

GUATEMALA



Marcelo Montecino

Building new image to aid sick economy

By Chris Norton

GUATEMALA CITY

IN LATE DECEMBER GUATEMALA'S ruling general inaugurated Ojo de Auga, the latest in a series of strategic "model villages," as the army calls them, built in the pine-covered mountains of the Ixil Triangle in the past year.

The dignitaries attending the event listened to army speeches about how it was "bringing development to the country's Indians who had been abandoned by past governments." They then followed General Mejia as he made the rounds, turning on water and electricity and snipping ribbons at the doors of the new school and the community center.

The speakers told the sparse audience of Indians—many of whom said they had been ordered to attend—that they had been "deceived by the subversion" in the past, but now they had chosen the army's protection. No speaker said why the army was reconstructing the town, or why it had been destroyed.

But the Indians knew. They told reporters afterward that the army killed between 300 and 800 Indians in the region around San Juan Cotzal after a 1980 guerrilla ambush of an army patrol, during which several officers were killed.

At a party after the ceremony, a reporter asked Gen. Mejia about the Indians' charges. He was uncharacteristically frank, saying, "Killing 300, killing 500 to save the country. Isn't it worth it?"

This is one of the few times the military government acknowledged its responsibility for the widespread massacres that ravaged the highlands or for the "disappearances" of recent years—which have increased again since the August 1983 coup that brought Gen. Mejia to power.

Image rebuilding.

Clearly, Guatemala's rulers want to change the country's image. As the economic crisis deepens, they hope the image-building will lead to increased international aid, which Guatemala needs desperately. The current debt is \$2.3 billion, and almost \$1 billion of that is short-term loans that will come

due in the next two years. Last June the International Monetary Fund (IMF) suspended the remaining \$60 million of a \$120 million standby loan because Guatemala refused to increase its tax revenue, proportionately one of the lowest in Latin America.

By November capital flight and the lack of dollars had driven the black market rate for dollars up to 1.40 *quetzales*, and the government responded by setting up a parallel market, a de facto devaluation that ended Guatemala's longstanding parity with the dollar. Yet after the parallel market was installed, capital flight—\$800 million since 1979—surged again, prices on many goods jumped up 25 percent overnight and the black market rate rose even higher, to 1.50 *quetzales* to the dollar. Local business people now fear the vicious devaluation-inflation cycle that Guatemala's economy, one of the richest and most industrialized in Central America, has long avoided. Private analysts predict that Guatemala will continue its fourth straight year of economic decline in 1985.

Success in its campaign to improve its image is most apparent in foreign affairs, under the adroit handling of Foreign Minister Fernando Andrade. He recently renewed diplomatic relations with Spain, which were severed in 1980 when Guatemalan security forces stormed the Spanish embassy to remove a group of protesters who had taken refuge there, killing 39 people. He has also reopened negotiations on the status of the former British colony, Belize, which Guatemala claims. Diplomatic relations with Great Britain, strained by the Belize question, will be renewed as well.

Although the nationalistic, ultra-right has called for Andrade's resignation because of his willingness to negotiate Guatemala's claims on Belize and to accept Guatemala's culpability in the embassy attack, he is secure. A millionaire lawyer and banker, he is a long-time confidante of many important officers. And the military rulers surely realize the effectiveness of his public relations work.

Elections leading to a civilian government are the centerpiece of the image-rebuilding. The government now talks earnestly about the "process of democratiza-

tion."

Elections for president and Constituent Assembly will be scheduled when the writing of the country's fifth constitution in 40 years is completed. Originally, that process was to take two months, but it has dragged out as the Assembly haggles over specific articles. The latest battle centers on one stipulating the social function of property. Such an article would theoretically pave the way for state expropriation of land not filling a "social function" and possibly lead to agrarian reform—a tender subject for Guatemala's ultra-conservative private sector. But the far right need not worry. "Social function" articles have appeared in past constitutions but have never been enforced, leaving undisturbed one of the most skewed land-tenure systems in Latin America.

Election contenders.

The principal contenders in the elections, which few people here expect before summer's end, are the three groups that won

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most of the votes in last year's Assembly elections—the ultra-right MLN-CAN coalition, the mildly reformist Christian Democrats and the new "centrist" party, the Union of the National Center (UNC).

The ultra-right coalition is led by the MLN (National Liberation Movement), which had its origins in the CIA-orchestrated coup that overthrew the Arbenz government in 1954. Since then it has faithfully represented the interests of the agro export sector.

In the past, the Christian Democrats had built a strong constituency, winning the 1974 elections but having them subsequently stolen by the military's candidate. Since then its base has been decimated. Many Christian Democrats have been killed. Others fled the country or joined the insurgency.

Christian Democratic Party leader Vinicio Cerezo, who has been publicly outspo-

The army is reconstructing a town it massacred in 1980 as part of its "new image."

ken against the military, has few friends in uniform—a distinct disadvantage in a country where the military is the real power. Yet the support of one of the country's most successful retailers, Rodolfo Paiz, may attract other business support by convincing them that the party won't be too radical.

The real comer in the last election was the UCN, the personal vehicle of ambitious newspaper publisher Jorge Carpio Nicole, who shamelessly uses his paper to promote himself. He has a non-program of "centrism," which makes him sound moderate while challenging none of Guatemala's powerful vested interests.

Carpio's "centrism" is a cover, like Napoleon Duarte's in El Salvador, for accommodating to the right while appearing to be charting a new course "between the two extremes." After long waffling on the issue of land reform, Carpio recently declared himself opposed.

There are also persistent, but undocumented, rumors that the UCN has received money from the army and the U.S. Clearly, Carpio would serve both their projects—giving a moderate face to the new civilian government but not challenging the real power.

The army would likely accept the victory of any of the three parties as long as they played by the rules. The private sector, through its business chambers, would run the economy and the army would be the power in the countryside and have the final word on major decisions.

Despite the lack of substantive change the upcoming elections and civilian rule appear to represent, the Reagan administration has leaped at the opportunity to praise the "process of democratization" and to increase economic and military aid.

Overt military aid was cut in 1977 when Guatemala refused it because of the Carter administration's "Communist" human rights conditions. Cynically, the Reagan administration reopened a military line of credit in January 1983, claiming an "improvement in human rights." The army massacres that had killed between 10,000 and 20,000 had tapered off by the end of 1982. For fiscal year 1985 the Reagan administration wanted to give Guatemala's military government its first direct military aid—a whopping \$10 million. It was approved by the Senate but lowered to \$300,000 for training purposes in conference. While the amount is relatively small, it opens the door for more aid in the future.

U.S. economic aid has been increased 40 percent to \$157.7 million, and although much of it has indirectly supported the army's sophisticated counterinsurgency strategy. For the first time the U.S. is directly aiding that program, allocating at least \$1 million to build schools, housing and potable water systems in the army's "model villages."

The new U.S. ambassador, Alberto Pietra—a right-wing Cuban-American academic who wrote a book on Guatemala denying the CIA's role in overthrowing Arbenz in 1954 and accusing the left of responsibility for much of the death-squad activity—promotes Guatemala's democratic opening. And he continues to ignore the bodies, many showing signs of torture, that appear on the streets with disturbing regularity.

The rise in killings and disappearances following the August 1983 coup spurred a group of wives and mothers to form a Group of Mutual Aid on June 5. They publicize cases and pressure the government to present their loved ones. Starting with just four members, the group now has more than 300 families who meet weekly and have carried out increasingly militant protests, which have included a march of 1,000 people on October 12 through the capital, special masses in the cathedral and a visit to the Constituent Assembly.

Although they met several times with Gen. Mejia, the group doesn't expect anything to come of the meetings. Said one member, "We know Mejia isn't really interested."

By Jan Pager

GABORONE, BOTSWANA

WITHIN THE NEXT FEW weeks, the African National Congress (ANC), South Africa's main liberation movement, will hold a major conference somewhere in independent Africa to re-examine its political and military strategy in the wake of what is probably the most tumultuous year in recent South African history.

When the conference meets—at a place and time kept secret for security reasons from all but the ANC's top leadership—it will be with the knowledge that support for the ANC among black South Africans has perhaps never been stronger or more visible. Although the organization has been banned inside the country since 1960, and any open show of support can bring a five-year sentence, the ANC enjoys widespread popularity among South Africa's 22 million blacks.

When Nobel Peace Laureate Bishop Desmond Tutu recently told a Soweto crowd that he had met with exiled ANC President Oliver Tambo in Lusaka, the crowd roared with such approval that Tutu could not finish his sentence. Hundreds of people attended the Soweto funeral last month of Jabulani Ngcobo, age 26, who was the first ANC guerrilla openly buried inside the country. ANC songs and slogans are sung and shouted at every rally; the ANC colors (black, green and gold) appear regularly at meetings and demonstrations. Although there are no reliable polls, few South Africans—including Minister of Law and Order Louis le Grange—doubt that even after 20 years in jail, ANC leader Nelson Mandela is still the most popular black leader.

The ANC's support has begun to take on new significance in recent months, with the collapse of the government's much-vaunted "reforms." As white leaders search for ways to control rapidly growing popular and organized resistance to apartheid, more and more eyes are turning to the ANC. Pointing to the overthrow of white rule in what is now Zimbabwe, the pro-government paper *Die Beeld* editorialized in December: "When significant numbers of the country's citizens are not directly represented in the country's political organs, [the government] has a duty to listen to voices from unorthodox sources or else it is in danger of not hearing important messages before it is too late." Although both the government and ANC deny rumors that negotiations have already taken place, Foreign Minister Roelof (Pik) Botha has offered to allow exiled ANC leaders to return if they abandon their "violent objectives."

Almost certainly, white government officials are split between those who lean toward negotiations with the ANC and those who still hope to protect white supremacy through repression and military power. Significantly, however, businessmen have begun to argue that only a negotiated route to majority rule will avoid both a revolution and a thorough restructuring of the country's economy. Tony Bloom, chairman of

The movement has been split over socialism vs. nationalism.

one of South Africa's top 10 corporations, and the influential Handelsinstituut, an Afrikaans business think-tank, have both urged the government to negotiate with the ANC while it still can do so from a position of strength.

Issues to be addressed.

In this climate, the upcoming ANC conference—the first major policy meeting since 1969—is likely to shape the rapidly intensifying struggle in South Africa. Focusing on the liberation movement's political and military strategy, the 200-odd delegates to



Photographer unknown

SOUTH AFRICA

Upcoming ANC conference to reconsider political strategy

the conference will discuss questions raised in reports from meetings of ANC activists, both underground inside South Africa and in exile. Discussion papers have been circulating for months within the movement, and responses have been collected from thousands of activists. ANC leaders are not willing to comment openly on the probable outcome of the conference, but their reluctance only underlines the importance of the debate's results.

One major issue discussed will certainly be the relationship between the ANC and legal political organizations inside South Africa, such as the United Democratic

Front and the black trade unions. In particular, the debate is likely to focus on the relationship between the black working class and the struggle for majority rule. The ANC is unlikely to abandon its commitment to a "two-stage" struggle: first, a broad front fighting for an end to white supremacy, and only later to building socialism. While the Freedom Charter, which outlines the ANC's basic principles, calls for the nationalization of monopolies, land reform, and the provision of basic social services for all South Africans, it is open to a wide range of interpretations—allowing it to serve as the basis for a broad coalition fight-

ing for a democratic non-racial South Africa.

This coalition—including socialists, Christians and black nationalists—leaves a broad spectrum of views represented in the ANC. Some observers argue that while most black South Africans feel some loyalty to the ANC, the oldest black party in South Africa, it is not always clear they know what they are supporting—a problem that is magnified by the ANC's underground status inside the country.

White officials and businessmen calling for negotiations appear to hope to

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An economy in decline

Despite the excitement over Sen. Edward Kennedy's visit and the opening of a new tri-racial parliament last month, the main focus of attention in South Africa recently has been the economy's rapid slide into its worst depression since the '30s. And with growing fears of international sanctions and a dropping gold price, South African economic analysts are predicting that things will get much worse.

In early January, government officials met with groups of top businessmen around the country to warn them that the growing U.S. divestiture movement could strike telling blows on the South African economy. While U.S. Ambassador Herman Nickel reassured businessmen that the Reagan administration opposes divestment as a way to end apartheid, the South African foreign ministry was warning them that potential investors were being frightened away—even without the legislation to limit investments currently before Congress. Until now, Pretoria has downplayed the possible economic impact of sanctions. But as the divestment movement grows in American churches, city councils, unions and universities, government officials are beginning to admit they expect serious repercussions.

And the repercussions could not come at a worse time for South Africa. Already, the rate of foreign investment has slowed to a trickle, down to only 1.6 million *rand* last year. At the same time, the country's

foreign trade bill rose by 10.5 million *rand*, reaching a total of 93.7 million *rand*. Meanwhile, the *rand* has fallen to a third of its former position against the U.S. dollar, from \$1.15 to a mere 43¢. Despite government efforts to shore up the sinking currency, most analysts predict it will drop still further, perhaps going as low as 32¢. As the *rand* falls, it becomes harder for South Africa to buy the technology and inputs it needs to keep its industries going.

In the past South Africa's economy has been protected by gold, which speculators have used as a hedge against high oil prices and inflation. But as the dollar has risen, the gold price has dropped—from \$850 an ounce in 1980 to just under \$300 today. Since nearly half the total value of South African exports has come from gold sales, the falling price will further damage its already bleak balance of trade.

Even if gold should pick up again, most South African analysts do not expect the *rand* to follow suit. After decades of tight foreign exchange controls, the South African bank lifted virtually all restrictions last year, and the bank's total reserves of gold and foreign exchange dropped by nearly 6 billion *rand* to 4.4 billion. Although the government has already hinted that controls may be slapped on again, it will almost certainly be too late to stave off what newspapers have already unofficially dubbed "National Austerity Year."

Savage budget cuts have reduced the official deficit from 4,200 million *rand* to 2,800 million *rand*. But with a costly war on in Namibia, with the prospect of further uprisings in black townships, and with already large interest payments to make on international loans, the South African government is unlikely to be able to maneuver its way quickly out of a se-

vere recession.

The effects of that recession are already being felt, as unemployment has begun to soar. Early in January, manufacturers cut 100,000 jobs because of falling consumer spending. Steel and engineering cut 80,000 jobs, while the motor industry cut a total of 50,000 jobs. Official unemployment figures have never been reliable in South Africa, where black unemployment has been chronically underreported, but now even the official predictions of a million jobless by June look grim. In many areas, particularly the bantustans, unemployment has reached at least 20 percent.

If there was any good news at all for South African businessmen last month, it was that the maize crop may not be a total failure after all. The rains may have fallen just in time to prevent a complete loss of the harvest—but even now, only half the normal harvest is likely to be saved.

In the general atmosphere of economic gloom, with a recession that will hurt black workers as well as business, it is striking that so many black leaders continue enthusiastically to support the American divestment movement as a means of pushing the government toward far-reaching change.

While open calls for divestment are rare, since such appeals may be illegal in South Africa, the broad-based United Democratic Front was quite direct in its statement to Kennedy. "The continued investment by Western countries, including and especially the U.S., has not diminished the poverty and suffering among our people. There is in fact good evidence to show that the problems of the poor were accentuated during periods of escalating foreign investment" in South Africa.

-J.P.