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<b>G</b>	<b>19</b>	<b>2</b>	<b>6</b>	<b>3</b>

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# Castro Looks to the Future — Nervously

By Elliott Abrams

WASHINGTON  
"I despise myself. I have no reason to live. If I should be condemned to a firing squad, I promise you all that at that moment, my last thought would be of Fidel."

With these words at his show trial, Cuba's most popular and most decorated soldier, Gen. Arnaldo Ochoa, revealed the true character of Fidel Castro's sordid Stalinist dictatorship. But the Ochoa trial and the entire affair of Mr. Castro's "discovery" of Cuban Government drug trafficking have revealed far more. They have shown that Mr. Castro's regime is now nervous, defensive and, in the end, doomed.

The drug angle is simple enough. Evidence has been available for years that the Cuban regime is involved in trafficking tied to the

*Elliott Abrams, a lawyer, was Assistant Secretary of State for Inter-American Affairs from 1985 to 1989.*

Medellin cartel and Panama's Gen. Manuel Noriega. Drug-laden planes and boats on their way to the U.S. have long plied Cuban air space and waters, protected by the Cuban Navy and Air Force. It is crystal clear that the Cuban police state, quick to find and seize any American yacht that edges near Cuban waters, was not oblivious to these other travellers.

Mr. Castro evidently decided that General Noriega was now too hot, the drug issue too explosive, the evidence growing too strong. It was time to get out of that particular line of merchandise. Why not do a modern version of "If only the Czar knew?" and have Mr. Castro denounce the "corrupt" officials who engaged in this "criminal" conduct without his knowledge?

So far, all is logical. What is surprising is the Mr. Castro's decision to use this moment to purge Cuba's, and the Army's, most popular officer. What is he afraid of? In a word, Portugal. In 1974, Portuguese soldiers returned from an unpopular war in Africa and, disgusted by the political repression and economic decline an aging dictator imposed at home, undertook a putsch that finished off the

dictatorship. Cuban soldiers now returning from Angola could pose a similar threat.

But fear centers less on the prospect that Fidel Castro himself would be overthrown than on two other factors: the succession issue and the new wild card, Mikhail Gorbachev.

Mr. Castro's designated successor is his brother Raul, the defense minister, a gray apparatchik whose ability to survive is not certain. Could he hold together a bankrupt, isolated

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## Succession fears, drugs and unrest all figure in the show trials in Havana.

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Stalinist regime once his brother is gone? Close call. But Raul Castro's chances are helped if potential rivals are eliminated. General Ochoa was perhaps the single most likely man to lead an uprising by the Army.

Of course, the Cuban Army is well penetrated by Soviet military intelligence, just as Cuban intelligence is penetrated by the Soviet KGB. The plot thickens. Is Soviet infiltration becoming a concern to Fidel Castro instead of a source of security?

Raul Castro has, for decades, been Moscow's man. But could Moscow be tiring of him and of Fidel Castro — and of paying their bills? Does Fidel Castro worry that, after he is gone, the Soviets might turn against Raul Castro and seek a Communist type who is more in tune with the new line? Someone more into perestroika and glasnost? Someone who'll try to get the Cuban economy moving and lessen the burden on Moscow? Someone like... General Ochoa?

In the Ochoa show trial, Fidel Castro has condemned two generals and three influential colonels, and made dozens of other high officers sit in judgment. It smells like a purge of the

military, but its true target may equally be Moscow. Simply put, Mr. Castro may be acting out of fear, suspecting that he can no longer rely on Moscow to preserve his regime and protect his brother. Once the Russians were Mr. Castro's security blanket against the future; now he sees them as a part of the threat to "real" Communism, the kind where people in show trials go to their deaths with "Fidel" on their lips.

Western observers have tended to see Mr. Castro's regime as indestructible since the Bay of Pigs fiasco. Mr. Castro knows better. Without him, the regime is instantly transformed from the romantic bastion that defied the Yanquis into a repressive, corrupt, bankrupt regime being left behind by history — even Communist history. Far from being indestructible, it is brittle. And if even the comrades in Moscow cannot now be counted on, it is almost friendless.

So if General Ochoa goes to his death with "Fidel" in his thoughts, he may have a bitter smile on his face. For he may be guessing that Fidel Castro's regime, too, will soon be passing on. □

Photo Copy Preservation

# Carter's unfulfilled deal

Mark M. Klugmann is an editorial writer for *The Washington Times*. He served in the White House from 1983 to 1985 as assistant director of the Outreach Working Group on Central America.

**T**he crisis in Nicaragua has a forgotten history. It is the negotiated settlement by which the United States helped install Nicaragua's Sandinista government in 1979.

That this agreement has been virtually absent from the Nicaragua debate is most unfortunate, but all too typical of America's failure to assert or enforce its past diplomatic solutions.

For example, U.S. officials rightly criticize Fidel Castro's on-going support for subversion in a dozen countries — but they rarely cite the stipulation of the Kennedy-Khrushchev agreement that bars Cuba from exporting revolution. Similarly, Eastern Europe, Vietnam, human rights in the Soviet bloc, and other areas of concern are addressed by never fulfilled, never enforced negotiated agreements.

But in a key respect the 1979 Nicaragua settlement is different. Some past agreements have faded from sight because they deal with bygone issues or because the United States has no appetite or instrument for enforcing them. With the Nicaragua settlement, on the other hand, the issue is current and an effective enforcement policy — support for the freedom fighters — is already being carried out. Ironically, it is only the settlement which has been remembered.

Back on July 20, 1979, the day after the Sandinistas took power, a standard news summary, *Facts on File*, would matter-of-factly write that "The U.S. negotiated an agreement with the leaders of the FSLN while pressing Somoza to resign. When the FSLN had conceded a number of points that the U.S. felt were necessary to insure that the new government would not be dominated by communist sympathizers, Somoza was told that he could step down." The account would refer to "the plans for a peaceful transfer of power that had been painstakingly negotiated by [U.S. Ambassador to Nicaragua] Lawrence A. Pezzullo, the 5-member rebel junta and Somoza." The story of the negotiations and settlement, the decisive political front in the Sandinistas' march to power, is well told by Pulitzer prize-winning journalist Shirley Christian in "Nicaragua: Revolution in the Family" and is documented in the Congressional Record and press accounts.

But despite the historical record,

diplomatic amnesia has set in. And as a consequence the Nicaragua issue is often misrepresented, as in a recent Associated Press news story that termed the central policy question "whether the United States should be sponsoring a rebel force aimed at destabilizing a foreign government." Memories may fade, but facts don't. The real question is whether the Sandinistas will be forced to comply with the negotiated settlement that legitimized them and enabled them to take power.

U.S. policy in Nicaragua is now at a critical point. With the failure of the Arias plan to bring either peace or democracy to Nicaragua and with Congress scheduled to vote on new aid to the freedom fighters in early February, it is time to reexamine the still valid and binding 1979 negotiated settlement and restore the agreement to the primary role it deserves in public debate. At minimum, it is essential to a truthful accounting of how we got where we are today. And it could hold the political key to renewing aid to the Nicaraguan resistance and removing the Sandinista's brutal Marxist-Leninist regime.

Until recently, the Reagan administration made little mention of the 1979 settlement. Presidential speeches would briefly mention the Sandinistas' "broken promises," failing to explain that these commitments were part of a negotiated settlement that addressed political, security and human rights issues.

The Democrats in 1979 were not so modest about their accomplishment. In June of that year, Senator Edward Kennedy and other senators pressing the Carter administration on Nicaragua said plainly that their goal was the ouster of President Anastasio Somoza and "a political settlement in Nicaragua." Carter's Deputy Secretary of State, Warren Christopher, candidly wrote to Sen. Kennedy three weeks before the Sandinistas were installed that "we are engaged in a wide-ranging diplomatic effort in Washington, in Managua, and throughout the hemisphere. Our goal is a process which would remove Somoza peacefully and would lead to ... the establishment of a new representative government." The State Department, following Somoza's resignation and departure from Nicaragua, credited itself with having "worked to facilitate a peaceful and democratic solution." President Carter, once Somoza was out and the Sandinista-dominated junta was in, boasted of having "[brought] about an orderly transition." Mr. Carter later hosted Daniel Ortega at the White House and with the support of Congress provided \$118 million in direct U.S.

aid and led the international community in putting together a \$1.6 billion financial package for Nicaragua's new government.

The Carter administration with the support of liberal congressional Democrats had cut off military, economic, and political support from Somoza as he battled the Sandinista insurgency in order to force him to accept a settlement. As Nicaragua's civil war grew in intensity, the U.S. government conducted negotiations with the Somoza government, the communist Sandinistas, the genuinely democratic opposition to Somoza, and the Organization of American States. The objectives of the Carter administration were codified on June 23, 1979 when the OAS passed a resolution calling for the "immediate and definitive replacement of the Somoza regime" and "the installation in Nicaraguan territory of a democratic government" that would honor "human rights," hold "free elections," and guarantee "peace, freedom, and justice." This resolution was a request for a new government willing to meet certain political specifications. The Government of National Reconstruction junta — the Sandinista-dominated government-in-waiting — had positioned itself to fill that role by crafting a democratic facade and actively campaigning and negotiating with the United States and other OAS member states.

With Somoza still in power, President Carter's envoys met repeatedly with the GNR junta to negotiate specific democratic requirements and, ultimately, finalize a plan for installing the five-member GNR junta. On July 12, 1979, a spokesman for the GNR junta said that their talks with the United States had "reached the final stages." That same day, the GNR junta sent a cable to the OAS Secretary General acknowledging the June 23rd resolution and presenting their "Plan to Achieve Peace" — which they described as developed on the basis of the June 23rd resolution — and the "Program of the Junta of the GNR." The covering letter and documents committed the junta to "free elections," "a broad-based democratic government," "full respect for human rights," "fundamental liberties," "freedom of religion," "union rights," "a mixed economy," "an independent foreign policy of non-alignment" and a "minimum" permanent military corps, among other specifics. On July 15, 1979, the United States gave its approval to the GNR junta based on the specific commitments received on July 12th, and final plans were made for Somoza's resignation and the transfer of power. (... next page)



Jimmy Carter

TUESDAY, JANUARY 26, 1988

COMMENTARY

MARK KLUGMANN

*The Washington Times*

The political settlement reached with the Sandinistas in 1979 is still unfulfilled, but the terms are good, guaranteeing real democracy and human rights for the people of Nicaragua — which, after all, was the objective of the American intervention against Somoza. The settlement also fully protects the security of Central America and the United States by precluding Nicaragua from aiding communist guerrillas in Central America, basing thousands of Soviet bloc, Cuban, PLO, and Libyan military and intelligence personnel in Nicaragua or building a military capability greater than that of all its neighbors combined — all of which the Sandinistas have done.

The 1979 settlement must be enforced and complied with. Without the political settlement, the Sandinistas would not have gained power. And if the agreement is enforced, the United States' policy requirement of a genuinely democratic, peaceful Nicaragua will be satisfied and the yearning of the Nicaraguan people for democracy and freedom, expressed in their opposition to both the Somoza dictatorship and the Sandinista communists, will at long last be fulfilled.

But that is only part of what the settlement negotiated between the Carter administration and the Sandinistas does; it also recasts the American political debate over Nicaragua's communist regime, shifting the burden to the political party that helped bring the Sandinistas to power and, most importantly, which has generally opposed aiding the Nicaraguan resistance and enforcing the negotiated settlement. Opponents of contra aid have insisted that they are not defenders of the Sandinistas, they simply want a negotiated settlement. The reality is that we already have a satisfactory negotiated settlement, and the Democratic party is chiefly responsible for it. The agreement provides everything that we require. The Sandinistas are not honoring it. The contras are fighting to fulfill it. Some members of Congress are working to erase it.

Congressional liberals have for too long hid behind a false choice by saying they seek a diplomatic solution, not a military solution. The reality is that the contras' armed struggle is not *instead* of a negotiated settlement, it is in *enforcement* of the settlement that President Carter reached. Cutting off aid to the contras does not promote a political solution, it abandons the democratic settlement already achieved. The

freedom fighters' military struggle would stop tomorrow, if tomorrow the Sandinistas fulfilled their 1979 pledges. However, for the U.S. Congress to terminate the freedom fighters prior to that point, is to effectively convert the United States' 1979 intervention and settlement from a pro-democratic undertaking into one that served only to advance Soviet communism to the mainland of North America.

The failure of the Arias plan to deliver what it promised has focused renewed attention on the 1979 agreement. President Reagan, speaking last October before the OAS, bluntly stated that "there already exists a negotiated settlement with the Sandinistas that pre-dates the Guatemala plan — the settlement of 1979. . . . each nation here is a party to that negotiated settlement." (Unfortunately, despite thirteen references to the 1979 settlement in a major presidential policy address, the settlement, having vanished down the memory hole, went unmentioned in most press coverage of the speech.) In November, President Reagan speaking again to the OAS, reiterated the point about the 1979 settlement, as did Secretary of State George Shultz, addressing the organization the following day.

When it was Daniel Ortega's turn to speak to the OAS last November he spent half his speech trying to escape the grip of the 1979 agreement, arguing a defense reminiscent of the man accused of murder who claimed he was out of town when it happened and, besides, he had acted in self-defense. Mr. Ortega began by denying "the supposed violation of an in-existent commitment," then switched to arguing that "even supposing that such a political pledge had had the force of a legal commitment, it could not have justified the United States insisting [on] the fulfillment of the commitment made not directly toward the United States." (Of course, Comandante Ortega knows that the Sandinistas' made their democratic commitments directly to the United States: he personally participated in the 1979 negotiating sessions. And both Daniel Ortega and Sergio Ramirez, his vice president, signed the July 12, 1979 written commitments.)

Both congressional liberals and the Sandinista Marxists have used the Arias plan in an effort to defund the resistance and prevent the enforcement of the 1979 settlement. The Arias plan's concept of disarming and evicting the resistance today in exchange for promises of "democratization" tomorrow is utterly flawed and unenforceable. By contrast, in 1979, Costa Rica provided

both weapons and sanctuary to Sandinista guerrillas while democracy for Nicaragua was negotiated in San Jose; meanwhile it was the dictator in Managua whose arms supplies were cut off, not the rebels. No Central American president — and certainly not Daniel Ortega — has the authority to sign away the legitimate claim of every Nicaraguan to the fundamental democratic rights provided under the 1979 settlement.

The terms of the Arias plan fall far short of the requirements of the 1979 settlement, both in terms of genuine democracy and with respect to fundamental security issues which the plan does not address. But at this point the shortcomings of the Arias plan are largely beside the point: The Arias plan's own stipulations on human rights, democratization, amnesty, and political negotiation have not been honored by the Sandinistas, and the 90 and 150-day deadlines have each passed and been ignored. Under the terms set by the signers of the Arias plan themselves on August 7, 1987, the plan has failed not once, but twice. What remains is what we have always had: the 1979 settlement, a group of brave Nicaraguans struggling to fulfill it, some of them armed and others resisting without arms, and a communist regime determined to hold and expand its power in Central America. Indeed, the Burton Amendment to the 1985 Foreign Assistance Act requires that U.S. policy in Nicaragua must be governed by the terms of the 1979 settlement. And after two Arias deadlines, three years of Contadora deliberations, many rounds of bilateral negotiations and numerous visits of congressional delegations it has become quite clear: There is no other sound basis for U.S. policy besides the 1979 settlement.

When the Reagan administration asks Congress to renew aid to the Nicaraguan democratic resistance the message should be this: we have a binding negotiated settlement with the Sandinistas that guarantees true liberal democracy for the people of Nicaragua and assures the security of Central America and the United States. Under the auspices of the OAS, the settlement was achieved by a Democratic president with a Democratic Congress. The United States is morally obligated to enforce it, and our national security requires that we do so. If the Democrats now want to repudiate their own settlement rather than enforce it against a brutal and expansionist pro-Soviet communist dictatorship on the mainland of North America, let them tell the American people why. Come November, the electorate will have a clear choice.

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*What the Democrats  
say they want — a  
negotiated settlement  
— we already have.  
Jimmy Carter's  
Nicaragua settlement  
guarantees democracy  
and U.S. security —  
but will Congress let  
Reagan enforce it?*

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

March 24, 1989

STATEMENT BY THE PRESIDENT

The President of a Central American democracy was asked recently what is the most important step the United States can take. He said, "Speak with one voice." Today, for the first time in many years, the President and Congress, the Democratic and Republican leadership in the House and Senate, are speaking with one voice about Central America.

In my inaugural address I reached out my hand to the leadership of Congress in both parties asking them to join with me to rebuild a bipartisan foreign policy based on trust and common purpose. Today, I am gratified that the Speaker and the Majority and Minority Leaders of the Senate and House have extended their hands back to me.

We have signed today together a Bipartisan Accord on Central America. It sets out the broad outlines of U.S. policy towards that troubled region and commits both the Executive and Congress to work together to achieve it.

The goals we seek are the goals which the people of Central America yearns for: democracy, security, and peace. Those are the pledges made by the Central American Presidents in the Esquipulas II Accord. That agreement is an integrated whole: all of its provisions must move forward together if any of them are to be fulfilled. Our challenge now is to turn those promises into concrete realities on the ground.

The only way we can meet that challenge is if Latin democratic leaders and the United States work together, with the support of our European friends and allies, as true partners with candor and mutual respect. I believe Latin leaders are asking for that kind of relationship as we confront together the many challenges facing our hemisphere. As President, I pledge the United States is ready to respond.

Under this Central America agreement, insurgent forces have the right to re-integrate into their homeland under safe, democratic conditions with full civil and political rights. That is the desire of the Nicaraguan Resistance. It is what they are fighting for. We hope and believe it can be achieved through a concerted diplomatic effort to enforce this regional agreement.

To achieve these goals the bipartisan leadership of Congress has agreed to support my request for continued humanitarian assistance to the Nicaraguan Resistance through the elections scheduled in Nicaragua for February 28, 1990.

There will be extensive consultations and review with respect to these funds effective November 30, 1989 by the bipartisan leadership and relevant committees. However, I have been assured that the leadership in both Houses supports the extension of this assistance through the Nicaraguan elections barring unforeseen circumstances.

There is no shortcut to democracy; no quick fix. The next weeks and months will demand patience and perseverance by the democratic community and the hard, technical work of ensuring compliance with the Esquipulas Accord. The United States will work in good faith to support that kind of diplomatic effort, but we will not support a paper agreement that sells out the Nicaraguan people's right to be free.

We do not claim the right to order the politics of that country. That is for the people of Nicaragua to decide. We support what the Esquipulas Accord requires: free, open, political processes in which all groups can fairly and safely compete for political leadership. That means the playing field must be level; all, including the current government must respect the majority's decision in the end, and the losers must also retain the political rights to operate as a legal opposition and contest again for political authority in the next recurring election contest.

The burden of proof is on the Sandinista government to do something it has steadfastly refused to do from 1979 to 1989: to keep its promises to the Nicaraguan people to permit real democracy; keep its promises to its neighbors not to support subversion in Central America; and keep its obligation to this hemisphere not to permit the establishment of Soviet bloc bases in Central America. If those promises are kept we have an opportunity to start a new day in Central America; but if those pledges continue to be violated, we hope and expect that other nations will find ways to join us to condemn those actions and reverse those processes.

The Soviet Union also has an obligation and an opportunity: to demonstrate that its proclaimed commitment to "new thinking" is more than a tactical response to temporary setbacks, but represents instead a new principled approach to foreign policy.

In other regional conflicts around the world the Soviet Union has adopted a welcome new approach that has helped resolve long-standing problems in constructive ways. In Central America what we have seen from the Soviet Union and Cuba can only be described as "old thinking."

In the last decade, the Soviet bloc has poured at least \$50 billion in aid into Cuba and Nicaragua. Soviet and Cuban aid is building in Nicaragua a military machine larger than all the armies of the other Central American nations combined and continues to finance violence, revolution, and destruction against the democratically elected government of El Salvador. Indeed, Soviet bloc military support for the Marxist guerrillas has increased since the United States ended military support for the Nicaraguan Resistance and Soviet military aid to the government of Nicaragua continues at levels wholly uncalled for by any legitimate defensive needs. The continuation of these levels of Soviet bloc aid into Central America raises serious questions about Soviet attitudes and intentions towards the United States.

The Soviet Union has no legitimate security interest in Central America; and the United States has many. We reject any doctrine of equivalence of interest in this region as a basis for negotiations. Instead, the Soviet Union and Cuba have an obligation to the leaders of Central America to stop violating the provisions of the Esquipulas Accord which the Soviet Union and Cuba both pledged to uphold. The time to begin is now.

In signing the Esquipulas Accord, President Oscar Arias of Costa Rica said: "Without democracy, there can be no peace in Central America." He is right. But with democracy and peace in Central America can come new hope for economic development in which all of the people of the region can share. One can look at the terrible violence ravaging Central America and despair, but I have a different vision of its future.

I can see a democratic Central America in which all of the nations of the region live in peace with each other; where the citizens of the region are safe from the violence of the state or from revolutionary guerrillas; where resources now devoted to military defense could be channeled to build hospitals, homes, and schools. That is not a dream if all the people and nations of the Americas will it to be true. I hope the Esquipulas Accord and perhaps, also, the Bipartisan Accord, will someday be seen as the first step toward its fulfillment.

1ST STORY of Level 2 printed in FULL format.

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March 15, 1990, Thursday, Late Edition - Final

NAME: Fernando Collor de Mello

CATEGORY: Politics and Government (Foreign)

SECTION: Section A; Page 4, Column 3; Foreign Desk

LENGTH: 941 words

HEADLINE: Brasilia Journal;  
Brazil Gets the Picture: A Dynamo Is Taking Over

BYLINE: By JAMES BROOKE, Special to The New York Times

DATELINE: BRASILIA, March 14

BODY:

In Japan, he limbered up with karate kicks. In Italy, he bounced a soccer ball on his forehead. And here in Brazil's capital he donned a T-shirt and set out for a well-documented jog.

On Thursday morning, cameras will be clicking here again as Fernando Collor de Mello, Brazil's first freely elected President since 1960, is sworn into office.

As Brazil's youngest President in history, the 40-year-old Mr. Collor inherits challenges the size of this giant land: 80 percent monthly inflation, billions of dollars of arrears on the foreign debt, glaring income inequalities and an entrenched state sector.

Holding up a vision of Brasil Novo - New Brazil - the energetic President-elect is determined to turn his country around during his five-year term with wide-ranging free market changes: selling state companies, slashing the federal payroll, encouraging foreign investment and cracking down on tax cheats.

Awaiting the Word

A three-day national banking holiday started today to quiet markets in anticipation of far-reaching measures to be announced Friday to this nation of 145 million people.

Over the last year, Brazil's old-school politicians consistently underrated Mr. Collor. His springboard to Brasilia was the governorship of Alagoas, Brazil's second smallest state. His party, the National Reconstruction Party, controls only 5 percent of Brazil's powerful Congress.

But in recent weeks, Mr. Collor has steadily gained popular and political strength, largely through a fresh style, an astute use of the news industry and careful political footwork.

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' Collor is assuming the government with more support than when he was elected,' Helio Jaguaribe, an independent political scientist, said in an interview on Tuesday.

A poll made public today showed that Mr. Collor had won the 'confidence' of 62 percent of respondents in Rio de Janeiro, an opposition stronghold that last December gave 64 percent of its vote to Luis Inacio da Silva, a Socialist candidate. In this two-man runoff, Mr. Collor won 53 percent of the vote nationwide.

#### The Photo Opportunity

A former journalist, Mr. Collor has shaken up Brazil's old-style politicians with his relentless pursuit of the photo opportunity.

In the last month, Mr. Collor, a onetime karate champion, has transmitted a dynamic image by being photographed swimming, kayaking, riding a motorcycle, riding a motorized skateboard, and bucking motorboat waves on a jet ski. Or sometimes jogging with a 'Collor' or a 'Save the Amazon Rain Forest' T-shirt.

'Brazilian presidents are usually older people with absolutely no athletic ability,' said Herbert de Souza, a sociologist who supported Mr. da Silva. 'To see Collor in a kayak is news. He is systematically working the media and the polls.'

Mr. Collor also impressed Brazilians with a world tour that for three weeks in January and February produced a daily diet of photos of the President-elect meeting world leaders, including George Bush and Mikhail S. Gorbachev. After having Mr. Collor and his 25-year-old wife, Rosane, over to the White House for dinner, President Bush wrote an approving note to a friend, describing Brazil's President-elect as Indiana Jones.

Delegations from about 100 nations are to attend the inauguration on Thursday, an unusually high number for a South American swearing-in ceremony. 'The foreign trip mobilized a large mass of public trust,' Mr. Jaguaribe said. Indeed, international approval helped to confer legitimacy on a man who won a bitter, sharply polarized campaign.

Long political negotiations, coupled with table-hopping by the President-elect at political dinners, has apparently culminated in a coveted congressional majority.

#### Parties Rally to Him

Today, a half-dozen center-right parties have closed ranks behind Mr. Collor. 'Coming from a party that practically doesn't exist, he has succeeded in getting a very reasonable base in Congress,' Mr. Jaguaribe said.

Always seeking to occupy the front page, Mr. Collor recently doled out Cabinet appointments, spacing them once every two or three days.

One day he named as Secretary of Sports Zico, one of Brazil's most popular soccer players, whose formal name is Arthur Antunes Coimbra. Last week, he named Brazil's 'supercop,' Romeu Tuma, to head Brazil's equivalent of the

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Internal Revenue Service. As director of Brazil's Federal Police, Mr. Tuma won international fame in 1985 when he announced the discovery in Sao Paulo of the skeleton of Josef Mengele, the Nazi death-camp doctor.

In other unexpected choices, Mr. Collor named a 36-year-old economist, Zelia Cardoso de Mello, as Economy Minister, and the former president of the Supreme Electoral Tribunal, Francisco Rezek, as Foreign Minister.

#### Some Dissenting Voices

Not all Brazilians have been seduced by Mr. Collor.

"In my 40 years of public life, I have never seen such a weak, inexpressive and unrepresentative Cabinet," said Leonel Brizola, a Rio de Janeiro Socialist who placed third in the November round of last year's presidential elections.

"How can someone from the elite criticize the elite?" asked Mr. da Silva, the Workers Party candidate, who won 47 percent of the vote in the runoff.

On Thursday morning, Mr. Brizola and Mr. da Silva will be absent from the crowd of notables at inauguration ceremonies here. Instead, they will be advancing plans to forge a leftist opposition bloc.

Under Brazil's electoral rules, the two are to get free air time this month on national network television. If the past is a guide, each will endeavor to snap the media spell that Mr. Collor has woven over his compatriots.

GRAPHIC: Photo: President -elect Fernando Collor de Mello of Brazil, a master of the photo opportunity, jogging with a T-shirt bearing his name. (Agencia o Globo/Silvio Correa)

3RD STORY of Level 2 printed in FULL format.

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March 6, 1990, Tuesday, Late Edition - Final

NAME: Jose Antonio Lutzenberger

CATEGORY: Politics and Government (Foreign)

SECTION: Section C; Page 5, Column 1; Science Desk

LENGTH: 526 words

HEADLINE: Defender of Rain Forest Is Named Secretary of Environment in Brazil

BYLINE: By JAMES BROOKE

DATELINE: RIO DE JANEIRO, March 5

BODY:

A pioneer conservationist is about to become Brazil's new Secretary of Environment.

The official, Jose Antonio Lutzenberger, was named last Friday by Brazil's President -elect, Fernando Collor de Mello. He will assume his new duties when the government takes office here on March 15.

Over the last two decades, Mr. Lutzenberger built a worldwide reputation by assailing Brazilian governments over the burning of the Amazon rain forest, uncontrolled use of pesticides and invasions of Indian lands.

'It's stupefyingly positive - no one has more consistently fought for environmental awareness and legislation in Brazil than Jose Lutzenberger,' Stephan Schwartzman of the Environmental Defense Fund in Washington, a longtime critic of Brazil's environmental policies, said today.

'It is difficult to imagine someone with a more solid international and national reputation on the environment,' said Mr. Schwartzman, who is an anthropologist.

#### Repairing Brazil's Image

Indeed, a desire to repair Brazil's international image on environmental issues undoubtedly pushed Mr. Collor in recent days to assiduously court Brazil's crusty, 63-year-old environmental pioneer. Mr. Lutzenberger, an agronomist who speaks fluent English, French, German and Portuguese, emerged in the 1980's as an international spokesman for Brazil's fledgling environmental movement.

In 1984, he testified before the United States Congress against a World Bank loan for development of the Western Amazon. In 1988, the Swedish Parliament awarded him the 'Right Livelihood' award, an environmental distinction billed by the parliamentarians as an 'alternative Nobel Prize.'

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To win the support of the internationally respected environmentalist, Mr. Collor appears to have given ground on a key issue in the Amazon - the construction of a highway linking the untapped hardwood forests of the Western Amazon with Peru's Pacific Ocean ports.

"The private talks I had with Mr. Collor lead me to think that the road is not going to go forward," Mr. Lutzenberger said in a telephone interview today from his office in the southern Brazilian city of Porto Alegre.

"The only people really interested in that road are the Japanese wood industry," said Mr. Lutzenberger. "It would be disastrous for the Amazon."

As Brazil's top environmental official, he will have authority over environmental units that Mr. Collor promises to create in each of Brazil's 12 ministries. Mr. Lutzenberger will also oversee the Institute of Environment and Renewable Natural Resources, whose president, Fernando Cesar Mesquita, steps down in 10 days. \$117 Million Loan Unlike his predecessor, Mr. Lutzenberger may have the means to carry out his plans. Last week the World Bank approved a \$117 million loan to Brazil for environmental education, research and protection.

"Priority No. 1 is Amazonia; we have to reverse the devastation there," Mr. Lutzenberger said today. Mr. Lutzenberger, who in 1971 helped found one of southern Brazil's most militant ecological organizations, spent years in the 1950's studying soil science and agricultural chemistry at the University of Louisiana.

Mark Davis  
The NP !!  
JP

## All Forgiven, Jamaican Will See Bush Today

By HOWARD W. FRENCH

Special to The New York Times

KINGSTON, Jamaica, April 28 — When he visits the White House on Thursday, Prime Minister Michael N. Manley will be welcomed as a friend of Vice President Dan Quayle and a partner of the Bush Administration.

Such a visit by a Caribbean leader would be fairly unremarkable were it not for Mr. Manley's not-so-distant past as a sometimes strident advocate of socialism in the third world.

But in a turnabout that anticipated the move toward capitalism in Eastern Europe, Mr. Manley was reborn before the elections that returned him to

power early last year as an advocate of free markets, privatization, global economic integration and competition.

"It was just a matter of time before these highly bureaucratic and centralized states yielded to more democratic processes," Mr. Manley said of Eastern Europe's political changes. "I cannot claim to be surprised."

When in office during most of the 1970's, Mr. Manley was more often perceived as a thorn in Washington's side than as a partner. After a visit to Cuba, he declared that he would accompany Fidel Castro "to the mountaintop."

The Reagan Administration openly rejoiced at Mr. Manley's defeat in 1980

at the hands of Edward P. G. Seaga, a conservative whose friendship with Washington was cemented when he strongly supported the United States invasion of Grenada in 1983.

Returned to office by an electorate disillusioned with growing economic hardship, Mr. Manley has courted the United States, conscious that from tourists to investments in the bauxite industry his large neighbor's attitude toward his Government can profoundly affect the economic climate here.

One of Mr. Manley's first gestures was to insure cooperation with the United States anti-drug efforts.

"This time he started out by making

all the right noises," said a Western diplomat in Kingston, who suggested that for a canny politician like Mr. Manley more than the right noises were needed to soothe some doubters.

But after observing the leader since his return to power, even skeptics with sour memories of Mr. Manley's policies of two decades ago have come to agree that the change is real, the diplomat said.

Wycliffe Bennett, a Jamaica scholar who headed the National Broadcasting Services under both the Manley and Seaga Governments, said, "Manley is now rather centrist, I would say."

The actions that have persuaded doubters include raising interest rates, ending subsidies for some basic commodities and devaluing the Jamaican dollar. These and other austerity measures were included in an agreement

the Government recently signed with the International Monetary Fund.

Despite such unpopular measures, the People's National Party of Mr. Manley defeated Mr. Seaga's Jamaica Labor Party in local elections in March, a testament to his enduring support among the country's poor.

Mr. Manley has replaced many of the social programs and promises of the past with a call to hard work. "There are economic problems and they are deep," he now warns, adding that the country's salvation will come about only through "a great national effort."

But Mr. Manley emphasized in an interview in his airy colonial-style offices that he was not merely seeking to placate an outside neighbor but hoping to initiate an era of more meaningful cooperation between the two countries and with others in the Caribbean Basin.

"I'm hoping to use my visit to strengthen the impression in Washington of the huge problems facing the developing world," he said, placing particular emphasis on the imposing sums owed to Western governments and multinational financial institutions like the World Bank and the I.M.F.

Still championing third-world development, Mr. Manley says he also hopes to impress upon the White House a concern that haunts many developing countries: that the dissolution of political blocs in Europe will lead the West to completely forget them.

"It is a shortsighted error of the greatest magnitude and it is amoral to support the development of Eastern Europe at the expense of places like the Caribbean, where many of us have long been in the trenches of democracy," he said.

## Vargas Llosa Pans His Political and Intellectual Peers

On Sunday Peruvians go to the polls to elect their new president. The leading contender is novelist Mario Vargas Llosa. A few months ago, Mr. Llosa was interviewed by his friend, Chilean economist and essayist David Gallagher. The interview took place at the Center of Public Studies in Santiago and was published in the Center's publication *Estudios Publicos*. Excerpts appear below:

**Mr. Gallagher:** Why do you think that, generally speaking, writers and intellec-

### The Americas

tuals have the tendency to oppose free-market experiments and libertarian revolutions?

**Mr. Vargas Llosa:** Because unlike socialism, capitalism has never generated a mystique; capitalism was never preceded by a utopian vision.

Intellectuals and artists have a strength—that comes perhaps from the artist's condition itself—which is the condition of the dreamer; the man who wants to transcend the limits of reality, to go further. Capitalism has nothing to do with that. It has to do with reality. Capitalism is within the limits of the human.

The poet and novelist want no part of this reality. They want to transcend it. They want to substitute it. They want to change it for a reality that comes out of their fantasies—out of their desires. Then, how can they accept capitalism? It is very difficult; there is a resistance to human mediocrity.

What the intellectual should do is at least tolerate mediocrity, because mediocrity is what has brought us progress. The utopian vision, on the other hand, which is so beautiful in the abstract, has brought

nothing but barbarity. Utopias have never brought progress. After the establishment of religious or revolutionary utopias there are multitudes of cadavers, great amounts of tortured people, millions who are purged and sent to concentration camps. We are living it now in Iran: that materialization of the utopia in which a whole country gets hooked, bringing thousands of deaths, and the destruction of an economy that could be, perhaps, one of the most prosperous in the world.

The intellectual in Latin America confronts a tragic panorama of hunger, exploitation and terrible discrimination. Therefore, there exists the totally false but deeply rooted beliefs about what capitalism is. Of course, this vision is a complete caricature. Thus, to defend a capitalist model means to defend the existent model—to defend the "establishment."

The curious part is that in Latin America, reality has become more socialist than capitalist. This is a socialism that does not carry the name, but in practice that is what it is. We have states that have been overbuilt; we have interventionist practices; we have a multitude of economic policy control systems. The confusion in the intellectual world is that they have come to accept the idea that capitalism is the "establishment," when it is exactly the contrary. What our countries do not have is a genuine liberal economy; a genuine capitalist economy with a free market, free competition and nonintervention by the state.

It is not bad that intellectuals and artists will be constant critics of the "establishment." I believe it is legitimate that they defend the utopian vision. What is dangerous is if this utopian vision turns into political power.

**Mr. Gallagher:** If you become president, your term will coincide with the fifth centenary of the discovery of America. How are you going to celebrate this milestone?

**Mr. Vargas Llosa:** The anniversary is going to provoke a lot of speeches around the Hispanic world—endless ones. But I am afraid that a good part of the celebration will remain in the realm of rhetoric effusions. We may lose the opportunity of celebrating in a creative fashion.

For instance, we should explore the battle against the spirit of "nationalism" in Latin America, which still is pending. All ideologies in Latin America—whether on the political right or left—are, in some way or another, involved in applauding this curse of nationalism. This is an issue that is approached very prudently and very rarely in Latin America.

But I believe this attachment to nationalism as an ideal is a curse we will have to fight if we ever are to get out of the stage of underdevelopment. Even if we become a bit more developed, we will still be out of step with the rest of the world if we do not become a part of the profound process of integration taking place around the world. And I believe that process is incompatible with the nationalist culture that is rooted at all levels of our society.

Thus, the anniversary should remind us that our borders are, in large part, fictitious, artificial things created by bureaucrats who do not respond to the profound realities of Latin America—neither the past ones nor the present ones. This fifth centenary should be used to help liberate us from nationalism, to provoke a great continental mobilization to the idea of integration, to dissolve the borders. But I am afraid that because the celebrations will be directed by governments—I mean, through political power—politicians will take advantage of ceremonies to engage in exercises of auto eulogy. So, I am afraid that nothing important is really going to happen.

**Mr. Gallagher:** How is the writer in you—one who is a merciless critic of power—going to coexist with the political actor?

**Mr. Vargas Llosa:** Well, as cat and dog. It is a very difficult coexistence between the writer and the politician. Both are activities that intimately repel one another, there is no doubt about that. The writer is a man who works in solitude. He is entirely owner of his own acts, of everything he does. This is very different from the politician who works immersed in a mixture of people, who has to permanently accept the politics of the minor evil, knowing that he can be wrong about identifying the minor evil.

My distrust of power has not decreased. Now that I am doing politics, I daily verify how all those low levels of personality show up in endless ways in the political life, because they have to do with power. And power brings out the worst there is in human beings. So, that reconfirms my distrust toward power, my conviction that power brings out the worse.

I think that is why I have come to liberalism. If there is a system of generalized distrust toward power, that is liberalism. True liberalism believes that power is a danger and that it has to be dispersed—pulverized—in society. That is why I believe that the best defense the human race has against that threat to the individual is to disperse power within society in a way that no group, no party can really subordinate others to their convenience or to their will.

That is why, if I get to power, I want to fight so that executive power is kept limited, restricted and decentralized so that all Peruvians can start to participate in power. I do not know if I will accomplish this, but the idea I have is at least clear: The only way to fight exploitation, discrimination, brutality—something that is a part of the Peruvian experience—is by distributing power throughout the society. The ones who have gone farthest in this are the liberal thinkers, who have come to the defense of individuals who confront the modern monster that is power.

NATIONAL SECURITY COUNCIL

5/9

Clariss: The text that it worked

with errors from page 8 to

page 11 is very sensitive stuff.

The economic working group is

still doing the report on

possible proposals, so this

stuff is not fully blown by

anyone. It's included as an example

of what we would like to see

in general terms, and how we

would love the speech team.

Jim Moran -

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 Dona Violeta was respected.
- 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.

*lead?*  
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.

UP? → 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.

UP? → 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.

*punchline*  
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


MUST MENTION 'bills' for

stretch out of Debt  
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current



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

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

# The Nation.

March 5, 1990 \$1.75 U.S./\$2.25 Canada

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## JUNKED DREAMS

Junk in the Eighties was as good as gold. Hilarious with optimism and blinded by greed, the buccaneer bankers of Drexel Burnham Lambert created billions of dollars of credit for mergers, acquisitions and leveraged hocus-pocus by the sale of bonds whose value was ultimately guaranteed by no more than a promise and a prayer. When the going was good, the deal makers and the bondholders amassed fabulous fortunes. But there's a whiff of a slump in the air, and now the gold is turning back into junk.

Whatever else the Drexel saga may express, it is an almost perfect paradigm of its age. Its text is the fantasies and failures of the Reagan decade: the spurious boom, the speculative binge, corrupted enterprise, unexamined luxury. The consequences will be bailouts, pension losses, tax diversions, business declines, deindustrialization, unemployment, recession—and a bear market as big as the Ritz.

Drexel's bankruptcy will not by itself trigger all those dire events, of course, but it is emblematic of a crisis in the development of late capitalism that is largely denied by the economic cheerleaders who now hog the field of play. The extravagant deals that Drexel's fallen idol Michael Milken pioneered collected all the economic energy of the decade and diverted capital and attention from the crucial work of social and industrial reconstruction that no one yet has the will to begin.

Last year, after Milken's indictment and Drexel's admissions of fraud, young hotshot traders still with the firm started wearing T-shirts at their health clubs and watering holes with the Drexel Burnham Lambert logo on one side and the proud legend "Back to the Future" on the other. They thought they'd be princes of the Street again. Now all they've got is junk.

PORTRAIT OF AN OIL SPILL  
Robert Engler

CAMPAINING WITH THE SANDINISTAS  
Larry Bensky

TRIAGE IN CALIFORNIA  
David L. Kirp

A CHICANO FAMILY SAGA  
Jeff Gillenkirk

PRINCE CHARLES ON ARCHITECTURE  
Roberta Brandes Gratz

LOVE AND CODEPENDENCY  
Elayne Rapping

RETURN TO GUATEMALA

## UNLIKE EAST EUROPE, FEAR WITHOUT HOPE

JULIO GODOY

December 9, 1989. Although it's only 8 P.M., the commercial heart of Guatemala City is somber and empty in the midst of Christmas-time. The season's traditional lights are absent this year. Cafes and restaurants close earlier than expected. Movie theaters cancel their 9 P.M. shows. Driven by the wind, old newspapers and the remains of fast-food packaging flutter around, crisscrossing the hurried steps of the few pedestrians who dare to venture out onto these otherwise desolate streets.

If the Guatemalan economic atmosphere is depressing, the political one is scarcely more encouraging. That same night, somewhere in the city, a young man was tortured. Most likely his screams weren't heard in the city's commercial area, far echoes lost in the spectral silence of dusk. Two days later, the Guatemalan press carried news of the crime: A university student who had just returned from exile had been assassinated by a paramilitary death squad—the twenty-fifth student executed in less than two years. His mutilated body was found four days after his disappearance. With his murder, the entire leadership of the University Students Association had been silenced.

Within weeks the death squads accounted for another three victims. The first, Jorge Vargas, second secretary at the Nicaraguan Embassy, was machine-gunned in front of the mission's building; the other two—Hector Oqueli, one of the most prominent opposition leaders of El Salvador, and Gilda

(Continued on Page 308)



melodramatic. Anyone familiar with these installations knows how dangerous the workplace is and how fires, explosions, oil and chemical spills, and injuries are "normal" to such operations and often unreported. Many have firsthand evidence of industrial policies and practices that cause illness and contamination of waterways, land and air. In important respects these hazards are not that different from those of nuclear power plants, which have attracted more widespread public concern. The different levels of concern are akin to the all-too-facile distinctions sometimes made between so-called conventional weapons and nuclear arms.

The recent New York Harbor spill, like the one in Alaska, exposed critical shortcomings in the energy delivery system. It also demonstrated the unsophisticated nature of cleanup technologies, which almost seem to be an afterthought. In Alaska, for example, the industry views with pride its electronically controlled production of oil on the North Slope and the oil's transfer through an 800-mile pipeline to tankers at Valdez. By contrast, much of the shore cleanup in Prince William Sound, which employed hundreds of young people wiping oil-soaked rocks with absorbent pads, was like a scene from a mental institution. The metropolitan area spill was easier to deal with, but again there was a narrow appreciation of the ecosystem and heavy dependence on rather primitive booms and skimmers for containing and removing the oil.

These spills also point to a failure of the regulatory system. Public oversight of private energy operations is piecemeal. Supervision by public agencies of private preventive efforts and contingency planning for spills and accidents is limited and inadequate. Apparently only the New York City Fire Department checked on the offending pipe—and then not where it was submerged. On February 8, New York City brought suit against Exxon, charging that the quarterly reports affirming the safety and reliability of the leak detection system that the company filed with the Fire Department were fraudulent. "We were naive in that we accepted these reports at face value," the new fire commissioner conceded. Once more, government regulation has failed to penetrate the "corporate veil."

Not surprisingly, Exxon prefers to deal with individual complaints rather than collective actions, and has made public a phone number "if a person wishes to talk to Exxon about his or her claim." The company expressed disappointment when the City of Elizabeth, New Jersey, pursued in court the allegation of substantial harm to its waterfront. Responding, the longtime Mayor compared the "blatant arrogance" of the company with the solicitude it showed in 1971 after the widespread devastation caused by the Bayway refinery explosion. "They don't have the slightest idea of how they violated the people in this area."

Those now considering how best to employ any forthcoming peace dividend might include a review of energy installations throughout the nation and the development of appropriate measures for making and keeping them safe and healthy for their workers, their communities and the natural environment. Such public planning will require a challenge to the sanctity of private profit and to the political power and

general mystification of technology that protect the energy industry from public accountability. While these measures by themselves would not end the mindless consumption of energy that the industry has furthered, they could be productive steps toward genuine national security. □

#### ■ 'EVERYTHING WILL BE BETTER?'

## Campaigning With The Sandinistas

LARRY BENSKY

Managua

Nicaragua lives in suspended animation, at least the part of it that can animate at all in February's humid torpor. There's a sense that the nation is poised on the edge, and that the near future will bring either complete collapse or an exhilaration almost equal to that of 1979, when the forty-three-year Somoza family dynasty was overthrown by many of the same Sandinista militants still in power today.

Signs of the country's near-desperate economic situation are everywhere. In the poorer neighborhoods, shoeless, undernourished children beg from strangers or listlessly peddle goods for pennies. In the big markets currency speculators surface whenever, as now, the government tries to hold back further devaluation of the cordoba in order to rein in inflation, which is now "down" to 1,700 percent.

Basic products like cooking oil tend to disappear from state-subsidized neighborhood vendors only to reappear at ten times the price in the bigger stores. The middle class is squeezed too. Restaurants close early for lack of clients. To stay at home, however, is not necessarily comfortable; electricity outages occur frequently, for minutes or hours. And Managua's once abundant (and still good to drink) water supply cannot handle the city's greatly increased population, swollen with economic and war refugees. So the water is turned off from dawn to late at night two or more days a week.

If there's a sense of anticipation here, very little of it has to do with the election. Nicaragua has reached a state of near ruin, yet the government is almost sure to be re-elected. There are several simple explanations for this seemingly anomalous situation.

First, the Sandinistas have no credible opposition. The National Opposition Union (UNO) coalition doesn't begin to satisfy the need that many Nicaraguans feel for an alternative [see Tony Jenkins, "The Unmaking of Doña Violeta," February 26]. Even less so do the eight other candidates, most of them from tiny parties with no perceptible constituency and no chance of winning.

Equally important is the fact that lots of people agree

Larry Bensky is national affairs correspondent for *Pacific Radio*, which has been airing his weekly special reports on the Nicaraguan elections since late January.

with the Sandinistas' principal argument—that the country's economic problems are not the government's fault but are largely a result of U.S.-instigated aggression by the *contras*. They agree, too, that the Sandinistas deserve re-election because it is they who led the fight that has resulted in the *contras'* defeat, if not disappearance. Now, for the first time, the government has a chance to show what it can do in peacetime. Just as important, many voters say they fear what the Sandinistas would do if defeated. With their control of the military, the police and the labor movement, they could destabilize a much stronger government than the opposition has been able to propose.

And then, there's "Daniel." He's everywhere, not just as a totemic first name on billboards, posters, T-shirts, baseball caps and the ubiquitous red and black bandannas but literally everywhere, crisscrossing the country. President Ortega enters small towns on horseback, leading hundreds of local *caballeros* in a televised charge. Or he cruises urban barrios, waving solemnly from a white jeep while loudspeakers blare his catchy reggae, salsa and rap campaign tunes.

When Ortega climbs off his horse, or out of his jeep, he's an even more imposing presence. In 1979 he appeared to be a frail young man, somewhat shy, used to hiding his emotions after eight years in Somoza's prisons and three more in dangerous combat. Now, like his fellow revolutionaries, he's grown up, and at the age of 44, strides the stage from side to side like a revival preacher, building cadences and holding audience attention no matter how oppressive the heat and dust.

Slowly and idiomatically he tells rural crowds that they've really never had it so good: agrarian reform, health care, education, roads, electrification. Urban audiences, meanwhile, are encouraged to learn and be proud of Nicaraguan history, from Augusto César Sandino's uprising in the 1920s; to the long struggle to overthrow the Somozas and their brutal National Guard, followed by the *Guardia's* transformation into the *contras*; to near triumph, at a terrible cost in dead, wounded and economic devastation.

Somoza was the *Guardia*, is the *contras* and is now UNO, is how Daniel tells it. And behind all of them, and all of Nicaragua's problems, lie *los yanquis* and their endless proclivity for beating Nicaragua with their big stick. That this message plays well with a long-suffering population is no surprise. Indeed, what's surprising is that anyone could have thought otherwise, especially since the Sandinistas' campaign seeds are falling on fertilized ground. All the nonsense put out by Washington interest groups about "free and fair" elections being the key to establishing alternative, more pliable power in Nicaragua neglects the fact that the Sandinistas are an inventive and pragmatic lot, and have contemplated elections as part of their governing strategy from very early on. One does not have to delve far into their abundant writings and public speeches to find references to the "electoral battle" being another necessary, in fact desirable, mobilization for—and ratification of—their popular base.

Being a pragmatic lot, however, the Sandinistas have not been above a certain clientelism to reinforce their electoral strategy. There cannot be many among the 123,000 former-

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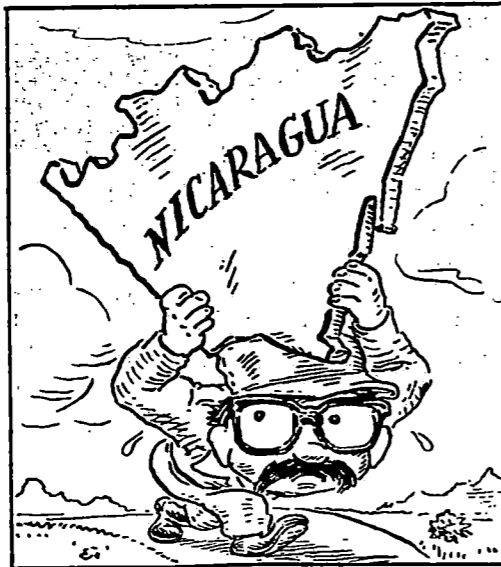
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ly landless Nicaraguan peasants, now farming more than 2 million acres, who do not know where their land came from, and who gave it to them. And who might take it back. Similarly, Managua is dotted with neighborhoods where the government has built houses for its workers, or recycled those that belonged to other Nicaraguans who now graze Miami's arid malls.

The Sandinistas don't talk about it much, but they are a revolutionary political party, not a collection of names occasionally selected to run for office. The 40,000 party activists all have qualified for membership through a long apprenticeship program that stresses community service and self-abnegation. Forty thousand is also a large number of loyal folk in a country that has only 1.75 million voters. Multiply 40,000 by an average of five to a family, and one gets an idea of how implanted the Sandinistas are. (One can also multiply 40,000 by an average monthly dues donation of up to \$5 during the pre-election period and figure out where the party's campaign funds come from.)

Moreover, an examination of the Sandinistas' activities shows that they are seriously, if not always effectively, working to improve life for the country's 3.7 million citizens. They concluded, long before the Berlin wall came tumbling down, that new alliances had to be formed with countries outside Eastern Europe if, as seems likely, the Bush Administration continues to play grinch on the international capital market.

Indeed, if these elections didn't already exist, the Sandinistas would have needed to invent them. Hence the readiness with which they accepted advancing the date from November to February, as a result of the Costa del Sol agreements of February 1989. The elections are much more complicated, and present much more of an opportunity for the Sandi-



nistas, than just the well-publicized race for the presidency. A National Assembly of at least ninety members will be elected from among Nicaragua's twenty-one political parties (a complex system of proportional representation makes the final number of seats difficult to predict). Regional and city councils also will be chosen, most of them for the first time. More than 6,000 people are running for regional and city office (only 22 percent of whom are women, an area of inequity in which the Sandinistas do only slightly better than the rest of the parties).

An overwhelming percentage of those elected to office will be serving for the first time. Since the Sandinistas are already the de facto power in almost all regions—either militarily, because of the need to counter the *contras*, or as the civilian authorities, thanks to their earlier victories over Somoza's thugs—they can be expected to expand their local strength for the same reasons that their national ticket will do well.

This election gives the Sandinistas both the opportunity of power and the danger of too much power. As the campaign moved on from its slow first months into 1990, it became increasingly obvious that they couldn't lose. A Sandinista victory was consolidated especially by the Bush Administration's invasion of Panama, which set alarm bells ringing in all sectors of Nicaraguan society except those represented by UNO, which failed to condemn the action and, indeed, supported it in the columns of its hysterical daily, *La Prensa*.

As UNO self-destructed with squabbles over money and strategy, and its presidential candidate, Violeta Chamorro, continued to be absent from the campaign trail due to bad health, the Sandinistas began to worry. Articles featuring the Social Christian Party began to appear in the Sandinista press (which can be almost as hysterical, though not usually so transparently inept, as *La Prensa*). The Social Christians have limited credibility in Nicaragua—their regional affiliates include the likes of Panama's Guillermo Endara and El Salvador's José Napoleón Duarte. But they are linked internationally, through the Christian Democrats, to powerful sources of financial assistance in Western Europe and South America.

Similarly, Nicaragua's four Social Democratic parties have ties to their European and South American homologues. One of the more interesting stops on the campaign trail therefore occurred not in Nicaragua but at the January meeting of the Socialist International in Quito, Ecuador. The Sandinistas, who take their relationship to the S.I. very seriously, were represented by an observer delegation. Although right-wing parties backed by the United States have long battled for the soul of the S.I., there have been times when the French, Spanish and especially Scandinavian parties have exerted their independence. These are among the countries expected to recognize Nicaragua's elections as proof of the Sandinistas' right to sup at the table of international capital, albeit in modest bites.

In fact, the Sandinistas may be preparing to cast their net even wider. It seemed odd that a large banner advertising the candidacy of Alfredo César for National Assembly on the

UNO ticket should appear in the strongly pro-Sandinista Linda Vista and Los Arcos neighborhoods of Managua in mid-January. And even odder that it stayed in place, despite the continuing high jinks of Sandinista and UNO supporters, who usually spend all night splashing paint on, or tearing down, each other's signs. César, who once ran the central bank for the Sandinistas, defected to the *contras*, where he performed similar functions. Now he's back home, along with other semirepentant members of the *contra* directorate, as an UNO candidate from the right-wing Social Democratic Party. César, who has observer status at the S.I. meetings, can be expected to hear his phone ringing loudly after election day, if it isn't already.

That a mass-based revolutionary party like the Sandinistas, with a charismatic leader, effective electoral hegemony, well-controlled military and police powers and all-pervasive media, has to minister to the world's Social and Christian Democratic parties is a measure of how quixotic and desperate an enterprise it can be to establish progressive political control of a small nation these days.

Fortunately for Nicaragua, its economic needs are not great, and a lot of investment capital—government and private—is waiting to see what happens on February 25. It is in anticipation of this investment that the nation can be said to be living in suspense. Everyone is aware of the power of U.S. media hawks to swoop in on wings of disinformation and discredit the electoral process, although the presence of observer delegations from twelve countries and three multinational entities—more than 2,000 people in all—will make this more difficult than usual.

How the Bush Administration will greet a Sandinista victory of any magnitude is an open question. The Sandinista government has allowed all manner of mischievous interventionist "democrats" from right-wing Washington-based organizations to play various roles in this election. These include two well-funded front groups for UNO in the guise of nonpartisan voter education, "observer" delegations from organizations traditionally hostile to progressive governments (Freedom House and the Center for Democracy) and an opportunity for hard-core *contra* supporters from Congress to be in Nicaragua on election day. These entities—the covert "civic action" crowd, their private foundation pilot fish and their Congressional supporters—may try to set the Bush Administration's feet in concrete against any kind of accommodation with continuing Sandinista rule.

An early tip-off to the Bush Administration's plans will be its position on aid to the *contras*, which will be discussed by Congress soon after Nicaragua votes. Any funding at all will be seen by the Nicaraguan government as a sign that the interventionists are still in control. On the other hand, a subtle backing off from U.S. vetoes of international bank lending to Nicaragua would be an indication of cautious rapprochement.

The government says that a mere \$120 million will get the country through 1990; an equal or greater amount would begin to produce benefits for investors in the not too distant future. The Sandinistas obviously are ready to make deals with those members of the Nicaraguan private sector who have gotten tired of waiting for the *contras*—and for

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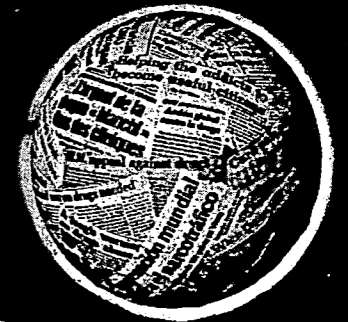
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UNO—to come to the rescue, and with just about any international financial interest ready to play on their terms.

It's hard to think of a national development plan that can serve as a model for Nicaragua. Just as the Sandinistas themselves have followed remarkably *sui generis* policies with a little help from their friends, and have survived thus far, so now they face a new challenge: that of ruling over orderly economic development in a nation that will not be completely at peace—there's too much money and power still behind the *contras* for that—but will be less at war.

The region's available models are hardly encouraging. Mexico continues to rely on prostration before international banking interests, to the increasing detriment of its citizens. Venezuela has just announced a "development" plan for foreign capital that includes elimination of currency controls, unlimited profit extraction, complete capital withdrawal options and freedom to establish and own subsidiaries within the country. Peru might go even further, should its citizens be unfortunate enough to elect Mario Vargas Llosa as President later this year.

Nicaragua would not seem to have an abundance of favorable options before it. But that is nothing new. One can't go anywhere in Nicaragua these days without seeing or hearing the Sandinistas' all-purpose campaign slogan, *Todo Será Mejor!* ("Everything Will Be Better!"). It wouldn't have quite the same ring, but, given the bind they'll be in—at least temporarily—a more accurate phrase might be, "Most Things Won't Get Worse . . . We Hope!" □

#### ■ TRIAGE IN CALIFORNIA

## Rationing Life And Death

DAVID L. KIRP

Last spring the top public health official in California's Alameda County, Dave Kears, announced a first-in-the-nation effort to come up with a local strategy for rationing health care. Health departments elsewhere, most of them strapped for funds after years of cutbacks, took notice. To support the effort, Kears hired John Golenski, a Jesuit medical ethicist who bravely promised to work with discussion groups comprising health professionals, consumers and activists to "make a list of health services—most important to least beneficial." Television crews and reporters from across the nation gave the story widespread coverage.

By summer, though, the experiment had collapsed in a storm of accusations and ill will. Golenski and the discus-

*David L. Kirp, professor at the Graduate School of Public Policy, University of California, Berkeley, writes regularly on social issues. He is the author, most recently, of Learning by Heart: AIDS and Schoolchildren in America's Communities (Rutgers University Press).*

sion groups concluded that health care in Alameda County, which includes Oakland and Berkeley, already had been trimmed to the bone. Far from being able to cut less-than-crucial services from the bottom of the list, Golenski said it would take a 50 percent budget increase just to provide what was minimally needed. That made headlines too. What didn't was the paradox behind the Alameda rationing fiasco—the fact that, given the present state of public health in the nation, rationing is both politically unspeakable and a daily reality.

What occurs in Alameda County, and in public hospitals and clinics across the country, isn't rationing by rule but an invisible rationing carried out by nurses and doctors. They are constantly obliged by constraints of time and space and staff—constraints built into an underfunded system—to decide whom to help and whom not to help, just as on a battlefield.

Inevitably, such pressing decisions mean tragic mistakes get made. When a man in his 60s recently showed up at the emergency room in Highland Hospital, centerpiece of the Alameda County public health system, he could barely breathe and his blood pressure had rocketed to 260/180. Asked why he hadn't kept up with his medicine, the patient explained that he'd had an appointment to renew his prescription, but after waiting for hours, "they told me to go home, because they were too busy."

A decade ago, Alameda County's public health system was as good as liberal public officials and health care activists could make it. But there, as elsewhere, the dollars have not kept pace with the demand for care. Between 1986 and 1988, while the cost of medical care in the county was rising annually at double-digit rates, state support actually dropped 5.1 percent for each patient on the public health rolls. Sizable increases in county spending haven't come close to making up the difference.

The costs of new medical technologies continue to rise. Of greater dollar significance, more people now are forced to rely on county health care. With private physicians loath to see Medicaid patients, these people increasingly turn to public clinics. And beginning in 1983, the state stopped guaranteeing health care for its poor. The counties became providers of last resort for the medically indigent—some 5 million individuals in California and 37 million nationwide, more than half of them working people and their children, who have no health insurance.

The number of outpatient visits in Alameda doubled from 1983 to 1989. The county's network of community-based clinics, the pride of Alameda's health activists, is inundated. So the clinics close their lists, doing the best they can for the patients already on their rolls. Last year they turned away 19,000 new requests for care. Hospital admissions went up even more dramatically in the same period, from 2,278 to 14,818. Moreover, as in other urban counties, the twin epidemics of crack and AIDS mean the health system is seeing a sicker population; this increases costs too.

California law, like that of many states, mandates that the "community standard of care" be offered by the counties to the poor. This paper commitment to excellence coincides with the belief, expressed to pollsters by more than 90 per-

cent of the national population, that everyone is entitled to the same care that a millionaire receives. But, inevitably, as money gets scarce the general level of public care deteriorates.

A medical condition that, in the private sector, would probably lead to hospitalization—a blood pressure count of 200/120, for instance—results only in a prescription at Highland. There are patients like Rachel Pereira, who, unable to pay for insurance, waited to have heart valve replacement surgery until she was 65 and on Medicare. She waited too long, for the blood had backed up into her heart and fatally damaged her lungs. There are also the patients, Vietnamese or Tongan or Nicaraguan, who speak no English, and are brought to emergency rooms in obvious pain. Unless there is an interpreter available, as only occasionally happens, they receive what doctors call "veterinary medicine."

You might imagine that Alameda County is a particularly hellish place in the American medical landscape, but it is actually among the most generous counties in a state that is among the most generous in the nation. Per capita, Alameda spends half again as much as Los Angeles and subsidizes care even for those who earn twice the poverty-level income. "Compared with New York or Detroit or even L.A.," one Highland doctor says, "this is heaven."

What really distinguishes this county is that it has opted to go public with its plight. Brinkmanship is the stock in trade of agency director Kears. As budget balancer, his task is to make the health care system live within its, diminishing means, and he believes in the assignment. "There will always be more need than dollars," he said. "That's the basic premise—we won't treat ourselves out of the problems. We have to prove that we know how to spend the money we get."

Yet as an advocate for additional dollars, Kears simultaneously needs to show just how unacceptable that budget is, and he believes in this part of his job too. In recent years, he has used every device at hand—hearings before visiting Congressional committees, threats to cut popular programs like prenatal care, pleas to state legislators—to "hold the politicians' feet to the fire." The call for rationing

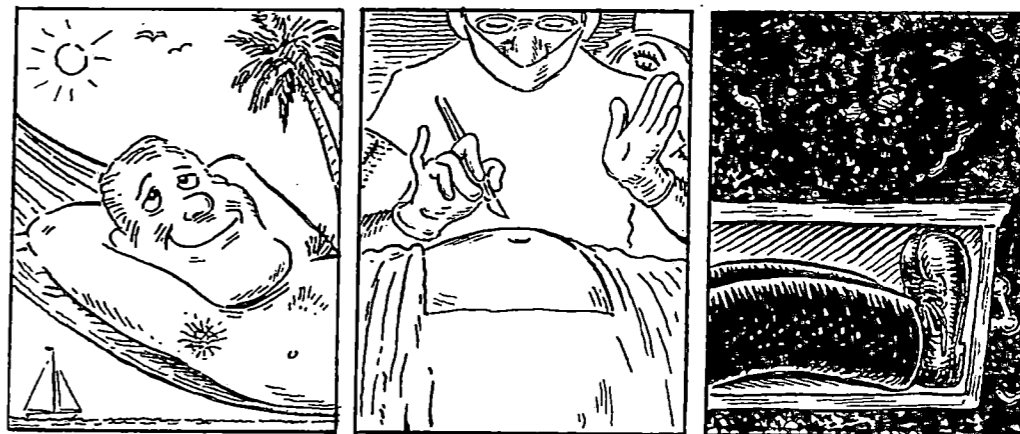
in Alameda County was designed to display both strands of this policy schizophrenia, illustrating what could be cut while dramatizing the dire consequences.

In the spring of 1989, with the county broke and contemplating a smaller budget for the next fiscal year, and the state unwilling to make an emergency \$500,000 appropriation for the "swelling caseload"—indeed, with Governor George Deukmejian talking about cutting funds for county hospitals—something brazen had to be done. Perhaps bringing in an ethicist would "elevate the debate, serve as our Archimedean point of departure," Don Perata, chair of Alameda County's Board of Supervisors, remembers thinking. And Golenski, the ethicist, told reporters it takes "moral courage" for the county to risk such a public investigation; he chided the state for not doing the same.

The fifty discussion-group members Kears picked—doctors, nurses and union representatives, advocates for the aged and Asian-Americans and people with AIDS—were deeply uneasy with their assignment. They appreciated Kears's argument that rationing was being done already, and done badly. But they worried that to convert rationing into official practice would just legitimize a fundamentally unfair status quo. They also worried that their good work would give Governor Deukmejian, no friend of health care, a blueprint to follow in cutting the state's health budget even more.

In the ensuing brawl, the passions were real. Yet something else was going on: In this politically charged environment, almost everyone involved had a constituency to answer to. Rationing would mean shifting dollars from one place to another; it might mean losing jobs. As the discussion groups began meeting, representatives for Vote Health Coalition, an alliance of progressive health organizations, railed against rationing as "barbaric. It causes people to lose lives, it causes pain, it causes death, it causes disability." And the extensive media coverage of the experiment only raised the political ante.

Moreover, planning for the explicit rationing of health care turned out to be much harder than anyone anticipated. It's difficult to come by evidence of which treatments work,



*Ref Am.*

THE WHITE HOUSE  
Office of the Press Secretary

For Immediate Release

May 22, 1990

REMARKS BY THE PRESIDENT  
TO THE  
COUNCIL OF THE AMERICAS

The State Department  
Washington, D.C.

11:30 A.M. EDT

THE PRESIDENT: Thank you for that welcome. And thank you, Secretary Baker. Jim Baker's just back from a very interesting and highly significant trip to the Soviet Union which I'm sure you've all read about. From my standpoint, it went very well indeed. I think he's done a lot of clearing the way for what I hope will be a highly successful meeting with Mr. Gorbachev not so many days away from now. I want to thank him. Normally, he's not awake this close to his jet lag recovery -- it takes him a little longer. But he was looking forward to being here. But he had a tough and grueling trip and it's still, I'm sure, on him. But I thank you very much for being here today.

To David Rockefeller, my friend and the Chairman of the Council of the Americas, I want to thank you. David came to see me a while back and told me of the emphasis that he felt should properly be placed on Central America, South America, the Americas. Something he's stood for for a long time. But I will address myself to some of those concerns in a minute.

But I want to thank him, I want to thank Ambassador Landau, and Kim Flower, and of course, pay my respects to my trusted right arm in the White House in foreign affairs, General Brent Scowcroft, who is head of the National Security Council. To Bernie Aronson for whom I have great respect and with whom I personally work very closely on a lot of these matters -- he, Jim and I, and Brent -- matters affecting our common interests here today.

I am pleased once again to speak to this most influential group. Pioneers, if you will, in the private sector -- private sector effort to expand trade investment between the United States and Latin America. I'm delighted to address this gathering after what has been a remarkable year of change.

I told a group out in Oregon yesterday, I can't think of a more fascinating time in the recent history of our country -- certainly in the Nuclear Age -- to be President of the United States.

Over the past 12 months, it sometimes seemed that the eyes of the world rest solely on Eastern Europe, on the miraculous transformation that's taken place there. Our friends in Latin America have watched these historic events unfold, with inspiration, certainly with awe. But also, I know, with an unmistakable sense of anxiety -- and it was this that David was talking to me about -- concern that our active involvement in Europe will mean a decline in the United States' interest in Latin America.

I'm here today to assure you -- just as I've assured the many Latin American leaders with whom I've met -- that the events of the past year have increased our interests 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.

MORE

Think about the tremendous gains made for freedom just 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. And 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 human suffering and anguish and turmoil, the provisional government has now announced its intention to hold free elections. This Thursday, I will be meeting with the new leader of Haiti, where we're sure to discuss ways that we can support democracy in Haiti.

In all of Latin America, only Cuba remains. Castro's island, isolated, totally out of step with the democratic tide. But today we're celebrating the anniversary of Cuban Independence. And let me say with certainty that even in Cuba, the dream of democracy can only be pushed back a little -- only deferred -- it will never be destroyed.

As we in the United States 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 with Jim and Brent and others to strengthen our ties. Just this year alone, I've met with Presidents Barco, Paz and Garcia, at the Andean Drug Summit in Cartagena. It was a good meeting, incidentally.

Here in Washington, I've hosted Presidents Perez, Carlos Andres Perez; Paz Zamora; Cristiani and Endara; Collor de Mello; Calderon and Callejas; and Prime Minister Manley as well. 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 the left. Toward democracy -- free government -- free enterprise. Toward the true political and economic empowerment of the people themselves.

That means encouraging, for the first time in many cases, genuine free market reform. Even in the countries that claim 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 individual 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. And as they succeed -- and as they reap the rewards that will follow what can be a -- will follow this -- I would say what will certainly be a painful transition -- these nations will bring others along in their wake.

We in the United States 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 United States 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 just 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 economies, and reinvigorated the reforms in Latin America. These economies help provide the needed foundation for democracy itself.

That's why I'm so pleased to report on the progress we've made this past year under the Brady Plan. Mexico, Venezuela, 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 -- that role contributes not just to economic growth -- but to the growth of democracy itself.

Now, there is, of course, an important role for government to play as well -- especially during the difficult days of transition from dictatorship to democracy. That's why, frankly, I've called on Congress to provide \$800 million in emergency economic aid to Panama and Nicaragua. We have a big stake in this. This aid is critical.

A little over a week ago, I received a letter from President Chamorro, Violeta Chamorro -- just 3 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. To give you an idea of the magnitude of this problem, in March I requested \$800 million for Panama and Nicaragua -- asking that this bill be finished on April 5th. April 5th. It's now May 22nd, and the funds for Panama and Nicaragua have been reduced by \$80 million, even though \$1.4 billion in extra spending has been added to this legislation. Finally, it appears the Congress may act this week on this vital measure.

For the people of Nicaragua and Panama, meanwhile, democracy hangs in the balance.

So let me again say to the Congress: The fate of freedom rests in your hands. 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. Or 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 4 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 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 10th, 1988, opposition leader Myriam Arguello was beaten, taken from her home in the middle of the night by Sandinista police -- tried, and sentenced to 6 months in prison. Today, Myriam Arguello is President of Nicaragua's freely-elected National Assembly.

These three stories 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 the prosperity we enjoy. Please, keep up more now than ever, your important work in guaranteeing that democracy succeeds in this precious hemisphere of ours. Thank you for what you're doing and God bless the United States of America. Thank you all very much.

END

11:47 A.M. EDT

We see cities of millions - illegally built,  
illegally maintained.

Law - coming together

### De LAS CASAS

P: 134: Cement experiment. A person  
of modest means must spend 289 days  
on bureaucratic procedures. Cost of  
complying 32 times monthly minimum  
living wage.

p. 136 83 months ~~to go~~ - just under 7 yrs  
to ~~go~~ comply.

p. 143/43 days ~~to~~ to fulfill all burea. ~~comp~~  
procedures to open a store.

BUT NEED LAW - ILLEGALS HAVE THEIR OWN.  
NO PROPERTY RIGHTS

inefficient taxes

property rights don't benefit owners  
exclusively - they benefit everyone -  
they ~~make~~ <sup>are</sup> an exclusive property to  
the pool of natl. inst. - "productivity  
for the prosperity and progress of the  
entire community."  
Law

p 178



a new covenant / Crisis across the Americas  
needed in South U.

Hern. Desoto

PRES. CANDIDATE VARGAS LLOSA

one conquered Peru <sup>by sword</sup> and enslaved it -  
another conquers Peru <sup>by peace</sup> and liberates it.  
1, 5, 6, 7, 8

- Collor de Mello

DRUGS

- MEXICO time for brotherhood

/Barera + Cisneros/

MEGA CITIES LIMA 26% pop of Peru / 8

Bolívar - Benito Juárez - José Martí

~~Benito Juárez~~

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May 31, 1990

Caroline Cawley  
The White House

Dear Caroline,

Attached is the information you requested on the difficulties involved in investing in Central America and Eastern Europe.

It is important to note that while formidable obstacles still exist, the American private sector is considered to be far ahead of the competition when it comes to developing innovative joint ventures and other investment structures. I can provide plenty of success stories where OPIC and other U.S. Government agencies have facilitated private sector investment in the developing world.

CENTRAL AMERICA

## TRANSPORTATION INFRASTRUCTURE IN NICARAGUA

In Nicaragua, they are blessed with good soil and a climate that is particularly well suited to growing fruits and vegetables during the off season which American grocers call "the winter window." Recently, investors have looked into growing everything from cucumbers to melons in Nicaragua, and for the most part, they've come back frustrated. There's no question they could grow abundant produce in Nicaragua but they cannot guarantee the crop will get to the market on time. Unfortunately, the country lacks a reliable infrastructure for packaging, trucking and shipping perishable produce. And in agriculture, profits turn on the ability to speed the ripened produce to market. When OPIC brings investors on the June 14 Nicaragua mission, we will pay particular attention to the transportation sector.

**SOURCE:** May 30 conversation with a veteran OPIC investor who recently completed a reconnaissance mission in Nic. His comments reflect the views of himself, his colleagues and his competition.

## Vargas Llosa Pans His Political and Intellectual Peers

*On Sunday Peruvians go to the polls to elect their new president. The leading contender is novelist Mario Vargas Llosa. A few months ago, Mr. Llosa was interviewed by his friend, Chilean economist and essayist David Gallagher. The interview took place at the Center of Public Studies in Santiago and was published in the Center's publication Estudios Públicos. Excerpts appear below:*

**Mr. Gallagher:** Why do you think that, generally speaking, writers and intellec-

### The Americas

tuals have the tendency to oppose free-market experiments and libertarian revolutions?

**Mr. Vargas Llosa:** Because unlike socialism, capitalism has never generated a mystique; capitalism was never preceded by a utopian vision.

Intellectuals and artists have a strength—that comes perhaps from the artist's condition itself—which is the condition of the dreamer; the man who wants to transcend the limits of reality, to go further. Capitalism has nothing to do with that. It has to do with reality. Capitalism is within the limits of the human.

The poet and novelist want no part of this reality. They want to transcend it. They want to substitute it. They want to change it for a reality that comes out of their fantasies—out of their desires. Then, how can they accept capitalism? It is very difficult; there is a resistance to human mediocrity.

What the intellectual should do is at least tolerate mediocrity, because mediocrity is what has brought us progress. The utopian vision, on the other hand, which is so beautiful in the abstract, has brought

nothing but barbarity. Utopias have never brought progress. After the establishment of religious or revolutionary utopias there are multitudes of cadavers, great amounts of tortured people, millions who are purged and sent to concentration camps. We are living it now in Iran: that materialization of the utopia in which a whole country gets hooked, bringing thousands of deaths, and the destruction of an economy that could be, perhaps, one of the most prosperous in the world.

The intellectual in Latin America confronts a tragic panorama of hunger, exploitation and terrible discrimination. Therefore, there exists the totally false but deeply rooted beliefs about what capitalism is. Of course, this vision is a complete caricature. Thus, to defend a capitalist model means to defend the existent model—to defend the "establishment."

The curious part is that in Latin America, reality has become more socialist than capitalist. This is a socialism that does not carry the name, but in practice that is what it is. We have states that have been overbuilt; we have interventionist practices; we have a multitude of economic policy control systems. The confusion in the intellectual world is that they have come to accept the idea that capitalism is the "establishment," when it is exactly the contrary. What our countries do not have is a genuine liberal economy; a genuine capitalist economy with a free market, free competition and nonintervention by the state.

It is not bad that intellectuals and artists will be constant critics of the "establishment." I believe it is legitimate that they defend the utopian vision. What is dangerous is if this utopian vision turns into political power.

**Mr. Gallagher:** If you become president, your term will coincide with the fifth centenary of the discovery of America. How are you going to celebrate this milestone?

**Mr. Vargas Llosa:** The anniversary is going to provoke a lot of speeches around the Hispanic world—endless ones. But I am afraid that a good part of the celebration will remain in the realm of rhetoric effusions. We may lose the opportunity of celebrating in a creative fashion.

For instance, we should explore the battle against the spirit of "nationalism" in Latin America, which still is pending. All ideologies in Latin America—whether on the political right or left—are, in some way or another, involved in applauding this curse of nationalism. This is an issue that is approached very prudently and very rarely in Latin America.

But I believe this attachment to nationalism as an ideal is a curse we will have to fight if we ever are to get out of the stage of underdevelopment. Even if we become a bit more developed, we will still be out of step with the rest of the world if we do not become a part of the profound process of integration taking place around the world. And I believe that process is incompatible with the nationalist culture that is rooted at all levels of our society.

Thus, the anniversary should remind us that our borders are, in large part, fictitious, artificial things created by bureaucrats who do not respond to the profound realities of Latin America—neither the past ones nor the present ones. This fifth centenary should be used to help liberate us from nationalism, to provoke a great continental mobilization to the idea of integration, to dissolve the borders. But I am afraid that because the celebrations will be directed by governments—I mean, through political power—politicians will take advantage of ceremonies to engage in exercises of auto eulogy. So, I am afraid that nothing important is really going to happen.

**Mr. Gallagher:** How is the writer in you—one who is a merciless critic of power—going to coexist with the political actor?

**Mr. Vargas Llosa:** Well, as cat and dog. It is a very difficult coexistence between the writer and the politician. Both are activities that intimately repel one another, there is no doubt about that. The writer is a man who works in solitude. He is entirely owner of his own acts, of everything he does. This is very different from the politician who works immersed in a mixture of people, who has to permanently accept the politics of the minor evil, knowing that he can be wrong about identifying the minor evil.

My distrust of power has not decreased. Now that I am doing politics, I daily verify how all those low levels of personality show up in endless ways in the political life, because they have to do with power. And power brings out the worst there is in human beings. So, that reconfirms my distrust toward power, my conviction that power brings out the worse.

I think that is why I have come to liberalism. If there is a system of generalized distrust toward power, that is liberalism. True liberalism believes that power is a danger and that it has to be dispersed—pulverized—in society. That is why I believe that the best defense the human race has against that threat to the individual is to disperse power within society in a way that no group, no party can really subordinate others to their convenience or to their will.

That is why, if I get to power, I want to fight so that executive power is kept limited, restricted and decentralized so that all Peruvians can start to participate in power. I do not know if I will accomplish this, but the idea I have is at least clear: The only way to fight exploitation, discrimination, brutality—something that is a part of the Peruvian experience—is by distributing power throughout the society. The ones who have gone farthest in this are the liberal thinkers, who have come to the defense of individuals who confront the modern monster that is power.