons are still in El Chipote.

Nearby, in Tipitapa's state penitentiary known as the Model Prison, Isidora Zapata Zeledon, a 29-year-old nurse, is serving a 30-year sentence for what is officially described as an "offense against public order and security." A Sandinista official said she was the wife of a rebel task force chief. A human rights activist said she was accused of treating wounded rebels.

In a letter smuggled out of prison last year, Zeledon said that after her arrest in December 1982, when she was two months pregnant, she was beaten and

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sexually abused by guards, confined in a coffin-like cell, deprived of food and water for three days and locked in a toilet, where she was forced to sleep naked on a wet floor.

Zeledon wrote that she became so thirsty at one point that she drank slimy water from the toilet tank. She was interrogated with a pistol at her temple and eventually signed a confession that her interrogators said would lead to her release, Zeledon wrote. Instead, according to a human rights advocate, it was used as the only evidence against her when a Sandinista court sentenced her to 30 years in prison in 1984.

On April 22, according to an Interior Ministry communique, three suspected "counterrevolutionaries," or contras, accused of blowing up utility pylons were shot to death after they were taken to point out an arms cache and allegedly tried to escape.

Three days later, Gen. Humberto Ortega, the Sandinista defense minister, said, "Now the government will get tough with terrorists and tower-dynamiters." He added, "The Army and the people have been directed to execute revolutionary justice against all those elements who are surprised while carrying out terrorist acts against civilian and economic targets," as well as "those who indirectly collaborate in such actions."

Interviews with former detainees, relatives of political prisoners and human rights activists, as well as reports by human rights investigators, suggest that Nicaragua's Sandinista government violates the human rights of its citizens on a large scale. The interviewees and the written reports cite instances of arbitrary arrest, psychological and physical torture, disappearances, trials by kangaroo courts, mysterious deaths of suspects under detention, forcible resettlement of peasants and aerial bombing of civilians in remote areas.

The government acknowledges that its military and security forces abuse some human rights, but insists these are isolated cases that result in severe punishment. Authorities generally deny or decline comment on the most serious violations. A governmental human rights commission focuses almost exclusively on abuses by the rebels, which have been documented and condemned as well by a number of foreign human rights organizations.International Focus

These human rights violations by the contras -- including the killing of civilians, kidnaping, torture, summary executions, attacks on nonmilitary targets and indiscriminate use of land mines -- also have been extensively reported by news media. Less has emerged about Sandinista violations, which generally have not attracted as much international attention as the contra abuses.

Reporting on Nicaragua's human rights situation takes place in a highly charged political atmosphere in which the built-in biases of groups that oppose the contras or the Sandinistas must be taken into account. None of the human rights groups operating in Nicaragua is generally recognized as impartial.

One of the first detailed studies by an independent international human rights organization was a 211-page report published last July by the New York-based International League for Human Rights. The study charges that the Sandinista government violates several international agreements it has signed, notably the International Covenant on Civil and Political Rights, through

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"arbitrary arrest and detention," use of "torture and cruel, inhuman and degrading treatment or punishment" of prisoners, failure to "comport with the minimum due process standards effective even in a state of emergency" and other practices.

In a 117-page report issued in February, the human rights group Americas Watch states, "The government of Nicaragua engages, as a matter of policy, in abusive interrogation tactics against prisoners, including psychological pressure and threats used to secure their confessions." It cites "the use of very small cells, sleep deprivation and food and water deprivation."

However, the organization, which says it opposes U.S. support for the contras, absolves the Sandinista government of the systematic use of torture, noting that cases it has found "represent isolated instances, not part of a deliberate policy."

Unlike some other non-Nicaraguan groups, Americas Watch does not see "a pattern of violations" of the laws of war, the right to life and physical integrity of detainees and forced disappearances. It says such cases that do occur "do not reflect a governmental policy to commit them or to tolerate them."

That view is disputed by Nicaragua's Permanent Commission on Human Rights, an independent body that began by denouncing violations under the former regime of Anastasio Somoza in 1977 and now documents charges against the Sandinistas.

In a 26-page report published April 30, it charges that "the government uses policies of terror and intimidation, of persecution and blackmail, against those persons who hold different opinions and who refuse to submit without protest to a political and ideological plan that essentially ignores the fundamental rights of the Nicaraguan people."

The report asserts that in the General Directorate of State Security's "operations centers," of which there are nine major ones, including El Chipote, political detainees are "subjected to all kinds of torture and mistreatment so that they sign declarations that in most cases they are not permitted to read and in which they incriminate themselves or implicate others in 'counterrevolutionary activities.' "

Observers Excluded

These detention facilities are off-limits to all human rights organizations, including the government's own commission and the International Committee of the Red Cross. The report also says that since October 1985, it has received complaints of 33 cases in which persons were killed upon or after being arrested. In addition, it says, the Permanent Commission is currently investigating 280 cases of persons who disappeared after having been captured by Sandinista authorities.

Another recent study by the Puebla Institute, a New York-based lay Roman Catholic human rights organization headed by a Nicaraguan critic of the Sandinista government, says that more than 300,000 Nicaraguans, at least 10 percent of the population, have left their country since the 1979 Sandinista takeover because of abuses including arbitrary arrest, torture and the bombing of homes in rural areas where contras are active.

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In an interview, Interior Minister Tomas Borge denied most of these charges as "ridiculous." He said that "historically a large number of Nicaraguans have lived outside the country" and that they could amount to 300,000, "but only a minor part of them are refugees." He said that "probably there have been air attacks by planes or helicopters against counterrevolutionary units" in areas cited by the Puebla Institute report, but he denied that any civilian settlements had ever been attacked.

Borge denied that interrogators torture or "practice violence" against prisoners, but he indicated that state security prisons would continue to be off-limits to human rights groups. "We don't permit prisoners to be seen during interrogation because that would obstruct the investigations," he said.

The interior minister, one of nine comandantes on the Sandinista National Directorate that runs the country, also denied charges by a high-ranking Interior Ministry defector, Alvaro Jose Baldizon Aviles, that Borge had ordered "special measures," meaning summary executions, of certain political enemies of the Sandinistas. Borge called Baldizon a "traitor" who is "full of calumny for the revolution" and "invented this out of thin air."

"I am opposed historically to all types of abuses, and everyone in Nicaragua knows it," Borge said. "No leader of the revolution has ever ordered a murder," he added. "I don't want to say that murders have not been committed, but those comrades who have committed murders have been prosecuted by courts and sentenced to up to 30 years in prison."

Borge said that among the security forces, "hundreds have been punished" for various offenses, including abuse of prisoners.

According to figures released by Borge in the interview May 9, there were 10,293 prisoners in various Sandinista prisons, including 132 in State Security centers. He estimated that about 70 percent of the rest were jailed for "common crimes." He indicated that snags have delayed a plan to release about 600 former National Guardsmen jailed since 1979.

Vilma Nunez, the president of the National Commission for the Protection and Promotion of Human Rights, a government-sponsored group, gave somewhat different figures. She said there were about 9,500 prisoners, including 300 in State Security detention centers, 2,322 former National Guardsmen and 1,500 to 1,600 other "counterrevolutionaries."

However, according to Lino Hernandez, the head of the nongovernmental Permanent Commission on Human Rights, only the figure for the imprisoned National Guardsmen is not in dispute. In addition, he said, there are "no fewer than 7,000 political prisoners" in a total estimated prison population of about 14,000, including up to 1,500 held in State Security facilities.

In an interview, Hernandez criticized what he said were understated figures on political prisoners published by some international organizations, including Americas Watch, whose latest report gives figures for National Guard and "political prisoners" that total slightly less than the Sandinista commission's figures.

Hernandez also complained that anticontra U.S. groups such as Americas Watch, Witness for Peace and the Washington Office on Latin America tended to

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soft-pedal Sandinista human rights violations or explain them as "isolated cases" out of government control.

"They try to call attention to violations by the contras," Hernandez said. "They do work that is eminently political against the North American administration. We think these organizations have every right to oppose their government's policy of arming warring factions in any part of the world, but they don't have the right to distort our reality to achieve this."

A Witness for Peace spokesman in Managua countercharged that the Permanent Commission does "selective reporting" and takes a "biased view."

Hernandez mentioned the case of Sofonias Cisneros, president of the Nicaraguan Union of Christian School Parents' Associations, who was arrested May 14, 1985, at his home after making a speech denouncing what he said was the Marxist-Leninist orientation of the Sandinista education program.

In a written account, Cisneros said he was taken to El Chipote prison, where he was tortured and threatened with death by the chief of the General Directorate of State Security, Comandante Lenin Cerna. Later that night, Cisneros said, he was dumped naked in a Managua street. "You can't say it's a case out of control if it was handled personally by Lenin Cerna," Hernandez said.

"A Kind of Abuse"

Borge acknowledged that Cisneros was "subjected to a kind of abuse, but not to the extent he claimed," because he had "insulted" leading "martyrs of the revolution." But Borge denied that Cerna was involved and said "another comrade" had been punished in the case. Cerna did not respond to a request for an interview.

According to Hernandez and other Nicaraguan sources, Sandinista authorities recently have been cracking down on a new organization called the Jan. 22 Movement of Mothers of Political Prisoners. The group, founded in January to lobby for a general amnesty and better treatment for political detainees, says it numbers more than 150 active members and some 4,000 affiliated relatives of prisoners.

Several members interviewed said they had been threatened by State Security men recently and warned to quit the movement. At least five have been detained briefly by the secret police.

One member, Tomasa Hernandez, a former Sandinista militant who says her imprisoned husband was once a bodyguard for Daniel Ortega, said authorities had threatened to jail her for her activities and already had drafted her 16-year-old son in "reprisal." She said her husband had been jailed several times after falling out with the Sandinistas in 1980 and joining the Social Christian Party. He was sentenced in 1985 to three years for involvement in a contra "internal front."

"After the revolution, we saw that there wasn't democracy, that there wasn't the system we had been fighting for," Hernandez said. She said she would remain in the Jan. 22 Movement because "it's the only way we can face up to a totalitarian dictatorship."

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Another member, Violeta de Rugama, said her 26-year-old son, Manuel Adan Rugama Suazo, was arrested in June 1984 shortly after graduating from medical school in Mexico and sentenced to nine years in jail for alleged involvement in the contra "internal front." She called the sentence "revenge" because a relative with a similar name, Manuel Adan Rugama Acevedo, also a doctor, is an active contra commander. She said her family's private hospital had been confiscated, her son had been punished in prison and a warden had warned her that the son would "disappear" if she continued in the movement.

In a separate interview at her shack in Tipitapa, Rosa Moreira Trana told of similar threats as she described her imprisonment last month in El Chipote with her sons, Marcial and Lorenzo, and a daughter, Maria Ignacia. At one point as she listened to the screams of a man she thought was a son, she said, a guard came and "told me, 'We're going to kill Lorenzo.' He said I had to say who were the contras among the people, that I was a leader of the counterrevolution, that my children and I were comrades of those who were blowing up pylons." She continued, "They told me I was a counterrevolutionary, that I was with the CIA, that I was in contact with Reagan. But I don't know the contras, and neither do my children."

Sitting on a stool in her yard as naked grandchildren played around her and chickens pecked in the dirt, Moreira sobbed as she recalled the terror of her interrogation:

"I'm afraid they're going to kill my children. They told me they were going to kill them all . . . kill all my children and grandchildren."

Her daughter, Maria Ignacia, added, "They told us that if we talk about what they said to us, they were going to make me disappear. They were going to take my brother Lorenzo and me and make it look like we were killed in combat by the contras."

"This is the clean revolution that we have in Nicaragua," Rosa Moreira said when she had calmed down. "If I were younger and healthy, maybe I would be with the contras."

In Managua, Vilma Nunez, the head of the Sandinistas' rights commission, said she was not aware of such complaints and that her commission has not received "any denunciations of torture." Seated in her office, which is decorated by a large Sandinista flag, portraits and busts of revolutionary leaders and books by Fidel Castro, Nunez acknowledged she is a "Sandinista militant" and said she believes in being a "good Sandinista."

Of the mothers' movement, she said, "Officially we don't know of their existence. They haven't come to the commission." She added, "I don't know why these persons don't come here. If they would come and make a complaint, we would immediately attend to it."

GRAPHIC: PHOTO, HUMBERTO ORTEGA . . . CALLS FOR "REVOLUTIONARY JUSTICE"

TYPE: FOREIGN NEWS

SUBJECT: NICARAGUA; PRISONS / JAILS; HUMAN RIGHTS

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August 24, 1986, Sunday, Late City Final Edition

SECTION: Section 1; Part 1, Page 3, Column 1; Foreign Desk

LENGTH: 863 words

HEADLINE: EX-INMATES COMPLAIN OF MANAGUA JAIL

BYLINE: By STEPHEN KINZER, Special to the New York Times

DATELINE: MANAGUA, Nicaragua, Aug. 23

BODY:

Beneath a hill in the center of Managua there is an underground jail where, according to former inmates, political prisoners are often held for days or weeks under harsh and disorienting conditions.

The question of conditions at the jail was raised when Nicaraguan officials said a former official committed suicide in his cell there in June. Relatives of the man, Eduardo Trejos Silva, a former Interior Ministry offical who had been convicted of spying for the Central Intelligence Agency, have said privately that they do not believe he killed himself.

No non-Sandinista journalist or human-rights organization has been granted access to the jail, which is called El Chipote, since the Sandinista Government came to power in 1979. Senior security officials did not respond to requests for interviews to discuss conditions there.

But Interior Minister Tomas Borge told reporters last month that his policy was not to keep detainees isolated for longer than 15 days. It would be ''inadmissible,'' he said, for human-rights groups to be present when prisoners are ''under interrogatory techniques.''

Kept in Dark Cells

Nearly 20 former inmates of El Chipote interviewed in recent weeks described having been kept in dark cells, some no bigger than closets, for extended periods, occasionally broken by long sessions of questioning about their activities and associates.

Many of the former inmates said they had been told that they were about to be executed, or that their relatives were dead or in danger. Most said they had not been beaten or physically tortured, but were subjected to what they described as highly effective forms of psychological pressure.

In a case that is apparently not typical, Sofonias Cisneros Leiva, 61 years old, said that during his detainment at the prison last year, he was beaten by Comdr. Lenin Cerna, head of the state security agency. According to interviews with other former prisoners, beatings are unusual there.

Mr. Cisneros, who headed a Roman Catholic school parents' group, said he had been hit in the face and body and kicked by Commander Cerna. He said that he

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had been told he would die in the prison and that his relatives would be told he had committed suicide, but the day after his arrest he was released naked on a Managua street.

During a visit to the United States last month, the Nicaraguan President, Daniel Ortega Saavedra, was questioned about charges of human-rights violations in Nicaraguan prisons and denied all assertions of torture.

''I can assure you that torture does not exist in Nicaragua,'' he said. ''It is not a practice of our Government or our security, and I can assure you that Lenin Cerna has not tortured anyone.''

''This is not to deny that some arbitrarities have been committed in our country,'' he added. ''But it is also a matter of fact that there are 600 members of our military and security forces who have been condemned to prison because of arbitrary acts, some for the maximum penalty of 30 years.''

Contras Reportedly Held

In addition, there are ''770 prisoners who are contras'' in Nicaraguan jails, Mr. Ortega said, referring to the anti-Sandista rebels.

There is also ''another large group of about 2,000 who are former members of the National Guard under Somoza,'' he added, referring to the former dictator, Anastasio Somoza Debayle.

In almost every case, the political activists who were held at El Chipote said they had been put under pressure to implicate associates in supposed rebel plots or to become security agents and inform on people.

The former inmates described remarkably similar experiences at the prison. All said they had been forced to look at the ground at all times, forbidden to speak unless spoken to and always addressed by number rather than name. They said cell doors were made of solid metal plates rather than bars, thereby keeping the cells dark, and that sanitary facilities were limited to a hole in the floor of each cell.

Plutarco Anduray Palma, head of the Government's Commission for the Promotion and Protection of Human Rights, said in an interview that he had visited El Chipote in response to complaints received at his office.

Mr. Anduray said poor conditions at the prison, such as dark cells, might be attributable to economic problems that afflict the entire country. He said no one could honestly say he had been tortured in a Nicaraguan jail.

''A lot of the complaints that you hear about conditions there are from people who have no experience with prisons,'' Mr. Anduray said. ''Maybe you have a political activist from a comfortable background who is outraged at conditions that are not so unusual in jails in any country of the world.''

Jose Altamirano, an official of the Nicaraguan Workers' Central labor federation, who said he spent 55 days at El Chipote after being arrested last Dec. 14, asserted that he had been pressed to implicate other union officials in rebel violence but refused.

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''There was no physical torture, but complete darkness and silence so you lose your senses,'' he said.

Mr. Altamirano was freed through the aid of former President Jimmy Carter, who visited here in February.

GRAPHIC: Photo of prisoners awaitings sentencing before tribunal in Managua (NYT)

SUBJECT:
POLITICAL PRISONERS; TORTURE; TORTURE; INFORMERS; CIVIL WAR AND GUERRILLA WARFARE; POLITICS AND GOVERNMENT; PRISONS AND PRISONERS; MENTAL HEALTH AND DISORDERS

NAME:
KINZER, STEPHEN; ORTEGA SAAVEDRA, DANIEL (PRES)

GEOGRAPHIC:
NICARAGUA; MANAGUA (NICARAGUA); NICARAGUA

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4TH STORY of Level 1 printed in FULL format.

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August 4, 1986, Monday, Final Edition

SECTION: First Section; A1

LENGTH: 1889 words

HEADLINE: Molding 'the New Nicaraguan';
Sandinistas Shape Youths' Social, National Consciousness

BYLINE: By Joanne Omang, Washington Post Staff Writer

DATELINE: MANAGUA, Nicaragua

BODY:

Julio Castillo, an exemplary product of Nicaraguan revolutionary education, leaves next month for six years in the Soviet Union. To him, this is a reward for his achievements, and will be his ticket to leadership through civil engineering in building a new Nicaragua.

Castillo, 22, was a courier for older Sandinista rebels as they overthrew dictator Anastasio Somoza in 1979. After seven years of postrevolutionary high school and military training, he is probably as close as any Nicaraguan youth to the leftist Sandinista government's ideal of "the New Nicaraguan": class-conscious, socially involved and devoted to the defense of a Sandinista future.

The term is an echo of the "New Soviet Man" envisaged for generations by Soviet propagandists. In the textbooks, group activities and media messages that have shaped this new person, the U.S. government is the source of most of the trauma in Nicaragua's past, all of its present suffering and much of the misery of the world's poor.

Work is noble, the poor are to be helped and honored, and the Sandinistas are national saviors, embattled in a military struggle for Nicaragua's future against the marauding Yankee.

Young people who fervently espouse this line are still a minority, but there is no doubt that their number is increasing. As a result, the Sandinista revolution is slowly consolidating a socialist-oriented future, even as U.S.-backed rebels are poised to escalate their assaults.

"We waited too long" in trying to oust the Sandinistas from power, said one U.S. official in the region.

Half of Nicaragua's 3 million people are 16 or younger, and most only dimly remember the Somoza era. Education Minister Fernando Cardenal said in an interview that in those days, education promoted consumption, greed and self-advancement, and reached only a small number of relatively privileged Nicaraguans.

Now one in three Nicaraguans is either a child attending one of the 1,400 schools the Sandinistas built in their first five years, or an adult taking night courses, according to the ministry.

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"The whole revolution is educational," Cardenal said. "We are trying to create men and women with a sense of justice, brotherhood and self-sacrifice for other people and for society . . . . We are trying to close existing class divisions."

The terminology and the method are drawn from Soviet-bloc models, but Nicaragua's version is its own. The shattered economy makes desks and books scarce and a typewriter a luxury. Students and adults abandon classes for the harvest or second jobs, while underpaid and badly trained teachers often do not show up after working full time elsewhere.

The theory of a new Nicaraguan does not square with the black market, loose laws and smuggling that keep Nicaragua afloat. A devoutly Catholic tradition and an American-oriented culture of blue jeans, Coca-Cola, rock music and baseball also tend to undermine socialist asceticism. "You can get anything here if you have money," a 17-year-old youth at an expensive discotheque said smugly.

Still, a second-grader asked to sing a school song for an American visiting Granada, 30 miles southeast of Managua, happily offered the official Sandinista hymn, including the line that translates, "We will fight the Yankees, enemies of humanity."

Julio Castillo, son of a taxi driver and grandson of a chauffeur, is a beneficary of the drive for a New Man, the first of his family to finish high school. A thousand like him will receive scholarships to a Soviet-bloc nation this year.

He is glad the new schooling is political. "I hadn't understood before how important it is for youth to take part in helping the country," he said.

Within two weeks of taking power, the Sandinistas mustered 60,000 student volunteers, including Julio, to teach Nicaragua's peasants how to read and write. At 15, Julio spent six months sleeping in a hammock and eating little besides beans as he gave reading lessons in the isolated jungle of Zelaya province.

Other students who asked not to be named said they went in fear they would lose academic credit if they did not. "It was totally useless. We didn't know how to teach and the campesinos peasants were suspicious," said one young woman who also went to Zelaya.

The ministry claims the illiteracy rate dropped from 53 percent to less than 15 percent, but officials acknowledged that many peasants learned little and retained little of what they did learn. The officials assert, however, and critics agree, that the experience was a political triumph: the peasants had what was probably their first pleasant government contact, and students observed extreme poverty and did real work, many for the first time.

Some, like Julio, loved the program and joined the Sandinista Youth organization that had helped set it up "to take part in the revolution in a well-organized way," he said.

The Sandinista Youth, 14 to 27 years of age, are the revolution's chief tool and energy source. In factories, they hold meetings to discuss production and problems, and at school they organize study halls and beach trips as well as

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rallies.

Critics charge that they are also the leaders of the turbas divinas, or divine mobs, that harass opposition leaders. They say the Sandinista Youth get college scholarships before nonmembers, and that men can avoid the front lines during their compulsory military service.

Sandinista Youth director Carlos Hurtado said the charges were false, "an effort to demean the revolution." He claimed a nationwide voluntary membership of 55,000 militantes and many more "affiliates," a third higher than critics' estimates.

On July 23, several thousand youths turned out in Leon, 55 miles northwest of Managua, to remember four students slain by Somoza troops in 1959. After speeches, they paraded in homemade costumes parodying Uncle Sam and his "puppet" rebels and priests.

The Sandinista Youth's monthly magazine, Los Muchachos (The Kids), will record the event, Hurtado said. A recent issue featured well-written articles on Stevie Wonder, masturbation, baseball, a demobilized soldier adjusting to civilian life, and a picture of a Bulgarian woman in a string bikini. "Ho Chi Minh says the best a country has is its youth," the caption said.

The members organize a students' November-December harvest drive, helping to bring in the coffee and cotton that are Nicaragua's chief source of foreign exchange. Participation was required for college admission until 1984, and many students think it still is.

One 17-year-old who asked not to be identified is not a New Nicaraguan. By her own description, she is an apathetic second-year student at a small Catholic high school near her home in a poorer part of the city than Julio's. "Before the revolution, we just went to class. Now there are a pile of organizations and we go to meetings and projects all the time instead of studying," she said.

Parents and teachers questioned often complained that frequent rallies and poor teaching have ravaged academic quality.

"My fourth-grade nephew could not spell 'casa' house , but he could spell 'Sandino,' " reported a teacher in Niquinohomo, the village birthplace of Augusto Sandino, the 1920s nationalist namesake of the Sandinista revolution, 18 miles south of Managua.

Even apathetic high school students are automatically members of the Federation of Secondary School Students (FES by its Spanish initials). Leaders of both groups report directly to Bayardo Arce, political director of the Sandinista governing directorate.

Outgoing Managua FES president Maria Ramirez, 19, daughter of Nicaragua's Vice President Sergio Ramirez, explained the consciousness-raising technique:

"In one high school there were 1,000 students sitting on the floor because they had no desks," she said. "Instead of writing letters complaining, we built desks . . . painted the place and planted bushes. Besides being necessary this is a very good education," she continued. "When a student paints the wall, he is not going to put his feet on it."

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This creative use of the chaotic Nicaraguan economy is called "education in poverty" by Sandinista officials. "We supply teachers, books, a workbook and a pencil for each child," Cardenal said. "The community builds and maintains the school," often housing and feeding the teachers. Cuba sent 2,000 teachers who stayed for three years.

The Sandinistas have replaced all textbooks through grade four with their own texts, printed in East Germany. Most U.S.-donated texts for upper grades have vanished, and books in use from other nations are widely reproduced and shared among several students.

The new books are selectively political. One upper-level photocopied "History of the Sandinista Revolution" treats legendary military leader Eden ("Comandante Zero") Pastora, who turned against the Sandinistas, as a real zero, ignoring his leadership of the pivotal taking of the Somoza congress in 1979.

Cardenal said the text was an unauthorized draft and called the omission a mistake. "We will describe history as it was," he said. "Truth is the language of the Sandinista revolution."

Historical truth also justifies emphasis on militarism and on U.S. aggression, Cardenal said. In the first-grade reader, the letter F was illustrated with a fusil, a rifle; GU with guerra, war, and guerrilla; and Q with Yanqui, Yankee. "Sandino fought the Yankees. The Yankees always will be defeated in our country," it said.

Where a U.S. math text might ask a child to add apples and oranges bought at a store, the Sandinista text asks the sum of chickens hatched at two cooperatives. One lesson asks the child to count the number of rifles and grenades pictured.

"This is preparation for a child to accept war as perfectly natural," said Virgilio Godoy, president of the opposition Liberal Independent Party and a former Sandinista cabinet member. "The only reality is the struggle against capitalism that is exploitative and discriminatory, and that the revolution is equality, happiness and so on."

Cardenal countered that the United States had invaded Nicaragua a dozen times and that children saw armed soldiers every day. "To hide that reality would be to delude the child," he said.

Until recently, church-run schools often ignored some Sandinista directives and inserted religious content. "Religion is part of the historical truth as well," said the Rev. Uriel Reyes, spokesman for the Managua archdiocese.

But after urging parents in May 1985 to keep an eye on their children's education, Christian School Parents Association head Sofonias Cisneros was dragged from his office by young turbas, beaten and stripped naked to walk home.

Now each school has semiresident inspectors who visit classes and make sure the Sandinista curriculum is followed, Reyes said, although Catholic schools may offer two hours a week of religious instruction outside of regular classes.

Sandinista Youth director Hurtado said there is no contradiction in the New Nicaraguan who likes baseball and wears jeans to the disco. "We can't have

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extraterrestrial beings, but people of flesh and blood who love and eat and play," he said. "We are idealistic, but we have a long way to go yet . . . . The New Man is a goal we will not achieve in seven years nor in seven years more, but over a lifetime."

GRAPHIC: Illustration 1, Textbook teaches arithmetic with grenades: "To hide that reality would be to delude the child," said Education Minister Fernando Cardenal.; Illustration 1, Nicaraguan textbooks reflect socialist themes: militarism and anti-United States sentiment. Shown are sample pages from a first-grade math book.

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August 13, 1988, Saturday, Late City Final Edition

SECTION: Section 1; Page 3, Column 1; Foreign Desk

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HEADLINE: Nicaragua Challenged On Jailings

BYLINE: By STEPHEN KINZER, Special to the New York Times

DATELINE: GRANADA, Nicaragua, Aug. 10

BODY:

Lawyers for five prominent opposition leaders who have been jailed for the last month are challenging the authorities' application of Nicaraguan law in the case and contend that their clients' fate will ultimately be decided by Sandinista political leaders, not the courts.

''These people are not really being tried for violations of the law,'' said Enrique Sotelo Borgen, one of the defense lawyers. ''They are being tried for political defiance. They are hostages to some future political deal. They will be freed at the moment the Government decides it is prudent to free them.''

But Government officials contend that too much attention is being paid to the case, and that foreigners upset by the proceedings should put pressure on other Central American nations that, they say, have failed to live up to the regional peace accord.

The five opposition leaders, together with 33 other prisoners, were arrested after an anti-Sandinista rally July 10 in the town of Nandaime. The 38 are being held in the Granada Penitentiary, 35 miles south of the capital. All are charged with a group of felonies, including illicit association, property damage, crimes against authority and assault on police officers.

Scores Were Injured

At the Nandaime rally, a scuffle broke out in which demonstrators pelted police officers with sticks and stones. In response, the police fired tear-gas grenades and beat protesters with truncheons and rifle butts. Ten police officers and scores of demonstrators were hurt.

Defense lawyers have lodged complaints asserting that the presiding judge is violating various legal guarantees. They say he has accepted tainted evidence, refused to accept statements from defense witnesses and ignored a constitutional requirement that counsel be present when defendants are questioned.

In Granada, where the proceedings are under way, Judge Ariel Jimenez, a member of the Sandinista Front and a former Interior Ministry official, is taking statements from the prisoners at the rate of several per day. Half a block from the crumbling adobe courthouse, lawyers sit in an office sipping coffee, unable to take part.

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The Nicaraguan Constitution asserts that lawyers for those accused of crimes have the right to be present with their clients ''from the beginning of the process.'' But Judge Jimenez said in an interview that the guarantee did not apply to the period when defendants are brought in to make their official statements.

''These people are not yet on trial,'' the judge said, as one of the lesser-known defendants was questioned by an aide at a nearby desk. ''Prisoners generally deny their guilt in the beginning, and that is happening here.''

Terms Could Exceed 10 Years

The judge said he could not guess what sentences might be imposed on the defendants, but under the laws covering the crimes they are charged with, sentences could exceed 10 years.

Of the 15 witnesses brought to Granada last week by defense lawyers, Judge Jimenez chose to hear only four. He cited a provision of the penal code that requires only that judges call as many witnesses as they determine are ''indispensable or convenient for the determination of the truth.''

All 38 defendants were originally sentenced to six months in prison by the police, who in Nicaragua have the right to decree such sentences without trial. But those sentences were revoked by the Government and full trials were ordered. The defense lawyers say the new trials constitute double jeopardy, which is banned by Nicaraguan law.

''This trial is so full of legal errors that any appeals court could throw it out immediately if the order came down to do that,'' said Ivan Salvador Madriz Aguilar, who is coordinating the defense team.

On Tuesday, defense lawyers filed a complaint alleging that Judge Jimenez was legally ''deaf and blind'' because he had ''considered our defendants guilty from the beginning.''

Prison Visits Allowed

Although defense lawyers have been banned from the courtroom, they have been allowed to visit their clients at the Granada prison. Doctors have been permitted to examine two defendants, Alejandro Sandino and Myriam Arguello, and have asked that for medical reasons, both be released to await trial at their homes.

Both Miss Arguello, who is 61 years old, and Mr. Sandino are leaders of the Conservative Party. The other prominent defendants are Agustin Jarquin Anaya of the Social Christian Party and two leaders of the Democratic Coordinator, Nicaragua's principal opposition coalition. They are Carlos Huembes, an anti-Sandinista labor leader, and Roger Guevara Mena, a lawyer who has been previously imprisoned for his political activities.

After several requests, a reporter was given permission to interview several defendants. But at the appointed hour Wednesday, the prison warden, Guillermo Miranda, said he could not authorize such interviews.

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Supporters of the prisoners are collecting signatures on a petition seeking their release. But opposition leaders say they are convinced that only political negotiation will produce a Government order to end the proceedings.

''The Sandinistas have closed the Catholic radio station and put these people in jail, and those are bargaining chips,'' said Anna Maria Ruiz, a spokeswoman for the Democratic Coordinator. ''If they start negotiations with the contras again, or if there is pressure from other countries to loosen up inside Nicaragua, then opening the radio station and freeing the prisoners are the two main things the Sandinistas have to offer.''

A year ago, the Sandinista Government and four other Central American governments signed a peace plan pledging that ''freedom in all its forms'' would be guaranteed throughout the region. The author of the plan, President Oscar Arias Sanchez of Costa Rica, has called for the reopening of Nicaragua's Catholic radio station and the release of the prisoners jailed after the Nandaime protest.

Private Deals Suggested

Relatives of several defendants said in interviews that security agents had sought private arrangements that would lead to freedom for some or all of the prisoners. They said that agents had asked the leading prisoners to propose a solution, but that the prisoners had refused.

''One possibility is that they could be released on condition that they agree not to participate in any more political activities, but they won't agree to that,'' said Gilda Guevara, the wife of one of the defendants. ''I think ultimately some kind of political solution will be reached.''

GRAPHIC: Photos of Carlos Huembes, an anti-Sandinista labor leader arriving for a hearing in Granada, Nicaragua (NYT/Peter Morgan); Agustiin Jarquin, an opposition leader jailed as a result of the protest in Nandaime, being embraced as he left the hearing in Granada (NYT)

SUBJECT:
CIVIL WAR AND GUERRILLA WARFARE; DEMONSTRATIONS AND RIOTS

NAME:
KINZER, STEPHEN; ARIAS SANCHEZ, OSCAR (PRES)

GEOGRAPHIC:
NICARAGUA; NANDAIME (NICARAGUA)

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April 22, 1990, Sunday, Home Edition

SECTION: Part A; Page 18; Column 1; Foreign Desk

LENGTH: 593 words

HEADLINE: SANDINISTA FOE TO LEAD ASSEMBLY;
NICARAGUA: CHAMORRO NOMINEE FOR PRESIDENT OF THE LEGISLATURE IS REJECTED. THE VOTE DISCLOSES A DEEP RIFT IN HER RULING COALITION.

BYLINE: By RICHARD BOUDREAUX, TIMES STAFF WRITER

DATELINE: MANAGUA, Nicaragua

BODY:

President-elect Violeta Barrios de Chamorro's political coalition Saturday rejected her candidate to head the new National Assembly and chose instead a woman who is less conciliatory toward the defeated Sandinista government.

By a 28-23 vote that reflected a deep rift in the National Opposition Union, the coalition's newly elected deputies chose Myriam Arguello over Chamorro's chief political strategist, Alfredo Cesar, as their nominee to preside over the 92-seat Assembly.

Because the coalition's 14 parties agreed in advance to accept the nominating vote as binding, Arguello, a 63-year-old Conservative lawyer, is assured of winning the legislative post when the new Assembly convenes for the first time Tuesday. The Sandinista-dominated Assembly elected in 1984 met for the last time Saturday.

Arguello's first act as Assembly president will be to accept the formal handing over of power that day from President Daniel Ortega, whose police made her an anti-Sandinista hero by arresting her during a political demonstration in July, 1988, and jailing her for more than five months.

On Wednesday, she will transfer presidential powers to Chamorro, upset winner in the Feb. 25 elections, during a ceremony at Managua's main baseball stadium. Vice President Dan Quayle and at least eight Latin American presidents are due to attend.

Chamorro is expected to name her Cabinet and announce changes in the Sandinista-led army Monday. Those decisions will be strongly influenced by a close circle of family advisers headed by her son-in-law, Antonio Lacayo, and by Cesar, who is married to Lacayo's sister.

Throughout the two-month transition, both men have worked to reach compromises with the Sandinistas for the sake of a peaceful transition. They helped forge a definitive cease-fire with the U.S.-backed Contras on Thursday and an earlier transition accord to preserve the "integrity and hierarchy" of the all-Sandinista army officer corps.

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(c) 1990 Los Angeles Times, April 22, 1990

Chamorro's reliance on those advisers has put her in conflict with Vice President-elect Virgilio Godoy and the coalition's 14-member political council, who favor a harder line against the Sandinistas and fear being excluded from a major role in her administration.

Cesar, 38, who served the Sandinista government as central bank president before going into exile in 1982 to become a civilian Contra leader, has been a particular target of controversy because of his aggressive style and unconcealed presidential ambitions.

The nomination of an Assembly president brought tensions within Chamorro's alliance into the open. In an all-day public meeting, with Godoy presiding, the 51 deputies traded bitter words.

Roberto Moreno, a labor leader, accused Cesar of having distributed literature for his own Assembly candidacy while locking up "tons of material" printed for other candidates. Eli Altamirano, a Communist Party leader, called Cesar "a political divorcee" from the 14-party bloc.

Opponents of Arguello said she would make compromise with the Assembly's Sandinista minority more difficult. Her supporters emphasized that, unlike Cesar, she had never joined the Sandinistas and had stayed in Nicaragua to oppose them. They said that, as an outsider to Chamorro's circle, she would better guarantee the independence of the legislative branch.

"We don't have to worry that she is going to fight (with Chamorro) because we women understand each other," said Julia Mena, a deputy from Godoy's Liberal Independent Party. "With Dona Violeta and Dona Myriam, we are going to democratize Nicaragua."

SUBJECT:
NICARAGUA -- POLITICS; NICARAGUA -- ELECTIONS; NICARAGUA -- GOVERNMENT OFFICIALS; CHAMORRO, VIOLETA BARRIOS; CESAR, ALFREDO; ARGUELLO, MYRIAM; SANDINISTA NATIONAL LIBERATION FRONT

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McGroarty/Dooley
May 16, 1990
5:45 pm
[AMER]

PRESIDENTIAL REMARKS: COUNCIL OF THE AMERICAS
THE STATE DEPARTMENT
MAY 22, 1990
11:00 A.M.

Thank you, Mr. Secretary [Baker]. [Introductory acknowledgements. President and Chairman of Council of the Americas.] [Admin. Members, State officials.]

I am pleased once again to speak to this influential group -- pioneers in the private-sector effort to expand trade and investment between the U.S. and Latin America. And I'm delighted to address this gathering after what has been a remarkable year of change.

Over the past twelve months, it has sometimes seemed that the eyes of the world rest solely on Eastern Europe -- on the miraculous transformation that has taken place there. Our friends in Latin America have watched these historic events unfold, with inspiration and awe. But also, I know, with an unmistakable **sense of anxiety** -- concern that our **active involvement in Europe** will mean **a decline in U.S. interest in Latin America.**

I am here today to assure you -- just as I've assured the many Latin American leaders I've met with -- that the events of the past year have <u>increased</u> U.S. interest in this region --

strengthened our desire to forge a new partnership with the growing forces of freedom in Latin America.

**Because the fact is, the great drama of democracy is unfolding <u>right here in our own hemisphere.</u>** //

Think about the tremendous gains made for freedom this past year. / When I spoke here last May, the people of Panama were preparing to go to the polls -- even as the dictator of Panama was preparing to steal the election. In Nicaragua, civil war raged, the Sandinistas ruled -- and the brave men and women of the Nicaraguan opposition were just beginning the long campaign that led to this year's great victory for democracy.

In Central America -- Nicaragua and Panama. In South America -- Paraguay and Chile. All across the Americas, today more people live under freely-elected governments than ever before -- and we are <u>closer</u> than ever before **to the day when all the people of the Americas, North and South, will live in freedom.** //

Even in Haiti, the scene of so much anguish and turmoil, the provisional government has now announced its intention to hold free elections. / Only Cuba remains -- Castro's island prison, isolated, out of step with the democratic tide. // But today -- on the anniversary of Cuban Independence -- let me say with certainty that <u>even in Cuba</u>, **democracy will not be denied.** //

As we in the U.S. welcome our Central and South American neighbors into the ranks of democracy, we owe them our help -- and something more. We owe them our <u>respect</u> -- the respect due

one free nation from another. The outstretched hand of partnership, from the nation that will be, by the year 2000, home of the world's second-largest Spanish-speaking culture -- the United States. //

I've worked to strengthen our ties. Just this year alone, I've met with Presidents Barco, Paz and Garcia, at the Andean Drug Summit in Cartagena. Here in Washington, I've hosted Presidents Perez and Paz, Christiani and Endara, Collor de Mello, Calderon and Callejas, and Prime Minister Manley. In each case, I've come away from our talks with a strong sense of optimism. And I believe every one of those leaders left the White House knowing that **the U.S. is engaged as never before in the future of this hemisphere.**

While from country to country conditions differ, we know now that our challenge is to <u>consolidate democracy -- and accelerate development</u>.

That means advancing the **intellectual revolution** now sweeping Latin America -- a movement away from stale, Statist doctrines. Away from dictatorships of the Right and Left. Toward <u>democracy -- free government -- free enterprise</u>. Toward the true political and economic **empowerment of the people.**

That means encouraging, for the first time in many cases, genuine free market reform. Even in countries that claimed no kinship with communism, economies have been **capitalist in name only.** In practice, they were <u>rigged to favor the ruling elite</u> -- organized to ensure the prosperity of the people in power --

not to open an avenue toward upward mobility for anyone ready and willing to work.

Peruvian economist Hernando de Soto describes the maze of bureaucratic barriers that stood in the way of the entrepreneur and stifled economic growth in his country. de Soto also shows how much Lima, Peru's capital, owed its economic vitality to the illegal, shadow economy -- run by enterprising individuals without the consent of the State.

de Soto's prescription -- and mine -- is to free this economic force. Unleash the million sparks of energy and enterprise. Let the incentive of reward inspire men and women to work to better themselves and their families.

Already, Latin America is discovering this path. In Brazil, Argentina, Venezuela, Mexico and Jamaica, free market reforms are going forward, creating space for private initiative to take hold and flourish. As they succeed -- as they reap the rewards that will follow what can be a painful transition -- there is hope that these nations will bring others in their wake.

And there's no reason to stop there -- no reason not build on this shift towards the free market philosophy, and make our ultimate aim **a free trade agreement that links all of the Americas -- North and South.** We look forward to the day when not only are the Americas the first fully democratic hemisphere -- but when all are equal partners in a free trade zone stretching from the Alaska's Port of Anchorage to Argentina's Tierra del Fuego. //

And we in the U.S. must do all we can to ensure the future of free markets in the Americas -- because our nation **has a stake in the economic health of this hemisphere.** Last year, for the first time ever, two-way trade between the U.S. and Latin America topped $100 billion dollars. As that trade continues to grow -- so will the link between our prosperity and the prosperity of our Latin American partners.

Let me provide a few statistics to drive home this point: Last year, the Columbian economy grew 3 percent. U.S. exports to **Columbia** rose 9 percent. // **Mexico's** economy grew 3 percent -- and U.S. exports to that country climbed 21 percent. // In **Chile**, with an overall growth rate of 10 percent, U.S. exports increased by **triple that rate -- more than 30 percentage points.**

Now, let's take a fresh look at a familiar statistic. We all know total Latin debt exceeds $400 billion dollars, and we've all heard analyses of what that means for development in Latin America. Well, I ask you today to consider **what it means for the U.S.: by one estimate, the debt burden has cost the United States as much as $75 billion in lost exports over the past ten years.**

That's why I'm so pleased to report on the progress we've made this past year under the Brady Plan. Mexico, Venezuela and Costa Rica have all reached agreement with their creditors on ways to restructure their debt -- ways that complement their efforts to restructure their economies along free-market lines.

Because in the long-term, the free market remains the only path to sustained growth.

[[Of course, the private sector plays a crucial role. I know Council of the Americas is committed to expanding opportunities for trade and investment. And I'm pleased to hear about the promising new ventures generated by your own recently completed Caribbean/Central American Action mission to Nicaragua....]]

Taking advantage of new investment opportunities <u>is</u> good for business -- but, at this critical moment, there's something <u>beyond the bottom line</u>. Something that can't be measured in simply in terms of GNP. The role the Council of the Americas can play -- expanding trade and strengthening the private sector -- contributes **not just to economic growth -- but to <u>the growth of democracy.</u>** //

Now, there is **an important role for government to play as well** -- especially during the difficult days of **transition from dictatorship to democracy.** That's why I've called on Congress to provide more than $700 million dollars in emergency economic aid to Panama and Nicaragua. This aid is critical. / A little over a week ago, I received a note from President Chamorro -- just three weeks into her term in office, dealing with a crippling strike staged by pro-Sandinista unions -- telling me that **Nicaragua was bankrupt.** And yet, **for more than 2 months now, this emergency aid has been bogged down on Capitol Hill, as Congressmen take advantage of these two nations' dire needs to**

**tack on unrelated amendments -- and load onto our aid request funding for their pet projects.**

Meanwhile, for the people of Nicaragua and Panama -- **democracy hangs in the balance. //**

So let me say to the Congress: **not one more day of delay. The fate of freedom rests in your hands.** Rise above parochial interests and the politics of pork barrel. **Do the work of democracy -- and pass this emergency aid package now. ///**

Today, I began by speaking about the changes that have riveted world attention on Europe. Part of the power of the story is that it can be told in intensely personal terms -- as the story of the dissident playwright who is now president. Of the electrician who came to symbolize his people's hopes for freedom. // Democracy's advance in Latin America has produced its share of heroes -- and today I'll close with three from one country alone -- Latin America's newest democracy: Nicaragua.

For four years -- beginning in 1979, the year the Sandinistas took power -- Enrique Dreyfus was head of Nicaragua's Supreme Council of Private Enterprise -- a private-sector group in many ways similar to this one. His criticism of Sandinista rule put him on the Sandinista black list, and landed him in prison. Today, with the Sandinistas swept from power, Enrique Dreyfus is not just free from persecution -- he is Nicaragua's new Foreign Minister.

In 1985, members of the Sandinista internal security force beat Sofonias Cisneros for criticizing the way the Sandinistas

had politicized the schools. Today, Ms. Cisneros is Minister of Education. //

And on July 10, 1988, opposition leader Myriam Arguello was beaten, taken from her home in the middle of the night by Sandinista police -- tried, and sentenced to six months in prison. Today, Myriam Arguello is President of Nicaragua's freely-elected National Assembly. //

Three stories that underscore in personal terms the truly revolutionary political change that's taken place not just in Nicaragua -- but across the Americas. Change that proves beyond doubt that the day of the dictator is over -- and democracy's day has come. //

For our part, we in the United States must do all we can to help secure for all the Americas the freedom, the peace and prosperity we enjoy. // Once again, thank you -- and God bless the United States of America.

# # #

## May 20th

526 AD Antioch, Syria rocked by an earthquake
685 King Ecgfrith of England died
794 St. Ethelbert of the East Angles murdered (Feast Day)
1259 King Henry III of England ceded Normandy to France
1277 Pope John XXI died of injuries sustained when his palace collapsed on him
1293 Kamakura, Japan, rocked by an earthquake
1306 King Edward I of England gave the Duchy of Aquitaine to his son
1444 St. Bernardine of Siena died (Feast Day)
1498 Vasco da Gama arrived in India
1506 Christopher Columbus, explorer, died poverty-stricken
1514 Corporation of Trinity House, organization of English mariners, chartered
1536 Henry VIII, King of England, married Jane Seymour
1553 Three British ships sailed in search of the Northwest Passage
1631 Swedish victory at Magdeburg, Germany, in the 30 Years' War
1648 Wladislaus IV, King of Poland, died
1663 William Bradford, first printer in New York City, born
1727 Sir Isaac Newton, discoverer of gravity, died
1751 Echigo, Japan rocked by earthquake
1775 Mecklenberg Declaration of Independence framed at Charlotte, North Carolina
1777 Cherokee Indians ceded part of South Carolina to the U.S.
1785 First survey of the Northwest Territories of the U.S. authorized by Congress
1800 Napoleon and the French Consular Guard completed their crossing of the St. Bernard Pass to Italy
1813 Battle of Bautzen (Russia and Prussia against Napoleon)
1818 William G. Fargo of Wells Fargo born
1825 New York Courier, first Sunday paper in the city founded, lasting one year
1843 Lafayette, Revolutionary War hero, died
1855 First printing telegraph-type ticker patented
1856 Dr. Livingstone completed the crossing of Africa, west to east
"The Crime Against Kansas" speech given in the Senate by Charles Sumner
1861 Homestead Act passed
1886 Congress provided for a study of the effects of alcohol on drinkers
1895 Latham's motion-picture projector publicly exhibited
1902 American occupation of Cuba ended
1908 James Stewart, actor, born
1922 British ship Egypt involved in a collision off France
1927 Lindbergh's non-stop flight to Paris began
1930 First flight of an airplane released from a dirigible completed
1932 Amelia Earhart began first trans-Atlantic flight by a woman
1941 U.S. Office of Civil Defense created
1947 Solar eclipse
1950 First Annual Armed Forces Day parade held (Washington, D.C.)
1958 Van Cliburn, pianist, became first musician given a New York ticker-tape parade
1963 U.S. Supreme Court legalized desegregation sit-ins
1967 Prince Paul of Greece born
1970 Visak Bauja, or Buddha's Birthday, in Cambodia
Armed Forces Day on Guam

## May 21st

Feast of Sts. Constantine and Helen (Greek Orthodox)
Ancient Roman festival honoring all the gods
Holy Trinity Day in Venezuela
427 BC Plato, Greek philosopher, born
996 AD Otto III crowned Holy Roman Emperor
1170 St. Godric died (Feast Day)
1254 Conrad IV, King of Germany, died
1388 University of Cologne, Germany, chartered
1420 Henry V, King of England, betrothed to Catherine de Valois of France
1424 James I crowned King of Scotland
1471 Albrecht Durer, German artist, born
Henry VI, deposed King of England, murdered in the Tower
1502 St. Helena Island discovered
1527 King Philip II of Spain born
1542 Hernando deSoto, explorer, died
1565 Turkish troops attacked Malta
1674 John III elected King of Poland
1688 Alexander Pope, English poet, born
1799 Napoleon, having failed to take Acre after 12 assaults, retired
1819 Burlington Arcade, a London shopping mall, opened
1832 First national Democratic convention met (Baltimore)

1856 John Brown raided Lawrence, Kansas
1861 North Carolina seceded from the Union
First cog railway in Europe, Viznau-Rigi, opened
1862 Act of Congress provided for the education of black children in Washington, D.C.
1875 Edmund Heller, naturalist-explorer, born
1878 Glenn Curtis, aviation pioneer, born
1881 Clara Barton, founder of the American Red Cross, born
U.S. Lawn Tennis Association formed
1894 Manchester, England, ship canal opened
1897 Bust of Sir Walter Scott unveiled in Westminster Abbey
1904 Robert Montgomery, actor, born
1912 Harold Robbins, novelist, born
1913 Irving Shulman, author, born
1916 Daylight Savings Time effected in England
1919 Women's suffrage bill passed the House of Representatives
1927 Lindbergh completed his New York-to-Paris flight
1932 Amelia Earhart completed the first woman's trans-Atlantic flight
1948 First telephone exchange established in Kodiak, Alaska's oldest settlement
1952 Queen Juliana of Holland opened a new canal, connecting Europe with the North Sea
Brooklyn Dodgers beat the New York Giants 19-1, scoring 15 runs in the first inning
Gen. Dwight Eisenhower presented with Medaille Militaire, France's highest award
1956 First U.S. hydrogen bomb dropped from a plane exploded over Bikini Atoll
1960 Nine days of earthquakes and tidal waves began in Chile
1965 First block of Abu Simbel temple moved to higher ground to protect it from the rising Nile River
1970 Buddha's Birthday in India
Navy Day, the opening of Congress in Chile
Mohammed's Birthday in Tunesia
1971 Anastenaria Feast (Byzantine church celebrations in Greece)

## May 22nd

National Maritime Day (U.S.A.)
Feast of St. Paul (Greek Orthodox)
Annual pilgrimage to Trinity Church, Kolpino, Russia
415 BC Hermae busts in Athens mysteriously mutilated
337 AD Constantine the Great, Roman Emperor, died
1200 Treaty of LeGoulet signed by England and France
1216 French invasion troops landed in England
1246 Henry Raspe elected King of Germany
1455 First Battle of St. Albans, England (York defeated Lancaster in the War of the Roses)
1457 St. Rita, patron of the impossible, died (Feast Day)
1499 Swiss victory at Battle of Calven Gorge
1509 Henry VII, first Tudor King of England, died
1526 Holy League of Cognac made between France and the Pope
1667 Pope Alexander VII died
1670 Secret Treaty of Dover signed between England and the Pope
1764 Bolivar City, Venezuela founded
1795 First newspaper in Washington, D.C. Impartial Observer and Advertiser began publication
1807 Aaron Burr went on trial for treason
1813 Richard Wagner, composer, born
1819 Start of first successful trans-Atlantic voyage under steam propulsion (S.S. Savannah)
1837 National University of Athens, Greece, founded
1843 1,000 people left the Missouri River on the "Great Migration" to Oregon
1849 Patent issued to Abraham Lincoln for a method to lift ships over shoals (never got further than the model stage in development)
1856 Preston Brooks assaulted Charles Sumner in the U.S. Senate
1859 Ferdinand II Bomba, King of Sicily, died
Sir Arthur Conan Doyle, creator of Sherlock Holmes, born
Francis II, last Bourbon King of Naples, ascended to the throne
1881 King Carol of Rumania crowned
1882 Korea opened to U.S. trade
1885 Victor Hugo, author, died
1892 A British warship sank in the LaPlata River
1900 Patent issued to Edwin S. Votey for first practical pneumatic player piano
1906 Wright brothers granted a patent on their airplane
1907 Sir Lawrence Olivier, actor, born
1912 U.S. Marine Corps Aviation instituted, with one pilot who had had less than 3 hours flight instruction

1914 Vance Packard, author, born
1915 George Baker, cartoonist ("Sad Sack"), born
1919 A food plant exploded at Cedar Rapids, Iowa
1920 Congress adopted the Civil Service pension plan
1929 First aerial police patrol begun (Teterboro, New Jersey)
1930 First television feature act shown in a theater (Schenectady, New York)
1931 Russian submarine Number 9 sank in the Gulf of Finland
1939 Italy and Germany signed a 10-year military pact
1943 Helen H. (Mrs. William Howard) Taft, First Lady, died
1946 Karl Frank, Nazi governor of Czechoslovakia, hanged for the massacre at Lidice
1953 Bill signed giving states title to their off-shore lands for oil drilling
1971 Eastern Turkey badly shaken by an earthquake

## May 23rd

Feast of St. William of Rochester
34 AD Holy Ghost descended
607 St. Desiderius died (Feast Day)
1059 Philip I crowned King of France
1116 St. Ivo of Chartres died (Feast Day)
1125 Henry V, Holy Roman Emperor, died
1173 St. Euphrosyme of Polotsk died (Feast Day)
1430 Joan of Arc captured by the Burgundians
1480 Turks arrived at Rhodes prepared to beseige it
1498 Savonarola, a heretic, burned
1533 King Henry VIII's marriage to Catherine of Aragon declared null by Cranmer (England)
1541 Jacques Cartier began his third voyage to Canada
1688 Protestant-Catholic clash in Prague began 30 Years' War
1701 Captain Kidd, New York citizen, hanged as a pirate and murderer in London
1706 Battle of Ramilles, English-Dutch defeat of France, cost France her claims to Belgium
1707 Carolus Linnaeus, botanist, born
1752 William Bradford, first printer in New York City, died
1785 Benjamin Franklin invented bifocals
1788 South Carolina ratified the Constitution
1842 First stockholders' meeting of Cincinnati, Ohio's observatory held
1846 Mexico declared war on the U.S.
1868 "Kit" Carson, frontiersman, died
1871 Treaty of Frankfurt ended Franco-Prussian War
1872 First National Convention of Workingmen political party met
1883 Douglas Fairbanks, actor, born
1895 New York City Public Library established
1903 First cross-country auto trip began in San Francisco
1911 New York City Public Library dedicated
1915 Italy declared war on Austro-Hungarian Empire
1918 British ship Moldavia torpedoed in the Atlantic
1925 Tajima, Japan, rocked by an earthquake
1927 Charles Lindbergh, flyer, was awarded the Cross of the Legion of Honor in Paris
1934 Bonnie, of Bonnie and Clyde, died
1938 Time, Inc., acquired the Literary Digest magazine
1939 U.S. submarine Squalus sunk off Portsmouth, New Hampshire
1943 Delair, New Jersey train wreck
1951 Communists took over Tibet
1952 Nationalized railroads were returned to their owners by the U.S. government after seizure over 1950 labor dispute and threatened strike
1960 Israel caught Adolf Eichmann, Nazi war criminal
1965 Organization of American States peace-keeping force established in the Dominican Republic
1967 Greek tanker Circe exploded in the Mediterranean
1969 Five U.S. satellites launched with one rocket
Scotch Broom Festival, Bainbridge Island, Washington
Hebrew Shevuoth

## May 24th

592 AD St. Simeon Stylites the Younger, a pillar-dwelling Ascetic, died (Feast Day)
1089 LaFranc, Archbishop of Canterbury, died
1153 St. David I, King of Scotland, died (Feast Day)
1487 Lambert Simnel, posing as King Edward VI of England, crowned in Ireland (Henry VII recognized him as a Yorkist dupe and made him Royal Falconer)
1543 Copernicus, Polish astronomer, died

**NATIONAL SECURITY COUNCIL**

5/9

Chriss: The text that it marked with arrows from page 8 to page 11 is very sensitive stuff. The economic working group is ~~still~~ still doing the report on possible proposals, so this stuff is not fully cleared by anyone. It's included as an example of what we would like to see in general terms, and how we might have the speech flow.

Jim Johnson —

**PRESIDENT'S COMMENCEMENT SPEECH AT THE UNIVERSITY OF TEXAS AT AUSTIN SATURDAY, MAY 19, 1990**

(Opening touches, comments about University of Texas at Austin and other flourishes)

Today, I want to look ahead through the decade of the 1990's and into the next century. My purpose is to propose a common vision, one that I believe is shared-- and should be shared-- by all the people of this hemisphere.

The policy of the US will be directed at making this vision a reality. Cynics will say that this vision is an illusion, but I know they are wrong, because we are already close to making it a reality.

What am I suggesting? It is the following: A Hemisphere of Democracy, stretching from Alaska in the north to Antarctica in the south; living at peace, with increasing prosperity, and free from the menace of narcotic drugs.

In pursuit of this policy during the 1990's, we propose to do the following: We will support democracy and human rights. We will promote demilitarization and nuclear non-proliferation. We will work together with the Latin American countries to combine our assistance with their forward-looking economic policies to

achieve increased prosperity and the just distribution of its fruits. And we will strive--both by reducing demand at home and by interdicting illegal production abroad-- to rid our cities and streets of narcotic drugs.

This is a vision and a policy of openness. It is open to dialogue and willing to accept differences of view. We do not fear political pluralism. Nor are we afraid of frank exchanges of views with our neighbors. We believe that the progress toward democracy throughout the hemisphere will demonstrate that we indeed have moved closer to a mature partnership.

The decade of the 1980's was a time of transition in many Latin American countries. Central America moved from a period of military domination to civilian rule. The same is true for many of the South American countries. These processes seemed to accelerate during the last year of the decade and the first several months of this year:

-- Chile completed its transition to civilian rule.

-- Brazil chose its first directly elected president in almost three decades.

-- Paraguay shucked off a superannuated dictatorship, and has held its first truly open elections.

-- The OAS and the UN supervised peaceful elections in Nicaragua, and guaranteed that the overwhelming vote for Doña Violeta was respected.

slighting?

-- The people of Panama have been able to throw off a corrupt and repressive dictatorship to begin building a new demilitarized democracy.

-- We are hopeful that the changes which have been taking place in Haiti will also lead this year to internationally supervised democratic elections.

Ironically, however, these immensely important changes were obscured by the riveting events of Eastern and Central Europe during the last twelve months. And as a result of this, a number of Latin American and Caribbean leaders have expressed worry that the United States will disengage from this hemisphere, to devote its energies and resources to Europe.

I would like to give the following reply to these concerns: Yes, the events of the last year in Europe have been revolutionary. Yes, they have caused us to look again at our defense needs and the future of our alliance relationships. Yes, the year 1992 will signal new challenges in our relations with an integrating Europe.

However, I am personally interested in and committed to maintaining excellent relations with our Caribbean and Latin American neighbors. Over the last month, I have met with leaders

of Honduras, Venezuela, Panama, Jamaica, and Bolivia at the White House. I have spoken on numerous occasions by telephone to President Salinas of Mexico, President Collor of Brazil, and President Barco of Colombia. Vice President Quayle has made three trips to the region since January, and I plan to visit five countries of South America this fall. As for 1992, this may be an important year for Europe, but it is also the year in which this hemisphere will celebrate together the 500th anniversary of Columbus' epic voyages of discovery.

As long as I am president, our hemispheric neighborhood will be one of constant and open communication and contact. Our relations demand it and our commitment to democracy makes it indispensable. There can be no Hemisphere of Democracy if leaders cannot speak to each other directly, rapidly, and candidly.

Another point that must be made is that United States relations with this hemisphere will be sensitive to differences among our neighbors. Our relationship with Mexico, for example, is unique in our relations in this hemisphere. We not only share a common border, but we are linked by vital lines of commerce, language and culture. Excellent and productive relations with Mexico are and will remain fundamental to U.S. security and prosperity.

In Central America, our efforts are directed at consolidation of democracy, reconciliation and demilitarization. Our Congress recently passed legislation authorizing more than $700 million in assistance to Panama and Nicaragua, which will be used wisely to

get these countries on their feet economically. Likewise in El Salvador, our aid is directed at the need to preserve a democratically elected government, while encouraging the antagonists in the conflict there to find solutions which will guarantee political space and human rights within a functioning democratic system.

Our ties with the Andean region are dominated by the issue of drugs. At the Cartagena summit in February, we agreed on a strategy that requires the United States to increase efforts to reduce demand for drugs here, and committed Colombia, Peru, and Bolivia to implement efforts to reduce supply through eradication, interdiction, and alternative development. This is a good policy, and I will work with these countries and with our Congress to insure that this fight obtains adequate funding for the time that is required to rid us of the drug menace.

With the southern cone countries of Brazil, Argentina, and Chile, economic issues have been at the top of the bilateral agenda. But this should not obscure the fact that our dialogue with them has changed in ways one would expect for today's mature relationship. We recognize the immense size of Brazil-- the world's eighth largest economy-- and Brazil's importance not only as a democratic example but also as a guardian of much of the oxygen that we breathe. Argentina continues its efforts to break out of the strait-jacket imposed by previous statist policies, and we will do what we can to help. Chile is farthest advanced down the road to economic reform, and we want to take action to

restore GSP and make our economic relations even more active and productive.

A discussion of our relations with these countries would not be complete if I did not touch on the issue of non-proliferation. The Tlatelolco agreement has made this hemisphere an example of the peaceful uses of nuclear energy. I would like to call on all countries, but especially those which have advanced scientific capability, to strengthen the non-proliferation regime in this hemisphere. This should include a renewed commitment to peaceful uses of nuclear energy and to full-scope safeguards for nuclear material and facilities under international supervision. This is not a North-South issue. This is an issue for the safety of this hemisphere and the safety of mankind.

Democracy in the English-speaking Caribbean is strong, and we want it to remain that way. I have made a commitment to this region to give it effective access to the U.S. market through the extension of the Caribbean Basin Initiative, and with the help of the Congress, I will carry through with this commitment.

I cannot leave this very broad-brush discussion of the variety and complexity of our relations with Latin America without saying a few brief words about Cuba. Unfortunately, as Marxism has faded into irrelevance elsewhere, Cuba continues to cling doggedly to a tattered old orthodoxy. We would like Cuba to join the march of democracy. There is room for Cuba among the democracies of this hemisphere. The people of Cuba deserve no less. If Cuba chooses to open its windows to the fresh breezes

of democracy and economic reform that are blowing through the world, they will not find the U.S. hostile. But international respectability requires an end to repression at home and subversion abroad. If our vision of a Hemisphere of Democracy is to be a reality, we and the other democracies of this hemisphere must insist on this point.

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Let me turn now to a second major topic-- that of development and prosperity. A commitment to democracy carries with it a corollary obligation-- to work to better the lives and welfare of the governed. In some cases, this progress will have to be purchased with painful and even difficult economic reforms. These reforms need to be taken, and are being taken, in most countries of this region. Ultimately, however, the democracies have to hold out the prospect of greater prosperity economic opportunity. The United States wants to be helpful in this effort.

There are several areas where the U.S. has already taken action. The extension of the Caribbean Basin Initiative is one of these. So is the Andean Trade Initiative which I announced last fall, and which is making progress through the Congress and the U.S. trade policy system. The Brady Plan is another-- I am delighted that Brady Plan agreements have been worked out with Mexico, Costa Rica, and Venezuela. Our economic assistance continues both in bilateral and multilateral mechanisms. Finally, we have been working with other major donors to stimulate interest in Latin America and coordinate our assistance efforts.

These policies have served as a foundation for our economic relations with Latin America. But I wanted to make certain that these are the right measures for the 1990's and beyond. So earlier this year I asked my economic advisers to examine our economic and trade relations with Latin America, asking them to look carefully at countries and policies which had succeeded, and to come up with recommendations on how the United States can help promote sustained economic growth that will complement the growth of democracy in this hemisphere.

This review is now complete. It covered (a) Trade policy, (b) economic assistance, (c) debt policy, and (d) Investment policy. Today I am prepared to announce important initiatives in each of these areas.

First, trade policy. I propose that the countries of this region establish the Democratic Hemisphere Free Trade Area. It could be based on three requirements: democratic civilian form of government, a market-oriented economy based on sound trade and monetary policies, and a commitment to remove all trade and investment barriers. I would envision a ten-year phase-in period for such a Free Trade Agreement. As an incentive, the U.S. would be prepared in the first five years to offer unilateral duty-free and quota-free access to our market for most items. In exchange the Latin American countries would commit themselves to eliminate barriers among themselves. In the final five years, Latin

America would eliminate its market access barriers to the United States and Canada.

Let there be no mistake. This would be a complicated undertaking. But it would mean that those who engage in it would have no turning back from a course of full economic integration of a democratic hemisphere. The challenges would be great. But we are prepared to meet them.

Second, I intend to request that the Congress eliminate the domestic sugar program and replace it with a higher tariff. Those countries which are beneficiaries of CBI and GSP would have unrestricted access to the U.S. market. This would be consistent with GATT and would reward efficient producers in Latin America and elsewhere. I am also prepared to consider modifications in specific sectoral policies such as cotton imports, aviation, tariffs on other manufactured products, aviation and shipping.

With regard to economic assistance, I am proposing the following: Creation of a $100 million fund for small countries--principally Central America and the Caribbean-- that would reward those countries which have implemented sound economic policies, such as the negotiation and implementation of bilateral investment treaties. These funds could only be used to support private enterprises. Second, I will propose at the July Summit in Houston that the donor countries represented there create a multiple donor fund for Central America and the Caribbean, which would provide up to $300 million annually in grants to countries

which carry out investment reforms. The U.S. would be prepared to contribute $100 million annually out of new or reallocated funds. Finally, I wish to announce that it is my intention to have our bilateral economic assistance more closely linked to economic policy performance criteria. Those who are willing to do what it takes to bring about reform will be first in line for our assistance.

The third area which I wish to address is debt policy. This is an area where the Brady Plan is working, but we have noted two different problems-- those involving the poorest countries, and those involving countries whose debt is owed mostly to official or IFI creditors. I would like to see Toronto Terms extended to such countries as Guyana and Haiti. Second, the United States would like to propose longer maturities (possibly 14 years on scheduled export credits and 20 years on aid loans) within the Paris Club for lower middle income countries. This would help such countries as Costa Rica, Honduras, Jamaica, Nicaragua, and Peru. It would also prove beneficial to other countries such as Egypt, Poland, Indonesia, and Morocco, to name a few.

In pursuit of a better environment in this hemisphere, I would also like to see the IDB take a more active role in facilitating debt-for-nature swaps. Much more can be done in this area; the environment can be protected, and debt can be more effectively managed.

Fourth, in the area of investment, I have the following proposals. First, I urge our partners in this region to enter

into bilateral investment agreements with us. These should cover national treatment, expropriation, unrestricted financial transfers, arbitration, and performance requirements. I also believe that we should create a regional arbitration facility. I realize that this means working around the obstacle posed by the Calvo Doctrine, but I believe that the time has come to do so. I pledge that the Overseas Private Investment Corporation (OPIC) will take a more active role in Latin America if we can make these improvements in the investment environment.

I also believe that to study these proposals in depth, we should convene a high-level regional conference focusing exclusively on investment in this hemisphere. If Latin America is going to stop the slide in its relative position in world trade, it has to be more effective in attracting investment. We can work together in a mature partnership toward this objective.

These are my proposals in outline form. To bring them to fruition will require a great deal of work, and in some cases will require totally new ways of thinking about Latin American involvement in world trade. I emphasize that I am receptive to hearing the ideas of others. Nobody can go it alone in this world, so we have to look for ways to work together. These ideas are meant to get this process going, but they are serious proposals, and I would like to follow through on them. Developments in Europe will not distract us from an active involvement with Latin America and the Caribbean. A Hemisphere

— who?

of Democracy is possible. We will work with you to achieve it in this decade and into the next century.

(Final flourishes as needed)

Draft as of: May 9, 1990

PD
This just
in. Pretty slim
pickins.
— Dan

# CARIBBEAN CENTRAL AMERICAN ACTION

AN AFFILIATE OF THE AMERICAS SOCIETY, INC.

FAX COVER SHEET

TO: PEGGY DOOLEY - WHITE HOUSE

FAX #: 456-6218

FROM: LINDA PFEIFLE

DATE: 5/17/90 TIME: 11:50

RE: NICARAGUA TRIP

NO OF PAGES FOLLOWING THIS PAGE: 1

COMMENTS: HERE IS THE PRESS RELEASE ON THE C/CAA NICARAGUA TRIP. IF YOU HAVE ANY QUESTIONS CALL ME HERE BEFORE 3:00 PM. AFTER THAT I CAN BE REACHED AT 333-6441

Linda

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FOR IMMEDIATE RELEASE
MAY 16, 1990

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# C/CAA BUSINESS-INVESTMENT TRIP TO NICARAGUA YIELDS RESULTS

Caribbean/Central American Action led a business-investment trip to Managua, Nicaragua, May 9 to 11. President Violeta Chamorro and her economic advisors expressed to the group their receptivity and enthusiasm for foreign investment in Nicaragua. In addition to the hour spent with President Chamorro, the C/CAA group met with several ministers and vice ministers who are members of her economic team. The trip was coordinated by COSEP, the umbrella organization of Nicaragua's private sector. The COSEP leadership was optimistic and determined to help revitalize the Nicaraguan economy and was quick to point out to the businessmen the advantages of investment in Nicaragua today.

C/CAA is a business-supported non-profit organization which seeks to promote economic and social development in Central America and Caribbean through private sector-led initiatives.

In the course of the trip, the American businessmen began serious talks and, in several cases, real negotiations on the possibility of investment and business deals in the areas of agriculture, seafood, apparel and transportation. The group came away with the impression that:

1. The new Nicaraguan government encourages foreign investment and will be pragmatic in adapting laws and regulations to encourage it.

2. It is essential that the $300 million US aid package for Nicaragua be passed as soon as possible to enable the Chamorro government to take the steps necessary to stabilize and reform the economy in order to permit economic recovery to begin this year.

3. The Chamorro government liked the idea germinated during the trip of C/CAA organizing a pro bono Businessmen's Advisory Council on Nicaragua which would serve as a sounding board to the Nicaraguan government as it moves to promote a free market economy and encourage foreign investment. C/CAA will formally submit the proposal to the Chamorro government; the participants on the trip will form the core of the Advisory Council.

The companies represented on the trip include Erly Industries/Chemonics Industries, Weil Brothers Cotton, Inc., Challenge Air Cargo, Southern Shell Corporation, IBERC, Heartland Produce Company, The Americas Group, and the Turan Company. In addition, a representative of the U.S. Department of Commerce accompanied the group.

D R A F T

REMARKS OF THE PRESIDENT

COUNCIL OF THE AMERICAS

WASHINGTON, D.C.

MAY 22, 1990

The Americas' Place in the World

The U.S. Stake in the Americas

I join you today because I share with you a deep and abiding concern for the future of the Americas, a commitment to partnership with our Latin American and Caribbean neighbors, and the belief that open and continuing dialogue of the type that the Council supports is indispensible.

The world is being made anew. Politics now seems to move with the lightning speed of technology. What was thought to take decades is accomplished in months. The great symbol of post-War European division, the Berlin Wall, fell. The people raced ahead of the politicos and the keepers of the old thinking -- party hacks and apparatchiks -- were left on the margins. Statist economic orthodoxy was out: in Moscow, Budapest, Prague, and Warsaw the call is for a dynamic of economic freedom to match the great acts of political self-assertion and liberation.

This hemisphere, born anew by its own decade-long democratic transformation, watched with keen interest: transfixed, inspired, and, let's be frank, concerned if not anxious.

The Americas' Place in the World

Today, there is worry in Latin and Caribbean countries about being left out and left behind by change. Will they be upstaged by events in Central Europe? Will they be displaced in U.S. priorities by the nations of Eastern Europe?

Other concerns pre-date the startling events in Central Europe. Will they measure up to the challenge of Europe '92? the "Asian tigers"? the demands of the global information and technology revolution?

There is reason to be concerned. No country in the world today can escape the challenge of global competition. No country in the world today can exempt itself from the forces of change. Every country will be measured by a global standard and those who do not measure up, will move to the sidelines. A strategy for survival is a recipe for failure, because those who merely try to keep up will fall behind. And those who cling to past methods and models of economic organization are headed for disaster.

Along with these more global concerns, there are the nagging problems of debt, stagnation, inflation, insurgency, drug-trafficking, environment, and continuing divisions between rich and poor.

All of these problems must be faced squarely. There are no easy fixes or quick pay offs.

Nevertheless, I am an optimist about this hemisphere. I believe the Americas have the desire and the means to make a new revolution -- an economic revolution -- fully equal to its own democratic revolution of the last decade. This revolution cannot be "Made in the U.S.A." but we will not be on the sidelines either. We have real and continuing stake in the success of our neighbors.

A Revolution Begun

There is a old Roman saying, "well begun is half done." I believe that the Americas have made a good start on the road of economic freedom and growth. An intellectual revolution has been underway now for several years -- for free, open, and outward-looking commerce and trade. One Latin American banker put it well when he said "The decade (the 1980s) was not lost in terms of economic thinking."

Today's Latin and Caribbean leaders -- backed by the legitimacy that only an electoral mandate can give -- are at the vanguard of economic liberalization. Presidents Salinas, Perez, Collor, Menem, Alwyn, Borja, Callejas, Cristiani, and Chamorro; Prime Ministers Manley and Charles -- these are not men and women of identical political backgrounds. Their politics differ. Their priorities vary. But, they are determined to make the difficult but necessary changes in policy that will restore growth and make their economies competitive.

Just before his inauguration President Collor of Brazil put it bluntly. He said "We want to stop being the leading country of the third world to join the group of the first world." In his Inaugural Address he said,

> . . . it is primarily up to private initiative, not the state, to create and energize the economy . . . on the international scene, the open economies are the most efficient and the most competitive."

President Lacalle of Uruguay has said, "Uruguay is witnessing the end of a model in which the state is the main partner. . . . The only way out of the (economic) crisis is to have good entrepreneurs."

President Menem of Argentina has said, "I have been a man for whom politics is the means within which I have pursued a pragmatic policy. Market policies are best not only for Argentina, but the world . . . The mentality of Argentinians has been changing. It has to change; there is no other way."

President Perez of Venezuela has taken his country so dramatically along this new path that they call his policies "Perez-troika." I salute his vision, his courage, and his determination.

The will to open up and look outward is there. In many cases -- Mexico, Argentina, Brazil, and Venezuela, for example -- decisive policy steps have been taken.

Mexico has gone farther than many. The results are showing. Inflation has tumbled, from 160% in in 1987 to less than 20% in 1989. The issuance of liberalized investment guidelines will enable 2.5 billion dollars of new foreign investments. Plans are to sell two leading steel companies, including the state's third largest firm. The proceeds of these and other sales will be channeled to popular programs like health, education, and infrastructure rather than capital intensive industries, best managed in the private sector.

The most vibrant examples of Mexico's open and outward approach are the six great "twin cities" that straddle our

common border: magnets of opportunity and development for some 20 million people and more than 1500 firms on both sides.

Latin leaders have moved rapidly to change the course of economic policy. That is clear. But, the big question is whether the revolution that has begun will continue: does it have staying power? And will it be successful -- really change and improve people's lives?

One question seems to sum it up, "Can democracy deliver the goods?"

If economic restructuring is going to be effective, it must go beyond quick fixes. Restructuring cannot mean refining the very controls that have brought economic growth to a halt. The kind of reform that works creates space for private initiative, seeks market-solutions to economic problems, opens economies and looks outward to the highly competitive global economy. An open economy can garner popular support because it creates a level playing field and makes it possible for all to move ahead. Closed economies are based on protection and privelege. They restrict participation by new players in the economic life of a nation. In the end, they isolate a nation from full participation in the international market.

Many have called this new direction an "intellectual revolution." And it is, because new thinking has come to

replace tired ideas about growth and development. More than that, however, it is a grassroots revolution.

The people who can turn the promise of self-sustaining growth into reality are out there and active today. They are the so-called micro-entrepreneurs of the informal sector. They have been on the margins of their societies for many years. But, they have grown and prospered in spite of restrictive state bureaucracies. Today they are being challenged to participate fully in the economic reconstruction of their countries.

Tapping fully the potential of the productive sector, at any level, will mean cutting through restrictions, bringing down barriers. The spokesperson for micro-entrepreneurs in one country described the barriers. He said, "What we have in common is that we're all entrepreneurs . . . But we're also people who have to struggle with an almost colonial structure of bureaucracy." One study of the regulatory process in Peru showed that it takes 289 days just to register a new company if you follow the letter of the law.

The Need to Follow Through

Happily the constituency for a freer, more open economy is broad. And, the vocal defenders of the old economic orthodoxy of statism, mercantilism, and protection are few in number and

on the defensive. In open debate their arguments win little support. Chile's new centralbank president said recently, "No one questions the need for an open economy or a strong private sector. No one says the government must do everything (emphasis added)."

The winners in the global competition have undertaken reform as a continuing process. Economies distorted by heavy-handed state control, by the inefficiencies of state-run companies, bloated bureaucries, over-regulation, unrealistic exchange rates, high tariff barriers and tight quotas -- the whole panoply of authoritarian economics -- such economies cannot be changed overnight and without pain.

But, no country can afford to delay, defer, or seriously curtail its commitment to move forward and follow through. With the vision to change there must be the courage to follow through. Speaking to ranchers in Argentina, President Menem said, "Let us stop spending half our lives talking about what we are going to do and the other other half explaining why we could't do it. . . . there is nothing better than lanching ourselves once again into the adventure of growing, of risking, of recovering an enterprising spirit."

<u>America's Stake in the Americas</u>

The United States has a continuing stake in the economic well-being of the Americas. By any measure, U.S./Latin interdependence is beneficial and important. Last year, 12% of our merchandise imports came from Latin America, while we supplied just over half of what Latin America bought from the world. Just as vibrant growth in the United States serves to invigorate the economies of Latin America, so recovery and growth in Latin America helps producers, workers and consumers in the US.

When Latin American economies went into a slump in the early 1970's and 1980's, the effects were felt widely in the US. Conversely, in recent years two-way trade has been strong and growing, surpassing $100 billion for the first time in 1989. The growth we have seen in our trade with the region -- 16% in 1989 -- is impressive.

up 16% in 89 alone.

When our Latin partners have prospered, we have prospered.

- With growth of 3% in Colombia last year, U.S. exports rose 9%

- Mexico's economy grew an estimated 3 percent in 1989, the strongest growth in many years. That same year U.S. exports to Mexico increased 21 percent, to almost $25 billion.

o When the Chilean economy grew by 10 percent last year, U.S. exports advanced by over 30%.

We share with our American partners as well a genuine interest in dealing successfully with the debt problem and the Brady proposals are a sign of our commitment to be part of the solution. Total Latin Debt exceeds $400 billion of which a 1/3 is held by U.S. commercial banks. It has been estimated that the debt problem has cost the United States as much as $75 billion in lost exports over the past decade.

only one cont.

The success of Mexico, Costa Rica, and Venezuela in negotiating with commercial banks on debt shows what can be done. The February accord with Mexico will cut some $7 billion from its $48 billion of debt to commercial banks, reducing annual interest payments by $1.6 billion.

When I talk about a prosperous hemisphere I am not talking about a North American sphere of influence, nor a closed trading group in the Americas. The way of the future is one of global interdependence. We and our Latin partners must be fully part of that growing global economy. There is no place for an economic Fortress of the Americas.

A Vision of Partnership and Prosperity

Cartagena - ended a fruitful
decade - old debate -
(Fish - pouring).
recognize it's a mutual problem.

BARCO.
Bolivia Pros visited. →

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ENVIR.
Hope ~~some of~~ Learn from
our mistakes ....

Our vision of inter-American partnership and hemispheric prosperity must go beyond the material gains that register on a trade balance.

The Honduran farmer who plants tomatoes where only sugar cane grew, the islander who acquires data-processing skills, the entrepreneur in Lima who identifies and fills a niche in an expanding global market -- these are people who are discovering choice in their lives, taking command of the future, and making new contributions to society.

The deeper meaning of economic liberalization is reflected in the remarks of a struggling Latin micro-entrepreneur who said: "We work hard, we survive, and we are our own masters." Freedom means empowerment.

When government gets out of the business of business, it not only frees enterprise to do what it does best, it frees up resources for its own legitimate tasks. President Salinas gives a striking example from the Mexican experience:

> " . . . the money we get from privatization is being channeled into a program called 'solidarity.' It's answering demands in slums, Indian communities and rural villages for water, paving the roads, electricity, health centers, better schools, etc. So now the Mexican people

parallel:

(VP's speech) intellectual revo....

dismantling old statist approach.

old sys. ~~Eco~~

welfare / capitalism — rigged....

cop = upward mobility -

→ Hernando.

~~Hannity~~ L.A. Hernandez to Democ -

What do we say -

want to be part.

tear down trade barriers -

Canada, ——.

hit aid ....

drugs - PP.... [redacted]

partnership. - mutual respect.

Cartagena - not well went all the

demand....

know that privatization means improvement in their daily living. "

Empowerment, choice, participation, and upward mobility for an ever-widening circle of individuals: these are the hallmarks of economic liberation, of meaningful economic growth.

The difference between achievement and failure, progress and stagnation depends on the steady will to meet challenges head on and put our democratic values to work. In a world that is no longer divided by ideology, we can unite behind an idea whose time has come: the idea of freedom. We have always believed that freedom is the birthright of every man, woman, and child. In overcoming today's problems and confronting tomorrow's challenges the Americas can demonstrate that freedom works.

[redacted]

"NOT AN ACCIDENT"

UN-
GA.
4 of 5
Leaders from
this hemisphere.
All at WH.

EE – a diversion....

anxiety....

I want to say – reengaged.
as never before.

2 yrs. 500 anniv. a voyage
of rediscovery of place in America....

by 2000, 2nd largest Span-speaking culture
in U.S

inspired by new gen. of
Latins.

Completely demo. hemisphere.

One year: Paraguay.
Chile.
Pan.
Nica.

Haiti. { provisional gov called for new elections
(Cuba)
↳ Old man out...
One day's —

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Public Papers of the Presidents

# Remarks at the Annual Meeting of the Boards of Governors of the International Monetary Fund and World Bank Group

25 Weekly Comp. Pres. Doc. 1444

September 27, 1989

LENGTH: 2147 words

Thank you all very much. Thank you. And thanks especially to my good friend, our Secretary of the Treasury, Nick Brady. And thank you, Nick, for your outstanding economic leadership.

Chairman Lee and President Conable, Mr. Camdessus. It really is a pleasure for me to be here and to welcome you all to Washington, DC. And it's a special privilege for me to be here in the company of my old friend, former Congressman, now President Barber Conable. We in the United States are keenly aware of these annual gatherings, the importance of them -- you drive the work of all of us in maintaining a strong international economic and financial system.

And this is my first opportunity to speak to you as President of the United States. But I've followed the activities of the International Monetary Fund and the World Bank throughout my years of public service. And I have visited many of your homelands, and seen firsthand the problems created by inadequate growth and development, problems that your two distinguished institutions are working hard to solve.

We've witnessed a dramatic shift over the past few years in the debate over how to achieve sustained growth and development. All across the world, there's been an almost simultaneous rediscovery of the power created when individuals are given the freedom to act in their own best interests. True, we're here today mainly to discuss economic freedom. But make no mistake. In the end, both economic freedom and political freedom are essential and inseparable companions on the road to national prosperity. The jury is no longer out. Look at the two economic systems and see who has prospered and who has struggled. Let's put an end to this economic experiment. Because history has decided.

It is not climate, natural resources, or cultural traditions that make the difference. I said it in my own inaugural address: "We know what works: Freedom works. We know how to secure a more just and prosperous life for man on Earth: through free markets, free speech, free elections, and the exercise of free will unhampered by the state."

In Latin America, in Africa, Mexico, courageous leaders are turning away from state control of their economies. Economic restructuring and deregulation are opening the door to private initiative. And already they're seeing results. Even more stunning is the transformation in thinking in the Communist countries -- in both the Soviet Union and in Eastern Europe. During my recent travels in Poland and Hungary, I was impressed by the people, but also impressed by the almost universal acceptance of the free market as the best hope -- indeed, the only hope -- for reversing the economic fortunes of these two proud countries. And we will welcome the efforts of the Soviet Union to liberalize and decentralize their economy. I have said many times -- and I want to repeat it

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here today -- that I want to seeperestroika succeed. A more open and humane Soviet Union can only be in the best interest of the West. And as we see the evidence of that reform, we can match it with steps of our own.

The rediscovery of these basic truths in the East has been matched by a recommitment to them in the West. Today the members of the European Community are dedicated to eliminating internal barriers to economic activity by the end of 1992. And Europe's leaders assure me that this will not be at the cost of new external barriers to trade with the EC. The Peruvian economist, Hernando de Soto, has helped us understand a worldwide economic phenomenon. By walking the streets of Lima, not analyzing official statistics, he found that the poor of Latin America -- who have never read Jefferson or Adam Smith -- ran their affairs democratically, outside the formal economy, organizing their private, parallel economy in a free and unregulated manner. De Soto's great contribution has been to point out what, in retrospect, may seem obvious: People everywhere want the same things. And when left alone by government, people everywhere organize their lives in remarkably similar ways. De Soto's prescription offers a clear and promising alternative to economic stagnation in Latin America and other parts of the world. Governments must bring the "informal" workers into the regular economy and then get out of the way and let individual enterprise flourish.

We each must do our part. And yes, the industrial countries have a special responsibility. We must coordinate economic policies to help provide sustained growth with low inflation, reduced trade imbalances, and greater stability in exchange markets. We in the United States are working especially hard to reduce our own Federal budget deficit and to increase our national savings rate. All our nations have a responsibility to ensure a fair and open trading system. And we have a tremendous opportunity to advance that cause now, by making success of this all-important Uruguay round of trade negotiations. Making the political commitments necessary to ensure a success -- look, they will not be easy, but we must strengthen the GATT[General Agreement on Tariffs and Trade] and allow our markets to open in a mutual, step-by-step fashion.

As we seek to extend and expand growth in the world economy, the debt problems faced by developing countries are central to the agendas of the IMF and the World Bank. Over the past year, the international community's strengthened approach to these problems has truly provided new hope for the debtor nations. America's Secretary of the Treasury, Nick Brady, has helped direct the focus on debt reduction as a complement to continued new lending -- bringing developing nations and commercial banks back to where they belong: back to the negotiating table. Quick action by both the IMF and the World Bank has given this new strategy vital support. By making clear the terms under which they will support the reduction of debt burdens and by working with countries to develop the necessary economic reform programs, these institutions have made it possible to reduce debt burdens and provide a solid foundation for growth.

Thanks to these initiatives, Mexico reached an agreement with its creditor banks enabling Mexico to make enormous progress in reducing its debt burden. It also helped restore -- almost instantly -- restore confidence in the Mexican economy. And it's already resulted in a return of capital and new foreign investment. This agreement underscores the benefits other debtor countries stand to realize from this approach. Mexico's savings from this package will free resources for productive use in the economy, leading to increased investment, leading to improved growth. What Mexico has done is not a

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miracle; it's a product of hard work and sustained commitment.

The strengthened debt strategy is flexible enough to address the unique needs of each country. But the strategy will not work without sound economic policies in the debtor countries. Inefficient, unrealistic, growth-stifling policies simply must go. Benefits are available to a broad range of other countries that pursue economic reforms. Several are now actively engaged, I'm told, with the IMF and World Bank, and with the banking community itself. Commercial banks have a special role in making this process work. And they must follow through on efforts made with Mexico and the Philippines, and broaden their efforts with other countries.

We encourage these steps not as self-sacrifice but self-interest. True, success not only will help the debtor nations. But it will also strengthen the banks, by putting their own portfolios on a sounder basis. One of the lessons of the 1980's, especially the debt crisis, is that we're all in this together. And when we cooperate, we all come out winners. The IMF and the World Bank are at the crossroads of our cooperative efforts. The IMF must continue to foster the sound economic policies necessary for sustained growth. As part of that responsibility, the Fund has assumed an important and very welcome role in the strengthened debt strategy.

The United States recognizes that the IMF must have adequate resources to fulfill its critical role. And we will continue to work with other members int he hope of reaching a decision on the quota question -- on quotas by the end of the year. The United States has always supported the IMF, and we will continue to do so. We'll all look to the World Bank to help build the foundation for a future global prosperity that reaches all peoples. Its efforts to promote structural reform and development are absolutely crucial to resolving debt problems. The Bank's decisions to take on new responsibilities on the debt front are very welcome. Also, to address the significant problems of the poorest countries, the International Development Association, IDA, was established and will continue to have the support of the United States.

We have also learned, as I emphasized Monday at the United Nations and last summer at the Paris summit, that environmental destruction knows no borders. To make growth truly sustainable, we must weigh environmental considerations more heavily as we make economic decisions. And we must also find ways to strengthen our environmental and development efforts through innovative thinking, such as the "debt for nature transactions." Over the years, as we've come to understand the effect of environmental destruction on the long-term growth of developing countries, the World Bank has increased the priority it assigns to environmental concerns. We applaud those efforts. But there is more to be done. We need to work more cooperatively to develop constructive solutions to global warming, including measures to promote energy efficiency and conservation and greater protection of forest resources.

In addressing the challenges of the 1980's, we have come to a deeper understanding of the importance of cooperating as a community of nations to address common problems. I can think of no better current example than the need to work together to deal with international drug trafficking and money laundering. It is a worldwide problem. Drug money undermines honest businesses, corrupts political institutions, and even threatens the security of nations. To conceal their obscene profits, drug barons must wash their money by cycling it through financial institutions and illegitimate shell corporations.

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The United States renews its call upon all countries to ratify the United Nations Vienna Convention, and make money laundering a criminal and extraditable offense. We need tough measures to crack down and track down and confiscate the profits of drug-related crime.

I am encouraged by the G-7 [Group of Seven] democracies interested in this coordinated response to the money laundering menace. But I urge everyone to join with us to explore new ways to stop money laundering in its tracks.

And there may be no greater opportunity before us -- all of us -- today than the challenge of Poland; and then on the broader landscape Eastern Europe, the entire Eastern Europe, where countries are in the throes of dramatic political and economic change. The United States and its international partners have already undertaken new initiatives toward Poland. But now, in the light of clearly growing needs, the recent accession of a Solidarity-led government, and our self-evident stake in its success, we must do more. We understand the Polish Government has under consideration a bold plan for economic recovery. And I call on the IMF and the World Bank to work rapidly with Poland to develop such a program and ensure its successful implementation. For its part, the United States intends to be out in front of this effort, to take advantage of this historic development and to ensure its success.

Today our mutual efforts to improve global growth, to ease the burdens of developing countries -- their indebtedness, and to open markets for trade have demonstrated anew that progress is best achieved by facing pressing issues together. This is a lesson that we must carry with us into the 1990's if we are to pass on to future generations a global economy that is strong and resilient and able to provide for the aspirations of the citizens of all our countries. Thank you very much for your hard work. Thank you for your service. Thank you for your commitment. God bless you and the nations that you represent. Thank you very much.

Note: The President spoke at 9:32 a.m. in the ballroom at the Sheraton Washington Hotel. In his opening remarks, he referred to Kyu Sung Lee and Barber B. Conable, Chairman of the Board of Governors and President, respectively, of the International Bank for Reconstruction and Development; and International Monetary Fund Managing Director Michel Camdessus.

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Public Papers of the Presidents

# Presidential Task Force on Project Economic Justice

## Remarks on Receiving the Task Force's Report.

23 Weekly Comp. Pres. Doc. 896

August 3, 1987

LENGTH: 2403 words

Well, first and foremost, I would like to express my appreciation to Ambassador Middendorf and Norm Kurland and the members of the task force for the time and effort they contributed to this project. And I just wonder -- would the members of the task force like to stand? There they are. Thank you.

And incidentally, there are some other gentlemen who were mentioned here by Bill, and I would like to personally welcome the Ambassadors and representatives of Embassies from our Latin American neighbors and the Caribbean countries who are with us today. Perhaps you gentlemen and ladies would like to stand also. Thank you.

You know, scientists say a perpetual motion machine is impossible. Well, considering that this task force completed its work without any appropriation from Congress, I think we ought to introduce Bill Middendorf to a few scientists. [Laughter]

This country's ultimate resource is the creative talent, the hard work, and entrepreneurial spirit of individuals like Bill and like many of you here today. The American character -- and that's what we're talking about -- is no accident, no fluke of nature. It was nurtured by the political and economic liberty that has been hailed and protected by generations of Americans. It's the source of power that turned a vast wilderness into an economy that has provided more opportunity and a higher standard of living for more people than any other in the history of mankind.

Today the pivotal relationship between freedom and economic progress is becoming ever more important. The root cause of stagnation in the developing world, clearly, is not a lack of resources but a lack of freedom. In Ethiopia, for example, it has been the Communist dictatorship, even more than drought, that has brought about such suffering and hunger.

In so many countries, what will change despair into confidence, deprivation into plenty, stagnation into upward mobility is a commitment to human freedom and an understanding of how that relates to the economic progress of mankind. We see evidence of this in the great progress taking place on the Pacific rim. There competition flourishes, the market is less controlled, and the people are freer to invest and engage in enterprise. They are more confident that they will be permitted to enjoy the fruits of their labor. Freedom of enterprise at an individual level builds countries from the bottom up; a lack of it, on the other hand, has the opposite effect.

Economist and businessman Hernando De Soto conducted an extensive study of the economy of his native Peru that confirms this. He found the greatest

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impediments to progress in his country are laws, regulations, and government controls that suppress the common people's entrepreneurial activities and prevent social and economic mobility. Those trying to improve their lot are hurt the worst.

Mr. De Soto describes how it took a lawyer and three others 301 days of full-time work, dealing with 11 government agencies, to get through the redtape necessary to put into business one small garmentmaking shop in Lima, Peru. According to Mr. De Soto, when the forms and paperwork were laid end to end, they measured 102 feet. One researcher working on the project then tried the same experiment in Tampa, Florida. The entire process took 3 1/2 hours.

The controls and restrictions Mr. De Soto talks about are certainly not unique to Peru. Such government intention is often -- or intervention, I should say, is often well-intended, but in the end, it does not serve the needs of the people, as producers or consumers.

You know, I have a recent hobby. I have been collecting stories that I can tell -- or prove are being told by the citizens of the Soviet Union among themselves which display not only a sense of humor but their feeling about their system. One of them has to do with the fact that in the Soviet Union to buy an automobile as a private citizen you have to wait 10 years for delivery of the car. [Laughter]

And so this story has this one individual going through all the agencies and bureaus that he has to go through with regard to the purchase. And finally he's at the last place where they stamp the paper. And then, 10 years in advance of delivery, he must put up the money -- give them the money for the car. And the man then that had made the final stamp of the paper, taken the money, said, "All right, come back in 10 years and get delivery of your car." And he said, "Morning or afternoon?" [Laughter] And the fellow said, "Well, 10 years from now, what difference does it make?" "Well," he said, "the plumber's coming in the morning." [Laughter]

Far too many Third World countries are immobilized by the policies that smother individual initiative and drain the private sector of resources. Instead of controlling the energies of their people, lesser developed countries should be freeing up and unleashing those energies.

Andres Bello, an intellectual giant of the last century, once said: "Liberty gives wings to the spirit of enterprise wherever it meets it; it breathes breath into it where it does not exist."

There's no reason to believe that the citizens of most countries with struggling economies are not as bright and hard working and capable as those in countries which are enjoying great progress, like on the Pacific rim. If an environment is created where enterprise can thrive and profit can be made, investment will flow, jobs will be created, production will increase, and everybody will be better off.

Our Government's international programs at Treasury and AID in recent years have been molded to promote just such growth-oriented policies. There's been a crying need, however, for creative and innovative thinking in regard to economic growth in Central America; and that's where the task force for Project Economic Justice comes in.

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We're all aware that Central America is today on the frontlines of the battle for human freedom. The security of our country and the stability of the hemisphere are tied to events in that volatile region. We've provided our friends there with the weapons and the military equipment needed to counter an ongoing strategic move by the Soviet bloc, which, I might add, pumped in more than $1 billion of military aid and other support to its puppet regime in Nicaragua last year alone.

But don't let anyone tell you that we're relying on guns alone to carry the day. Our friends in Central America must have the weapons they need to survive, but if they're to win, if freedom is to be secure, the Central American democracies must have strong, growing economies. And let me reaffirm to all you: Our commitment to counter Communist aggression in Central America will not diminish. We will not diminish our efforts to meet the economic challenges that confront the people of that troubled region.

Growth, of course, is not enough. It must be the vehicle of a better standard of living for all the people. Again, economic and political freedom are inseparably linked. The people of Central America -- and in a broader sense, the entire developing world -- need to know firsthand that freedom and opportunity are not just for the elite but the birthright of every citizen, that property is not just something enjoyed by a few but can be owned by any individual who works hard and makes correct decisions, that free enterprise is not just the province of the rich but a system of free choice in which everyone has rights, and that business, large or small, is something in which everyone can own a piece of the action.

I've long believed that one of the mainsprings of our own liberty had been the widespread ownership of property among our people and the expectation that anyone's child, even from the humblest of families, could grow up to own a business or a corporation. Thomas Jefferson dreamed of a land of small farmers, of shopowners, and merchants. Abraham Lincoln signed into law the Homestead Act that ensured that the great western prairies of America would be the realm of independent, propertyowning citizens -- a mightier guarantee of freedom is difficult to imagine.

I know we have with us today employee-owners from La Perla Plantation in Guatemala. They have a stake in the place where they work and a stake in the freedom of their country. When Communist guerrillas came, these proud owners protected what belonged to them; they drove the Communists off their land. And I know you join me in saluting their courage.

In this century, the United States has evolved into a great industrial power. Even though they are now, by and large, employees, our working people still benefit from property ownership. Most of our citizens own the homes in which they reside.

You know, every time I take Marine One, that helicopter, and go off to Camp David or something, and I look down at those tracks of homes, some of them with a little backyard swimming pool and all of them with an automobile or two in the driveway, some lawn surrounding it, and I have a fantasy of having Mr. Gorbachev beside me -- [laughter] -- and being able to point down and say those are the homes of American workers. They own them. And then I get frustrated, because he'd think it was something we created artificially just to show him. [Laughter]

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Well, in the marketplace our people benefit from direct and indirect business ownership. There are currently close to 10 million self-employed workers in the United States; that's nearly 9 percent of total civilian employment. And millions more hope to own a business someday. Furthermore, over 47 million individuals reap the rewards of free enterprise through stock ownership in the vast number of companies listed on U.S. stock exchanges.

I can't help but believe that in the future we'll see in the United States and throughout the Western World an increasing trend toward the next logical step: employee ownership. It's a path that benefits a free people.

Walter Reuther was one of the first major labor leaders to advocate that major -- or that management and labor shift away from battling over wage and benefit levels to a cooperative effort aimed at sharing in the ownership of the new wealth being produced. He was looking far beyond the next contract. There's a story that Reuther was touring a highly automated Ford assembly plant when someone said, "Walter, you're going to have a hard time collecting union dues from all these machines." And Reuther simply shot back, "Not as hard a time as you're going to have selling them cars." [Laughter]

Reuther was killed in a tragic plane accident in 1970, so he didn't live to see the passage of legislation sponsored by Senator Russell Long of Louisiana that provides incentives for employee stock ownership plans, or, as we call them, ESOP's.

In recent years, we've witnessed medium-sized and even some large corporations being purchased, in part or in whole, by their employees. Weirton Steel in West Virginia, as has been mentioned here; Lowe's companies in North Carolina; the Milwaukee Journal; the Lincoln Electric Company of Cleveland, Ohio; and many others are now manned by employees who are also owners. And I want to tell you, in our own privatization efforts here, my biggest thrill was when we made a sale of a railroad and made it on a plan of sale to stockowners -- to people who would be the owners of that instead of to some existing corporate management.

The energy and vitality unleashed by this kind of people's capitalism -- free and open markets, robust competition, and broadbased ownership of the means of production -- can serve this nation well. It can also be a boon, if given a chance, to the people of the developing world. Nowhere is the potential for this greater than in Central America.

Ambassador Middendorf, I'm looking forward to examining thoroughly the recommendations in this report, especially those that deal with debt equity swaps as a method of reducing the debt burden in Central America. Members of my staff described for me the overwhelmingly positive response your task force received when it floated this idea during a visit to Central America -- that debt payments can be reduced, state-owned businesses privatized and made more efficient, and employee ownership expanded, all as part of a mutually reinforcing plan. And that's an exciting idea. I'd like to think of it as the Middendorf plan for growth and justice. But I hope all of you on the commission will continue to work with me to see that this proposal and the other innovative ideas put forth in the task force report don't get lost or ignored, as so many good ideas do.

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Privatization is part of our current Economic Bill of Rights reform effort. If privatizing government operations is valuable for the United States, with our powerful economy, how much more valuable will it be for developing economies to be freed from such burdens.

I'm instructing the appropriate officials in our administration to take a close look at all of the task force's recommendations and to move on those that can be put into practice. This effort builds nicely on the foundation laid by the Kissinger commission, the Caribbean Basin Initiative, and the Agency for International Development and the Secretary of the Treasury. I would hope that a dialog with our friends in the region commences quickly as to how this report can be turned into economy-building action.

On July 3d I announced our Economic Bill of Rights reform package from the steps of the Jefferson Memorial. Well, the founding Fathers, Jefferson in particular, did not see economic and political freedom as the right only of the citizens of the United States but the right of all people, everywhere and for all time.

Today the free people of the United States and Central America face a great challenge. I have every confidence that together we'll meet the test and that freedom will not only survive but triumph. The work of this task force should help bring about that triumph.

Thank you all for what you're doing. God bless you all.

Note: The president spoke at 11:34 a.m. in Room 450 of the Old Executive Office Building. In his opening remarks, he referred to J. William Middendorf II, Chariman, and Norman G. Kurland, Deputy Chairman, of the task force.

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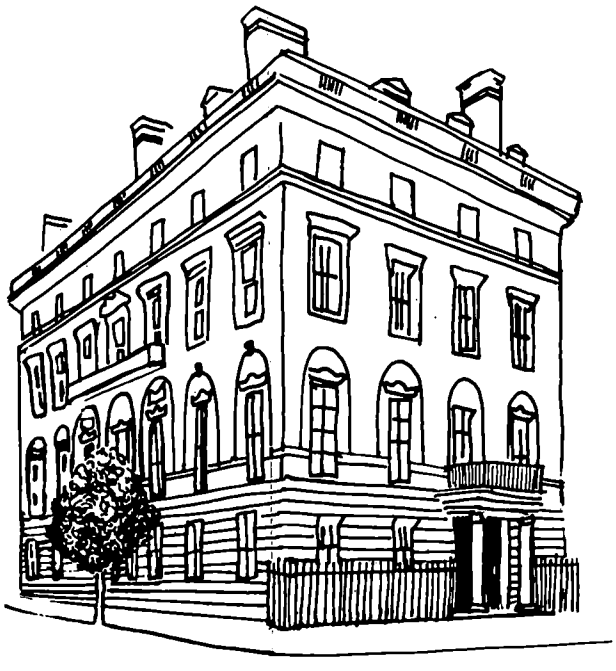
# COUNCIL OF THE AMERICAS

AN AFFILIATE OF THE AMERICAS SOCIETY, INC.

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# THE COUNCIL OF THE AMERICAS

The Council of the Americas is a U.S. business association dedicated to advocacy of the combined interests of its nearly two hundred international corporate members doing business in Latin America. The Council, broadly representative of total U.S. investment in the region, is the U.S. private sector vehicle for promoting positive change and future private sector-led development in the hemisphere.

The Council seeks to improve the business environment in Latin America, ensure the viability of commercial operations, and support the role of the private sector as an engine for national development. The Council of the Americas is a recognized and viable forum for problem-solving and consensus building among its various member constituencies, which include industrial, financial and services companies. Consensus and viewpoints are communicated by its members through the Council to Latin American government officials and U.S. policymakers, as well as to the domestic Latin American private sector.

The forum is three-fold: Council members bring their specific concerns to roundtable discussions in an attempt to reach a consensus with their peers on both country- and sector-specific problems affecting their business. In broad terms, this includes trade, investment and financial issues specific to one country, or to Latin America as a whole. In addition, panels of in-country U.S. managers provide their unique insights into the business, economic and socio-political environment to broaden the overall knowledge necessary for consensus and action.

Specific issues affecting business are discussed in strictly off-the-record interchanges between Council member executives and Latin American government officials. The audience can range from the President of a given nation, to his principal ministers, to a specific government official whose portfolio controls only one aspect of the economic or business environment. This forum has been expanded in recent years to include functionaries of international financial institutions, including the World Bank and the International Monetary Fund, whose financial decisions are crucial to the overall environment for U.S. international corporations.

Member executives regularly brief U.S. government officials on critical policy issues—both in the United States and in individual countries of the hemisphere that influence and affect their companies' ability to do business in Latin America. These briefings are for members of the executive and legislative branches of the U.S. government, as well as for United States diplomats who bring their insights to Council members, and in turn are briefed by executives about business opinions on events and trends in specific countries.

# 1988 REPORT OF THE CHAIRMAN AND THE PRESIDENT

As recent, previous annual reports of the Council of the Americas have suggested, the last few years have not been good ones for Latin America and the Caribbean. While the United States and Canada continue to enjoy an extended economic resurgence, the rest of the region remains in serious difficulty, mired down in a crisis of debt and economic stagnation. Very little new investment capital has been attracted to the region; worse still, Latin America has suffered a large and unsustainable net outflow of financial resources. Some economies are on the verge of hyperinflation and in terms of production, most just at a standstill — some even declining.

But as is always the case with our vibrant, ever-changing part of the world, there are positive, hopeful developments as well. Canada and the United States have entered into a broad free-trade agreement unprecedented in this Hemisphere. Some countries in Latin America have made serious efforts to free-up trade and investment and have moved decisively away from anachronistic, statist, import-substitution models of development. In this regard, the Council of the Americas together with the Americas Society can be justly proud of our 1986 initiative in commissioning a report written by a team of prominent economists from North and South America which was published as *Toward Renewed Economic Development in Latin America*. This influential book, published in English, Spanish and Portuguese, has had a significant, positive and continuing effect on Latin America's evolution toward economic reform.

Most importantly, however, Latin Americans have made enormous progress in restoring democratic governments. Only a decade ago, less than a third of the people in Latin America enjoyed democratic forms of government. Today, the vast majority do. However, these gains are clearly fragile. Our new democratic neighbors need our continuing help and support in order to consolidate the kinds of durable institutions which are so essential to the development of permanent, freely-elected representative government within a context of democratic capitalism.

The Council's abiding purpose has been from its inception to foster the best possible economic and business climate among the nations of the Hemisphere. Most visibly, this objective has been pursued by way of an active public affairs program focused on the main issues and personalities of the day. We have, for instance, looked closely at the economic content of Brazil's new Constitution and have examined that country's debt-for-equity swap program. In the same spirit of mutual understanding, the Council has sponsored both public and private gatherings to exchange views with current Chiefs of State, such as President Alfonsín of Argentina, and also with aspirants for political offices, such as both candidates for the presidency of Venezuela. In response to the political crises in Panama, the Council created a standing working group for the purpose of making the United States government and the Congress aware of the business community's serious concerns about a policy of sanctions against Panama



David Rockefeller, Chairman, Americas Society (right) and Amb. George W. Landau, President, Americas Society

which negatively impacted United States investor interests.

Moreover, the Council has been a public spokesman as well as a quiet advocate for business concerns both in the United States and with the leadership of many of the countries of the Western Hemisphere. And whenever appropriate and helpful, the Council has used its access and influence privately to further a broad range of membership interests.

In the year ahead, we will need to intensify our efforts to inform public and political opinion in the United States and in the countries of the Hemisphere about the effectiveness and benefits of responsible private enterprise and the free market system. But we must have a larger purpose as well. No area of the world is strategically more important to the United States than the community of nations that comprises the Western Hemisphere. While there are serious problems to be resolved, the countries of the Hemisphere are really a source of strength to us and not just of problems. It is important that we recognize the interdependence of our relationships. We cannot be secure unless Latin America and the Caribbean are economically prosperous and safe from hostile interference. It is equally important that Latin and Caribbean societies come to appreciate that enhancing relations with the United States is their own best alternative for the future.

The Council of the Americas, through its programs and the energy and influence of its membership, seeks to further these objectives by rekindling a sense of common purpose among the nations of the Hemisphere within the context of broad, mutually beneficial economic and commercial cooperation.

Sincerely,

David Rockefeller

George W. Landau

# 1988 COUNCIL OF THE AMERICAS PROGRAMS

## ARGENTINA

**Néstor Perl**, Governor of Chubut, Argentina
January 19, 1988 New York

**Juan Higinio Ciminari**, Minister of Trade & Industry, Argentina
January 28, 1988 New York

**Rodolfo H. Terragno**, Minister of Public Works, Argentina
April 20, 1988 New York
April 21, 1988 Houston
April 22, 1988 San Francisco

**José Octavio Bordón**, Governor of the Province of Mendoza, Argentina
April 21, 1988 New York

**H.E. Raúl Alfonsín**, President of Argentina
Private briefing
May 31, 1988 New York

**Luis Alberto Remaggi Alberro**, President, Banco de la Ciudad de Buenos Aires
June 17, 1988 New York

**Panel Discussion with 1988 Eisenhower Exchange Fellows: Rodolpho Alejandro Díaz**, Professor of Political Law, University of Cuyo School of Law, Mendoza; **Julio Alberto Hang**, Aide-de-Camp to the President of Argentina; **Martín Lagos**, Consultant and Economic Advisor
October 11, 1988 New York



Juan Higinio Ciminari, Minister of Trade and Industry, Argentina

**Roundtable Discussion: Eduardo Curia**, Economic Advisor to Presidential Candidate Carlos Saúl Ménem, and Advisor, Argentine Budget Committee, Chamber of Deputies/ Lower House; **Félix Adolfo Pérez**, President, Astimar S.A. Talleres y Construcciones Navales I.C.F.; **Luis María Savino**, Management Consultant, Coordinator for Special Projects, National University of Buenos Aires; and **Mario Julio Truffat**, Advisor to the Justicialista Bloc in the Chamber of Deputies, Advisor to the Union of Public Enterprises, and Advisor to the President of Dirección General de Fabricaciones Militares.
December 2, 1988 New York

**María Julia Alsogaray**, Member of the Argentine Congress, Representative of Unión del Centro Democratico Party
December 5, 1988 New York

## BOLIVIA

**Carlos E. Delius**, Ambassador of Bolivia to the United States
June 21, 1988 New York

**Robert S. Gelbard**, American Ambassador to Bolivia
September 23, 1988 New York

## CHILE

**Hernán G. Somerville Senn**, Director of External Indebtness, Central Bank of Chile
January 15, 1988 New York

**Harry G. Barnes**, American Ambassador to Chile
January 25, 1988 San Francisco
January 26, 1988 Los Angeles
February 3, 1988 Chicago

**José Piñera**, Financial Consultant, Former Chilean Cabinet Official
April 29, 1988 New York

**Patricio Aylwin Azócar**, President, Christian Democratic Party of Chile
May 5, 1988 New York

**Ricardo Lagos Escobar**, President, Partido por la Democracia, Chile
July 14, 1988 New York

**Hernán A. Buchi Buc**, Minister of Finance, and Enrique Seguel, President, Central Bank of Chile
August 4, 1988 New York

**Felipe Larraín**, Independent Chilean Economist
September 9, 1988 New York

Chilean Private Sector Delegation: **Ernesto Ayala**, President, Compañía Manufacturera de Papeles y Cartones, **Fernando Agüero**, President, Sociedad Fomento Fabril and **Carlos Cáceres**, Former Finance Minister, Director, Adolfo Ibáñez Business School, Universidad Técnica Federico Santa María
September 14, 1988 New York

**Charles A. Gillespie, Jr.**, American Ambassador to Chile
October 21, 1988 San Francisco
October 24, 1988 Chicago
October 25, 1988 New York

**Genaro Arriagada**, President, Radio Cooperativa, Executive Director, ***Command for the NO***
December 13, 1988 New York



Amb. George W. Landau, President, Americas Society; Patricio Aylwin Azócar, President, Christian Democratic Party of Chile; Catherine Lieber, Program Director, Council of the Americas

## COLOMBIA

**Guillermo Perry Rubio,** Minister of Mines and Energy of Colombia

January 26, 1988 New York

January 27, 1988 New Orleans

January 28, 1988 Houston

Business Intelligence Roundtable: "Beyond the Stigma"

**Manuel Lasaga,** Vice President & Senior Economist, Southeast Bank, N.A.; **David J. Craft,** General Manager, Borden (Cicolac), Colombia; **Carlos A. Estévez,** General Manager, Rohm & Haas, Colombia, **Ernest Brown, III,** Vice President, Bankers Trust Co., N.Y.; **R.H. Vanderplast,** Assistant Vice President, First National Bank of Chicago; **Antonio Copello,** Attorney, Colombia; **Edgar Vallejo,** General Manager, Warner Lambert Co., Ltd., Colombia

February 22, 1988 New York

February 23, 1988 Chicago

February 24, 1988 Miami

**Thomas Edmund McNamara,** American Ambassador to Colombia

August 3, 1988 New York

September 15, 1988 Miami



**Hernán A. Buchi Buc, Minister of Finance, Chile**

**Oscar Mejía Vallejo,** Minister of Mines and Energy of Colombia

November 14, 1988 New Orleans

November 15, 1988 Houston

November 16, 1988 New York

## DOMINICAN REPUBLIC

**Paul D. Taylor,** American Ambassador to the Dominican Republic

July 22, 1988 New York

## ECUADOR

**Richard N. Holwill,** American Ambassador to Ecuador

July 20, 1988 New York

August 17, 1988 Washington

October 18, 1988 Miami

**Abelardo Pachano,** President, Monetary Board of Ecuador, **José Correa,** Former President, Monetary Board of Ecuador, **Jorge Gallardo,** Minister of Finance, **Jaime Moncayo,** Ambassador-Designate, Republic of Ecuador to the U.S., and **José Morillo,** General Manager, Central Bank of Ecuador

December 2, 1988 New York

## GUATEMALA

**James H. Michel,** American Ambassador to Guatemala

May 16, 1988 New York

## GUYANA

**His Excellency Hugh Desmond Hoyte,** President of Guyana

September 14, 1988 Washington, D.C.

## PERU

Peruvian Private Sector Delegation: CONFIEP (Peruvian National Confederation of Private Sector Institutions) with **Rafael Villegas,** Chairman, **Ricardo Vega Llona,** Past President, Exporters Association, **Benami Grobman,** Past-Director, Lima Chamber of Commerce, **Eduardo Espinosa,** President, Confederation of Chambers of Commerce, **Carlos Chiabra Donoso,** Director, Financial Institutions Associations, **Jorge Camet,** President, Constructors Association and **Juan Antonio Aguirre,** Past President, Industrial & Manufacturers Association

September 16, 1988 New York

**Augusto Blacker-Miller,** Peruvian Financial Consultant

October 20, 1988 Miami

October 31, 1988 New York



**Thomas E. McNamara, American Ambassador to Colombia.**



**Mr. Oscar Mejía Vallejo, Minister of Mines and Energy of Colombia**

## VENEZUELA

**Juan Carlos Pérez-Segnini**, Superintendent of Foreign Investment
April 6, 1988 Detroit

Venezuela Business Dialogue
**Eduardo Fernández**, COPEI Party Presidential Candidate
Panelists:
**Terence C. Canavan**, Executive Vice President, Chemical Bank; **Brower A. Merriam**, President, Latin America & Southeast Asia, Pfizer, Inc.; **Michael Dingee**, President & General Manager, Pillsbury de Venezuela
April 12, 1988 New York

**Celestino Martínez**, President, Alcasa
May 2, 1988 Pittsburgh

**Victor Bentata**, Attorney, Estudio Bentata Abogados, Caracas, Venezuela
May 6, 1988 New York

**Otto J. Reich**, American Ambassador to Venezuela
July 15, 1988 Washington, D.C.

## REGIONAL

**U.S. Government Labor Attachés**
**Kathy Barmon, Honduras; Joseph McLean, Guatemala; Charles Evans, Uruguay**
August 17, 1988 Washington, D.C.

**Open discussion with Latin American and Caribbean journalists**
April 12, 1988 Washington, D.C.

Caribbean Debt-Equity Conversion Program
September 13, 1988 New York

## FINANCIAL MANAGEMENT ROUNDTABLES FOR MANUFACTURING COMPANIES

### Mexico and Brazil

Panelists:
**Jack Holland**, Director, Americas Operations Control, Xerox Corporation; and **Jess Valenzuela**, Director of Finance and Administration, International, Gerber Products Company
June 9, 1988 Chicago

### Argentina, Colombia and Venezuela

Panelists:
**Michael L. Beam**, Finance Manager, Latin America, Procter & Gamble; **Enrique Larroucau**, Treasurer, Dow Chemical, Latin America
November 30, 1988 Miami



**Brazil's new Debt/Equity Program - A Workshop on Investment Opportunities (left to right): His Excellency Mailson Ferreira da Nobrega, Minister of Finance of Brazil; Amb. George W. Landau, President, Council of the Americas; His Excellency Marcílio Marques Moreira, Brazilian Ambassador to the United States**

## BRAZIL

The Council's active schedule of programs concerning Brazil reflects the interest of Council members in Latin America's largest country. Programs were held in Washington and San Francisco as well as New York, and included topics ranging from informatics and intellectual property policy to the debt/equity swap program. Speakers included the Minister of Finance and the President of the Rio de Janeiro stock exchange. Brazil programing culminated in a day-long session on Brazil's new constitution.

**Informatics and Intellectual Property Policy**
**Georges Charles Fischer**, Attorney, Mattos Filho e Suchodolski Advogados; **Carlos Augusto Da Silveira Lobo**, Lobo & Ibeas
February 19, 1988 New York

**His Excellency Mailson Ferreira da Nobrega**, Minister of Finance of Brazil
February 19, 1988 New York

**New Debt/Equity Program - A Workshop on Investment Opportunities**
**Mario Berard**, President, Banco do Brasil; **Arnim Lore**, Director, Foreign Affairs Department, Central Bank of Brazil; **Arnoldo Wald**, President, Brazilian Securities and Exchange Commission; **Roberto Teixeira da Costa**, President, Brasilpar Financial Services, Ltd.; **David Gill**, Director, Capital Markets Department, International Finance Corporation; **Eduardo Da Rocha Azevedo**, President, Sao Paulo Stock Exchange; **Sergio Barcellos**, President, Rio de Janeiro Stock Exchange; **Alvaro Dias**, Governor, State of Paraná; **Narciso Da Fonseca Carvalho**, Vice President, International Operations, Banco do Brasil; **His Excellency Mailson Ferreira da Nobrega**, Minister of Finance of Brazil; **His Excellency Marcilio Marques Moreira**, Brazilian Ambassador to the United States
April 15, 1988 New York



**Amb. Fernando Rondón, Senior Area Advisor for Central & Latin America**

**The Outlook in Brazil - A Critical View**
**Mario Henrique Simonsen**, Vice Chairman, Brazilian Institute of Economics, The Getulio Vargas Foundation
April 18, 1988 New York

**Sergio Barcellos**, President, Rio de Janeiro Stock Exchange
June 21, 1988 New York
June 23, 1988 San Francisco

**His Excellency Mario Covas**, Federal Senator, Brazilian Social Democratic Party
November 22, 1988 New York

**Brazil's New Constitution - The Effect on Trade and Investment**
**Adolph Posnick**, Chairman, U.S. Section of the Brazil-U.S. Business Council, and Chairman of the Board and CEO, Ferro Corporation; **The Honorable Harry W. Shlaudeman**, American Ambassador to Brazil; **R. Christopher Lund**, President, American Chamber of Commerce for Brazil - Sao Paulo, and President, Grupo de Lund; **Gunnar Vikberg**, Executive Vice President, Xerox do Brasil, S.A., and First Vice President, American Chamber of Commerce for Brazil Rio de Janeiro; **George Charles Fischer**, Attorney, Fischer & Forster, Sao Paulo; **Peter Dirk Siemsen**, Senior Partner, Dannemann, Siemsen, Bigler & Ipanema Moreira, Rio de Janeiro; **Ronaldo Veirano**, Senior Partner, Baker & McKenzie, and Partner, Stroeter, Trench & Veirano, Rio de Janeiro; **Ann H. Hughes**, Deputy Assistant Secretary for the Western Hemisphere, Department of Commerce; **His Excellency Paulo Nogueira Batista**, Permanent Representative of Brazil to the United Nations; **Amaury Temporal**, President, Confederation of Brazilian Commercial Associations (CACB); **Jacy de Souza Mendonca**, Director, External Affairs, Ford Volkswagen Autolatina; and First Vice President, Automobile Manufacturers Association of Brazil; **Kevin Brennan**, Commercial Counselor, American Embassy, Brasilia
December 7, 1988 New York



**H.E. Abelardo Pachano, President, Monetary Board of Ecuador**

## WASHINGTON POLICY DIALOGUES

In 1988 the "Washington Policy Dialogues" subscription series completed its second successful year. This series of working meetings held with senior staff and officials of various U.S. government agencies, international organizations and Congress offers corporate executives an opportunity to communicate concerns to key policymakers on a regular basis. In 1988 the series included country-specific programs on Mexico, Brazil and El Salvador and region-wide programs on investment, trade, the World Bank, and the Southern Cone as well as Congressional briefings.

**Brazil: Outlook for 1988**
**Armeane M. Choksi**, Director, Country Department I - Brazil, Latin America and the Caribbean, World Bank; **Bruce M. Juba**, Assistant Director for Latin America, Office of Developing Nations Finance, Department of the Treasury; **Christina M. Lund**, Director, Southern Cone Affairs, Office of the U.S. Trade Representative; **Dr. Riordan Roett**, Director, Center of Brazilian Affairs, The Johns Hopkins University School of Advanced International Studies
January 19, 1988

**Mexico's Bond Proposal**
**Thomas J. Berger**, Deputy Assistant Secretary for International Monetary Affairs, Department of the Treasury; **Gonzalo de las Heras**, Senior Vice President and Head, Latin America Division, Morgan Guaranty Trust Company of New York; **José Angel Gurria**, Director General of Public Credit, Mexican Secretariat of Finance and Public Credit
February 17, 1988

**Policies for Investment in Latin America - the View from the Treasury**
**The Honorable David C. Mulford**, Assistant Secretary for International Affairs, Department of the Treasury
March 17, 1988

**World Bank Activities in Latin America**
**S. Shahid Husain**, Vice President for Latin America and the Caribbean, The World Bank
April 14, 1988

**Congressional Breakfast**
**The Honorable Robert García**, Chairman, Subcommittee on International Finance, Trade and Monetary Policy, Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives; and Members of the Committee
June 9, 1988

**Southern Cone - An Economic and Political Update Focusing on Argentina and Chile**
**Richard B. Howard**, Director, Office of Southern Cone Affairs, Bureau of Inter-American Affairs, Department of State; **William G. Tyler**, Lead Economist, Country Department IV, Latin America and the Caribbean Regional Office, The World Bank; **Dr. Arturo Valenzuela**, Director, Latin American Studies Program, Georgetown University; **Christopher P. McCoy**, Country Officer for Argentina, Chile, Uruguay, Paraguay, Office of Developing Nations Finance, Department of the Treasury
July 14, 1988

**El Salvador - Prospects for the Future, Pt. I**
**Dr. Fidel Chávez-Mena**, Christian Democratic Party, Candidate for President
September 12, 1988

**El Salvador - Prospects for the Future, Pt. II**
**Alfredo Cristiani**, National Republican Alliance, Candidate for President
September 23, 1988

**The Outlook for Trade - A New Administration in Washington and a New Trade Bill**
**Judith Bello**, General Counsel, Office of the U.S. Trade Representative; **Robert E. Herzstein**, Senior Partner, Arnold and Porter; **Stephen L. Lande**, President, Manchester Trade, Ltd.
November 29, 1988



**Washington Policy Dialogue: "Politics for Investment in Latin America - The View from Treasury". The Hon. David C. Mulford, Assistant Secretary for International Affairs, Department of the Treasury**

## MEXICO PROGRAMS

The Council's programs on Mexico demonstrate a variety of approaches to the bilateral relationship, and are closely coordinated with the agenda of the Mexico-U.S. Business Committee. Council programming offers the opportunity—in the United States and in Mexico—for interaction between Mexican government officials and U.S. corporations, often in small, interactive binational groups.

**AmCham Business Mexico '88**
The Honorable **Charles J. Pilliod**, American Ambassador to Mexico; **Stephen B. Friedman**, President and General Director, American Express Company and President, American Chamber of Commerce of Mexico; **Rodrigo Guerra**, President, IBM de México; **Erick A. Reickert**, Managing Director, Chrysler de México; **Donald F. Spieler**, President and Managing Director, Kodak Mexicana; **Alexis Falquier**, Partner and General Director, McKinsey & Company; **John M. Bruton**, Executive Vice President, American Chamber of Commerce of Mexico (moderator).

February 5, 1988 New York

**Mexico: Current Status of Discussions Under the Bilateral Commercial Framework Accord Between Mexico and the United States**
**B. Timothy Bennett**, Deputy Assistant U.S. Trade Represent ative, Office of the U.S. Trade Representative

April 20, 1988 New York

**Mexico: The Business of Border Development - Policy Issues and the Role of Private Enterprise**
The Honorable **Jim Kolbe**, U.S. House of Representatives; **Mario Rodríguez-Montero**, Minister Counselor, Trade Office, Embassy of Mexico; **B. Timothy Bennett**, Deputy Assistant U.S. Trade Representative, Office of the U.S. Trade Representative; **Timothy F. Ashby**, Director, Office of Mexico and the Caribbean Basin, Department of Commerce; **Kevin Gore**, Office of External Affairs, Canadian Trade Negotiations Office; **Don Hagans**, Chairman, Border Trade Alliance; Lic. **José Manuel Martínez-Ayala**, Director General, Dirección General de Promoción Industrial y Desarrollo Regional, Secretaría de Comercio y Fomento Industrial; **Henry Esparza**, President, Assemble in Mexico; **David Flowers**, Chairman & Chief Executive Officer, Pulse Engineering; Professor **Donald Michie**, Director, Institute for Advanced Manufacturing, University of Texas/El Paso; **Fred J. Quintana**, President, Maquila Management Services, **William F. Huskins**, Vice President and General Manager, Tyco de México; **Daniel O. Pegg**, President, San Diego Economic Development Corporation; **Sergio Argüelles**, President, Finsa Industrial Park; **Sergio Bermúdez**, Chairman, Grupo Bermúdez; **Carlos Bustamante**, President, Tijuana Industrial Park; **Xavier Rivas**, President, Parque Industrial de Mexicali; **Jaime Bermúdez, Jr.**, President, Grupo Bermúdez; **Ann H. Hughes**, Deputy Assistant Secretary for the Western Hemisphere, Department of Commerce

May 20, 1988 New York

**Mexican Foreign Trade Policy - Current Status and Outlook**
His Excellency **Luis Bravo Aguilera**, Under-Secretary for Foreign Trade, Secretariat of Commerce and Industrial Development of Mexico

June 30, 1988 New York

Corporate delegation to Mexican Business Council for International Affairs (CEMAI) "Gold Medal" award ceremony for **David Rockefeller**

September 19, 1988 Mexico City

Breakfast in honor of **David Rockefeller**, hosted by His Excellency **Miguel de la Madrid**, President of Mexico

September 20, 1988 Mexico City

Dr. **José Córdoba Montoya**, Special Advisor to President-elect Lic. **Carlos Salinas de Gortari**

September 22, 1988 New York

**Mexico's Economic, Financial and Investment Outlook**
**Sergio Paliza Valdés**, President, Mexican Institute of Financial Executive; **Alexis D. Falquier**, Partner and Director, McKinsey & Co. Inc.; **Luis Téllez Kuenzler**, Coordinator of Advisors to the Secretary, Dr. Pedro Aspe, Secretariat of Budget and Planning of Mexico; **José Angel Gurria**, General Director of Public Credit, Secretariat of the Treasury and Public Credit of Mexico; **Jaime Serra Puche**, Undersecretary of the Treasury, Secretariat of the Treasury & Public Credit of Mexico; Ing. **Antonio Madero Bracho**, Chairman & CEO, Corporación Industrial San Luis, S.A. de C.V.; **Gonzalo de las Heras**, Senior Vice President and Head, Latin American Division, Morgan Guaranty Trust Company of New York; **William Bron**, Director of Corporate Finance for Latin America, Drexel Burnham; **Timothy Heyman**, Senior Vice President for Investment Strategy, Estrategia Bursátil, S.A; **Kenneth Prysor Jones**, Director General, Estratur Sidek Hotels; **Lars R. Christianson**, Managing Director, Christianson, S.A. de C.V.; **Andrés Ochoa Bunsow**, Partner, Bufete Sepúlveda, S.C. (Baker & McKenzie); Mr. **Rodman C. Rockefeller**, Chairman, U.S. Council of the Mexico-U.S. Business Committee.

October 11, 1988 New York

Corporate delegation to the Inauguration of His Excellency C. Lic. **Carlos Salinas de Gortari.**

December 1, 1988 Mexico City



**Jaime Serra Puche, Under-Secretary of the Treasury, Secretariat of the Treasury & Public Credit of Mexico**

## U.S. COUNCIL OF THE MEXICO-U.S. BUSINESS COMMITTEE

The Mexico-U.S. Business Committee celebrated its XLIII Plenary Session in 1988 in Guadalajara, Jalisco, Mexico. The Committee—the oldest private sector organization between Mexico and the United States—is comprised of two national sections. The Mexican section is represented by the Mexican Business Council for International Affairs (CEMAI), with members from all sectors of the Mex-



**Dr. José Córdoba Montoya, Special Advisor to President-elect Lic. Carlos Salinas de Gortari**



**Honorable Charles J. Pilliod, American Ambassador to Mexico**

ican economy. The U.S. Council—the U.S. secretariat—is sponsored by the Council of the Americas, the American Chamber of Commerce of Mexico, A.C., and the Chamber of Commerce of the United States. The Committee maintains an agenda of binational work programs on trade and investment, capital formation and flows, and border development.

## U.S. COUNCIL MEMBERSHIP
(as of March 15, 1989)

American Telephone & Telegraph Company
Arthur Andersen & Company
Arnold & Porter
Becton-Dickinson & Company, Inc.
Caterpillar, Inc.
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Citibank, N.A.
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Dow Chemical Company
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Ibec, Inc.
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Texas Instruments, Inc.
UNISYS Corporation
U S West International
Warner Lambert Company
Xerox Corporation
Zenith Electronics Corporation

## SPONSORING ORGANIZATIONS

Council of the Americas
American Chamber of Commerce of Mexico
U.S. Chamber of Commerce

## COORDINATING ORGANIZATIONS

The Conference Board
Committee for Economic Development
National Planning Association
Association of American Chambers of Commerce of Latin America

## U.S. COUNCIL, MEXICO-U.S. BUSINESS COMMITTEE PROGRAMS

| | | |
|---|---|---|
| *Trade Subcommittee:* | January 18 | Washington |
| Briefing by B. Timothy Bennett, Deputy Assistant U.S. Trade Representative | | |
| *Fifth Annual Breakfast* | February 15 | Mexico City |
| Hosted by: **H.E. Miguel de la Madrid**, President of Mexico; speeches by **Lic. Gustavo Petricioli**, Secretary of the Treasury and Public Credit; **Dr. Pedro Aspe Armella**, Secretary of Planning and Budget; **Lic. Héctor Hernández**, Secretary of Commerce and Industrial Development. | | |
| *Binational Steering Committee* | February 15 | Mexico City |
| *Advisory Group on Capital Development for Mexico:* | March 16-17 | Washington |
| Briefings for U.S. Department of State: **Honorable Elliott Abrams**, Assistant Secretary of State for Inter-American Affairs, and **Paul Taylor**, Deputy Assistant Secretary for Economics & Mexican Affairs; U.S. Trade Representative: **B. Timothy Bennett**, Deputy Assistant U.S. Trade Representative; World Bank: **Barber M. Conable**, President, **Moeen Qureshi**, Senior Vice President, Operations, and **Sahid Husain**, Regional Vice President, Latin America; U.S. Department of Commerce: **C. William Verity**, Secretary of Commerce. | | |
| *U.S. Council Briefing* | April 7 | New York |
| *Binational Steering Committee* | May 11 | Washington |
| *Trade Subcommittee* | June 1 | Washington |
| Guests: **Ann H. Hughes**, Deputy Assistant Secretary of Commerce for the Western Hemisphere; **Timothy Ashby**, Director, Office of Mexico and the Caribbean Basin; **James Holbein**, Director, Mexico Division | | |
| *U.S. Council Luncheon* | June 30 | New York |
| **H.E. Lic. Luis Bravo Aguilera**, Undersecretary of Commerce for Foreign Trade of Mexico | | |
| *Binational Trade Subcommittee* | August 5 | Mexico City |
| "Options for Continuing Liberalization of Bilateral Trade and Investment." | | |
| *Binational Trade Subcommittee* | September 7 | Dallas |
| *Binational Steering Committee* | September 20 | Mexico City |
| *U.S. Council Dinner* | October 11 | New York |
| Dr. Luis Téllez, Coordinator of Advisors to the Secretary of Planning and Budget of Mexico; Executives of the Mexican Institute of Financial Executives (IMEF) | | |
| *Task Team on Capital Formation and Flow* | October 14 | New York |
| *Forty-third Plenary* | November 16-19 | Guadalajara, Jalisco, Mexico |
| *Private Sector Briefing and Luncheon for His Excellency C. Lic. Carlos Salinas de Gortari* | December 2 | Mexico City |
| *Task Team on Capital Formation and Flow* | December 6 | New York |
| *Trade Subcommittee* discussion with: **Donald S. Abelson**, Deputy Assistant U.S. Trade Representative for Mexico; **Ann H. Hughes**, Deputy Assistant Secretary of Commerce for the Western Hemisphere; **Timothy Ashby**, Director, Office of Mexico and the Caribbean Basin, U.S. Department of Commerce; **James Holbein**, Director, Mexico Division, U.S. Department of Commerce | December 16 | Washington |

## PANAMA WORKING GROUP

Beginning in April, 1988 an informal group of Council members began meeting in the Washington office to discuss the crisis in Panama and its implications for U.S. business interests. Over the next few months, the gathering evolved into an action-oriented working group whose effort was directed at bringing to the U.S. Government's attention the counter-productive and unduly onerous aspects of economic sanctions imposed on Panama from the point of view of the U.S. business community. The sanctions have been twice modified in ways which have diminished the harmful effects to U.S. business. The Council's collective effort was a key contributor to this result.

**Paul D. Taylor**, Deputy Assistant Secretary for Economics, Bureau of Inter-American Affairs, Department of State; **Ludlow Flower, III**, Director, Latin American Affairs, National Security Council; **Richard Newcomb**, Director, Office of Foreign Asset Control, Department of the Treasury

April 22, 1988

Corporate member working group briefing and planning session

May 27, 1988

**Richard Newcomb**, Director, Office of Foreign Assets Control, Department of the Treasury

June 3, 1988

**Richard Newcomb**, Director, Office of Foreign Assets Control, Department of the Treasury

June 24, 1988

Preparatory meeting for U.S. Government appointments

July 21, 1988

The Honorable **M. Peter McPherson**, Deputy Secretary of the Treasury; **Lt. General Colin L. Powell**, National Security Advisor to the President; The Honorable **John C. Whitehead**, Deputy Secretary of State

July 27, 1988

Briefing on the internal situation in Panama by members of the American Chamber of Commerce in Panama

August 3, 1988

**Ludlow Flower, III**, Director, Washington Office, Council of the Americas and **Michael A. May**, Assistant Director, Latin American Affairs, Association of American Chambers of Commerce in Latin America

August 16, 1988

**Richard Newcomb**, Director, Office of Foreign Assets Control, Department of the Treasury

October 5, 1988



(left to right): Enrique Candioti, Ambassador of Argentina to the U.S.; Juan Sourrouille, Finance Minister of Argentina; Raúl Alfonsín, President of Argentina; Amb. George W. Landau, President, Council of the Americas; Dante Caputo, Minister of Foreign Relations; Robert Wilhelm, Executive Vice President, Exxon Corporation



Mario Henrique Simonsen, Vice Chairman, Brazilian Institute of Economics, The Getulio Vargas Foundation



Rodolfo H. Terragno, Minister of Public Works, Argentina

# XIX WASHINGTON CONFERENCE FOR CORPORATE EXECUTIVES

*"Next Steps: Policies for Latin America in the 1990's"*

May 9-10, 1988
U.S. Department of State
Washington, D.C.

This year's Washington Conference served as a forum for business executives to exchange ideas with U.S. policymakers on economic, commercial and financial policies that will affect the Latin American and U.S. economies into the 21st Century.

## Speakers

George P. Shultz, Secretary of State; Elliott Abrams, Assistant Secretary of State for Inter-American Affairs; Charles McC. Mathias, Jr., former U.S. Senator from Maryland, Partner, Jones, Day, Reavis & Pogue, and Milton S. Eisenhower, Distinguished Visiting Professor of Public Policy, The Johns Hopkins University; Senator Lloyd Bentsen, Chairman, Committee on Finance, U.S. Senate; Enrique V. Iglesias, President, Inter-American Development Bank.

## Panels

*"Competing in Global Markets"*

Pat Choate (Chairperson), Director, Policy Analysis, TRW, Inc.; Ann H. Hughes, Deputy Assistant Secretary for the Western Hemisphere, Department of Commerce; Charles J.L.T. Kovacs, Vice President, International Finance, Chase Manhattan Bank, N.A.; William Lilley, III, President, Policy Communications, Inc.; Alan Magazine, President, Council on Competitiveness; Dr. Joseph J. Minarik, Senior Research Associate, The Urban Institute; Congressman Don J. Pease, Member, Subcommittee on Trade, Committee on Ways and Means, U.S. House of Representatives.



Congressman Don J. Pease, Member, Subcommittee on Trade, Committee on Ways and Means, U.S. House of Representatives, participating in Washington Conference panel discussing "Competing in Global Markets"

*"Mexico: Continuity and Change in the Coming Sexenio"*

Brower A. Merriam (Chairperson), President, Latin America & Southeast Asia, Pfizer International, Inc.; Juan Elek, Partner, Elek, Moreno, Valle y Asociados; Enrique Madero Bracho, President, Mexican Business Council for International Affairs (CEMAI); Gary G. Jacobs, President, Laredo National Bank; W.R. Clay, Vice President, International, E.I. du Pont de Nemours & Company, Inc.; Fausto C. Miranda, Senior Partner, Miranda y Estavillo; Cesáreo Frías, Director General, Consorcio Intermex, S.A. de C.V.



Senator Lloyd Bentsen, Chairman, Committee on Finance, U.S. Senate - keynote speaker at 1988 Washington Conference

*"Debt Crisis—What Solutions?"*

Robert W. Chandler, Jr. (Chairperson), Vice President, Chase Manhattan Overseas Corporation, and President, Association of American Chambers of Commerce in Latin America; Hans D. Bartges, Senior Vice President, NMB Bank; Clark Bernard, Partner, Coopers & Lybrand; Dr. Jane Hughes, Adjunct Professor of Economics, Brandeis University; Robert McCormack, Vice President, Citibank, N.A.; James J. McDermott, Executive Vice President and Director of Research, Keefe, Bruyette & Woods.

*"Brazil: The Challenge Ahead"*

Paulo D. Villares (Chairperson), President, Industrias Villares, S.A.; Eugenio Emilio Staub, Director President, Industrias Gradiente Brasileiras, S.A.

*"Policies for the 1990's"*

Opening Address: William R. Rhodes, Group Executive & Chairman of the Restructuring Committee, Citibank, N.A.

Panel: Robert C. Helander (Chairperson), Partner, Jones, Day, Reavis & Pogue; Pedro-Pablo Kuczynski, Chairman, First Boston Corporation; Dr. Gert Rosenthal, Executive Secretary, United Nations Economic Commission for Latin America and the Caribbean; Senator Terry Sanford, Chairman, Subcommittee on International Economic Policy, Trade, Oceans, and Environment, Committee on Foreign Relations, U.S. Senate; Rita M. Rodríguez, Director, Export-Import Bank of the United States.



(left to right): Enrique V. Iglesias, President, Inter-American Development Bank; David Rockefeller, Chairman of the Board, Council of the Americas; George W. Landau, President, Council of the Americas

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*W.R. Grace and Co.*

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*Marsh & McLennan, Inc.*

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*E.I. du Pont de Nemours & Co.*

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*Bankers Trust Co.*

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*Vice President, Pan American Trade Development Corp.*
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*American Express Travel Related Services Co., Inc.*

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*American International Group, Inc.*

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*Phillips Petroleum*

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*Chrysler Motors Corp.*

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*Council of the Americas*

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*Southeast Bank, N.A.*

Oswaldo H. Liang
*Managing Director*
*Council of the Americas*

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*Continental Illinois National Bank & Trust Co. of Chicago*

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*Paine Webber International Capital Inc.*

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*Latin America*
*Tupperware International*

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Jens Olesen
*Executive Vice President*
*McCann-Erickson Worldwide*

Allan R. Olsen
*Vice President & General Manager*
*Reader's Digest Latinoamerica S.A.*

Héctor López Pardo
*Vice President, Latin America*
*Merck Sharp & Dohme International*

Herc Paxinos
*Vice President - New York Metropolitan Region*
*Westinghouse Electric Corp.*

Jack R. Pérez
*Senior Vice President and CEO, Latin American/Caribbean Region*
*Alexander & Alexander International, Inc.*

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*Director of Government Relations, International Operations*
*Occidental Exploration and Production Co.*

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*Johnson & Johnson International*

Gabriel T. Rozman
*Partner*
*Arthur Young & Co.*

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*CPC International Inc.*

Dean Secord
*Partner*
*Price Waterhouse*

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*International Operations*
*Warner-Lambert Co.*

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*Executive Vice President*
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D.W. Smith
*Regional Vice President, Latin America*
*AT&T International*

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*Director, Business Development Latin America*
*RJR Nabisco/International Nabisco Brands*

Hans H. Stein
*General Manager, Latin America*
*ASARCO Inc.*

M.Y. Stephan
*Vice President, Latin America/Middle East/Africa*
*NCR Corp.*

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*Shell Oil Co.*

Guillermo A. Taylor
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*The Coca-Cola Co.*

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*Vice President, First Boston International*
*First Boston Corp.*

Barry Wilson
*President*
*E.R. Squibb & Sons, Inc.*

Ross Workman
*Senior Vice President*
*Enron Corp.*

Emmett W. Young
*Senior Public Affairs Advisor*
*Exxon Co. International*

## CORPORATE MEMBERS

Alexander & Alexander Inc.
AMAX Inc.
American Cyanamid
American Express Banking Ltd.
American Express Travel Related Services
American Home Products Corp.
American National Can
American International Underwriters Corp.
Ameritrust, N.A.
Amoco Corp.
Arthur Andersen & Co.
ARCO
Arnold & Porter
ASARCO Inc.
AT&T
Avon

Baker & McKenzie
Bank of America NT & SA
Bank of Boston
Bank Espirito Santo
Bankers Trust Co.
Beatrice Latin America
Becton Dickinson & Co.
Bell Helicopter
BHP-Utah International, Inc.
Booz, Allen & Hamilton
Bowater Inc.
BP America
Bristol-Myers Co.
Brunswick International, Ltd.
Business International

Campagna & Perez-Medina
Capital Research & Management Co.
Cargill, Inc.
The Chase Manhattan Bank, N.A.
Chemical Bank
Chevron International Corporation
Chiquita Brands Co.
Chrysler Motors Corp.
Church & Dwight Co., Inc.
Citibank, N.A.
The Coca-Cola Company
Colgate-Palmolive Company
Combustion Engineering
Container Corporation of America (Smurfit)
Continental Grain Company
Continental Illinois National Bank & Trust
Coopers & Lybrand
CPC International Inc.
Cyrus Minerals Co.

Deere & Company
Deloitte Haskins & Sells
DHL
Digital Equipment Corp.
Dole Fresh Fruit
Dow Chemical Latin America
Dow Corning Latin America, Ltd.
Dow Jones
Drexel Burnham Lambert

E.I. du Pont de Nemours & Company
Eastern Air Lines
Eastman Kodak Company
Eaton Corporation
Eli Lilly International Corp.
Enron Corp.
European Inter-American Finance Corp.
Exxon Corporation

Federal Mogul
The First Boston Corporation
The First National Bank of Chicago
Ford Motor Company
Freeport McMoRan
H.B. Fuller Company

General Electric Company
General Foods Corporation
General Mills, Inc.
General Motors Corporation
Gerber Products Company
The Gillette Company
Gold Fields Latin America, Inc.
BF Goodrich Company
Goodyear International Corporation
W.R. Grace & Co.
GTE Corp.
Guardian Industries Corp.

H.J. Heinz Co.
Hoechst Celanese Corp.
Honeywell, Inc.
Thomas L. Hughes
Hughes Tool Co.

Ibec Inc.
IBM World Trade Americas
Inco United States, Inc.
Ingersoll Rand
Intercontinental Trade & Finance Corp.
International Multifoods
International Nabisco Brands
Investcorp Int. Ltd.
Irving Trust Company
ITT Corp.

Johnson & Higgins
Johnson & Johnson International
Jones Day Reavis & Pogue

Kaplan, Russin & Vecchi
Korn Ferry International
Kraft International

LA Times
The Laredo National Bank
Liquid Carbonic Corporation

3M Company
Manchester Trade Ltd.
Manufacturers Hanover Trust Company
Marine Midland Bank
Marsh & McLennan Incorporated
McCann Erickson Worldwide
McDonald's Corp.
Mellon Bank, N.A.
Merck Sharp & Dohme International
Merrill Lynch Co.
Milstein Properties Corporation
Mobil Oil Corporation
Monsanto Company
Morgan Guaranty Trust Company of New York
Motion Picture Association of America

Nalco Chemical Co.
Navios Management Inc.
NCR Corporation
Newsweek International
Northern Trust Co.
Norwest Bank

Occidental Petroleum Corporation
Ogilvy & Mather
Owens Corning Fiberglas Corporation
Owens-Illinois, Inc.

Paine Webber International Capital
Pan American World Airways, Inc.
Peat, Marwick, Mitchell & Co.
PepsiCo, Inc.
Pfizer International, Inc.
Phelps Dodge International Corporation
Philip Morris
Phillips Petroleum Corp.
The Pillsbury Company
Price Waterhouse
Procter & Gamble

The Quaker Oats Company
Quantum Chemical Co.

Ralston Purina Company
Reader's Digest Latinoamerica
Riggs National Bank
Rockwell International Corporation
Rohm & Haas Co.

Salomon Brothers, Inc.
Schering-Plough Corporation
Joseph E. Seagram & Sons, Inc.
G.D. Searle & Co.
Sears Roebuck & Company
Security Pacific National Bank
Shearson-Lehman Hutton Inc.
Shell Oil Company
SmithKline Beckman
Southeast Bank, N.A.
Southern Peru Copper Corporation
E.R. Squibb & Sons, Inc.
Sterling Drug
Sullivan & Cromwell

Techint, Inc.
Teleconsult Inc.
Tenneco
Tesoro Petroleum Corporation
Texaco Inc.
Texas Instruments Inc.
TRW Inc.
Tupperware

U.S. West Inc.
Union Carbide Pan America, Inc.
Uniroyal Latin America
Unisys Corp.
Unocal Corp.
UpJohn International

Vista Chemical Co.

Wang Labs
Warner-Lambert Co.
Waste Management International Inc.
Westinghouse Electric Corporation
Westvaco Corporation

Xerox Corporation

Arthur Young & Company
Young & Rubicam

## SPONSORING ORGANIZATIONS

Americas Society
American Chamber of Commerce for Brazil — Rio de Janeiro
American Chamber of Commerce for Brazil — Sao Paulo
American Chamber of Commerce of Mexico, A.C.
Argentine-American Chamber of Commerce
Bolivian-American Chamber of Commerce
Border Trade Alliance
Brazil-U.S. Business Council
Chicago Council on Foreign Relations
Colombian American Association, Inc.
Dade Manufacturers Council
Greater Miami Chamber of Commerce
Inter-American Action Committee
International Economic Development Group
Massachusetts Port of Authority
Mexico Business Council for International Affairs (CEMAI)
Mexico Institute of Financial Executives (IMEF)
North American-Chilean Chamber of Commerce
Pan American Society of San Francisco
San Diego Economic Development Corporation
U.S. Department of Commerce
World Trade Center of Miami
World Trade Center of New Orleans

# FINANCIAL STATEMENTS

## BALANCE SHEET
**December 31, 1988**

| | |
|---|---|
| ASSETS | |
| Cash | $ 699,942 |
| Money market funds | 370,947 |
| Accounts receivable | 31,180 |
| Prepaid expenses | 2,338 |
| Property and equipment, net of accumulated depreciation and amortization of $30,143 | 20,276 |
| Total | $1,124,683 |
| LIABILITIES AND FUND BALANCE | |
| Liabilities: | |
| Accounts payable | $ 33,263 |
| Due to related organization | 106,724 |
| Deferred dues income | 476,111 |
| Total | 616,098 |
| Fund Balance | 508,585 |
| Total | $1,124,683 |

## STATEMENT OF ACTIVITY AND CHANGES IN FUND BALANCE
**For the Year Ended December 31, 1988**

| | |
|---|---|
| REVENUE: | |
| Membership dues income | $1,489,242 |
| Meetings and seminars | 349,944 |
| Other income | 205,128 |
| Total | 2,044,314 |
| EXPENSE: | |
| Program services | 1,302,661 |
| Membership | 107,599 |
| General and administrative | 305,544 |
| Total | 1,715,804 |
| Excess of Revenue over Expense | 328,510 |
| Fund Balance, Beginning of Year | 180,075 |
| Fund Balance, End of Year | $ 508,585 |

## STATEMENT OF FUNCTIONAL EXPENSES
**For the Year Ended December 31, 1988**

| | Program Services | Membership | General and Administrative | Total |
|---|---|---|---|---|
| Salaries, payroll taxes and employee benefits | $ 388,165 | $ 56,221 | $ 74,576 | $ 518,962 |
| Travel and meetings | 291,014 | 3,587 | 38,909 | 333,510 |
| Printing and publications | 24,310 | 6,996 | 9,047 | 40,353 |
| Rent and utilities | 82,904 | — | 12,720 | 95,624 |
| Professional dues and fees | 31,925 | 3,332 | 39,741 | 74,998 |
| Costs charged by the Society | 433,780 | 34,246 | 102,737 | 570,763 |
| Telephone, office and sundry | 41,909 | 2,534 | 25,764 | 70,207 |
| Depreciation and amortization | 8,654 | 683 | 2,050 | 11,387 |
| Total | $1,302,661 | $ 107,599 | $ 305,544 | $1,715,804 |

*See notes to financial statements.*

## INDEPENDENT AUDITORS' REPORT

Board of Directors
Council of the Americas, Inc.

We have audited the balance sheet of Council of the Americas, Inc. as of December 31, 1988 and the related statements of activity and changes in fund balance and of functional expenses for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Council of the Americas, Inc. at December 31, 1988 and the results of its operations and the changes in fund balance for the year then ended, in conformity with generally accepted accounting principles.

Deloitte Haskins & Sells

New York, NY
April 7, 1989

# NOTES TO FINANCIAL STATEMENTS

**For the Year Ended December 31, 1988**

## 1. Description of Organization

The Council of the Americas, Inc. (the Council) was founded in 1958 as the United States Inter-American Council. It was reconstituted in 1965 as the Council for Latin America, Inc., and in 1970 its name was changed to Council of the Americas, Inc. The Council's purpose is to further understanding and acceptance of the role of private enterprise as a positive force for the development of the Americas. The Americas Society, Inc. (the Society) is a related organization.

## 2. Summary of Significant Accounting Policies

*Basis of Reporting*—The financial statements are prepared in accordance with generally accepted accounting principles.

*Deferred Dues Income*—Dues are recognized in income ratably over the period of membership.

*Property and Equipment*—Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which range from five to eight years.

*Income Taxes*—The Internal Revenue Service has classified The Council as tax exempt under Section 501(c)(6) of the Internal Revenue Code. Consequently no provision for income taxes is necessary.

## 3. Transactions with Related Organizations

The Council has an agreement with the Society under which they share certain costs. The agreement may be terminated by either party upon sixty days prior written notice. Costs charged by the Society under this agreement amounted to $570,763 for the year ended December 31, 1988. At December 31, 1988 the Council owed the Society $106,724.

## 4. Real Estate Taxes

The Tax Commission of the City of New York had, in 1982, revoked the tax-exempt status for real estate taxes for the Society and its related organizations, which were previously exempt, effective with the 1981/1982 tax year. The Society contested this revocation, and the tax exemption was reinstated for the 1984/1985 and subsequent tax years.

During 1988, the Society settled the open years by making a payment of $57,944, which was charged to reserves previously provided by the Society and the Council.

## 5. 401(k) Retirement Plan

The Council and the Society have a 401(k) retirement plan (the Plan) covering all employees. Total employer contributions made to the Plan for the year ended December 31, 1988 amounted to $76,887 of which $16,777 was contributed by the Council. At December 31, 1988 the assets of the Plan totalled $538,222, all of which are fully vested.

# STAFF

## COUNCIL OF THE AMERICAS

George W. Landau
*President*

Oswaldo H. Liang
*Managing Director*

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*Interns*

### WASHINGTON OFFICE

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*Program Assistant/Secretary*

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## THE COUNCIL OF THE AMERICAS
## ANNUAL REPORT 1988

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