Jon D. Cozean, M.A.

PNAAN 316
ISN = 30089
93206 11/62

LATIN AMERICA 1977

The World Today Series®

- Haiti: the Duvaliers—like father, like son
- El Salvador: "Monday Massacre"
- The Panama Canal: the treaty dilemma
- Cuba and the U.S.—off again—on again

Next revised edition: August 1978

Stryker-Post Publications, Inc.
Washington, D. C. Harpers Ferry, W.Va.

The World Today Series©

ANNUALLY REVISED AND
PUBLISHED EACH AUGUST

Pierre Etienne Dostert, Editor

AFRICA 1977
Twelfth edition, revised and enlarged
Pierre Etienne Dostert, J.D.

LATIN AMERICA 1977
Eleventh edition, revised and enlarged
Jon D. Cozean, M.A.

THE MIDDLE EAST AND SOUTH ASIA 1977
Eleventh edition, revised and enlarged
Ray L. Cleveland, Ph.D., Sc.D. and others

THE FAR EAST AND SOUTHWEST PACIFIC 1977
Tenth edition, revised and enlarged

THE SOVIET UNION AND EASTERN EUROPE 1977
Eighth edition, revised and enlarged
Samuel L. Sharp, J.D.

MAP AND OTHER SYMBOLS USED

Capital

Major Airport

Ruin

Mountains

Swamp

Desert

Volcano

Adapted, rewritten and revised annually from a book entitled *Latin America 1967*, published in 1967 and succeeding years by

Stryker-Post Publications, Inc.
888 Seventeenth St., N.W. Washington, D.C. 20006
with offices also at Harpers Ferry, West Virginia 25425

Copyright© 1977 by Stryker-Post Publications, Inc.

All rights reserved. This publication, or parts thereof, may not be reproduced without permission in writing from the publisher

Library of Congress Catalog Card Number 67-11537

Printed in the United States of America

table of contents

Introduction *iii*

The Early Americans *1*

Conquest, Independence and Today's Challenge *3*

Puerto Rico: Commonwealth? Statehood? Independence? *5*

The Latin Connection: Drugs Unlimited *7*

The Organization of American States *9*

Map: The Political Face of Latin America, July 1977 *10*

THE INDEPENDENT NATIONS AND DEPENDENT TERRITORIES

Argentina *14*

The Bahamas *20*

Barbados *23*

Bolivia *24*

Brazil *28*

Chile *36*

Colombia *41*

Costa Rica *46*

Cuba *48*

Cuba and the United States: An On Again-Off Again Relationship is Now On Again 52

Dominican Republic 53

Ecuador 56

El Salvador 59

Grenada 61

Guatemala 62

Guyana 62

Haiti 67

Honduras 69

Jamaica 71

Mexico 74

Nicaragua 79

Panama 81

Paraguay 84

Peru 87

Surinam 91

Trinidad and Tobago 93

Uruguay 95

Venezuela 98

The Dependent Territories 103

Map: Island Dependencies of the Lesser Antilles 105

INTRODUCTION

Do Americans know—or care— very much about Latin America? Although a scientific study of this question has yet to be made, we do finally at least have a clue as to what many North Americans think about the region south of the border. Before coming to Washington for a state visit in June 1977, President Carlos Andres Pérez of Venezuela commissioned a well-known U.S. pollster, Pat Caddell, to find out what Americans knew about Venezuela.

The results were all too predictable: the U.S. public knew very little. Few of those polled had any idea *where* the country is located. Indeed, about the only thing those interviewed could say about the country was that oil comes from Venezuela and that it has a tropical climate (both answers correct). When asked about Venezuela's government, Americans said it was ruled by a dictator (incorrect). In truth, Venezuela is one of only two functioning democracies on the South American continent; the other is Colombia.

The general lack of knowledge about Venezuela is all the more disturbing, given the fact that it is one of the best friends the United States has in all of Latin America. Not only does Venezuela ship half of its vital oil exports to the United States, but it has even increased oil shipments to North America during emergencies. In 1973 Venezuela refused to join the OPEC oil boycott against the United States. During the bitterly cold winter of 1976-1977, Venezuela increased oil production in order to provide extra fuel to the oil-short east coast of the United States. In international relations, Venezuela is the most vocal (and perhaps the only enthusiastic) supporter of Washington's current human rights campaign. Finally, Venezuela, a leading spokesman for the "third world" has offered to serve as a bridge between the United States and developing nations.

The Venezuela story is only one of many interesting developments that have occurred since publication of last year's edition of *Latin America*. Since the election of President Carter in November 1976, Washington has suddenly begun to pay more attention to its Latin neighbors. Major policy matters involving the region include:

Carter's human rights campaign,

Negotiations for a new Panama Canal treaty and improved relations with Cuba.

Human Rights

The advent of military governments throughout Latin America (see the political map in the first section of this edition) has focused increased attention on the problem of human rights. Military regimes in Chile, Argentina, Uruguay, Paraguay, Brazil, Peru, Nicaragua, El Salvador, Guatemala and, of course, Cuba, have been accused of systematic violation of the rights of their political opponents.

The types and degree of repression is extremely varied. During the past year, Nicaragua's National Guard was accused of killing 200 peasants in two mass executions. Uruguay's military regime has herded together the highest number of political prisoners on a per capita basis of any nation in the world. The Catholic Church has accused the military regimes in Paraguay and Brazil of seeking to exterminate unwanted Indian tribes. In Honduras and El Salvador, peasants seeking land have been tortured and killed. Not to be outdone, Chile's military rulers have been condemned throughout the world (including resolutions of censure passed by the United Nations General Assembly and the Organization of American States) for their harsh violation of human rights. To date, more than 1,500 opponents of the regime have disappeared without a trace in Chile's military concentration camps.

Although a spokesman for Argentina's military government insisted at an OAS General Assembly meeting in Grenada in June 1977 that concern for human rights is an "obsolete liberal philosophy," Washington (plus 13 other Latin American nations) voted otherwise. Increasingly, both the White House and Capitol Hill have begun to cut off assistance to Latin American military governments who use U.S. military equipment to maintain themselves in power. In turn, at least six military regimes (Argentina, El Salvador, Chile, Guatemala, Brazil and Uruguay) have countered by rejecting all U.S. military aid.

The Panama Canal

Negotiations with Panama to rewrite the 1903 Panama Canal treaty have resembled a stop and go affair. In the 1960's President Johnson sought a new treaty but both sides made little progress. Talks were resumed in earnest in 1974, but they came to a halt when the canal negotiations suddenly surfaced as a controversial issue in the 1976 U.S. presidential campaign. With the election of President Carter, Washington gave top priority to hammering out a new accord by mid-1977.

What appears to be a treaty has been drafted, but apparently needs revision and clarification. In any event, a new treaty will face bitter opposition in Congress. As of mid-1977, Carter forces conceded they lack the votes needed to approve the pact. Many lawmakers agree with the statement of Senator Hayakawa of California during the election campaign—"We should hang on to it. We stole it fair and square." (His views have moderated since he took office). The opposite view was perhaps best stated by Venezuelan President Pérez in November 1976, when he called the canal "a colonial enclave that speaks badly of a bicentennial country—the first to fight against colonialism.

Relations with Cuba

Perhaps no other aspect of Latin American policy was so dramatically changed by the election of President Carter than were relations with Cuba. Although the Ford administration had conducted secret talks with the Castro regime in 1975, negotiations were abruptly halted when Cuba began sending troops into Angola in late 1975.

In contrast, the Carter administration has attached no particular importance to Cuba's involvement in Angola. Indeed, the new U.S. Ambassador to the United Nations, Andrew Young, said in January 1977 that Cuban troops "bring a certain stability and order" to Angola—an observation that shocked many in Washington. Following

negotiations in the Spring and Summer of 1977, Washington and Havana have agreed to exchange diplomats—often the last step before normalization of diplomatic ties. The new Cuban policies of the Carter administration still face strong opposition in Congress. In June 1977 the House of Representatives voted to deny any form of U.S. aid to Cuba.

Other Events

In other important political developments, Washington has shown growing concern in an arms race that is running wild on the west coast of South America. The three countries involved—Chile, Peru and Ecuador—are all ruled by military *juntas* which are using millions of dollars of scarce foreign exchange to purchase fancy new military hardware. The main pressure point is the narrow, but mineral rich, border on the Atacama Desert between Peru and Chile.

Caught in the vise of the Chilean-Peruvian arms race has been neighboring Bolivia's plan to obtain a narrow corridor to the Pacific Ocean. Presently a land-locked country, Bolivia has sought to trade some of its territory to Chile in exchange for such a corridor. Peru, however, exercised its rights under a 1929 treaty with Chile to veto the plan—since the land Chile planned to cede to Bolivia was originally taken from Peru during the War of the Pacific (1879-1883).

Another potential trouble spot is Belize. During June 1977 Great Britain reinforced its garrison there as Guatemala massed 8,000 troops along the border. Guatemala has long claimed Belize, which is now moving toward independence from England. In July 1977 the two sides began negotiations once again. In nearby Honduras and El Salvador, negotiators were also seeking ways to settle their bitter border dispute.

The changing role of the Catholic Church in Latin America is shaping up as one of the most fascinating developments. Traditionally, the Church has been closely identified with conservative large landowners and military strongmen. But during the past few years the Church has been practicing the Gospel according to Pope John XXIII, who stressed concern for the impoverished masses. Thus, the Church is now mobilizing the poor it once helped to control. Today, the Church is one of the few voices that dares to speak out against the repressive military regimes of Latin America. During the past year, major Church-state clashes have been reported in Argentina, Brazil, Chile, Peru, Ecuador, El Salvador, Paraguay, Nicaragua and Honduras.

Not all political news from Latin America during the past year was adverse. Venezuela, taking a cue from the United States, held its first presidential primary election in July 1977. Democracy also made some advances when four military regimes hinted they would eventually surrender political power to civilian government. Chile says limited popular elections might be held in 1984-1985; Uruguay's generals give 1984 as their target date; Peru's military masters say they will bow out in 1980. Ecuador and Argentina are also hinting a return to civilian rule, but they are keeping specific dates a secret.

In the Caribbean region, the drift continues toward socialism. In late 1976 Jamaica's voters reelected the socialist government of Prime Minister Michael Manley by an even greater margin than in the 1972 elections. Manley's opponent, Edward Seaga, had campaigned for a return to private enterprise policies. In the Bahamas, voters in mid-1977 gave strong stupport (31 of 38 seats in the legislature) to Prime Minister Lynden O. Pindling's policy to "Bahamianize" the economy by gaining control over foreign-owned industries on the islands. In Guyana, the socialists have also come to power by the ballot box. In early 1977 the country applied for "formal association" with COMECON, the communist bloc's common market. In Trinidad-Tobago, voters gave support to the new socialist-oriented *United Labor Front.*

Because of its proximity to the United States, Mexico has always rated special attention in Washington. Thus, it was only fitting that Mexico's new president, José López Portillo, became the first foreign head of state to visit the White House following the inauguration of President Carter. Washington put out a warm welcome for Portillo, who is regarded as a better friend of the United States than was the previous Mexican president, Luis Echeverría Alvarez. Faced with a sluggish economy and widespread poverty, Portillo has jettisoned the "Third World" rhetoric of his predecessor and now is cultivating closer ties with Mexico's business community and with foreign investors.

While in Washington in February 1977, Portillo spoke before the House of Representatives, where he reminded the lawmakers "It is difficult to be the neighbor of someone as powerful as you." The Mexican president was applauded only once when he stated "Mexico must solve its own problems." However, when Portillo asked members of Congress to support a "New international economic order," to help weak countries, he was greeted with a cold silence.

Other developments include an announcement by Washington that it may reduce its contribution to the Organization of American States by 25 per cent. It has been paying two-thirds of the cost of running the OAS.

Almost all of the items discussed in this introduction have been treated in more detail in the various country chapters. In addition, some of the more important developments—improved U.S.-Cuban relations, increased political tension in Honduras and El Salvador, the Panama Canal dispute and proposed treaty, the flow of Latin drugs into the United States and recent political developments in Puerto Rico—have been given extended coverage.

It is impossible, of course, to present a complete study of Latin America in so small a space as is available in this volume. Nevertheless, this book should provide a useful beginning. The type for *Latin America 1977* has been kept open to the last minute to make the publication as timely as possible. Future events will be covered in subsequent editions. The author wishes to give special thanks to Ann J. Wacksman for spending many hours in helping research and write the feature on Latin American drugs, politics in Puerto Rico and political developments in some Caribbean countries.

Washington D.C., July 1977

J.D.C.

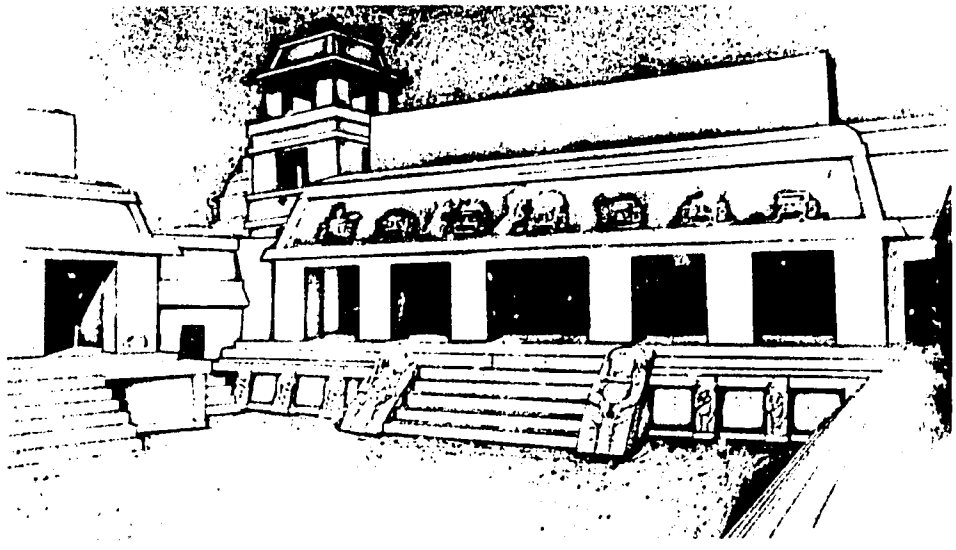
THE EARLY AMERICANS

When the Europeans reached the New World, they found the native Americans in various stages of cultural development. Thinly scattered nomadic tribes of hunters and fishermen who also practiced simple farming populated much of the region. In contrast, three groups of natives—the Mayas, the Aztecs and the Incas—developed comparatively sophisticated and complex civilizations. They constructed large cities with imposing architectural styling, organized empires, acquired a knowledge of mathematics and astronomy, utilized forms of writing and worked in precious stones, metals and gems. The arriving Spaniards never fully understood (much less appreciated) the more intricate aspects of the social systems established by these three groups. They have been the subject of intense study by scientists and archeologists for centuries, and many questions remain yet to be answered.

The Mayas (Guatemala, Mexico Honduras, El Salvador)

As the most advanced and sophisticated of the early American civilizations, Mayan culture flourished for more than 1,000 years, reaching the peak of its development in the 7th and 8th centuries A.D. Mayan life was sustained by a single basic crop, corn, which grew in such abundance that it allowed them time to engage in a multitude of activities other than raising food, thus raising their lifestyles above that of the other Indian societies which remained tied to the soil in order to simply exist. The Mayas lived mostly in independent city states, tied together by an extensive road system and a common culture. A warlike people, the Mayas placed most political power in the hands of an extended royal family and priests. Mayan religion was based on the worship of many gods. Religious ceremonies called for frequent human sacrifices; on special occasions, large numbers of victims would be slaughtered in a single ceremony. Mayan sports also could be deadly. In some games, the winners would cut off the heads of the losing players. Technology and architecture were not greatly inferior to that of Europe at the time. As pioneers in the use of mathematics and astronomy, the Mayas refined an advanced calendar as early as the 4th century B.C. They also devised the mathematical concept of zero and developed a highly complex form of writing based on hieroglyphics (picture writing), the most advanced in the whole of the early historical world.

Among the greatest achievements of the Mayas was art, including sculpture, pottery and textiles and, foremost, architecture. Major reminders of the Mayan civilization survive today in the form of thousands of monumental temples, soaring pyramids and majestic palaces. Many of these impressive structures have been discovered only recently, enveloped in the lush, tropical jungles of Central America and southern Mexico. These vestiges of the past, however, have yet to reveal why the Mayas suddenly abandoned their great cities long before the arrival of the Spaniards. Was it due to massive crop failure? Was it pestilence? Military defeat? Rebellion by slaves? The answer to these questions remains one of the great mysteries of the ages.



Aztecs (Mexico)

When Hernán Cortéz landed on the Mexican coast in 1519, the Aztec civilization was at the very height of its power and development. Known and feared for their cruelty and treachery, the Aztecs had spread their control over central Mexico by terrorizing neighboring tribes. Guided by their principal god, *Huitzilopochtli* (God of War), Aztec religious ritual also called for massive and frequent human sacrifices to pacify their sun deity. In one ceremony alone, some 20,000 captured male prisoners of war were slain by the Aztec priests during an incredibly bloody ritual.

The Aztec social system rested on a rigid class structure with most manual work being performed by slaves captured during military campaigns. The economy was based on corn. Aztec architecture was impressive, and their capital city of Tenochtitlán, now the site of Mexico City, was described by the conquering Spaniards as being equal to any in Europe at the time. Although not as advanced as the Mayas had been in the use of science, mathematics or writing, the Aztecs did develop a more cohesive empire—based on force. The widespread resentment among enslaved neighboring tribes was exploited by Cortéz to topple the Aztec empire.

Incas (Peru)

The empire carved out of the rugged Andes by the Incas reached its greatest level of development about a century before the arrival of the Spaniards. Through conquest of weaker Indian tribes in the region, the Incas expanded their realm from Peru through southern Colombia, Ecuador and Bolivia, northwest Argentina and into souther Chile —a combined area of more than 350,000 square miles. Facilitated by an efficient administrative command, a courier communications network and an impressive road system rivaling that of the Roman Empire, the Incas were able to weave their vast domain into the most highly organized and efficient civilization of all the native Americans. At the head of the entire system was the ruling emperor, called Inca. Under him was a highly structured noble class, followed by lower level officials. The rigid chain of command permeated every corner of the empire. The Incas integrated newly conquered tribes into the realm by imposing a single language, *Quechua*, religion and social structure. Except for the highly rigid caste system of the ruling elite, the Inca state came close to pure communism. All property was owned by the state and all work was organized on a communal basis. In return, the em-

MAJOR NATIVE CULTURES ABOUT 1500

pire provided for the needs of its citizens. The result was a rather dull life for the masses—with little incentive, capability or effort to rebel. The heart of the empire was the capital of Cuzco (literally "navel" in Quechua). A magnificent city by almost any standard, Cuzco glistened with enormous palaces and temples (many of which were lavishly gilded with gold) and other imposing dwellings which housed the elite. Even today, some of these structures are still in use, having withstood for centuries the abuses of man and the elements.

Although the Incas were less developed than the Mayas in the skills of writing, mathematics and astronomy, they surpassed the Mayas in architecture, water works, stonework and engineering. Indeed, some lengthy Inca suspension bridges were found when the Europeans reached the area and remained in use until the middle of the 19th century. Inca pottery, textiles, medicines and even surgical techniques were remarkable. The Incas' greatest gift to the world, however, was the potato, which in time would save tens of thousands of Europeans from starvation. Despite its vast power, the Inca empire quickly fell to the *conquistadores*. The reasons for the sudden collapse of America's greatest Indian civilization were numerous: the Spaniards possessed superiority in firearms, employed advanced military tactics, exploited the advantage of horses, and were relentlessly driven onward by the lure of gold. In contrast, the Inca empire was mortally weakened by a rigid social system in which the vital administrative structure was paralyzed once the top Inca was captured. In addition, a devastating war of succession between two royal Inca brothers had left the empire exhausted and divided. As a result, the Incas fell easy prey to a band of only 184 conquerors led by a cunning Francisco Pizarro.

Other Indian civilizations which reached a high level of development were the Chibchas of northern Colombia and the Pueblo Indians of New Mexico. Indeed, the 16th century Spanish conquerors of Latin America—in contrast to the 17th century English, French and Dutch settlers in North America—encountered civilized natives whose social level was not greatly inferior to their own.

The Spanish conquest destroyed the Indian civilizations, enslaved their people and looted their priceless treasures. To this was added the seizure of their valuable lands, disease and a new variety of political corruption. The people and their social organizations were decimated to the extent that few persons of pure Indian descent remain at the present time. The Spanish intermarried with women of the former Indian ruling classes and built their empire on the social and economic foundations of the vanquished civilizations. Unsuited to plantation labor, the Indians died by the thousands, to be repalced by Negro slaves imported from Africa and indentured laborers from Asia.

Scattered remnants of the Indian civilization retreated from Spanish influence to the mountains of Guatemala, Ecuador, Peru and Bolivia. Until recent times, many of the Indians have succeeded in preserving their ancient communal life and customs. Today the Quechua-speaking Indians still number some 6 million in Peru, 2 million in Bolivia and 2 million in Ecuador. Although their living conditions have scarceley improved since Pizarro's time, Andean Indians have remained detached and suspicious of meager government efforts to incorporate these survivors of the Inca Empire into a modern social and economic structure.

Efforts to moderize traditional Indian lifestyles have also been painfully slow in Central America and Mexico. In Guatemala, the descendants of the Mayas have largely continued to cling to their traditional customs despite government programs to encourage change. In Mexico, many Indians of Aztec and Mayan ancestry still have only marginal contact with the 20th century—even though modernization of Indian lifestyles has always been a basic objective of the Mexican Revolution in theory.

The process of social change has accelerated since World War II with the aid of modern communications—particularly the transistor radio—which have helped to penetrate the isolation that has allowed outmoded social, economic and political conditions to persist in the remote hinterlands.

Recently some Latin American governments, particularly those of Mexico and Peru, have begun to show an increasing appreciation of the contributios and heritage of the early American civilizations. This growing interest has not been without cost. The rising appeal for Indian art has led to large-scale looting of ancient monuments and graves. In Central America and in the Andes, art thieves have stolen priceless stonework, jewelry and potter—irreparably damaging some of it in the process—in an effort to satisfy the modern demand for genuine ancient art. In that sense, today's art thieves are continuing the same tradition of the *Conquistadores* who plundered the early American Indian civilizations.

CONQUEST, INDEPENDENCE, AND TODAY'S CHALLENGE

The Spanish conquest of the Caribean region, as well as Central and South America was a well-organized military venture undertaken by a nation flushed with its success in liberating its homeland from seven centuries of Arab domination. The achievements of the Spaniards in assembling men, supplies and ships, the conquest of a vast overseas empire and the subsequent administration of such an expanse of territory with primitive facilities then available remains one of the great episodes of history. Whether they should be considered heroes of devils—they have been called both—does not diminish the fact that the exploits of the *Conquistadores* were of historic proportions.

Cortez began his conquest of Mexico in 1512; Pizarro invaded Peru in 1531 and Quesada and others began the conquest of Colombia in 1536. The conquering Europeans had an overwhelming superiority in terms of advanced weapons which permitted a small number of armored riflemen to subdue Indians who numbered in the millions.

The Spanish conquest of America was completed in a period of about 80 years and its absolute authority throughout the entire region endured until independence nearly 300 years later.

The differences in the types and levels of social, political and economic developments existing today in all the Americas can be traced to the influence imposed by Old World nations on their American colonies. While English, French and Dutch settlers in North America sought to develop the new land, Spanish objectives, in contrast, were mostly concerned with spreading the faith and extracting wealth for shipment to the homeland.

As a military operation for the benefit of Spain, the conquest placed all authority in the hands of the mother country. Cities and towns were founded and laid out to support the military, with little thought given to the settlement of the land, or to the future development of industry and trade. Although royal charters were granted to a few cities

which became regional capitals in the New World, the majority of towns and villages were established on a common place to meet the need of garrisons and to facilitate the extraction and forwarding of loot to the homeland.

During the colonial period, Spanish government was highly centralized, with most power controlled by an absolute monarch. Although some authority had been granted to local governments in Spain, few such concessions were permitted in the colonies. Nearly all top government positions were held by Spanish-born citizens *(Peninsulares)*. As a result, the colonies gained little experience in government and administration with separate executive, judicial and legislative branches of government. Even today, the tradition of executive domination of government remains in nearly all parts of Latin America.

The majority of Latin American nations achieved their independence from Spain through military operations resulting from political developments in Europe rather than from pressures within the colonies. Reacting against French control of Spain and Portugal (1807-1810), Latin Americans for the first time held the reigns of government. Soon, this sparked a full-fledged drive for independence, which was achieved in most of the region between 1810 and 1826.

The change in leadership brought on by independence led to few real changes in government. Despite the adoption of liberal constitutions, the effects of Spanish absolute authority did not disappear. The political heritage from Spain—a small ruling minority (dominated by large landowners, the clergy and the military), a large loosely-governed *mestizo* (Indian-European) population, a dependent economy and little experience in government, set the stage for many of the basic problems which still continue to plague this region of the world.

The same drive for independence that freed the former colonies from Spanish rule also destoyed the only real force capable of controlling the countryside—the colonial bureaucracy, acting under the king's authority and supported by small militias usually of local origin. The commanders of the independence forces, Bolívar, San Martín and Iturbide, were unable to unite the colonies into a Spanish-speaking nation or empire. The early unions which they tried to create quickly crumbled and the region's subdivision proceeded even further to produce the present small states of Latin America.

The first fifty years of independence were marked by civil war, anarchy and lawlessness. The only exceptions to this were Chile, where the leadership was able to develop a strong and stable government, and Brazil, where Portuguese imperial rule was replaced by a Brazilian monarchy. The governments which finally developed some degree of order were created by *caudillos* (pronounced cow-*dee*-yohs), "strong men" who frequently were the leader of a loosely organized band of armed men. Disregarding, or frequently revising the national constitutions, these men were able to establish sufficient order and peace to attract numerous immigrants and a great deal of wealth to Latin America in the last half of the 19th century. During the 19th and much of the 20th centuries, political parties tended to form around dominant political and military leaders.

Political stability emerged in Latin America about the same time that England's industrialization was completed. The availability of English money for investment and the demand for European markets for Latin American agricultural and mineral products shaped the course of the future. Most emphasis was placed on the development of crop production and mining, while little attention was given to industrialization in the former colonies.

Based on increased farm exports, the economy of all Latin America prospered. The beginning of the 20th century was greeted with optimism by most leaders of the region. With profits from crop and mineral exports so great by the time Latin America was entering its second century after independence, most leaders felt that future prosperity and greatness would surely follow. That dream faded, however, when the two world wars and the global depression of the 1930's destroyed the stability of international markets for produce and minerals for several decades. The prosperity of the late 19th and early 20th centuries vanished.

Today, many Latin Americans seem discouraged about future prospects for the region. They see continued vulnerability to political and economic domination by the industrially developed nations as being difficult, if not impossible to overcome.

In the political sphere, important changes have taken place since the end of World War II. The power of the middle class has grown in some countries, and the influence of the traditional elite has shifted, with that of the clergy and large landowners in decline, while that of the military and business leaders has grown. A major element in the postwar period has been the emergence of "reformist" military governments which have replaced many of the old-style *caudillos* who ruled much of Latin America through the end of World War II. In contrast to the *caudillos*, who were known by their quest for preservation of the status-quo and the accumulation of personal wealth, the "reformist" regimes have stressed a more systematic development of the national economies, coupled with varying degrees of social reform. The price of such policies has, in some cases, been a reduction in political freedoms.

One alternative to the *caudillos* and the "reformist" regimes has been the attempt to merge certain aspects of both these systems into one adopted by the Castro regime in Cuba: widespread governmental control of social, economic and political aspects of life on the island, coupled with a highly visible leader, Castro, whose personal authority over the Cuban government resembles that of the old-style *caudillos*. As yet, no other Latin American nation has fully chosen to follow the Cuban model. The brief life of the Allende government in Chile represented an unsuccessful effort to combine elements of socialist-communist economic policies with the concepts of representative democracy. The experiment was a dismal failure; today, Chile is in the hands of a brutal military regime.

During the 1960's, many observers felt the major problem facing Latin America was to save it from Castro-inspired revolutionaries. In the 1970's, many see the major problem as one of rescuing the region from repressive military regimes (see the political map of Latin America elsewhere in this edition). Regardless of the political system now in each Latin American nation, they all face similar problems that confront the region (and the world) as a whole: widespread poverty, hunger, illiteracy and disease as well as one-product economies that suffer from fluctuations of prices in world markets and—all too often—underdeveloped social and political systems.

The daring *conquistadores* of the 16th century were successful—perhaps too successful—in their zeal to destroy the prevailing political, social and economic order developed by native Americans. Today, some four centuries later, Latin America is still trying to construct a workable replacement for these shattered systems. Developing such institutions for the future remains the challenge for the present.

PUERTO RICO:

Commonwealth? State? Nation?

A small number of patriots gather in the town of Lares, Puerto Rico, each year to commemorate the creation of the Puerto Rican Republic on September 23, 1868. The tiny nation survived just one day before Spanish forces crushed the independence movement. In 1898 Spain relinquished Puerto Rico to the United States and in 1952 the island was given special commonwealth status by common consent in a new accord. Today, a small group of Puerto Ricans are wondering if their little island would be better off by breaking away from the "mother country" and moving toward its hoped-for destiny as an independent nation. Another substantial group of islanders argue that statehood is the best choice. Others say that the most preferable course is a permanent union between Puerto Rico and the United States. Each of these three groups seem to agree on one point--the present relationship between Puerto Rico and the United States needs to be changed.

During its first two decades under American control, Puerto Rico was little more than an orphan. Its language and culture were alien to that of the mainland and most islanders were dirt-poor, living in a land with few resources. The island had all the attributes of a "banana republic," but without the bananas. Puerto Ricans were granted American citizenship in 1917. Economic development and reforms lagged until 1947 when the United States decided to make Puerto Rico a "showcase" of the Caribbean. The vehicle for this was supposed to be "Operation Bootstrap," a development plan designed to bring the island into the 20th century. To attract industry the plan offered a variety of inducements—no federal taxes on profits and a temporary halt to local taxes. In addition, employers could expect a large labor pool working at low wages and big profits.

Industry responded enthusiastically by investing $4.5 billion in Puerto Rico between 1947 and 1974; simultaneously, the gross domestic product rose an average of 10 per cent a year and living standards became among the highest in Latin America. Although the more than 2,000 new industries provided, directly or indirectly, 65 per cent of all employment and the free flow of immigration to mainland United States funneled out much of the island's excess labor force (750,000 persons between 1935 and 1969), an annual unemployment rate of 10 to 13 per cent persisted.

Nevertheless, by the early 1970's, Puerto Rico appeared to be an island of plenty surrounded by impoverished Caribbean neighbors. The economic bubble burst because of two factors: increased oil prices and competition from textiles manufactured in Japan, Taiwan and Korea. The international recession of 1973-1975 aggravated basic economic problems that traditionally plagued the island, including the following:

Shortage of farmland—In addition to a nearly total absence of power resources (oil, coal, natural gas) and metals (except some nickel deposits), the terrain of the island is not suited to large-scale farm production. At least two thirds of the island is too mountainous to permit the use of mechanized farm equipment. As a result, Puerto Ricans have to import most of their food—at a cost of $500 million in 1975.

Dependence on Costly Imports—Because its local industry is geared mainly toward the production of export items, Puerto Rico must import a large percentage of its consumer goods. Consequently, the island maintains a perennial trade deficit with the mainland, which totaled $1.5 billion in 1975.

Overpopulation–With a total population of 3.5 million, the number of persons per square mile living on the island is an incredible 900, compared to 59 in the continenetal United States. Only Singapore, India and Japan have a greater population density. Thus, the number of new jobs available on the island is always overwhelmed by the number of new workers entering the employment market. The high unemployment rate, estimated to be 40 per cent in 1975, appears permanent. The economy cannot grow fast enought to lower this rate.. It is not expanding—there was a negative economic growth rate in 1976. Not only were the markets for Puerto Rican goods evaporating on the mainland, many of the firms that located on the island were taking a second look at their investment. Since Puerto Rico is legally part of the United States, mainland laws on minimum wages, safety and pollution control standards are applicable. As a result, Puerto Rico lost its special advantage over other islands in the Caribbean—the minimum wage in Puerto Rico is $2.54 an hour, but workers earn as little as 70 cents an hour in neighboring Dominican Republic and Haiti.

Lacking any special advantage and hampered by strict U.S. pollution controls and the persistent international recession, the rate of factory closings in Puerto Rico doubled that of the mainland. The result was a loss of 24,400 precious jobs in 1975; the present economic plight might have been even more severe were it not for the relief provided by the food stamp program. Fully three fifths of the total island population depends on this measure to fend off hunger.

There has been growing international pressure for Puerto Rican independence. The spirit of "anti-colonialism" has been sweeping over the Caribbean during the last decade, as most of the larger islands have gained their independence or are moving in that direction. Neighboring Cuba has begun an all-out campaign to break the political ties between the United States mainland and Puerto Rico. Taking the issue to the United Nations, Cuba sought a resolution from the Decolonialization Committee in August 1975 which would have recognized "the inalienable right of the people of Puerto Rico to self-determination and independence." Co-sponsors of the resolution were Syria, Congo (Brazzaville), Iraq and Mali. In addition, Cuba had also demanded that Puerto Rican Marxists be given permanent observer status at the United Nations—despite the fact that the group had only a small segment of supporters on the island. Both resolutions were defeated, but only after the United States made it clear to delegates that any vote in favor of the Cuban resolution would be viewed as an "unfriendly act."

The decision of the Decolonialization Committee to even consider the Cuban-sponsored measures is indicative of current proceedings in the UN. Governor Rafael Hernández of Puerto Rico remarked that only 6 of the 24 member nations of the committee permit free and open elections in their own homelands. In contrast, Puerto Rico has held free elections for its governor, legislature and local offices every four years since 1952. More importantly, the percentage of Puerto Ricans favoring independence has never risen above 5 per cent of the electorate. However, despite the small size of the independence movement on the island, the growing economic malaise has caused an increasing number of Puerto Ricans to question the value of the traditional relationship with the United States. The main current of opinion in Puerto Rico is represented by three groups—

The Independence Movement is split into three sub-groups. The *Puerto Rican Independence Party (RIP)* is led by Senator Rubén Berrios, who regards himself as a "social democrat." Although this unit shuns violence, it has

Rain Forest near San Juan

urged a boycott against U.S. taxes to dramatize the island's economic problems. The *Puerto Rican Socialist Party* looks to Havana for support. Headed by Juan Maria Braz, who says he is a communist, the *Socialists* favor an independent Puerto Rico with an economy modeled after that of Cuba. The most radical group favoring independence is the militant *Armed Forces for Liberation (FALN)*. This group has claimed credit for more than 20 terrorist bombings in New York, Chicago and Washington. In addition to insisting on immediate independence, it demands freedom for five Puerto Rican nationalists jailed for terrorist activities in Washington. (One tried to assassinate President Truman in 1950, while the other four shot up the House of Representatives in 1954 in order to dramatize what they called the "colonial status" of Puerto Rico. All five are serving sentences ranging from 56 years to life.) Other small groups favoring independence exist both in Puerto Rico and on the mainland, particularly in New York City, where many emigrants from the island live. Although the independence movement has never received many votes, its support is slowly growing—it now claims 4.3 per cent and is expected to increase in the general elections of 1976.

The Statehood Movement is represented by the *New Progressive Party*, led by San Juan Mayor Carlos Romero Barceló. Although this party receives most of its support from middle and upper class voters on the island, Romero says that the major beneficiaries of statehood would be the island's huge lower class. Extensive social programs, now restricted to the mainland according to Romero, would be available to Puerto Ricans once statehood is achieved. In 1972 this group received 44 per cent of the popular vote.

The Commonwealth group normally votes for the *Popular Democratic Party* led by incumbent Governor Rafael Hernández. In defending the present commonwealth status, Hernández says that statehood would cost Puerto Rico its special tax-exempt status. In addition, the island would then be bound permanently to stateside standards for minimum wages and pollution controls. In contrast, commonwealth status grants the island some special dispensations keyed to the special needs of Puerto Rico. Although he rejects statehood as the proper solution, Hernández believes that the present commonwealth agreement must be updated to allow Puerto Rico greater economic and cultural independence from the mainland. In the 1972 election, this group won 51.2 per cent of the total vote.

There is a growing effort in Washington to review the status of Puerto Rico. A measure was considered by the House of Representatives which would replace all present references to "commonwealth" with the term "Free Associated State," the English translation of *Estado Libre Asociado* (the Spanish equivalent of commonwealth). The new accord would be titled the "Compact of Permanent Union between Puerto Rico and the United States."

The main thrust of the new legislation would be to give Puerto Rico greater economic independence. Tariffs would be altered to allow some goods to enter the island without paying all mainland duties. At the same time, the island would have a greater say in determining its own minimum wage, immigration and ecology standards. The compact also gives Puerto Rico some international responsibilities and presumably, at the same time, stature. The policies of U.S. government toward Puerto Rico would be handled by a specialized agency; at the present time various government units administer their separate programs on the island without visible coordination.

The new proposal has met with some opposition, particularly from U.S. labor leaders who argue that the plan would foster economic development on the island at the expense of workers, who almost certainly face a cut in living standards. The Ford Administration took no position on the measure and it died in committee.

The pro-commonwealth *Popular Democratic Party* candidate, incumbent Governor Hernández, tried to revive the depressed economy with drastic measures to control skyrocketing inflation—now growing at twice the mainland rate—by cutting the budget, raising taxes and imposing a wage freeze on public employees. Despite the unpopularity of these policies, Hernández hoped a stern austerity program would attract new investments and jobs for Puerto Rico.

As the November 1976 elections approached, the pro-statehood *New Progressive Party* candidate, San Juan Mayor Romero, focused his campaign on economic issues. He promised to cut both unemployment and inflation by lowering taxes and ending the wage freeze. Only after reviving the economy would Romero seek statehood status for the island.

By thus downplaying statehood, Romero won over many former commonwealth status backers who were now more concerned with the economy. Romero also picked up a lion's share of the new 18-to-26-year-old voters—the age group most affected by unemployment.

Final tabulations revealed a stunning upset, as Romero's party captured 48.7 per cent of the vote—a 2 per cent margin over Hernández's commonwealth party, which had been in continuous power since 1940. In addition to winning the governorship, Romero's forces also gained full control of both houses of the legislature, more than half of the island mayoralties plus the post of resident commissioner in Washington.

With only 21 days remaining in his term, President Ford (without consulting Romero, whom he had supported) proposed statehood for Puerto Rico. The surprised Romero said "I have a commitment not to push for statehood until we are well on the way to economic recovery." In his inaugural address address on January 2, 1977, Romero ignored the Ford proposal.

THE LATIN CONNECTION: DRUGS UNLIMITED

High in the South American Andes, an impoverished *campesino* gathers about 100 pounds of coca leaves which he later sells in the evening to an unknown "contact." At the same time, several thousand miles away in the rugged Sierra Madre highlands, a Mexican farmer bundles together a harvest of poppies to fulfill a contract he has entered into. Each will receive from $60 to $150 for their work—more than they could possibly earn from any other work and far more than the annual incomes of their local countrymen.

Perhaps unknowingly, these peasants are a small but significant part of a large drug network which has made Latin America the dominant source of heroin and cocaine now being peddled illegally in the United States, principally in the inner city ghettos. The cash value of this illicit trade is tremendous. About $60 worth of coca leaves, once refined into 25% pure cocaine, will bring $68,000 in street sales in the U.S. The total value of Latin American drugs smuggled into this country probably reaches billions of dollars a year. For participants in this drug traffic the stakes can be deadly—drug smugglers not only clash with the police, but also wage vicious war on other rival gangs and smugglers for "a piece of the action."

Although a variety of drugs are smuggled into the United States from Latin America, the two most dangerous are heroin and cocaine. The Andean countries of Peru, Ecuador, Bolivia and Colombia are the major suppliers of the raw material that becomes cocaine. The key source of heroin is Mexico.

Until as late as 1971, the principal supplier of heroin was Turkey, which produced immense quantities of opium poppies which were processed into the salable drug in clandestine laboratories located in southern France. Concentrated efforts of the U.S., Turkey and France (including a U.S. payment of $35 million to 100,000 Turkish farmers in return for destruction of their plants) dried up that traditional source. For a brief period until the close of the Vietnam War, Southeast Asia was a major source.

Mexico has since filled the void, producing unmeasured quantities of heroin, the most destructive of illicit drugs. The problem is alarming because of the 1,500 mile border between the U.S. and that nation makes it almost impossible to stem the flow. As a result, the proportion of Mexican heroin sold in this country has risen from an estimated 35% in 1971 to 89% in 1976.

Opium poppy was first grown in Mexico in the early 1900's by Oriental immigrants who worked in the silver mines. Poppy farming was revived during World War II when conventional European sources were closed to smugglers. The big boost in production came in 1972 when the Turkish ban on poppy farming was put into effect. Today, opium poppies are being cultivated on thousands of sites along the eastern and western spurs of Mexico's Sierra Madre Mountains. Because of cruder refining methods, Mexican heroin is brown, in contrast to the white French-processed product.

Smugglers have no great difficulty getting their heroin into the United States. The border is lightly guarded and easily penetrated. In addition, guards have a hard time searching all of the 25 million legitimate travelers and the one million illegal migrants who cross the border each year. Moreover, hundreds of small planes used for crop dusting are frequently used to smuggle the powder across the border.

In the early 1970's, the heroin traffic spawned bloody border violence in which rival gangs of smugglers battled it out for control of the lucrative trade. In the border tourist town of Nuevo Laredo, such violence claimed the lives of 84 persons, including 15 lawmen.

The rapidly expanding heroin traffic quickly swamped Mexican law enforcement agencies. In addition, the traditional system of *mordita* (little bite) or bribery, made it easy for traffickers to buy protection elsewhere. Mexican narcotics agents were also hampered by problems such as low salaries and limited government support. Indeed, agents had to pay their own travel expenses and furnish their own cars and guns for out-of-town assignments.

Since 1972, Mexican cooperation in reducing the flow of heroin across the border has been increasing, partly as a result of growing U.S. aid. American narcotics agents are now providing the Mexicans with training, equipment (such as helicopters), and spy planes to detect poppy fields. Late in 1975 Mexicans used U.S. supplied helicopters to spray herbicides on 28,000 acres of clandestine poppy fields in the Sierra Madres. The maneuver may have destroyed the entire first harvest of 1976. Mexican army units are also deployed to find and destroy poppy fields in remote aras. To increase the effectiveness of its agents, the Mexican government has dismissed corrupt narcotics officials while increasing the pay of those remaining on the force.

Mexicans are becoming increasingly and painfully aware of the unpleasant side effects of hard drug smuggling —gun running, continual violence among competing drug rings and the devastating impact of drug use on Mexican youths. Drug rings have started to use weapons ranging from handguns to grenade launchers and machineguns as

a "currency" or to increase their own private arsenals. Since legal gun sales are strictly controlled in Mexico, such illicit weapons traffic not only generates huge black market profits, but also helps to create an open challenge to governmental authority.

The fight to end heroin traffic has been both costly and only partially successful. Although the United States and Mexico have spent $40 million each by March 1976 to cut poppy cultivation, there has been no significant decline in the heroin flow from Mexico. Even though the Turkish ban on poppy farming has since been lifted and French-pro-

cessed white heroin is once again available in the U.S., the brown Mexican substance remains by far the dominant type of heroin entering this country.

Heroin is not the only drug problem in the Western Hemisphere. Cocaine, long used by the Andean Indians to kill the pain of cold, hunger, fatigue and boredom is derived from coca trees that flourish only in the high altitude slopes of the Andes in Peru, Bolivia, Ecuador and Colombia.

Andean Indians sell coca leaves to laboratory agents, who in turn produce a crude coca paste which is later refined into white cocaine powder. It is smuggled into the United States in powder form, or "capped" into aspirin-sized pills. On occasion, cocaine has even been pressed into thin sheets and hidden between the pages of a book.

This drug is popular with drug users because, unlike heroin, it is not always physically addictive and is believed by some to be a sexual stimulant. Although it can be injected directly into the veins, cocaine can produce an immediate "high" simply by being sniffed. When a heroin shortage arose in 1972 due to the Turkish ban on poppy cultivation, many drug traffickers turned to cocaine as a profitable and available substitute.

Smuggling has always played a major role in Latin American commerce. Known as the "silent trade," this brisk, illegal commerce was begun by the colonists to by-pass the high cost of Spanish goods. In the years since independence, smugglers have continued this practice to avoid paying high prices for government-protected fledgling industries. In turn, government officials often tolerated—and at times even participated in—the silent trade to enrich themselves and to provide luxury items for the small wealthy class without increasing imports which would drain available foreign funds.

A new dimension was added to the silent trade when narcotics became a major contraband item. The case of Paraguay is an illustration. As the only free trade region on the South American continent, contraband is vital to Paraguay. This small, underdeveloped country lacks industry and must import nearly all manufactured goods and thus suffers a huge foreign trade deficit. The smuggling industry helps to lessen this imbalance.

When international drug traffickers made Asunción a narcotics distribution and trans-shipment center, the United States demanded Paraguayan cooperation in suppressing the traffic, threatening to cut off all financial aid if the demand was not met. Although Paraguayan officials formally agreed to cooperate, it appears that the police work has merely succeeded in driving the heroin trade underground.

In Peru, where the coca tree cultivation is legal, production has inceased 20% annually despite a 1964 ban on new planting. The reason: Indian peasants earn far more from coca leaves than from any other possible cash crop and the government has shown little interest in encouraging development of a substitute source of income.

Bolivia, in contrast, is cooperating with a $800,000 U.S. pilot program to develop acceptable substitute crops. Some Bolivians doubt that the program will be successful since coca trees require little care and yield multiple harvests each year. Although Bolivia has enacted tough new drug control laws, narcotics centers at Bogotá and Santa Cruz continue to export large shipments of the coca paste.

Prior to 1973 the clandestine laboratories in Chile were the chief processing centers for the Bolivian coca paste. Because of the deteriorating relations between the Allende government and the U.S., Chile was the only Latin American country without a resident officer of the U.S. narcotics bureau. When a military *junta* seized power in 1973, it completely wiped out the Customs Investigative Agency, the nation's most reliable anti-narcotics unit. Presently, the junta is apprehending or expelling drug traffickers to the United States, although it is charged that Chileans are being condemned more for their Allende connections than for their narcotics involvement.

While pledging full cooperation, Chile is simultaneously requesting U.S. equipment to carry on its fight against drug traffic. Perhaps General Ernest Baeza expressed the attitude of many Latin Americans when he said that Chile does not have any drug problem, adding in jest, "You could even consider our drug control efforts here as a national economic sacrifice; when we burn cocaine, we're depriving Chile of an export which could bring in valuable hard currency reserves."

The principal cocaine operations in Ecuador are concentrated in Quito and Guayaquil. Here the problems center around the enforcement units themselves, which are understaffed, undertrained, underequipped and undersupported by the judiciary. In addition, inadequate surveillance along the Peruvian and Colombian borders has made Ecuador a safe corridor through which tons of coca paste move into Colombia for processing prior to trans-shipment to the United States.

Of all the cocaine sold in the United States, it is believed that 70% is processed in and/or smuggled from Colombia. This may be attributed to the nation's strategic location—its proximity to the Panama Canal and its ports on both the Atlantic and Pacific oceans. In addition, Colombia's three major law enforcement agencies do not coordinate their activities. Finally, widespread corruption exists among public officials. Indeed, judges—with an eye on the possibility of large bribes—actively compete to handle cases involving important drug smugglers.

Nevertheless, Colombians are not altogether indifferent to the drug traffic. Since 1972 they have spent almost $3 million in U.S. aid to improve their narcotics control agencies and to modernize police equipment. Officials there are also openly alarmed by a report from the Ministry of Health that some 40% of urban high school students use small amounts of illegal drugs at least once a week. Colombians are wondering if the inflow of dollars from the silent trade is worth the price of lawlessness and the rise in drug use among their youth.

After cocaine has been processed in Colombia, it is shipped northward through the free trade zone of Panama. Panamanian efforts to suppress such drug traffic have been only partially successful.

To help cut the drug flow into the United States, Washington has not only provided financial and technical assistance to Latin American narcotics units, but the United States has also turned to diplomacy. During her trip to Latin America in mid-1977, First Lady Rosalynn Carter discussed ways to curb the illicit drug flow to the United States. Treaties are also being sought which will permit the extradition of Latin American nationals for prosecution in the U.S., or to allow prosecution in Latin America on evidence gathered by U.S. narcotics teams. However, since these plans involve surrender of sovereign rights by Latin American nations, they have generally been cool to this diplomatic campaign.

Despite the millions of dollars expended on policing activities, the flow of drugs from Latin America into the United States continues to swell. From 1969 to 1975, seizures of Latin cocaine in this country rose a whopping 700 per cent. And, despite renewed competition from Turkish/French heroin, Latin Americans continue to have a corner on that market here. The outlook for blocking the billion-dollar Latin drug connection in the near future is bleak.

THE ORGANIZATION OF AMERICAN STATES

Following the rebellion from Spanish rule, the greatest concern of the Latin American leaders was the possibility of again being reduced to colonial status by one or more European nations. Initially, an effort was made to attract a member of European royalty to serve as a figurehead ruler in order to lend additional legality to the victorious rebellion. When this failed, Simón Bolívar convened a Congress at Panama in 1826 to lay the groundwork for a proposed federation of the former colonies for mutual protection from Europe. The matter of the relation of each nation to other Latin American countries was to be considered, together with the question of defense against the remaining threat of European intervention in the affairs of the new nations.

There was conflict among the Latin American delegations to the conference; this was coupled with the failure of the U.S. delegation to reach Panama in time for the congress, which prevented any progress. The Latin American states summoned several similar conferences throughout the mid 1800's, all of which also failed, partially because of a lack of interest on the part of the U.S.

The present organization was largely the result of a desire of the United States to find new markets for the products of the industrial growth of the post Civil war era in North America.

The diversity of regional interests and the political power of the individual leaders of the respective member nations has continued to control the actions of the OAS to the present time. The United States has regarded the organization as little more than a means to promote trade; the Latin Americans have used it principally for political purposes—especially to preserve their political independence in the face of overwhelming economic and military power of the U.S.

The OAS, with headquarters in Washington, D.C., celebrated its 86th anniversary on April 14, 1976. This is the oldest regional organization in the world. First established to promote trade among the nations of the Western Hemisphere, it has grown in stature with political, social and economic assistance to its member states. Despite the fact that it is frequently belittled because it lacks coercive power, the OAS has an impressive record in the resolution of international conflict among its members. Lacking such power, it achieves its purposes at the conference table, for the most part, rather than on the battlefield. The present government of Cuba was suspended from the organization in 1962 when Castro embraced communism.

The Organization of American States was able to end open warfare between El Salvador and Honduras after fighting erupted in July 1969. Normal relations between the two nations are now being slowly restored. However, the OAS has not been able to find a solution to the basic cause of the conflict. (See Honduras, History)

A second key to the successes of the Organization of American States lies in the fact that a failure to resolve a serious conflict within its machinery might invite intervention by the Security Council of the United Nations in which three major European powers play prominent roles. The traditional opposition of the Americas to European intervention in hemispheric affairs encourages acceptance of the services of the OAS and its specialized agencies, as well as its decisions.

What is the future of the OAS? Some critics, such as the late Salvador Allende of Chile, insisted that the OAS was dead. Others, like Cuba's Fidel Castro, want to see the creation of a new OAS—without the United States. Although few member nations accept those extreme views, many do believe that the OAS needs some updating.

A commission was established in April 1973 to study ways to modernize the OAS. Descriptively titled the "Special Committee to Study the Inter-American System and Recommend Measures for Restructuring It," the commission is expected to ask that more attention be given to social and economic matters and less to political affairs which many delegates feel are most susceptible to U.S. influence. Among topics receiving special attention are the energy crisis —which has severely hurt most of Latin America—and the problem of insufficient food supplies and inadequate nutrition for a large percentage of Latin Americans. In the economic field, the impact of powerful, multi-national corporations and foreign investments will be examined.

In the political realm, the OAS-sponsored boycott of Cuba has been the subject of much debate. In Quito, Ecuador, at a special meeting on the matter in November, 1974, opponents of the boycott were unable to secure the two-thirds majority needed to lift the sanctions. However, at another OAS meeting in July 1975 in Costa Rica, the organization, after reducing the two-thirds rule, held that each nation should decide whether or not it would trade with Cuba. Prior to this move, a total of nine members states had already ignored the sanctions against Cuba and others were leaning strongly in the same direction.

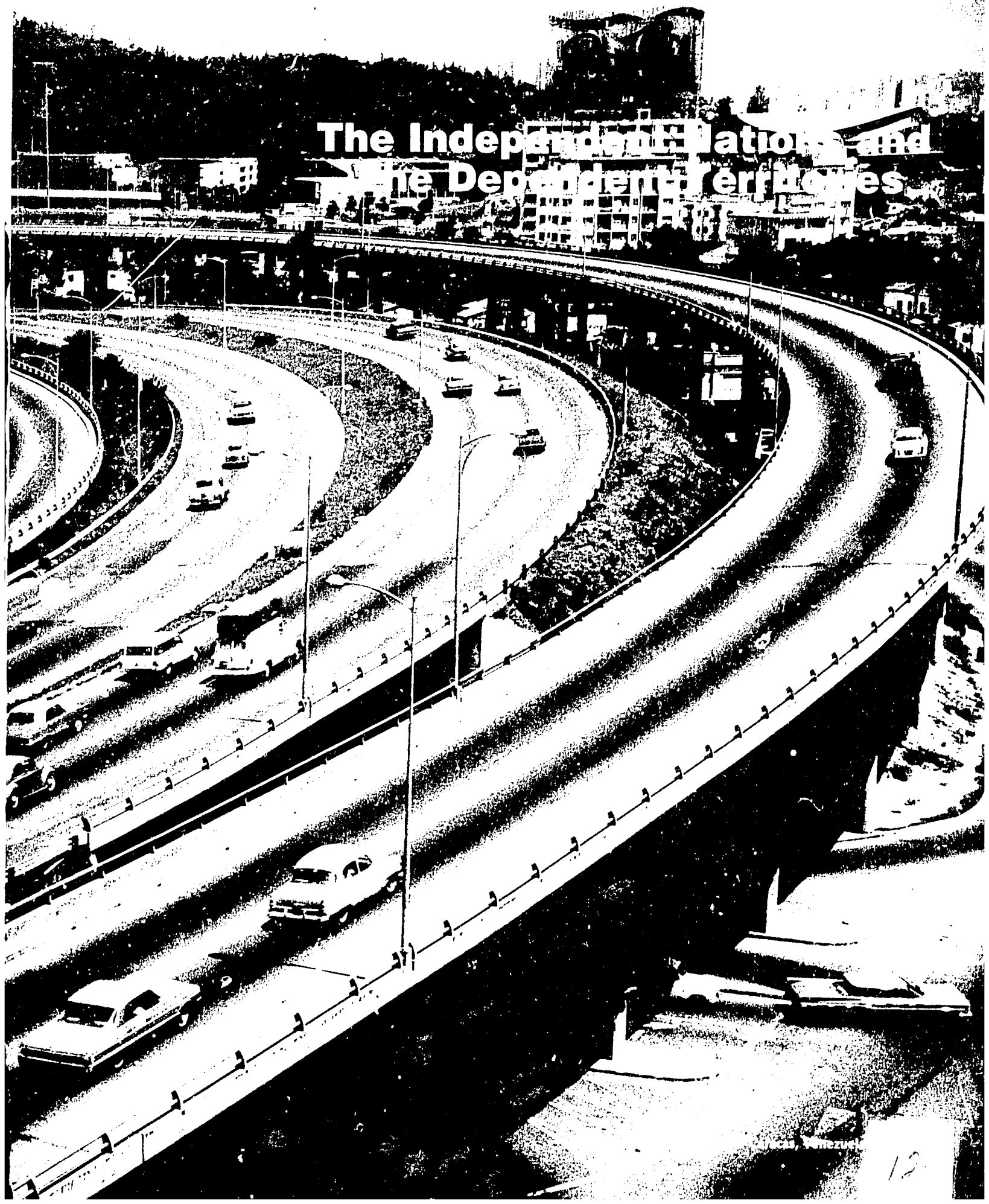
Of even more basic importance to the Organization of American States is the question of close Latin American ties with the United States. Operating expenses for the organization total about $65 million a year, two-thirds of which is provided by the United States. Some critics charge that the OAS spends far too much of this money on elaborate social functions in Washington—banquets, receptions, etc.—while not enough attention is given to basic problems of Latin America such as widespread malnutrition. Similarly, critics say that too many OAS employees are stationed in Washington rather than in Latin America, the place of real need. Of the approximately 1570 persons employed by the organization, about 1,000 work in Washington.

The Secretary-General of the OAS, elected in May 1975, is Alejandro Orfila of Argentina. The organization received an unexpected jolt in May 1977 when the United States announced it may reduce its contribution by 25 per cent; the plan would cut the U.S. share of the budget from 66 per cent to 49 per cent.

One of the issues dividing OAS delegates at the General Assembly meeting in Grenada in June 1977 has been the question of human rights. The United States pressed the organization to take a stronger stand on the subject. In contrast, various Latin American military governments—such as Argentina—argued that human rights represent "an obsolete liberal philosophy." Nevertheless, 14 of the 25 members (13 needed for passage) sided with the United States by supporting a resolution urging members to refrain from using terrorism as an excuse to use torture and other inhuman acts.

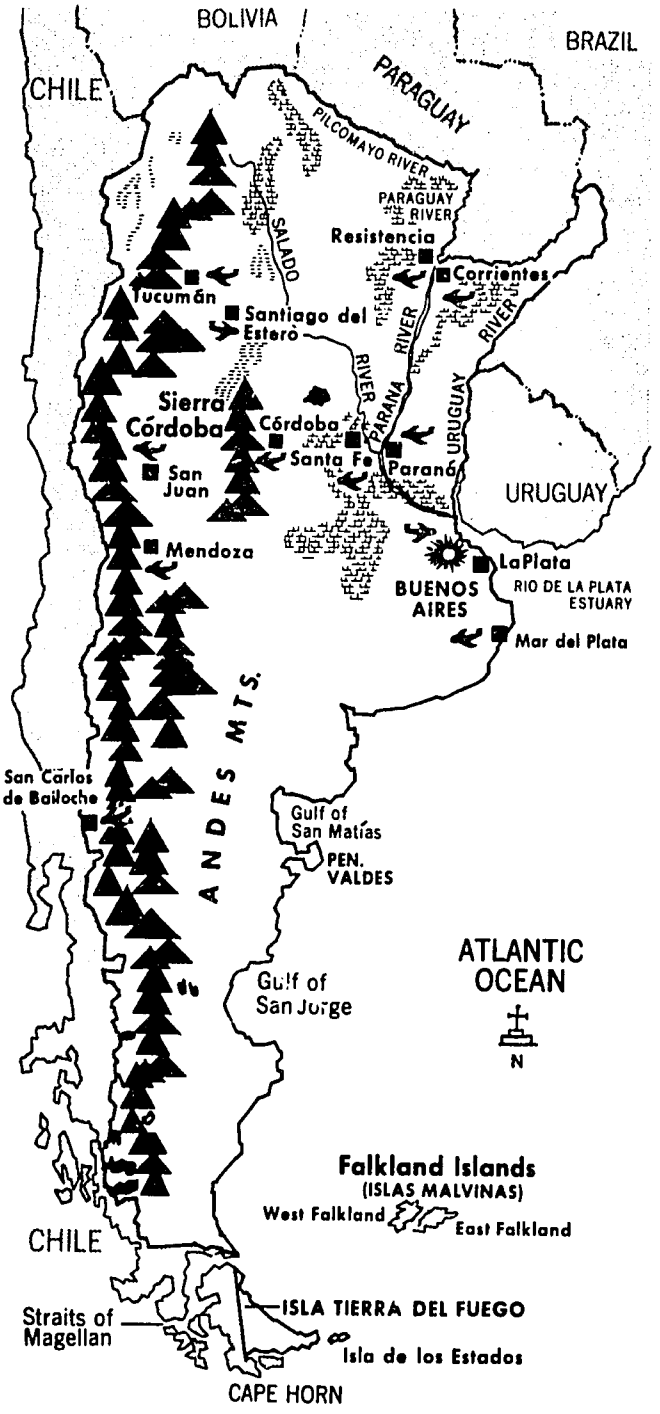
THE POLITICAL FACE OF LATIN AMERICA, JULY 1977

The Independent Nations and the Dependent Territories



Downtown Buenos Aires on a rainy winter day.
Credit: Jose Burmúdez

THE REPUBLIC OF ARGENTINA



Area: 1,072745 square miles. Argentina claims 1,084,120 square miles, including the Falkland Islands in dispute with Great Britain and other territories claimed by Chile.
Population: 24.6 million (projected).
Capital City: Buenos Aires (Pop. 4 million, projected).
Climate: The northern region called the *Chaco* is wet and hot; the central plains, or *Pampas*, are temperate with moderate rainfall; southern Patagonia is cold and damp.
Neighboring Countries: Uruguay and Brazil (East); Paraguay and Bolivia (North); Chile (West).
Official Language: Spanish.
Other Principal Tongues: English, German, Italian.
Ethnic Background: European (predominantly Spanish and Italian) 98%; *Mestizo* (mixed Spanish and Indian ancestry) 2%.
Principal Religion: Roman Catholic Christianity.
Chief Commercial Products: Meat, grain, wool, hides.
Currency: Peso (P 250=$1.00 U.S.±).
Former Colonial Status: Spanish Crown Colony (1580-1816).
Independence Date: July 9, 1816.
Chief of State: General Jorge Rafael Videla, installed as president after a military *coup* on March 24, 1976.
National Flag: Sky blue, white and sky blue equal horizontal stripes with a rising sun on the white stripe.

Argentina varies widely in terrain and climate. Four main regions are generally recognized. The northern region *(Chaco)* is heavily forested, low, wet, and hot; the central plains *(Pampas)* are flat, fertile and temperate, well watered along the coast and increasingly dry to the west; the southern region *(Patagonia)* is an arid, windswept plateau, cut through by grassy valleys; the fourth region (Andes) runs the length of the Argentine-Chilean frontier—the mountains are low and glaciated in the south, high and dry in the central part, and gradually widen into the high plateau of Bolivia in the north.

Argentina's most important river is the Paraná, with tributaries which flow into the Río de la Plata estuary north of Buenos Aires. Three-quarters of Argentina's land is too dry for cultivation without irrigation. The most heavily populated region is that of the capital city (34%), which with the adjoining *Pampas* accounts for 64% of the population. Though the climate varies from

hot, humid *Chaco* to the cold damp southern Patagonia, the extremes of temperature are less than those of comparable latitudes in North America.

History: The Río de la Plata estuary was first visited in 1516 by Spanish explorers who were driven off by hostile Indians. Magellan visited the region in 1520, and Spain made unsuccessful efforts to establish colonies on the Paraná River in 1527 and 1536. The Spanish later moved up river to the Paraná's junction with the Paraguay River, where they founded Asunción, the center of Spanish operations in southeastern South America for the succeeding 50 years. In 1573, an expedition from Asunción established a settlement in the vicinity of modern Buenos Aires, and subsequently Spain transferred its base of colonial government from Asunción to the new town.

Argentina was settled by two main streams of colonists: one crossed the Andes from Peru and occupied the fertile oases along the arid east slopes of the Andes, founding Córdoba and Tucumán; the other arrived directly from Europe and settled in and around the port of Buenos Aires. Thus, from the start, two distinct groups of Argentine people developed. The people of the interior, a mixture of Spanish and Indian heritage, were dependent on the grazing of cattle on the plains of the central *Pampas* and upon small, home manufactures. Far removed from any aid, these people developed a rude, self-sufficient civilization fiercely resistant to encroachment and disdainful of the ruling authority established in Buenos Aires by urban intellectuals.

The people of Buenos Aires, a mixture of Europeans (Spanish, French, English, Italian and German) who came to the port for trade, to defend the region, or to govern it, had little interest in the land and sought to re-create in Buenos Aires the standards of living of the European cities from which they originated. The nobility, who governed the defending military, and the clergy, retained special priviliges; they could neither be tried in the local courts nor be held accountable to the people for their actions.

Under the Spanish colonial system, land was held by a few people who administered their grants as feudal holdings. Far removed from the restraints of the Spanish court, the Argentine people developed a somewhat wild and free civilization. Spain's difficulties with Napoleon gave the colonists an opportunity to escape Spanish domination, and in 1810 Buenos Aires revolted. After a rebel army was dispatched toward Tucumán and Córdoba, the interior of the colony joined the revolt.

In 1812 a young Spanish army officer of Argentine birth, José de San Martín, returned from Europe. He quickly developed a regiment of mounted cavalry, and gallantly defended the country against invasion from eleven Spanish ships north of Buenos Aires in 1813. The revolution was not well organized—the several armies and factions of the rebellion had no central authority.

San Martín became governor of one of the western provinces of Argentina in 1814. He established a military school, and was instrumental in the proclamation of Argentine independence on July 9, 1816, together with the leaders of the revolutionary government of Buenos Aires. He subsequently crossed the Andes mountains with his army, battling the Spanish into submission in Chile. He fought his way into northern Peru, and there met the liberator of the North, Simón Bolívar. Disappointed by Bolívar's refusal to take command of the two armies, San Martín, feeling that his presence as a military man might adversely affect the Peruvian revolution, retired and left for France, where he remained for the rest of his life.

Argentina started its independent history with great territorial loss and a division between its social groups—the port and the interior, the metropolis and the country, the civilized and the barbaric. The elimination of Spanish control created a series of conflicts among the regional contenders for power. There was immediate strife between the ranchers controlling large estates on the coast and the merchants in Buenos Aires, who insisted that all trade pass through the port, with duties and taxes used for the capital city rather than for the country. The interior provinces in turn demanded a federal form of government, with autonomous sovereign states and a national capital outside Buenos Aires.

To foster economic development, the leaders of Buenos Aires wanted to promote agriculture and expand European immigration to farm the land as was being done in the United States. The coastal ranchers, knowing that small farms would destroy their great estates, made common cause with the interior to overthrow the Buenos Aires leaders and installed Juan Manuel de Rosas as Chief of State in 1835. Rosas 17-year rule was a reign of terror at home and an international scandal which induced France and Britain to intervene. Rosas was finally overthrown in 1852. Some Argentinians are now having second thoughts about Rosas—perhaps his opposition to British and French trade was well taken, and his policies more truly favored Argentine independence.

Rosas had started his career as a *Federalist*, but upon achieving power became a *Unitarist;* his downfall was a victory for the *Federalists*. The constitution of 1853 provided for a federal system and moved the seat of government to Paraná, 150 miles north of Buenos Aires. The former capital seceded from the union, was defeated, renewed the war, and was again defeated by the national forces. In 1860 the capital was reestablished in Buenos Aires and the first constitutional president, Bartolomé Mitre, assumed office. During the rule of Rosas the fertile *Pampas* lands were seized and distributed to his supporters. Some 20 million acres were held by 538 proprietors, each of whom raised his private army loyal only to himself. Throughout the interior, large landholders followed the same practices, raising their own armies, creating their own laws, and ruling their lands much as feudal barons in the European Middle Ages. For a considerable period after independence, Argentina was simply a cattle-raising country, importing all its manufactured goods and even its food from Europe.

In the late 19th century the demand for chilled beef led to changes in the meat industry, requiring better cattle and grains for both cattle-feeding and human consumption. Despite the changes in production, however, Argentine economic and political power remained in the hands of a very few planters, cattle raisers, and the merchants in the port city. Their ventures were supported by large masses of landless peons and laborers dependent upon the charity of the owners for their well-being.

Industrialization came late to Argentina and was largely due to British investments during the last half of the 19th century and the early 20th century. Concentrated in Buenos Aires and in the hands of a few large investors, industry centered on the supplying of local needs and the transportation and processing of Argentina's export commodities. Although industrialization changed the ratio of national earnings from agriculture and cattle raising to include industrial production, it provided little increase in total earnings.

The urban labor force, composed of immigrants and dispossessed agricultural laborers, was disorganized and effectively excluded from participation in the exercise of political or economic power until the beginning of the 20th century. The formation of labor unions,

largely through the efforts of immigrants, posed the first threat to the historic domination of the country by landed interests and industrialists, both Argentine and foreign. The second threat was the establishment in 1912 of secret balloting in elections. The first elections held under this system resulted in a popular *Radical Party* victory and the defeat of the landowner's and industrialist's *Conservative Party*.

Argentina's modern history is a continuation of its old conflicts. The wealthy landowners and the Army have sought to retain the privileges of the wealthy in opposition to the demands of the laborers in the urban areas, and the needs of the landless peons on the estates and ranches of the country for a greater share in the nation's wealth.

From 1916 to 1930, the *Radical Party* ruled Argentina; during this period many social reforms were established which benefited the laboring classes. However, the regimes of the popular hero Hipólito Irigoyen (1916-1922 and 1928-1930) proved so inefficient that he was forced to resign in 1930. With the overthrow of Irigoyen, the *Conservative Party* was restored to power. For the next 13 years, a bloc of landowners, bankers, merchants and generals controlled the government. Their arrogant corruption and neglect of the interests of the middle and laboring classes set the stage for another overthrow in 1943. Lacking a program, and with limited leadership abilities, the government failed to cope with internal problems and mismanaged foreign relations. The presence of substantial numbers of people of Italian and German descent gave rise to confusion during the first part of World War II—Argentina did not immediately join Latin American opposition to the Axis powers. From the confusion there emerged a leader, Colonel Juan Domingo Perón, who, wittingly or unwittingly, united forces which had resisted conservative efforts to reestablish political dominance.

Perón, possessing leadership qualities which appealed to the great majority of the middle and lower classes, sought to unite urban and rural labor into a mass party to carry him to political power. Attaining the office of Labor Minister under the government of General Pablo Ramírez, he devoted his efforts towards seizing control of the labor unions from the *Radical* and *Conservative* parties. He was joined in his efforts by a popular radio announcer, Maria Eva Duarte, who proved to be invaluable to Perón in rallying mass support. By 1944, when General Edelmiro Farrell replaced Ramírez, the dominant figure in Argentine politics was Perón. A year later, when efforts were made to remove him, the masses rallied to his support and forced the government to capitulate. In the elections of 1946, Perón became president with a substantial majority of the vote.

Perón married the glamorous Maria Eva Duarte, popularly called "Evita," and they used their abilities well, gaining control of labor and creating a popular mass organization called the *Descamisados* ("shirtless ones") which some erroneously identified with those of the Fascist Italian regime of Mussolini. Despite the fact that Perón threatened conservative interests, he was able to gain and hold Army support through pay raises and military expenditures. He also received support of the clergy through advocacy of programs of religious education and by adopting a moderate polition on Church-State relations.

While Perón and Evita built their strength through propaganda and blatant patronage, certain of their accomplishments were significant. The working class was brought into the political scene and made aware of its massive power. Evita's charitable social works provided health and welfare benefits to the poor which could not be withdrawn. The increased wages paid to labor and the "featherbedding" in government jobs was deceiving, as rising prices cancelled the increased earnings of the people. Mass housing, schools and hospitals and a flood of labor laws favorable to the workers dominated Perón's programs. Costly and often inefficient industries were created to provide jobs for the thousands streaming into the cities. Agriculture, the backbone of the economy, was taxed heavily to pay for this disorderly industrialization. The natural result was a drop in farm output which in turn caused a drop in exports and foreign trade. The problem of importing more than is exported is one that persists in Argentina to this day.

His handling of foreign relations was astute and restored Argentina's international prestige; however, his efforts to establish Argentine political leadership in Latin America were resented and resisted by most of the other nations of the continent. The death of Evita in 1952 marked the decline of Perón's power. Within a short time the bankrupt state of the economy became apparent and thereafter the moral bankruptcy was difficult to hide. Resorting to repression to silence opposition to his regime. Perón alienated the Church and coerced opposition businessmen and landowners into burying their complaints in opposition to his rule. Popular protests and public disorders put an end to his rule in September 1955.

The Army moved to restore order, seized the government and installed General Eduardo Lonardi as provisional president. Honest, but timid, he was unable to cope with the overwhelming problems inherited from Perón. After serving for two months, he was replaced by General Pedro Aramburu, who was able to restore civil order to Argentina and hold elections in 1958.

Arturo Frondizi was inaugurated on February 23, 1958. Capable, but a stern disciplinarian, he sought to repair the economic damage and monetary inflation created by the Perón regime. Few sectors of the Argentine people were willing to accept the sacrifices his measures required. Overthrown in 1962 by a military *coup*, he was replaced by Dr. José Guido, who served until October 1963; Dr. Arturo Illia, inaugurated on that date, served until mid 1966 when he was deposed by another military *coup*.

Lt. Gen. Carlos Ongania was installed as President in July 1966. Known as "El Caño" (The Pipe), he was said to be straight on the outside, but hollow within. His solution for Argentine problems was to ban political parties, dismiss the Congress and neutralize the courts. It was not long before he envisioned a regime modeled after that of the late fascist dictator of Italy, with himself (of course) as permanent head. By late 1969, however, his dream had turned into a nightmare, replete with riots, strikes and general unrest.

After terrorists kidnapped and murdered former President Aramburu in May 1970, Ongania ordered the arrest of rebel leaders, overruling more moderate policies advocated by Lt. Gen. Alejandro Agustín Lanusse, commander of the army. The military, however, intervened and dismissed Ongania when he attempted to fire Lanusse; Brigadier General Roberto Marcelo Levingston was named president, but he also was unable to curb inflation, labor unrest and strikes, an increasing wave of terrorist activities in the cities and a widespread beef shortage. As conditions worsened, Levingston resorted to force to silence critics and to rule by decree. Again, the military stepped in, ousting Levingston in the spring of 1971 and naming Lanusse as the ninth president since 1955.

Aware of the military's inability to end economic stagnation, surging inflation and political discord, Lanusse ordered a return to civilian government. Elections were set for March 1973 and most

political parties were legalized, including Perón's *Justicialista* movement. Long-standing criminal charges against Perón were dropped to permit his return from Spain. While in exile, he had deftly maintained control of his movement by balancing one rival faction against another and by issuing vague political statements.

When the military refused to permit Perón's own candidacy for the leadership of Argentina, he instructed his party to nominate Héctor J. Cámpora, a colorless party worker. Campaigning on the slogan "Cámpora to the Presidency, Perón to power," the *Justicialistas* gained 49.5% of the vote, plus large majorities in congressional and provincial races.

Inaugurated in May 1973, Cámpora pledged to revitalize the economy, increase benefits for labor, and seek closer ties with "neutralist" countries. However, Cámpora's efforts to cooperate with the restive leftists within the party quickly alienated its conservative members. Street fighting between rival factions became common; when one bloody shootout left 25 dead and hundreds wounded at an airport reception for Perón, Cámpora and his entire cabinet were forced to resign on July 13, 1973, after only 49 days in power. Raúl Lastiri was named interim president (the son-in-law of Perón's private secretary), New elections were set for September 23, 1973 and with the anti-Perón military leaders having been forced into retirement, Perón was free to run for president.

Ironically, many of those who supported *El Líder* included such former enemies as the military, the large landowners and business leaders—all of whom welcomed his increased conservatism. Perón's main support, however, came from his traditional base of power: organized labor. As his running mate, Perón chose his wife, Isabelita, a 42-year-old former cabaret dancer. Certain of victory, he ran a leisurely campaign based on vague promises of national unity. Election results gave Perón 61.9% of the vote, while Ricardo Balbin of the *Radical Civic Union* received 24.3%. Francisco Manrique, heading a center-right coalition, won less than 15 per cent.

The problems facing Perón were immense. The economy was plagued with low growth and high inflation. Leftist terrorism continued unabated, and his own political movement was badly divided. As President, Perón concocted an uneasy mixture of a leftist foreign policy and a conservative domestic program. He sought closer economic and political ties with "Marxist" and "Third World" countries and even hoped to make an official visit to Moscow. Huge credits ($1.2 billion) were offered to Cuba; at the same time, greater restrictions were placed on foreign private investments operating in Argentina.

Perón's domestic policies, however, were staunchly conservative. He openly courted right-wing union and political leaders. At his direction, liberal government and school officials were dismissed and leftist publications closed. He publicly berated leftist *Peronist* youths as "mercenaries at the service of foreign forces."

These conservative policies merely widened the rift within his political movement. Having played an important role in bringing Perón back to power through their struggles with the military government, the leftists now refused to be pushed out of the *Peronista* movement. Instead, left wing guerrillas continued their attacks against conservative union leaders, right-wing government officials and foreign businessmen. Conservatives responded with counterterror. The basic functions of the government ground to a halt as the rift between the right and the left, as well as between *Peronistas* and anti-*Peronistas* critically polarized the nation.

Perón's hapless plight was perhaps best seen in his 1974 May Day speech: while he was calling for "peace and conciliation" among his followers, rival *Peronista* factions broke into bloody street fighting even before his speech was ended. The continued jockeying for position became even more intense as Perón's health began to fail, with each side hoping to be able to seize control of the movement should *El Líder* die in office.

Having regained the presidency at the age of 78, Perón was afflicted with a number of ailments associated with old age. He tired easily and had difficulty concentrating for more than a few hours at a time. In November 1973 he suffered a mild heart attack from which he never recovered; death came from heart failure on July 1, 1974.

With the passing of Juan Domingo Perón, most national leaders, including military officials, quickly pledged their oral support for constitutional government and the new president, Maria Estela Martinez de Perón, widely known simply as "Isabel." A crucial difference, however, in the loyalty of the people toward *El Presidente Perón* and *La Presidente Perón* existed—his wife lacked the personal magnetism and immense power base enjoyed by her late husband. Indeed. Juan Perón had only selected Isabel as his political running mate in order to allow him additional time to choose a more likely successor.

Occupying the highest office ever held by a woman in the Western Hemisphere, Isabel's conservative views were bitterly opposed by leftists, while old-line *Peronistas* resented any replacement of Perón's beloved first wife, Eva. Further, old-guard politicians regarded her background as a dancer with a sixth-grade education as woefully inadequate and the upper classes dismissed her as being common. Feeling herself thus isolated from traditional sources of power, Isabel began to rely heavily on the advice and counsel of José López Rega, Minister of Social Welfare, a close confidant of the late president and somewhat mysterious practitioner of the occult. He favored staunch conservative measures which were opposed by moderates and bitterly resisted by leftists.

Frail and reclusive, Isabel delegated broad power to López Rega and other key officials in the hope of pulling the nation out of an economic nosedive caused by (1) runaway inflation, (2) growing shortages of industrial and consumer goods, (3) a thriving black market, (4) a huge budget and foreign trade deficits, (5) declining investments, and (6) a disastrous drop in farm output. Part of the fiscal plight was caused when Isabel permitted large wage increases in violation of an earlier wage-price freeze. Although the move was popular with the large labor movement, it triggered widespread business losses which in turn led to a fresh round of price increases and a further escalation of inflation, which by 1975 was at an annual rate of 330%.

During the same period, the government policies of overtaxing farmers to subsidize the immense urban population had caused a major decline in farm exports which furnish the bulk of Argentina's foreign exchange earnings. As a result, the nation faced a trade deficit of $600 million in 1975. Worse, some $2 billion in foreign debts were due the same year; although foreign reserves stood at $1 billion when the *Peronistas* took office in 1973, they plummeted to an all-time low of only $2 million by early 1976. To finance the government, the money supply was expanded by 200%.

In spite of further attempts at austerity (which failed), the economic picture worsened until there was virtual paralysis. Political conditions also declined—violence became the worst in the nation's history. Assassinations by leftist and right-wing terrorists claimed 1,100 lives during 1975. One leftist group, the *Monteneros*, collected huge

The March 27 edition of Buenos Aires' *La Nacion* announces the impending swearing in of General Jorge Rafael Videla as President of Argentina.

LA NACION

Videla jurará pasado mañana como presidente de la Nación

Afirmó la Junta Militar que los cargos son actos de servicio y que por ellos no se perciben sueldos; no se estudia una moratoria previsional

Dispónese de un préstamo del FMI

La actividad de los medios financieros

El ausentismo se redujo en estos días

Personalidad y trayectoria del nuevo mandatario

Los reconocimientos al nuevo gobierno

fees by kidnapping business leaders. A single kidnapping netted the guerrillas $60 million!

Another group, the *People's Revolutionary Army (ERP)*, staged bold attacks against police and military installations. By mid-1975, it tied down more than 4,000 troops in a Vietnam-style war in the Tucumán province. The right-wing *Argentine Anti-Communist Alliance (AAA)* responded with its own campaign of political killings. Eventually this underground civil war became so commonplace that one enterprising British firm began offering political kidnapping insurance in Argentina.

Although the *Peronistas* scored well (46.5%) in regional elections in the normally conservative province of *Misiones*, the victory did not hide the disintegration of the *Peronista* movement. During the 21 months she was in office, the cabinet was reorganized ten times. The conservative labor movement—long a pillar of support for Perón—continued to increase the distance between itself and Isabel. The loss of this vital support paved the way for the collapse of the Perón presidency. Increasingly erratic, *La Presidenta* took a leave of absence in September 1975. Governing in her place was Senate President Italo Luder.

Conditions failed to improve when Isabel returned to her presidential duties in October 1975. Compounding the economic and political malaise was a growing public resentment against increasing reports of widespread political corruption. Among those implicated was Isabel, who was accused of transferring half a million dollars from a public charity to her own bank account. A formal congressional probe of the incident was averted, however, only after the *Peronista*-controlled legislature voted along strict party lines to drop the inquiry.

Government corruption, rising terrorism, a reeling economy and disintegrating government control of national affairs prompted a long-expected military *coup* on March 24, 1976—the sixth within the past 21 years. Army Lt. Gen. Jorge Rafael Videla, 50, was named president and head of a three-man *junta*.

To combat Argentina's mounting problems, the generals vowed to fight for three key goals: an end to political terrorism, a drastic cut in the inflation rate and economic development. Agressive policies favoring private enterprise were adopted. The new finance minister, industrialist José Martinez de Hoz, moved to control inflation by freezing wages, increasing taxes and allowing prices to rise to their natural levels. In addition, the peso was devalued by 70 per cent, government spending was reduced and farm prices were raised in order to stimulate the all-important agricultural sector. The new policies helped cut the inflation rate from 35 per cent a month at the time of the *coup* to about ten per cent by mid-1977.

To discourage corruption, the *junta* moved to prosecute those said to have profited illegally under the *Peronista* government. Among those indicted was Isabel Perón, who was charged in October 1976 with embezzlement and misuse of $8 million of the political party's funds. She was placed under luxurious house arrest following the *coup*.

To defuse the domestic political situation, the generals sought the tacit cooperation of the right-wing *AAA* terrorists to conduct a massive campaign against leftists. During the first year of the *coup*, up to 10,000 suspects were arrested.

Although such repressive measures brought strong protests from Catholic Church leaders, both the government and rightists continued their struggle against the political left. It is estimated

that in addition to the 10,000 imprisoned, 1,500 lost their lives in political violence. By mid-1977, however, the government seemed to be on top. Leftists had been purged from government jobs and the two major leftists guerrilla groups—the *ERP* and the *Monteneros*—were clearly on the defensive.

A major problem facing President Videla, who is a political moderate, is that of controlling right-wing elements within the military government who want to turn Argentina into a rightist police state modeled after the military regime of neighboring Chile. While Videla has largely rejected the right-wing approach, he has indicated that the military plans to remain in power until the economy is revived and political terrorism is brought under control. Military leaders say it could take another two years—or more—to reach these objectives. Until then, the Congress and local legislative bodies will remain closed, labor movements will be strictly controlled and leftists will continue to be excluded from position of influence in Argentina.

Culture: The Argentine people are proud of their predominantly European heritage; in contrast to many other Latin American nations, they live in a comparatively sophisticated, modern society, deeply rooted in old-world customs. United religiously by the predominance of the Roman Catholic Church, they aspire to a position of political leadership of the South American continent. However, the elite class of the country has devoted little effort and fewer resources toward the development of a uniquely national culture, preferring to live largely in the forms of outmoded European societies. Thus, the capital is as modern as any cosmopolitan capital of the Western Hemisphere, but the large estates of the *Pampas* and the interior are little advanced from medieval feudalism.

Artistic expression is a reflection of the social order. In Buenos Aires, skilled men of art and letters are the source of dramatic, musical, literary and poetic efforts which equal those of their European contemporaries. The rural people of the *Pampas* find their expression in both sad and joyful folk songs, and in their homemade implements and costumes, most frequently dedicated to recalling the exploits of the *gaucho* (cowboy) in the wars for independence and the period immediately thereafter.

Urban industrialization provides a means of expression for the artisan and skilled worker, but designs and concepts usually are of a foreign origin. The social and cultural disparity which existed between the capital and the countryside in the colonial era still largely persists to this day.

More than 4 million students are enrolled in Argentina's public and private schools, contributing to a high literacy rate of about 90%. Nine large National Universities, supported by the government, are augmented by more than three hundred other secular and religious institutions of higher learning. However, the universities have contributed little toward solving Argentina's social and economic problems.

Economy: Argentina is well-endowed with some of the richest farmland in the world and as a result, the economy has traditionally been based on agriculture.

Since World War II, the economy has been continuously plagued by the fiscal policies of the first Perón administration. When he took office in 1946, reserves stood at a respectable $1.5 billion. By 1955 that surplus has vanished and the nation was deeply in the red. Every government since then has added to the debt. Agriculture was penalized in order to promote industrialization. Food prices were held artificially low and taxes were placed on farm exports in order to finance the construction of factories. The government role in the economy has also expanded. The state now controls more than half of all heavy industry—most of which has been inefficient, overstaffed and unprofitable.

Argentina does enjoy the most evenly distributed and one of the largest per capita incomes in Latin America. Much of this wealth, however, has recently been eroded by runaway inflation. Perón first taught the nation to live beyond its means, printing more and more pesos, establishing a precedent which has been repeated over and over.

Once the *Peronistas* returned to power in 1973 the economy was harassed by widespread strikes, a shortage of consumer goods and high job absenteeism. Even more damaging was the disastrous drop in farm exports, which normally account for 70% of the nation's foreign exchange. Although poor weather was a contributing factor, most farm problems stemmed from government policies that maintained low food prices for the benefit of the people in the cities where 80% of the people live. Beef exports dropped to their lowest level of the century when the European Common Market reduced imports of Argentine meat. At the same time, domestic beef consumption rose because of lowered prices—in 1975 Argentines consumed 220 pounds of beef per person, twice the U.S. figure.

Industrial output also fell, partially due to a shortage of parts, frequent strikes and low capital investment. The nation's once-mighty auto industry also broke down, with eight foreign-owned assembly plants losing $160 million on their Argentine operations in 1975. During that year the nation's gross national product dropped to zero.

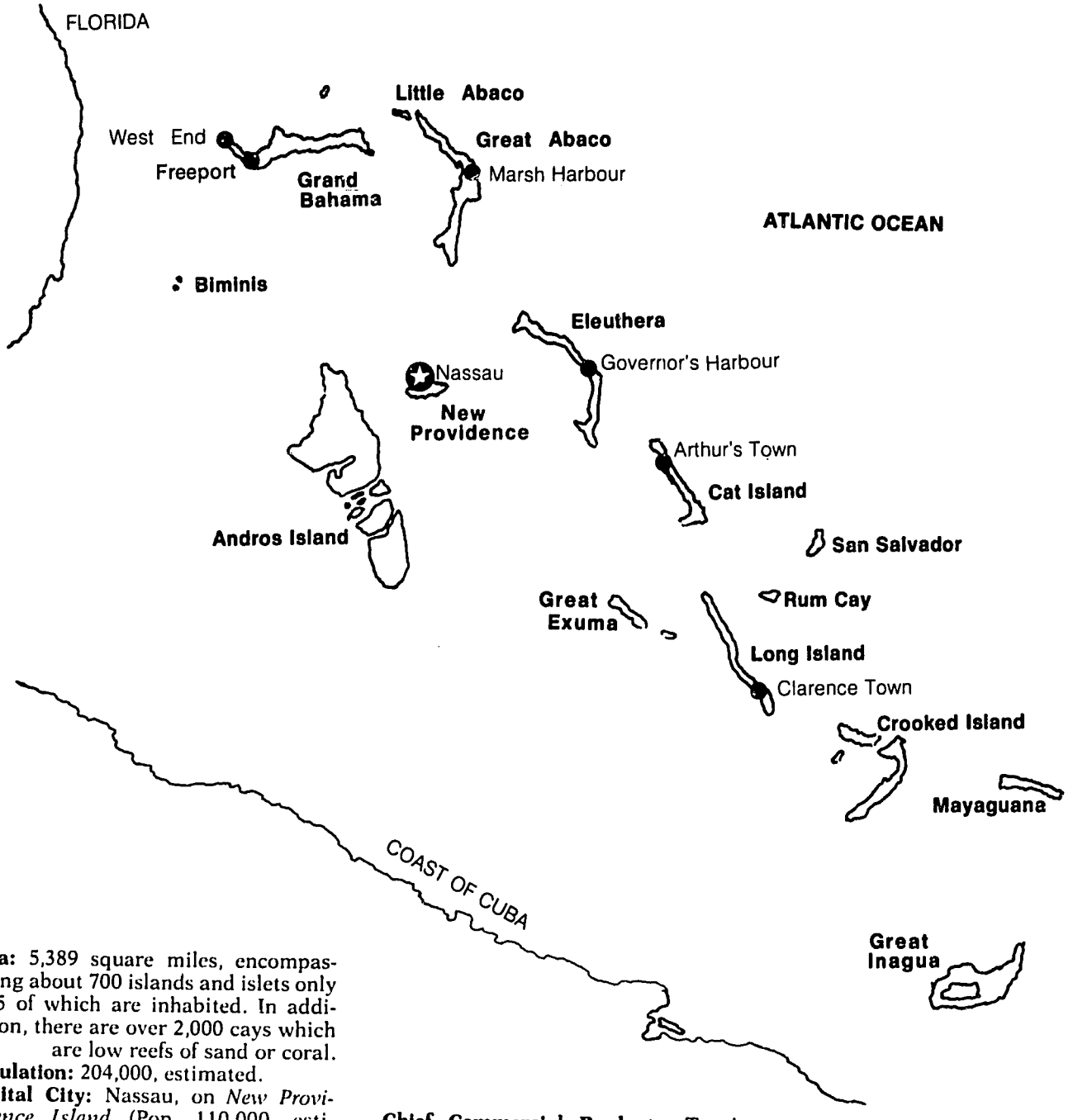
Realizing that a major fault of *Peronismo* is a lack of any coherent economic plan, the incoming military government of Jorge Rafael Videla has sought to restore a free market economy. To halt runaway inflation officials resorted to the shock treatment of inducing an economic recession. Price controls were abolished, taxes raised, the federal budget was trimmed and real wages cut by 50%. As a result, the inflation rate dropped by mid-1976 to less than one-tenth the level that existed during the final months of the Perón administration.

Hoping to revive the all-important agricultural sector, the *junta* provided special incentives for rural development. By raising the price of grains by 40 per cent, the government encouraged farmers to cultivate an additional 5 million acres of farmland.

To increase industrial output, the regime froze wages and banned strikes. While the government's severe austerity measures have cut consumer purchasing power—and thereby reduced industrial output—the unemployment rate has remained at a tolerable 4 per cent since the *coup*. Hoping to attract foreign capital (which had dried up during the Perón presidencies), the *junta* has provided a variety of new investment incentives. In addition, some foreign holdings that the Perón governments nationalized were returned to their former owners, including about 3,000 gasoline stations, which were returned to their oil company owners. Largely because of the *junta's* new economic policies, exports increased while imports were reduced by 25 per cent. As a result, the foreign trade balance has swung from a $791 million deficit in 1975 to a $1.2 billion surplus in 1976. In addition, foreign reserves were up by mid-1977 to a record $2.4 billion.

The Future: The new military junta has adopted the dual goals of reviving the economy and ending domestic political violence. It hopes to accomplish these tasks in three years, at which time the military government says it will return power to the people.

THE COMMONWEALTH OF THE BAHAMAS



Area: 5,389 square miles, encompassing about 700 islands and islets only 35 of which are inhabited. In addition, there are over 2,000 cays which are low reefs of sand or coral.

Population: 204,000, estimated.

Capital City: Nassau, on *New Providence Island* (Pop. 110,000, estimated).

Climate: Sunny and semi-tropical, with prevailing sea breezes; there is a hurricane seasom from June to October.

Neighboring Countries: United States (Grand Bahama Island is about 37 miles east of West Palm Beach, Florida); Cuba (about 60 miles to the southwest at its closest point), Haiti and the Dominican Republic (about 40 miles to the southeast).

Official Language: English.

Ethnic Background: African (85-90%).

Principal Religion: Christianity (Anglican, Roman Catholic, Baptist, Methodist).

Chief Commercial Products: Tourist and banking services.

Currency: Bahamian Dollar (B $1.00= $1.00 U.S.±).

Former Colonial Status: British Crown Colony (1717-1973).

Independence Date: July 10, 1973.

Chief of State: Since this is a British Commonwealth nation, Queen Elizabeth II is titular chief of state, represented by a Governor General, presently Sir Milo B. Butler, Sr.

Head of Government: Lynden O. Pindling, Prime Minister.

National Flag: A black equilateral triangle superimposed on horizontal stripes of blue, gold and blue.

Like the fragments of a broken piece of pottery, the Bahama Islands spread their natural beauty over about 100,000 square miles of ocean, making a gently curving arc 700 miles long from a point off the Florida coast down to the islands of Cuba, Haiti and the Dominican Republic. Only 35 of the islands are inhabited, with New Providence Island having slightly more than half of the nation's population. About 2,000 cays (pronounced "keys") are scattered, tiny outcroppings of coral and sand which at times support small bits of vegetation throughout this relatively shallow region of the Atlantic. The beaches are

THE BAHAMAS

among the finest in the world, the water is clear enough to allow a magnificent view of the fish and rock formations many feet below the surface. The islands are blessed with gentle, prevailing breezes which turn the hot, sunny days into pleasant evenings after the sun goes down. During the June to October period, hurricanes are not infrequent.

History: In October 1492 Christopher Columbus first sighted his New World at the island he promptly named *San Salvador*—"the Savior"—lying on the eastern edge of the island group. The Arawak Indians who populated these islands were exterminated over a brief period of years by Spanish slave traders, who shipped them off to the large Spanish-owned islands to work on the sugarcane plantations.

Thinly populated, the islands were virtually ignored for a century and a half until 1647 when a former governor of the English island of Bermuda sailed south and landed on the long, narrow strip of land called Eleuthera. He and his party were seeking greater religious freedom than he found on Bermuda. During the following decades the islands provided ideal bases for pirates of English and Spanish nationality who preyed on the constant flow of treasure-laden vessels bound for Europe. The first Royal Governor, appointed by King George I, drove most of the pirates from the islands in the years 1717-18, although it was virtually impossible to police the entire region.

During the American Revolution in 1776, a U.S. naval squadron captured Nassau, but withdrew in 24 hours, taking the Governor as a hostage. After the revolution, a number of citizens loyal to Great Britain fled the mainland, many with their slaves, and settled in the Bahamas where they established sugarcane plantations. Although the Spanish captured the Bahamas in 1782, the islands were restored to Great Britain under the terms of the Treaty of Versailles.

The American Civil War was highly profitable for the Bahamas; cotton was traded for ammunition and medical supplies. Later, prohibition in the United States gave another boost to the prosperity of the islands, which served as a supply for American "rum-runers." In the late 1930's and early 1940's the tourist boom started; today the islands receive more than a million and a half vacationers annually.

The *Progressive Liberal Party (PLP)* was formed in 1953 by Bahamians (pronounced (Ba-*haim*-yans) who rebelled against a small group of businessmen then in control of political and economic life on the islands. Continually gaining strength, the *PLP* was voted into office in 1967 and in 1972 won 29 of 38 seats in the House of Assembly. The first national elections were held in July 1977 following independence. Voters showed continued confidence in Prime Minister Lynden O. Pindling's government by giving his *PLP* party 31 seats. The new *Bahamian Democratic Party* won 5 seats and the traditional opposition party, the *Free National Movement* was reduced to 2 seats—a loss of 7 seats.

In the 1967 elections, the campaign revolved around black power versus a white-dominated government. In 1972 the main issue was independence from Great Britain. However, in 1977 the focus was on economics. The opposition charged that the Pindling government's efforts to "Bahamanianize" the economy had created high unemployment (30 per cent in 1977), driven up the foreign debt ($200 million in 1977) and scared away badly needed foreign investment. Worse still, the government's "blackpower" image had hurt the all-important tourist industry.

To be sure, Pindling's government has followed a growing trend in the Caribbean of increasing state control over the economy. In its efforts to "Bahamianize" the economy, the government had forced many businesses to hire local workers to replace foreigners. In addition, new taxes were also placed on foreign workers and on the sale of property to non-Bahamians. While the rapid transition to black managers has—at least temporarily—led to a decline in economic production, the government claims that the new policies have produced a new black middle class.

One impact of the new economic policies has been to nearly end the Bahamas former status as a tax-free haven for the rich. Many of the so-called suitcase companies have moved from the Bahamas to the Cayman Islands, where taxes are low. Although the Bahamas established diplomatic relations with Cuba in 1974, Pindling has resisted Cuban suggestions for closer economic and political ties between the two countries.

Culture: The people of the Bahamas, approximately 90% of whom have African ancestry, are good-humored and generally prosperous. Most derive their living from the tourist trade. Among their many festivals is a special holiday—*Junkanoo*–a carnival not unlike the New Orleans *Mardi Gras*, which takes place during Christmas week. A sportsman's paradise, the islands provide excellent fishing, first-rate golf courses, a lively night life, visiting ballet companies, concerts and other theatrical productions. *Goombay* is a musical sound which is exclusively Bahamian; it blends a combination of goatskin drums, maracas and saws scraped with nails. The rhythm is fast paced, exciting and nonstop.

Nassau boasts a traditional charm. Flowers are always in bloom, and the city is clean and picturesque. Each of the principal islands has its own special features and charming colonial towns are found on many of them.

Economy: Tourism is the number one industry, with 1.4 million visitors coming to the islands during 1975. Ranking a close second is the international banking industry, with more than 300 banks located in the islands. Because there is no income tax and great secrecy of financial transactions, the Bahamas have traditionally been a major tax haven. At the beginning of 1976 more than 12,000 firms were registered in the Bahamas. However, new tax laws are changing this. The government claimed the new taxes were necessary because of increased deficits caused in part by a tremendous boost in the price of imported oil which rose from $16 million in 1973 to $64 million in 1975.

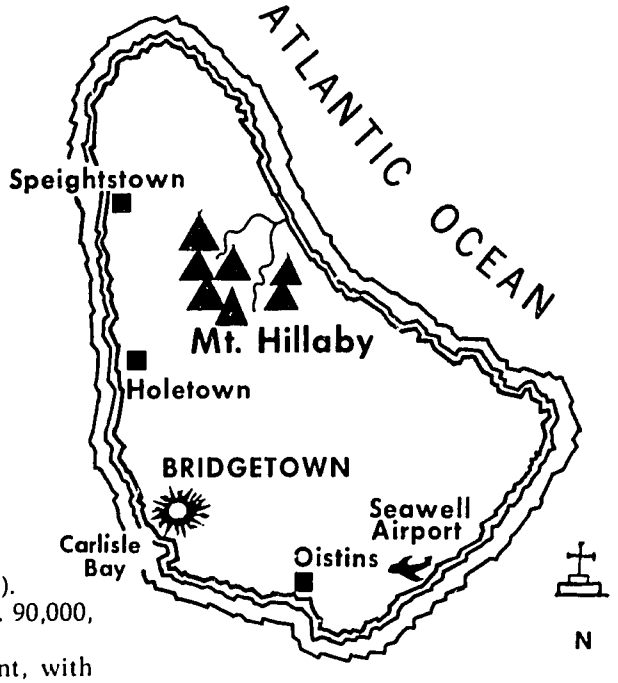
The government is attempting to broaden the base of the economy, encouraging new businesses with low import duties and other attractive incentives. Production of bauxite, although not fully developed, is becoming an important local industry. Commercial fishing is also being expanded. Lavish and lively gambling casinos, in operation around the clock, see millions of dollars changing hands across the tables each week.

Although new building developments are encroaching on the limited arable farm lands, "double-cropping" each year in this warm climate makes food plentiful so that only small amounts are imported. Dairy farming is the most important branch of agriculture. Tropical fruit is plentiful and some is shipped to the United States. Other major exports include rum and salt. The Bahamas are an important transshipment terminal for giant oil tankers.

The Future: Although the vital tourist industry has started to rebound from the world recession of 1973-1976, the government's new economic policies may continue to discourage badly needed foreign investments.

Flamingos

BARBADOS



Area: 166 square miles.
Population: 257,000 (estimated).
Capital City: Bridgetown (Pop. 90,000, projected).
Climate: Tropical, but pleasant, with moderate rainfall from June to December.
Neighboring Countries: This small island lies 100 miles east of the Lesser Antilles and some 250 miles north of the South American mainland.
Official Language: English.
Ethnic Background: African (77%), mixed races (17%), European (6%).
Principal Religion: The Church of England; the Roman Catholic Church is very active, as are various Protestant sects.
Chief Commercial Products: Sugar, molasses, rum.
Currency: East Caribbean Dollar (EC $1.84=$1.00 U.S.±).
Former Colonial Status: British Colony (1625-1966).
Independence Date: November 30, 1966.
Chief of State: Errol Walton Barrow, Prime Minister. Since Barbados is a member of the Commonwealth of Nations, the titular head of state is Queen Elizabeth II.
National Flag: Three equal vertical stripes of blue, gold and blue, with a broken trident in the center of the gold stripe.

Barbados is an island 21 miles in length and 14½ miles wide at its greatest width, lying in the Atlantic Ocean 100 miles east of the Lesser Antilles. The island is surrounded by colorful coral reefs and has but one natural harbor, Carlisle Bay, on the southwestern coast; the island's highest elevation is Mt. Hillaby (1,115 feet) on the northern part. The land slopes to the south in gentle terraces. Temperatures of the tropical climate are moderated by sea breezes. Fertile soils and adequate rainfall have favored sugar production.

History: Barbados was occupied by the British in 1625 and remained continuously in British control until its independence in 1966. First discovered by the British in 1624, the island was uninhabited, although there was evidence of prior occupation by native Indians. Initially settled by planters using indentured British labor, slaves were introduced to the island in the mid 17th century with the establishment of sugar plantations. Until the mid 19th century, sugar produced great wealth for the planters. The abolition of slavery in 1838 disturbed, but did not destroy, the island's economy. However, the development of other sources of sugar and the fluctuation in world prices have periodically led to economic crises.

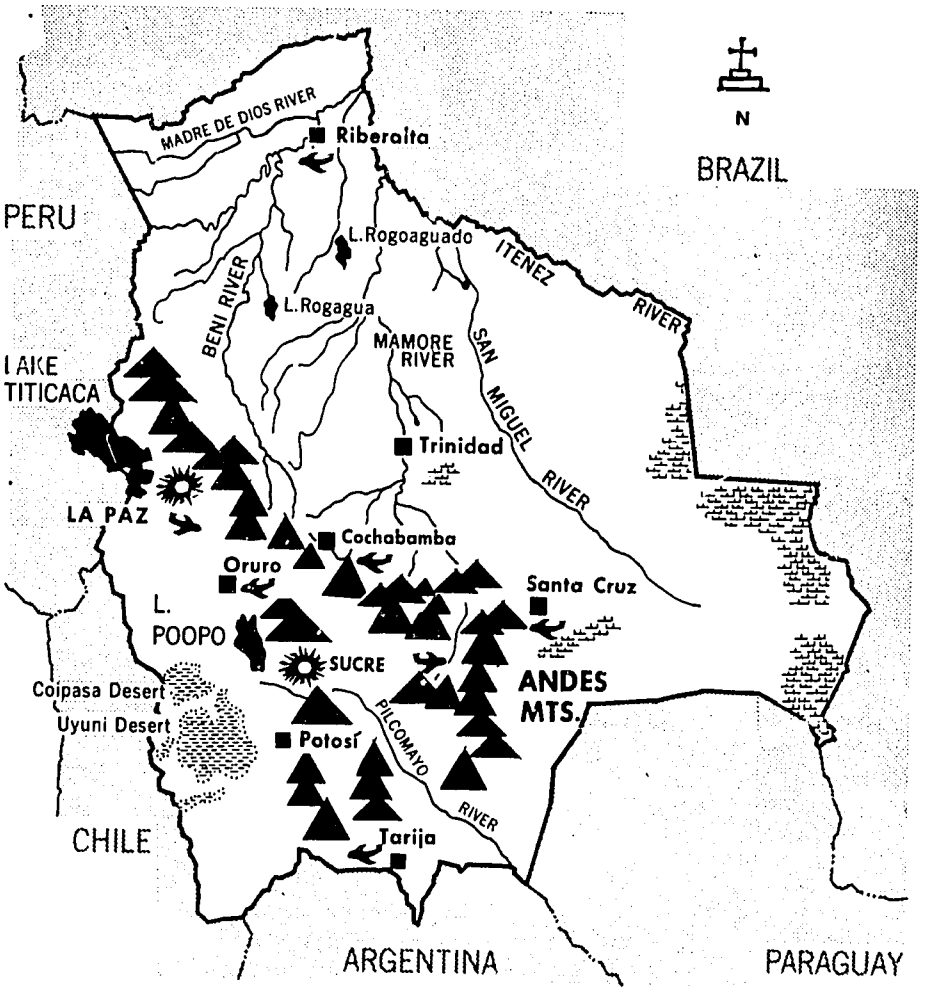
By comparison with the other West Indian islands, Barbados' history has been tranquil. Riots occurred in 1876 and in 1937 because of efforts to federate the islands with other British possessions. Ministerial government with partial self-rule was granted by Britain in 1954. Barbados was a member of the ill-fated West Indies Federation and in 1961 became internally self-governing within the British Commonwealth. Full independence was achieved on November 30, 1966 by peaceful accord. Elections held in September 1971 saw Prime Minister Errol Walton Barrow's *Democratic Labor Party* win again, with 18 of the House of Assembly's 24 seats, a gain of 4%. The *Barbados Labor Party* took six seats. The House of Assembly is the second-oldest legislative body in the Western Hemisphere, having first met in 1639.

Culture: The people of Barbados are descendants of British colonists and African slaves. They have a typically West Indian culture with a blend of English tradition. Their rhythmic dances and Calypso music, backed by the steel drum bands, are in strange contrast to their love of cricket, always the joy of the English upper classes, but in Barbados the game of the people. African influence is as dominant as English, except in political and economic institutions, where the latter is maintained. Barbados is densely populated, with more than 1,450 people per square mile.

Economy: Sugar production and tourism account for a large percentage of the nation's foreign exchange earnings. Fish, fruit and beef output barely meet domestic needs of the nation, one of the world's most densely populated regions. In addition, a lack of mineral wealth hampers economic growth. To help reduce unemployment and racial tensions, the government has been making a concerted effort to involve its large, literate (97% adult literacy rate) Black population in tourism. To offset a decline in sugar production, the government is encouraging industrial development.

The Future: Political stability and experience in handling its internal affairs will permit Barbados a reasonable chance to survive as an independent state within the British Commonwealth.

BOLIVIA



Area: 424,052 square miles.
Population: 5.3 million (projected).
Capital Cities: La Paz (Pop 435,000, projected) and Sucre (Pop. 64,500, projected).
Climate: The eastern lowlands are hot all year round; they are wet from November through March, dry from May through September. The highland climate varies greatly with the altitude. The high plateau, or *altiplano*, is dry and cold all year round.
Neighboring Countries: Brazil (North and East); Paraguay (Southeast); Argentina (South); Chile (Southwest); Peru (Northwest).
Official Language: Spanish.
Other Principal Tongues: Quechua, Aymara and Guaraní.
Ethnic Background: European (5%); *mestizo* (mixed European and Indian, (25%); Indian (70%).
Principal Religion: Roman Catholic Christianity.
Chief Commercial Products: Tin, tungsten, lead, copper and zinc.
Currency: Bolivian Peso (BP 20=$1.00 U.S.).
Former Colonial Status: Spanish colony known as Upper Peru (1538-1825).
Independence Date: August 6, 1825.
Chief of State: Colonel Hugo Banzer Suárez, installed by a military *coup* in August 1971.
National Flag: Equal red, yellow and green horizontal stripes.

Bolivia, the fifth largest nation in South America, is landlocked. Stretching 1,000 miles from north to south, and 800 miles east to west, it is divided into two highly contrasting regions—the *altiplano* (a high mountain plateau) and the eastern lowlands. The Andean mountain range reaches its greatest width—some 400 miles—in Bolivia. The *Western Cordillera*, which separates Bolivia from Chile and Peru, contains snowy peaks of 19,000 to 21,420 feet, with numerous rough volcanoes along the crest. The narrow passes to the Pacific coast exceed 13,000 feet in altitude. The *altiplano*, lying to the east of the *Western Cordillera*, is an arid, windswept, treeless plateau some 85 miles wide and 520 miles in length, and much of it is above 13,000 feet.

Split into basins by spurs from the *Western Cordillera*, the southern portion is parched desert, uninhabited except for mining camps; the northern portion, containing chilly Lake Titicaca (3,500 square miles at 12,500 feet), has many small settlements along the river flowing into the lake, and around the shore there is a large and prosperous Indian farming population. The *Eastern Cordillera*, separating the *altiplano* from the lowlands, reaches 20,000 feet in the north, but is much lower in the south.

The mountains drop sharply to the northeast and the hot, humid Amazon basin. Further to the south they form a stepped descent to an upland region called the *Puno* and then into the *Chaco* plains of Paraguay and Argentina. The valleys which cut into the eastern slopes of the mountains are fertile, semi-tropical and densely inhabited. These valleys, called *yungas*, produce a wide variety of cereals and fruits, but the task of transporting them to the cities of the *altiplano* is formidable.The lowland tropical plains of the Northeast, once heavily populated, are now largely abandoned because of inaccessibility.

History: The primitive Aymara Indians of the Lake Titicaca region had a relatively high level of development between 600 and 900 A.D. This civilization disappeared from some disaster, and the Quechua-speaking Inca invaders found the surviving Aymaras living among monuments and ruins which they could not explain. Bolivia was still in Inca hands when the Spaniards arrived from Peru in 1538.

The Spanish development of Bolivia began with the discovery of a silver mountain at Potosí in 1545, followed by additional discoveries at Oruno. The capital, Sucre, was founded in 1539. La Paz (the *de facto* capital), founded in

BOLIVIA

1548, was an important terminal for treasure convoys preparing for the difficult passage to Peru. The Inca social and economic organizations were abandoned in a mad effort to extract and process the metallic wealth of the mountains—tin, silver, lead and zinc. Jesuit missionaries penetrated into the tropical lowlands, gathering the Indians into prosperous farming communities which endured into the 18th century. However, they aroused little interest on the part of the Spanish authorities and had even less influence on the social and political development of the country.

Revolutionary movements against Spanish rule began early in Bolivia—revolts by *mestizos* broke out in La Paz in 1661 and at Cochabamba in 1730. Indian revolts occurred in Sucre, Cochabamba, Oruro and La Paz from 1776 to 1780. In 1809, the University of San Francisco Xavier in Sucre issued a call for the liberation of all colonies from Spain. Although several attempts were made to free Bolivia in the years following, they were unsuccessful until 1825, when Simón Bolívar sent General Antonio José de Sucre to free Upper Peru.

No other South American nation faced greater initial handicaps than Bolivia. There were few competent patriotic leaders among the landed aristocracy and there was no middle class. The apathetic Indians and the *mestizos* were simply pawns in a game they did not understand. The military, which had been trained in the campaigns of San Martín and Bolívar, seized power. The history of independent Bolivia's first fifty years is a dismal recitation of misrule and violence as jealous rivals struggled for power. Following its defeat in the War of the Pacific (1879-1883), Bolivia lost its Pacific provinces to Chile and became a landlocked nation.

During the 1880's and 1890's, several able men occupied the presidency. Silver mining was revived, a few schools were opened and political parties were developed. Traditional *Liberal* and *Conservative* titles were adopted, but their memberships represented little more than opposing factions of the nation's ruling elite. One of the principal *Liberal* demands was for the transfer of the capital from Sucre to La Paz. In 1899, José Manuel Pando, a *Liberal*, won the presidency by a revolt and made La Paz the seat of the government.

Under the leadership of Pando and a series of *Liberal* successors, Bolivia achieved some degree of stability in the first two decades of the 20th century. Economic reforms were undertaken, disputes with Chile and Brazil were resolved—with losses of territory but with receipt of indemnities—mining was expanded and the building of roads and railroads was pushed. In the 1920's, a party carrying the label *Republican* came to power. Foreign capital was sought for mining and petroleum interests, attracting U.S. investors.

By the 1930's, United States interests controlled most of Bolivia's mineral concessions. While some of the investment capital went into roads, railroads and agriculture, much of it was wasted in irresponsible spending. When the world depression of the 1930's hit Bolivia, its economy collapsed, the treasury defaulted on its bonds and *Republican* President Hernando Siles was ousted.

In the elections of 1931, Daniel Salamanca, a competent businessman, became president amid hopes that he could bring order out of chaos. This optimistic mood was shattered the following year with the outbreak of war with Paraguay. Blame for this senseless war lies with the micalculation of the leadership of both countries. Humiliated by a long series of military disasters, both nations overestimated their own capabilities and underestimated those of the other. Though ostensibly more powerful than Paraguay, Bolivia, in a monumental display of military incompetence, suffered a crushing defeat. Fought to exhaustion on both sides, the war ended with Paraguay in possession of the disputed *Chaco* region in 1935. Soldiers returning home, angered by their shabby treatment during the war, joined with university students and labor agitators in demanding reforms.

Uncertain in their demands and without a program, they were effective only in provoking a series of military *coups* between 1936 and 1937. The issue was defined in 1937 by a military chief of state, Germán Busch, who pressed for larger payments from the tin interests and threatened nationalization of the mines. In 1938, with the support of labor, Busch promulgated a constitution reminiscent of Mexico's revolutionary one of 1917. Giving labor the right to organize, defining human rights, and nationalizing subsoil minerals, this was a declaration of war against the landowners, the tin interests and foreign intervention. In 1939, Busch died—by suicide or by murder—and his revolutionary program was suspended.

Conservative military elements took control of the ballot boxes in the 1940 elections and installed General Enrique Peñaranda as president. Totally subservient to the tin interests, his efforts to increase production touched off strikes which were quelled by the Army. One particularly bloody clash, the Catavi Massacre, in 1942, brought on further protests and upheavals, resulting in the ouster of Peñaranda and the installation of Major Gualberto Villarroel as president. Following two years of chaotic rule, Villarroel was hanged from a lamp post by an angry mob. Succeeding ineffective presidents held office until 1952.

Inspired by the leftist revolutionary *MNR* party (National Revolutionary Movement), revolt finally erupted in April 1952, resulting in some 3,000 dead and the installation of Dr. Victor Paz Estenssoro as president of a revolutionary regime. The Army's powers were suppressed, the tin mines nationalized, miners' and peasants' militias created, land reform was undertaken, large estates were confiscated and the Indian population was given the right to vote. The revolution suffered from a lack of trained administrators, inadequate financial resources and opposition by both internal and external elements.

During the period from 1952 to 1964, Paz Estenssoro, and his alternate, Hernán Siles Zuazo, struggled to fulfill the promises of their revolutionary party against overwhelming problems. However, a political blunder by which Paz Estenssoro attempted to succeed himself in 1964 generated sufficient opposition to effect his ouster.

A military *coup* installed Vice-President and ex-Air Force commander René Barrientos in office and forced Paz Estenssoro into exile. Despite the failure of the *MNR* party to retain power, its twelve-year term in office achieved some fundamental revisions of the Bolivian society which will prevent a return to the "old order." The population now is enfranchised, labor and peasants are organized, and some of the population of the *altiplano* has been settled in more distant, but fertile regions.

Barrientos was elected president with a plurality of the vote in August 1967. With moderate policies, he sought to attract foreign investments, to develop new exports and to colonize the eastern provinces. In October 1967 Bolivian troops captured and killed "Che" Guevara, after his Castro-styled and supported guerrilla movement failed to gain expected peasant support.

When President Barrientos was killed in an airplane accident in April 1969, he was succeeded by Vice President Siles Salinas, who six months later was ousted by a military *coup* led by General Ovando Candia. Declaring himself head of a "revolutionary" government, Ovando nationalized the U.S.-owned Gulf Oil Company's holdings and esta-

blished economic ties with the Soviet Union. Ovando's reformist policies led to his ouster by a group of conservative military leaders in October 1970. While the officers were busy fighting among themselves over who would be the next president, popular left-wing Air Force General Juan José Torres simply marched into the presidential palace and took over both the building and the title.

Torres quickly shaped an "anti-imperialist" alliance of Marxist politicians, radical students and leftist tin miners. A Soviet-style "People's Assembly" was formed in July 1971 to "advise" Torres. Although he acted to diminish the power of the conservative armed forces and the influence of the U.S. Embassy, Torres failed to gain the vital support of peasants and most workers.

In August 1971 Colonel Hugo Banzer led *coup* No. 187 (the best estimate) in the nation's 145-year history. Banzer promptly named himself president on August 22nd with the shaky support of the liberal *MNR* and the ultra-conservative *Bolivian Socialist Falange (FSB).* Support for the new regime soon began to fade, however, when in 1972 Banzer imposed austere economic measures which included a painful 66.6% devaluation of the inflated *peso.*

Faced with mounting opposition, Banzer announced he would not be a candidate in the presidential elections promised for October 1975. The statement further eroded his political support, since members of the coalition began backing away from what had become an unpopular regime in preparation for the coming election campaigns. But when some opponents attempted the 13th *coup* against the regime—with the tacit backing of the *MNR* and the *FSB*—Banzer personally took charge of the loyalist military forces and easily crushed the opposition.

Flushed with success, Banzer proclaimed a "structural transformation" of Bolivia which (he promised) would bring about a major income redistribution to aid the impoverished Indian population. The regime then outlawed all political parties and labor unions, as well as business and student organizations. Banzer also cancelled the promised elections, stating that the military will remain in control until 1980.

The Banzer regime has held continuous power longer than any other Bolivian government in the twentieth century, primarily as a result of a three-point strategy: elimination of major political opposition, economic improvement and increased emphasis on foreign affairs to divert popular attention from unsolved domestic problems.

To reduce domestic opposition, Banzer has sought to eliminate—in one way or another—his political rivals. Some, such as former President Paz Estenssoro, have been sent out of the country. Similarly, when faced with a bitter 28-day miner's strike in June 1976, Banzer broke the union by sending 48 key labor leaders into exile. In contrast, other rivals, such as right-wing Col. Andres Selich, were arrested and later met death under mysterious circumstances.

To shift public attention away from the more repressive aspects of his regime, Banzer has adroitly focused public interest on foreign relations. A keystone of his policy has been the campaign for a Bolivian seaport on the Pacific Ocean. Hoping to gain such a concession from Chile, Banzer reestablished ties with Santiago in February 1976. Although Chile later suggested a trade of some Bolivian territory for a narrow corridor to the sea, Peru has strongly opposed the idea, particularly since the land which Chile wants to trade was actually taken from Peru in the War of the Pacific in 1879. More recent negotiations over the Bolivian seaport have been stalemated by the growing arms race between Peru and Chile. Argentina, on the other hand, announced in July 1976 it would give Bolivia a free port zone at Rosario on the Paraná River.

Culture: Bolivia's major cities and the bulk of its population are located on the *altiplano.* The Indians in the Lake Titicaca basin (see Peru) are pure Aymara descendants of the people who were conquered by the Incas in the 13th and 14th centuries. The population of the cities of La Paz and Potosí is about 70% Indian, 25% *mestizo* and 5% European. In the *yungas,* the ratio is 75% European or *mestizo* to 25% Indian.

The Bolivian culture is that of the pre-Columbian Aymara and Inca Indians with a thin veneer of European Christianity superimposed upon it. The Spaniards' influence was imposed only in the urban centers which they developed and found expression in the architecture of their buildings, especially the churches, and in the feudal system of government which they introduced. The beliefs of Christianity imposed upon the Indians produced few changes in their social and cultural values. The Indians' primary expression is almost exclusively associated with religion. The mixture of Catholic liturgy and moral concepts with those of the pagan religions produces many colorful pageants.

Plays reminiscent of the morals of medieval Europe have a prominent part in Indian life. The traditional conflict of good and evil is portrayed by characters dressed and masked in the caricatures of the pagan gods now bearing the names of Christian deities and saints. The pagan gods and myths are the theme of the majority of the Indian artists working in fabric, wood and precious metals.

The Indians of the rural areas and the miners chew coca leaf, a mild narcotic, in an effort to lessen the harshness of their lives.

Economy: Bolivia's economy has been based on the extraction of its mineral wealth for more than 400 years. The vast sums produced have been exported with little or no benefit accruing to the Bolivian people. Mismanagement and the decline of world demands for its minerals have resulted in the *de facto* bankruptcy of the Bolivian government. While the 1952 revolution largely ended serfdom, a lack of technical and financial resources limits a more even distribution of wealth and income. The nation's major source of income, the tin mines, are inefficient, over-staffed and in recent years have incurred ever-increasing losses. A major goal of the Banzer regime has been to secure from Chile a rail corridor to the Pacific Ocean. Currently, all goods must pass throught the Chilean port of Arica, which increases the cost of Bolivian foreign trade by up to 30%. Thanks to high prices for exports, foreign sales rose to $530 million in 1976. The Banzer regime has announced an ambitious $3.5 billion plan to expand production of the nation's three major products: tin, natural gas and oil. The rapid expansion of the petroleum industry has decreased traditional dependence on tin.

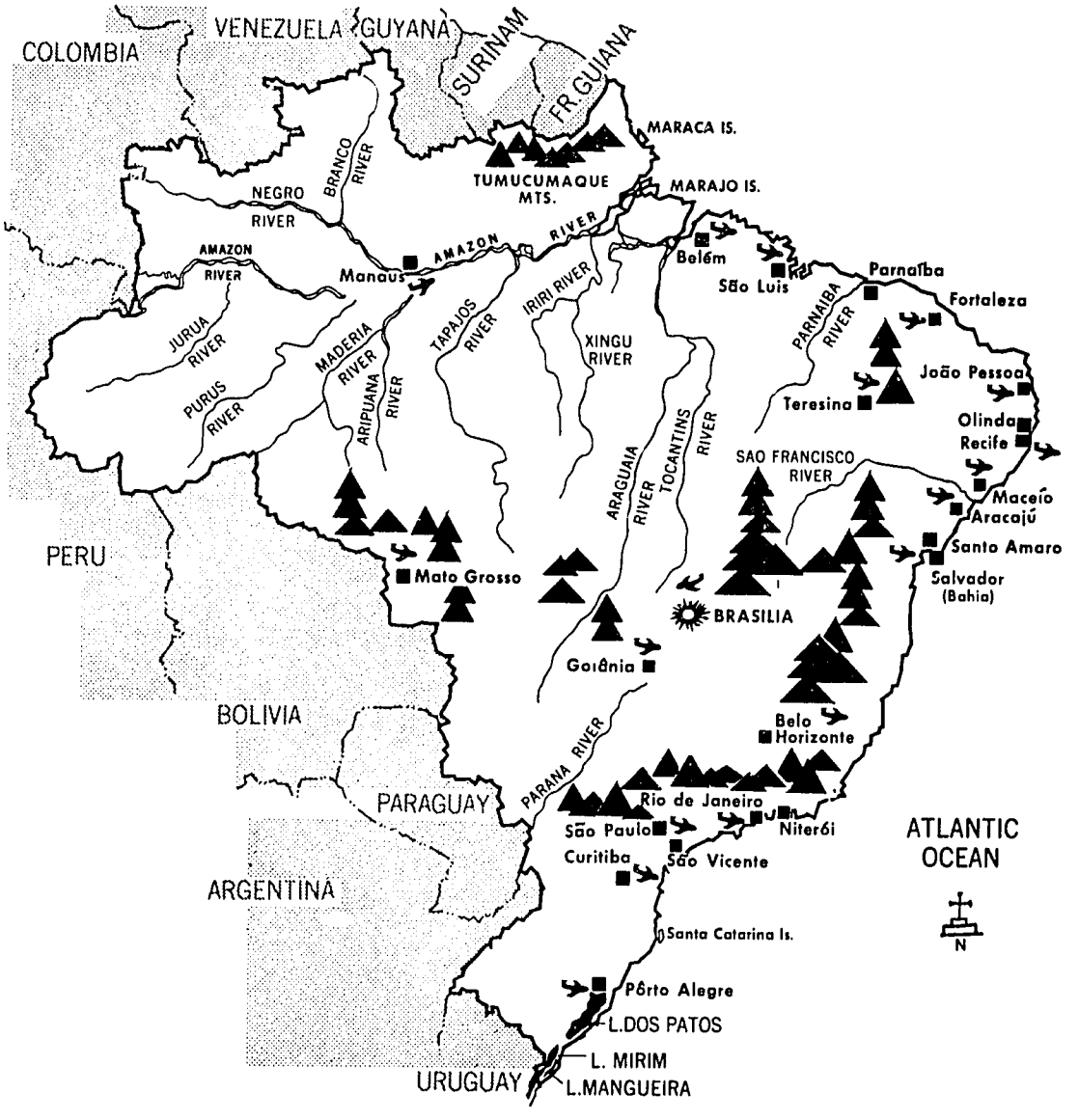
The relatively stable political conditions under the Banzer regime have brought a new inflow of capital and economic development into the nation.

The Future: Aided by an economic upswing centered on booming oil exports and favored by disunity among political opponents, the Banzer regime is now in its sixth consecutive year—longer than any other Bolivian government in the 20th century. It has far outlasted the average nine month life typical in recent decades. Whether it can survive until 1980, the announced goal, remains yet to be seen. Continued grinding poverty among the poor, for which there is no substantial cure, will create an at mosphere in which political unrest and/or upheaval is inevitable.

Aerial view of São Paulo, Brazil.

Credit: Manchete Press

THE UNITED STATES OF BRAZIL



Area: 3,286,344 square miles.
Population: 108 million (projected).
Capital City: Brasilia (Pop. 250,000, projected).
Climate: The northern lowlands are hot, with heavy rainfall; the central plateau and northeastern regions are subtropical and dry; the southern regions are temperate with moderate rainfall.
Neighboring Countries: French Guiana, Surinam, Guyana, Venezuela, Colombia (North); Peru, Bolivia (West); Paraguay, Argentina, Uruguay (Southwest).
Official Language: Portuguese.
Other Principal Tongues: English, French, German and other European languages.
Principal Religion: Roman Catholic Christianity.
Ethnic Background: European (50%); mixed European, African or Indian ancestry (40%); the remainder are of other origins.
Chief Commercial Products: Manufactured goods, coffee, cotton, cacao, beans, manganese.
Currency: New Cruzeiro (NC 7.715= $1.00 U.S.±).
Former Colonial Status: Colony of Portugal (1500-1815); Kingdom of the Portuguese Empire (1815-1822).
Independence Date: September 7, 1822.
Chief of State: General Ernesto Geisel, President.
National Flag: Green, with a yellow lozenge enclosing a blue sphere with 21 stars, 5 of which form the Southern Cross, and the motto *Ordem e Progresso* (Order and Progress).

BRAZIL

Brazil occupies almost half of South America and is almost as large as the United States. It stretches some 2,700 miles from the Guiana highlands in the North to the plains of Uruguay in the South and an equal distance from the "hump" on the Atlantic Coast to the jungles of Bolivia and Peru in the West. Almost half of this area is the hot, humid basin of the mighty Amazon River and its thousands of winding tributaries.

The northeast region, the interior of the "hump," is a semi-arid region; to the south and inland is a plateau drained to the northeast by the São Francisco River. This is a region of forests and plains which attracts migrants from other parts of Brazil and from abroad. The plains of the extreme South drain into the Paraná River valley. The southern states from Minas Gerais to Rio Grande do Sul comprise the effective Brazil, where approximately 90% of the population lives on less than 30% of the land. In an effort to draw settlers into other areas of the interior, the capital was moved recently from pleasant and coastal Rio de Janeiro to inland and not so pleasant Brasilia.

History: Pedro Alvares Cabral first raised the Portuguese flag in Brazil in 1500 after having been blown off course while enroute from Portugal to India. The Portuguese government, preoccupied with its India trade, took little interest in the American claim until 1530 when it established a colony at Rio de Janeiro, and in 1532 founded São Vincente. The land was quickly divided into vast estates with a frontage on the Atlantic Ocean and ran west to the line of demarcation between Spanish and Portuguese areas for discovery and colonization—approximately the 45° parallel west, set by the Treaty of Tordesillas in 1494. These estates, called *capitanias*, were granted as feudal holdings to the nobles, who were to build towns and forts, explore, settle colonists, and (most importantly) enrich the mother country. Thirteen of these estates were laid out, but the poor quality of the colonists sent out and the oppressive climate gave them a poor start.

In spite of this, several towns were founded—Olinda in 1535, Santo Amaro, Itamarca and Pernambuco in 1536, Bahia in 1549—and from these towns expeditions explored the interior.

From 1580 to 1640, Brazil was under Spanish control—Philip II of Spain had inherited the Portuguese throne. During this period, explorations were pushed beyond the demarcation line, but few towns were established in the dense interior. From 1630 to 1654, the Dutch briefly held the northeast coast from Pernambuco to Parnaiba. During most of its colonial period, Brazil was in reality a coastal colony with an immense, unexplored interior. That the colonies prospered and remained under Portuguese control was largely due to the politics of Europe and to the efforts of two capable leaders—General Tomé de Souza and General Mem de Sá—and to the efforts of a few Jesuit missionaries.

For almost one and a half centuries following Spanish rule, Brazil was neglected by the Portuguese government. It did, however, benefit from the liberal policies of the Marquis of Pombal, the Portuguese Prime Minister under Joseph I, who did much to improve the public services. In general, Brazil's communities were ruled by the municipal councils with little interference from the Portuguese monarchs. By the end of the colonial period, cities had developed power and prestige reminiscent of the feudal ones of Europe. The smaller municipalities were at the mercy of the militia commanders, and the great estates were under the absolute rule of their owners.

Probably the most cohesive force in the Brazilian colonies was the Church, and the most influential of the churchmen were the Jesuits. The Portuguese church had been influenced by modifying cultures at home, both Moslem and Oriental, and was subject to still more change in Brazil because of the primitive Indian and Negro cultures. The Jesuits took as their first responsibility the protection of the Indians. Despite the opposition of the planters, who needed labor, the fathers gathered their charges into fortified villages and taught them useful arts and crafts and improved methods of agriculture simultaneously with the teaching of the fundamentals of Christianity.

The ouster of the Jesuits in 1759 was simply political reaction to the fact that they were so successful in their work of protecting the native Indian that they were bad for the colony's businessmen.

The settling of Brazil's interior was the work of a few pioneers, the boldest of whom were the missionaries and the slave raiders of São Paulo. The latter were foremost in establishing Portuguese rule in the interior; their raids forced the remaining Indians to withdraw deeper inland and served as a counter-force against Spanish penetrations. In their wake came planters and, later, gold prospectors. As African Negro slaves were introduced, the slave raiders turned to commerce and industry, making São Paulo the most prosperous of the Brazilian states. The colonial economy was based on sugar and forest products until the end of the 17th century, when the lure of gold depopulated the plantations, as owners with their slaves migrated to Minas Gerais. Gold was also found in Mato Grosso and Goías; about the same time it was learned that the bright stones found in Minas Gerais were diamonds. This wealth brought an influx of immigrants and pushed the frontier further inland.

The cities furnished only the middlemen, the brokers and the hucksters in the development of colonial Brazil. Its theoretically rigid class society was in fact, for many decades, a bizarre mixture of aristocracy, democracy and anarchy. At the top was the ruling class from Portugal; next came those of Portuguese origin born in Brazil—which included a majority of the estate owners; then followed in descending order mixed bloods, slaves and native Indians.

Actually the system was elastic. The children born of the owner and his slaves might be reared equally with his legitimate children, and the Negro with the capacity to win wealth or influence took precedence with the elite. By the end of the colonial period, the Whites had declined in number and influence, while those of mixed ancestry showed strength and a high degree of adaptation to the Brazilian environment. Brazil's society was tolerant, and the freedom from interference from Portugal allowed it to develop a one-class people—Brazilians.

Brazil's history as an independent state may be divided into two periods, Empire and Republic, and these in turn have their subdivisions. Brazil is unique among the Western Hemisphere nations in that it first chose a monarchial system rather than a republican form after separation from its European motherland. Historians credit the preservation of national unity to this fact. Certainly, loyalty to the crown kept the regional factions from creating small states, as happened in the Spanish states of *Gran Colombia* and Central America.

In 1822, Pedro I, Crown Prince of Portugal and titular Prince of Brazil, refused an order to return to Portugal and declared Brazil independent. Surviving republican and separatist movements, he was able to create a constitutional monarchy. With his father's death in 1826, he inherited the throne of Portugal, which he renounced in favor of his five-year-old daughter to appease those Brazilians who feared a reunion with Portugal. However, through misman-

agement and corruption, Pedro alienated the Brazilians, who in 1831 forced his abdication in favor of his five-year-old son, Pedro II. Fortunate in his tutors and regents, Pedro II proved a capable leader who retained the affection of the Brazilian people for a period of 49 years.

Although the abdication of Pedro I left Brazil on the verge of anarchy, the regents who governed during the minority of Pedro II were able to suppress rebellions. They made many liberal changes in the constitution, and Brazil avoided the series of tyrannical dictatorships experienced by many of the former Spanish colonies.

From his coronation in 1841 until 1850, Pedro II was occupied with establishing his authority to rule. The Brazil of this era consisted of population centers at Rio de Janeiro, Minas Gerais, São Paulo and Pernambuco. The population numbered some seven million—between one and two million Whites, three to four million Negro slaves, a million free Negroes and a half million Indians. The immense Amazon River basin was largely unexplored, and while the cattle-raising south and the states of São Paulo and Minas Gerais were showing progress, the remainder of Brazil was still little more than a fringe of Atlantic coast settlements.

Pedro II's government was patterned similar to that of Great Britain, but it lacked the popular base of the British government. The illiterate mass of Brazilians had no vote, and effective control fell to landowners, merchants and the learned men of the cities. Pedro's government was conducted by his ministers, while he exercised the role of arbitrator. The period of the 1840's was devoted to the suppression of separatist movements and consolidation of the nation; the 1850's and 1860's were spent in resolving Brazil's foreign disputes and in enlarging the national territory; the 1870's and 1880's were marked by much liberal legislation, the growth of republican ideas, the abolition of slavery and the end of the Empire.

During the period of the 1850's-1870's, Brazil's economy expanded in a manner similar to that of the United States. Railroads, industry, agriculture and land speculation attracted large amounts of capital and a stream of immigrants who brought technical skills missing from Brazil's own population. By the mid 1870's, Brazil was earning a net profit of some $20 million from its foreign trade. During this period, Pedro II fostered education and Brazilian cultural expression developed. Through the 1860's, Pedro's popularity and support were such that he could have governed under any title—king, emperor or president.

Liberal in his religious views, he respected freedom of worship; when in 1865 the Pope published a ban against Freemasonry, Pedro refused to permit its adoption in Brazil. Despite Pedro's stand, the conflict between Church and masonry grew to the point that he personally became involved, losing support from the Church and the clergy without satisfying the Masons. Following the Paraguayan War in 1865-69, Pedro became involed in a dispute between the army and the *Liberal Party*; while keeping the army under civilian control, he insisted upon supporting its legitimate needs for maintaining professional competence. These measures satisfied neither group and cost him the support of the elements whose interests he was defending.

The support of landowners was lost when slavery was abolished by a law of 1871, which also safeguarded the owner's economic interests and provided for the training of the emancipated slaves. Again, neither side was satisfied with Pedro's moderation and he was forced to abdicate in 1889 in the face of an impending military *coup*.

General Deodoro da Fonseca announced by decree the creation of the United States of Brazil, a federated republic of twenty states. Pledged to recognize and respect the obligations created under the empire, the new government won popular acclaim. A constitution based on that of the United States was imposed on the country by decree in 1891. Although theoretically founded under democratic principals, the constitution gave less voice to the populace than it had under Pedro II. Fonseca later proved to be an inept leader and was replaced in 1893 by Floriano Peixoto. More capricious than Fonseca, he provoked the navy into a rebellion which was followed by a short-lived civil war. After crushing the rebellion, Peixoto imposed a reign of terror previously unknown in Brazil; however, in 1894 he peacefully turned the government over to Prudente Jose de Moraes Barros, the first constitutional president.

Moraes Barros took office with a badly demoralized government, an empty treasury and a people widely split in a military-civilian antagonism. During his first two years in office, he made substantial progress in restoring order and reorganizing the government services. In 1897, his vice-president joined with elements plotting against him at a time when the country was torn with dissent, the worst of which was that of a fanatic group in the Northeast known as *conselheiros*, who held out against the army until the last man was killed. Moraes Barros finished the last year of his regime in peace.

The years to 1910 saw the republic develop under a series of three capable presidents. Two decades of turmoil followed which tested the strength of the federal republic. The country's problems were caused by political meddling of the military, anarchic regionalism and an ailing economy, all three of which were further complicated by World War I. The military-civilian division erupted and continued for some twenty years; in the states, state loyalty was greater than national loyalty and was compounded by various militia loyal to local political leaders.

The economy of Brazil, based on rubber and coffee, suffered from the development of Asian rubber plantations, the decline of coffee prices and the loss of markets. Foreign debts and unwise fiscal policies brought Brazil to the verge of bankruptcy. The world-wide depression of the 1930's and political blunders of the government brought on military intervention and the installation of Getulio Vargas, who ruled as a dictator for 15 years. Vargas combined a shrewd sense of poltics with managerial ability and personal honesty. Sometimes compared with the Jesuits who defended the Indians against the landlords, Vargas defended Brazil against the military and the powerful state governors, while trying to unify the laboring classes and grant the right to vote to the entire population.

Vargas rehabilitated the economy and forced state cooperation with the national government. A new constitution in 1934 enfranchised women and provided social legislation to protect workers. Peace endured for a year, but was followed by communist and fascist attempts to seize power. Vargas suspended the constitution, extended his term and ruled by decree. An amiable, but forceful dictator, he selected capable men to administer government services and accomplished much to improve the living standards of the poor. His management of the national economy was sound and Brazil made notable progress in industrialization and in production. Despite the generally popular nature of his rule, by the end of World War II, opposition had developed to the point that Vargas could only retain his position by the use of force. In 1945, he permitted elections and turned the government over to General Enrico Gaspar Dutra as constitutional president.

Dutra, a colorless man, was unable to

Fishermen on the Amazon near Manaus, Brazil.

control the economy. There were neither effective political parties nor local leadership to support his government—fifteen years of dictatorship had destroyed the machinery of republican government. By the end of Dutra's term, the Brazilian economy was demoralized by overspending, corruption and inflation. In the elections of 1950, Vargas entered the competition as a candidate for the *Labor Party* and announced himself to be the champion of democratic government. The *National Democratic Union* was unable to stop Vargas' demagogic appeal. Vargas' new term in office was not impressive. His appointees were largely incompetent and many were corrupt.

State and city administrations slipped into decline as the failure of the regime became apparent, while Vargas' handling of the economy was no better than that of Dutra. By 1954, general discontent was apparent; both the military and the civilian sectors were in a mood to unseat Vargas—events were triggered by an attack on Carlos Lacerda, editor of a leading Rio newspaper. Faced with the evidence that his own bodyguard might be implicated and under the pressure of the military for his resignation, Vargas instead committed suicide.

Vice-President Joao Cafe Filho attempted to restore order and presided over honest elections in 1955. Juscelino Kubitschek, somewhat of a demagogue, but one with a memorable record of accomplishment in the state of Minas Gerais, was inaugurated in January 1956. He was unable to cope with the runaway inflation, the inefficiency of government services or with public corruption. Under his administration, industry continued to expand and the futuristic inland capital city of Brasilia was founded. Reckless spending was accompanied by spiraling inflation and the whir of presses printing quantities of paper money. Kubitschek ended his term in a flurry of strikes and the refusal of the International Monetary Fund and Washington to advance money to Brazil.

The 1960 elections were contested by Jânio Quadros, who had made a good record in São Paulo, and by retiring Field Marshal Teixeira Lott, an ardent nationalist. Campaigning on a platform of austerity and competent government, Quadros won by the largest plurality of any president in Brazilian history. However, he was embarrassed by a last-minute round of wage increases granted by outgoing President Kubitschek and by the election of a controversial leftist vice-president, João Goulart. Inaugurated in January 1961, Quadros faced staggering problems, including large, foreign debts, mounting inflation, widespread opposition to his plan for trade with the communist bloc and moderation towards Cuba. This led to feelings of frustration and his sudden resignation in August 1961.

João Goulart was permitted to take office the following month only after agreeing to demands by conservative military officials to a drastic limitation of presidential powers. Brazil thus became a rudderless ship, headed by a president with no authority and a congress bitterly divided among 12 political parties. Faced with a stagnant economy, growing inflation (which reached an annual rate of 100% by 1964), and deepening social division, Goulart fought for greater powers. Relying increasingly on leftist support he sought to divide the military and use mass demonstrations to intimidate his opposition.

Fearing the nation might be plunged into chaos, the armed forced ousted Goulart on March 31, 1964. Following a purge of Goulart supporters in Congress, the lawmakers chose General Humberto Castello Branco as next president.

This began a series of military governments that has altered the political and economic face of Brazil. Regarding themselves as authentic "revolutionaries," the military has imposed a presidential government controlled by the high command of about 12 top officers better known as *Estado Maior* (in effect, "the establishment."). Their basic goal is not a social revolution, but an industrial revolution to enable Brazil to become a major world power. Relying heavily on technicians, the military actually is relatively honest and nonpolitical. Indeed, the traditional politicians are suspect, "social" programs have low priority and human rights are respected only when they do not interfere with the "revolution."

Castello Branco quickly imposed austere economic measures to control inflation. In addition, he disbanded all political parties and replaced them with two new ones: the *Alliance for National Renovation (ARENA)*, and the *Brazilian Democratic Movement (MDB)*.

In theory, *ARENA* was to be the dominant, government party, while the *MDB* was to furnish token opposition. In reality, both parties were powerless to challenge the military.

As widespread opposition developed to his austerity measures, Castello Branco assumed dictatorial powers, ruling by decree. In carefully supervised 1966 elections *ARENA* won a large majority in the powerless congress. Following instructions of the military, legislators then chose as the next president Marshal Arthur da Costa e Silva, who was installed on March 15, 1967. Promising to "humanize" the revolution, the president yielded to military demands for suppression of political foes. On December 13, 1968, he dissolved Congress, instituted press censorship and jailed prominent political opponents such as Juscelino Kubitschek. In addition, Costa e Silva decreed the *Institutional Act Number Five*, which suspended judicial interference with prosecutions for "crimes" against the regime.

When Costa e Silva suffered a paralyzing stroke on August 31, 1969, military leaders gave the job to conservative General Emilio Garrastazu Médici. Prosperity and repression were the two prominent traits of the Médici regime, which believed that the first is possible only because of the latter. Under Medici, Brazil developed the most prosperous economy and the most repressive government in Latin America (with the possible exception of Haiti). Still, critics of the regime admitted that the "Brazilian miracle" economically may even have exceeded the postwar boom in Germany and Japan.

The expanding economy helped finance ambitious government projects in education, health and public works. In mid-1974 the mammoth Trans-Amazonian highway linked Brazil's Atlantic coast with its Peruvian border—it was hacked 3,250 miles through vast empty stretches of the national heartland. The cost of the economic boom has been high; industrial growth has been financed largely through exploitation of workers. During the first 10 years of military rule the economy grew by 56% while real wages dropped by 55%. The result was a severe decrease in purchasing power for the lower classes. In the same period, government expenditures for education were reduced by half and investments in health and social services also declined in real terms. While the upper 5% of the population saw its share of national wealth jump by 9% to a total of 36%, the lower half's share dropped by 4% to a total of 14%. Although Brazilian business executives are among the world's best paid (about 20% higher than those of the U.S.), the bottom 40% of the people are actually underfed. Government officials say this squeeze on the masses is necessary to raise exports. Foreign investments are attracted by the fixed low wage scale of less than 50 cents an hour; strikes are illegal.

BRAZIL

The political situation is even more rigidly controlled—the 1967 constitution, inspired by the military, provides for a stong executive and a powerless congress. Through the *Institutional Acts Numbers 5, 13 and 14*, the regime systematically silences its critics. Torture of political opponents is so widespread that it was condemned by the Human Rights Commission of the Organization of American States. Despite ironclad censorship of the arts and media, some criticism of the regime has been evident. Most outspoken is the Catholic Church. The regime has in turn charged that church work with the poor is communist oriented. Paramilitary government secret police frequently raid church offices, seizing property and harrassing leaders. The regime conducted a major crackdown in 1973 on Church activities which offended it.

Unknown to many Brazilians, presidential elections were held in January 1974. The official government candidate—selected by the military high command—was retired Army General Ernesto Geisel, a portly, 68-year-old former head of the Brazilian oil monopoly, *Petrobrás*. The only opposition candidate sanctioned by the military was Ulisses Guimaraes, of the minority *Brazilian Democratic Movement*. During the "campaign," Guimaraes was denied meaningful access to the press and television; he was not permitted to speak out against the regime. He called the election a "farce." Geisel's selection by the military was formalized by the government-controlled "electoral college" in January 1974 by a vote of 400 to 76. There is no direct vote for president in Brazil.

As the fourth military president since 1964, Geisel pledged to carry on with the basic military objectives: continued economic development and strict law and order. Although he promised a "gradual but sure return to democracy," he cautioned that social reform must wait until the nation's economic problems are solved. Nevertheless, he soon began taking steps to ease the most repressive aspects of military rule. During his first year in office, press censorship was greatly reduced, although not eliminated. Police represssion was also less evident. The regime sought to improve strained relations with the universities, the Catholic Church and organized labor. Small steps were also taken to increase wages for the workers.

Politicians have been given a greater voice in national affairs as part of the plan to relax authoritarian military rule. Despite objections from hardliners within the ruling military councils, Geisel went ahead with plans to hold congressional elections in November

1974. The results proved to be a disaster for the regime. The opposition *MDB Party* received twice the vote of the pro-government *ARENA* slate. As a result, the *MDB* picked up 16 of 22 Senate seats and a third of the Chamber of Deputies. The election setback placed Geisel in a difficult position. Conservative military officers urged him to cut back on his liberalization program, arguing that civilians are not capable of ruling the nation.

On the other hand, the civilian population appeared to be more restless after a decade of harsh military rule. Indeed, the leading campaign issue was police torture and military repression. Geisel tried to walk a tightrope between the two sides—he decided not to overturn the election results, but at the same time he appeared to have placated the hardline military officers by permitting a rise in right-wing "vigilante" acts against suspected leftists and petty criminals. Since the military seized power, rightist terror squads have executed an estimated 3,000 "criminals." Reports of torture of political opponents continue to circulate; most of this activity is conducted by the government's Intelligence Operations Detachment (DOI). Geisel also appears to have turned on his critics. In April 1976 he revoked the political rights of three opposition legislators who charged that Brazil was being run by "an aristocracy wearing uniforms." The regime also brought charges against 21 critical journalists.

The economic decline has had a dramatic impact on Brazil's foriegn policy —in mid-1975 it became the first nation in Latin America (aside from Cuba) to recognize the Soviet-backed revolutionaries in the Angolan civil war. This surprising move by the staunchly anti-communist regime was largely due to economics, since Brazil had to import Angolan coffee, hopes to buy Angolan oil and wants to include that country in an international coffee cartel to raise the price of that commodity. It also views this Portuguese-speaking African nation as a potential customer for Brazilian products. Although Brazil always has maintained cordial relations with the U.S., there was a strain in 1975—in addition to recognizing Angola, Brazil voted in the UN to equate Zionism with racism. (Brazil currently imports 75% of its oil from Arab states in the Middle East.) There further was the question of development of atomic power based on West German technology. Although Brazil has said it won't build *The Bomb*, its entry into the nuclear field may accelerate the race for nuclear weapons now shaping up in the "Third World." The other upsetting factor in U.S. relations has been Brazil's growing alignment with Third World economic aims. This centers on a belief that the price of raw materials from developing nations has not kept pace with the price of machines from industrilized states. Brazil's trade deficit with the U.S. has been steadily increasing.

Seeking to improve relations with Brazil, Washington offered to consult with Brasilia before discussing key issues at international gatherings—a move that would give Brazil equal status with other major U.S. allies. A year later, however, relations between the two countries cooled once again after the incoming Carter administration said it would reduce military aid until Brazil showed greater respect for human rights. Brazil responded by cancelling its entire 25-year-old military pact with Washington.

Increasing diplomatic and domestic economic problems have greatly reduced popular support for the Geisel regime. A serious conflict is developing between his administration and the business community, which has traditionally backed the military government. Private investors openly complain that they are being elbowed aside by huge state-run industries and the fast-growing multi-national corporations. Today, 78 of the top 200 business firms are operated by the government. In the agricultural sector, small farmers complain that they are being forced off their land by huge farm combines. Other serious problems are the resurgent inflation and a large foreign debt.

Political tensions are also mounting. Although the regime's *ARENA* party scored well in the November 1976 municipal elections, (53.8% of the vote versus 46.2% for the opposition *MDB Party)*, opponents have become more outspoken in their criticism of Geisel.

After it abruptly dismissed his proposal for judicial changes in April 1977, the President dismissed the Congress for two weeks. Then, by decree, Geisel ordered changes that essentially have made Brazil a one-party state. Under the plan, the president, all state governors, and a third of the senate would be elected indirectly—and in such a way as to force them to remain under permanent control of *ARENA* and the military. The plan further gives the president another year in office for a term totalling six years.

The government has also moved against its critics. In July 1977, Geisel ordered opposition leader Alencar Furtado expelled from Congress and stripped of all political rights for ten years. Furtado had publicly condemned the torture and the disappearance of political prisoners in Brazil. In July 1977, Geisel banned all political broadcasts on radio and television.

Although Geisel continues to insist that Brazilians can "live freely and exercise all their rights," it is clear that he has moved away from an earlier pledge to liberalize the more repressive policies of his predecessors since the 1964 military *coup*.

Today, no major sector of the population seems to actively support the regime. Relations with the Catholic Church have deteriorated badly as the Church, particularly the young liberal priests, continues to defy a government ban on public discussion of the regime's human rights violations. Intellectuals and students have also become bolder in their opposition to the military. During the summer of 1977, officials were forced to close various schools and expel students around the nation for demonstrating in favor of a return to democracy. Disciplinary action was also taken against those who discussed human rights violations with First Lady Rosalynn Carter during her visit to Brazil in June 1977; one American missionary was deported and 30 students expelled from school.

Part of the popular restlessness stems from the uncertainty over which of the top 10 generals will be chosen by the armed forces to be "elected" as the next president in 1979. Civilians are excluded from this political process.

Under the new economic policies imposed by the military following the 1964 *coup*, Brazil enjoyed a sustained "economic miracle" between 1965 and 1974—during which time the gross national product jumped by 10% a year. However, the world-wide economic downturn, combined with the huge rise in the cost of imported oil ($3.6 billion in 1975) reduced the national growth rate to only 4% in 1976. Presently the economy is troubled by a huge foreign debt (nearly $30 billion) and a rising inflation rate, which reached an annual rate of nearly 50% by mid-1977. Many observers believe that the *cruzeiro* is now overvalued.

One bright spot has been the rapid rise in world coffee prices. Although a severe 1975 frost destroyed 75% of the nation's coffee trees (it takes 4 years to grow new ones), the loss was more than offset by higher prices, which have increased the value of Brazil's foreign coffee sales from $934.1 million in 1975 to $2.32 billion in 1976. Sales for 1977 may reach $4 billion.

BRAZIL

Soybean sales have also been strong and may total $3 billion in 1977. Thanks to these strong sales of farm products, Brazil posted a trade surplus ($35 million) in the first five months of 1977—the first such surplus in four years.

Culture: Socially, Brazil was initially a plantation society organized around the plantation house and its complex of slave huts. Each plantation was a miniature kingdom under the absolute rule of its owner. Isolated from the cities, cultural development lagged on the estates. Possessed of the wealth and the effective political power, the owners dominated Brazilian society.

Prior to the arrival of the Portuguese, Brazil was occupied by three linguistic groups of Indians: the Tupi on the lower reaches of the Amazon and São Francisco rivers, the Arawaks in the interior Amazon basin, and the Guaraní in the Paraná River region in the South. The colonization of Brazil proceeded more slowly than that of the Spanish holdings. For many years only a few coastal ports were maintained. As the fortunes of Portugal varied in the European wars of the 16th and 17th centuries, Brazil came temporarily under Spanish and later Dutch authority.

The introduction of slaves from Africa also took place early in the settlement. The people of Brazil for the most part are a composite of Portuguese, Indian and Negro ancestry plus a few million immigrants who have arrived in the last century to add to others of European and Asiatic derivation. Racial statistics in Brazil are meaningless; they may only be expressed in terms of economic values. Contrary to Spanish and English practice, children of mixed blood have been and are socially accepted in the Brazilian community, and consequently these people are more closely identified with Brazil than with the homes of their mixed ancestry.

Brazil's culture is unique in the Western Hemisphere. In contrast to the Spanish and Anglo-Saxon states, Brazil has accepted the contributions of many peoples to modify the European Roman Catholic culture of the Portuguese settlers. The religion has been modified by African and Indian spiritualism and animism. Protestant sects, Jews and pagan folk worshippers enjoy free expression of their faiths. Some members of the clergy find no ideological conflict with Freemasonry or the atheistic socialism of Marx. In his expression of religious views, the Brazilian demonstrates a deep devotion to personal liberty.

Artistic expression, while severely limited in the colonial era, developed rapidly during the Empire and the early years of the Republic. Letters, poetry, music and painting have won international acclaim for Brazilian artists. Expression for the people is found in folk song and dance, for which the Brazilian is world renowned. Industry and architecture have provided a medium of expression for the artisan in modern Brazil. The country's culture is truly that of its people—a harmonious blend of European, African and American contributions.

Perhaps no other symbol of the new Brazil is more breathtakingly impressive than its capital, Brasília, which rose out of the endless plains of the state of Goías. The government buildings are a blend of graceful, sweeping curves and arches, completely modern in design, set among parks and fountains. Brasília is truly a city of the future, but it is also a city of the present and the pride of Brazilians. The former capital, Rio de Janeiro, is known around the world for its unsurpassed beaches surrounded by the most modern of hotels, for its magnificence as a great city in every tradition, contrasting the colonial with the ultramodern and for its spirited, fun-loving people.

Economy: Brazil is well-endowed with natural resources—fertile soils, pasture lands, forests and minerals in sufficient quantities to support a populous, industrialized nation. The leading cash crop and—until 1971—the primary souce of foreign exchange has been coffee. Other major farm products include soybeans and sugar. Iron, coal, tin, bauxite, gold and diamonds are included in the mineral wealth of the nation. In recent years, the industrial sector has grown faster than farming; most factories are located in the southern states of Minas Gerais, São Paulo and Rio de Janeiro. A major goal of Brazil's economic development program has been an increase in farm output, since only 4% of the land is under cultivation. Although the industrial sector has been expanding at a rapid pace, farm products still account for most export earnings.

Huge amounts of foreign capital were invested in mining during 1975-1976. Large deposits in the interior are being made accessible for the first time because of the newly-built Trans-Amazonian highway. Most investments have centered on iron ore, bauxite, manganese, nickel, phosphate and chrome. The iron ore reserves at the new Serra dos Carajas mine are enormous—enough to supply world needs for the next 200 years! Brazil entered into an iron ore agreement with Japan in mid-1976 worth $3.6 billion. The expanding iron industry has also played a major role in making Brazil the world's seventh-largest auto producer, with 930,000 units assembled in 1975.

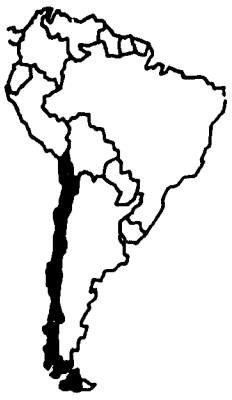
Recently, the government has been stressing agricultural and mineral development. Brazil hopes to become the world's second largest exporter of farm products (after the United States). To do so, numerous small farms have been taken over by large corporations that specialize in export crops. As a result, small farmers have been displaced. This, in turn, has caused a serious domestic shortage of black beans which were grown by small farmers and consumed by the poor.

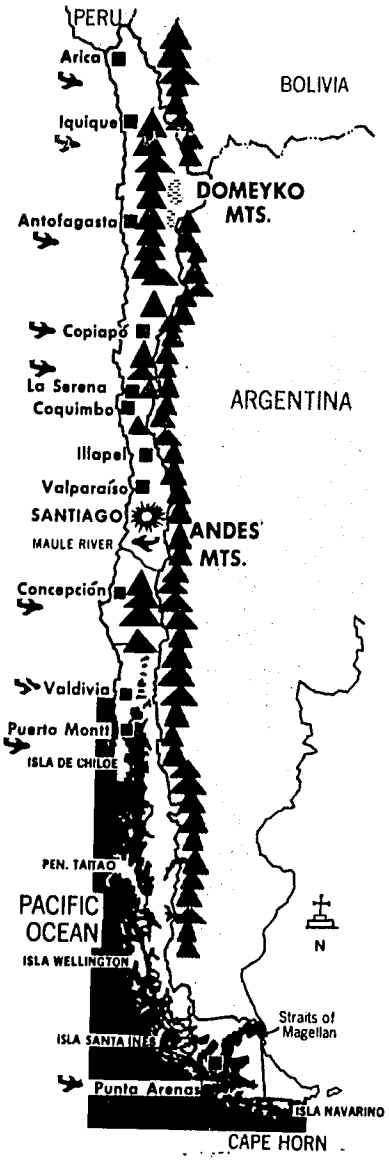
Brazil is currently in the midst of a mineral boom—especially in iron, manganese and bauxite—as new mines are being opened in the previously inaccessible interior. In June 1977, Brazil obtained a European loan of $505 million to help finance a $3.2 billion steel complex in Minas Gerais. The government is also continuing to develop its nuclear power potential, which military leaders say will both reduce the nation's dependence on foriegn oil and also give Brazil "big nation status" in the 1980's. In addition, the nation's oil monopoly, *Petrobrás*, has found a large oil field in its concession area located in Iraq. Officials believe this field may provide up to half of the nation's oil needs by 1980.

A number of fundamental problems still plague the economy. Private business leaders complain that the economy is now being controlled largely by foreign-owned corporations or by government-owned industries. Another problem is the reduced standard of living of wage earners. Since the military *coup* of 1964, real wages of workers have declined by more than 30%. Government figures show that the bottom third of the population lives on less than $150 a year, compared to the national average annual income of $800. In 1964, a wage earner had to work 262 hours a month to provide a basic living for his family. Today, the same living standard requires 502 hours of work—thus, a laborer must work 16 hours and 45 minutes a day to give his family a 1964 living standard.

The Future: With the economy cooling down, the political situation has heated up as most sectors of the population are openly critical of Geisel's big-business economic policies and its violations of human rights. Most Brazilians are now waiting to see which general the armed forces will pick to be "elected" Brazil's next president in 1979.

THE REPUBLIC OF CHILE





Area: 286,322 square miles.
Population: 10.2 million (projected).
Capital City: Santiago (Pop. 2.16 million, projected).
Climate: Northern coastal lowlands are very hot and dry; the central valley is warm and dry from October through April, and mild and damp through September; the southern regions are wet and cool.
Neighboring Countries: Peru (Northwest); Bolivia (Northeast); Argentina (East).
Official Language: Spanish.
Other Principal Tongues: German, Quechua and Araucanian.
Ethnic Background: The majority are *mestizo* (mixed European and Indian).
Principal Religion: Roman Catholic Christianity.
Chief Commercial Products: Copper, nitrates, iron ore, agricultural products.
Currency: Escudo (E 3,900=$1.00 U.S.±).
Former Colonial Status: Spanish Crown Colony (1541-1818).
Independence Date: February 12, 1818.
Chief of State: General Augusto Pinochet Ugarte, head of the military-controlled government, who in 1976 named himself president.
National Flag: White, blue and red, with a white star in the blue stripe.

Chile, which has a name derived from an old Indian word meaning "land's end," sixth in size among the South American countries, is a strip of land 2,600 miles long and averaging 110 miles wide, lying between the Andes and the Pacific Ocean. Nearly one-half of this territory is occupied by the Andes Mountains and a coastal range of peaks. Because of its north-south length, Chile has a wide range of soils and climates. The country's frontier with Peru runs from Arica on the Pacific coast east to the crest of the Andes. The frontier with Bolivia and Argentina follows the crest of the Andes—18,000 feet high in the north, rising to 23,000 feet in the center, and dropping to 13,000 feet in the south. The coastal range runs from the north to deep south, dropping abruptly into the sea with few ports. The heartland of Chile is the central valley between the two ranges..

Chile is divided in five natural regions. The northern, extending 600 miles south from the Peruvian border to Capiapo is one of the driest regions of the world. Here are found rich nitrate deposits and major copper mines for which Chile is famous. From Capiapo 400 miles south to Illapel, there is a semi-arid region; however, there is sufficient rainfall to permit the raising of crops in the valleys. Chile's iron ore is found in this region. From Illapel 500 miles south to Concepción is the fertile area of the lush, green central valley. With adequate rainfall in the winter (May to August), the valley is intensively cultivated. Here also are the three principal cities and the major portion of the population. From Concepción to Puerto Montt there is a forest region, with large, sparkling lakes and rivers where rainfall is oppressively heavy during the fall and winter. The fifth and last zone stretches south 1,000 miles from Puerto Montt. This is an almost uninhabited wild region of cold mountains, glaciers and small islands. Rainfall is torrential and the climate stormy, wet and chilling.

History: Prior to the arrival of the Spaniards, Chile was the home from time immemorial of the Araucanian Indians, a loosely grouped civilization of primitive people who were completely isolated from the rest of mankind.

In the early 15th century, the Incas pushed across the desert and conquered the northern half of the fertile valley where present-day Santiago is located; however, they were unable to penetrate south of the river Maule. The Spaniards later occupied the area held by the Incas and founded Santiago in 1541, but

their efforts to extend their holdings further south were fiercely and successfully resisted by the Araucanians. About a century later, the Indians entered into a treaty with the Spanish to retain the land south of Concepción. Despite the treaty, war continued between the Araucanians and their would-be conquerors until late in the 19th century.

During the conquest, the land was divided into great estates among the army officers; soldiers and settlers married Araucanian women captives, producing a *mestizo* population with qualities of both conquerors and the conquered. The colonial period was one of savage warfare and internal dissension. Particularly sharp were clashes between land owners and the clergy over the practice of holding Indians in slavery. During the 17th century, slavery was replaced by a system of share cropping which only recently has abated.

Chile's big estates are now worked by free labor, well protected by modern social security legislation until the 1970's when economic upheaval resulted from a brief period of so-called "Marxist" rule; inflation which began in those years has yet to lessen materially.

To the wars and dissentions which marked Chile's history must be added a long list of natural disasters. Earthquakes and tidal waves have repeatedly destroyed its cities. An additional difficulty was presented by the fact that from the end of the 16th century until independence in 1818, Chile's coasts were infested with British and French pirates.

For the entire Spanish period, Chile was part of the Viceroyalty of Peru, governed from Lima; trade with areas other than the colony was forbidden, which led to wholesale smuggling. Reports of the early 18th century identified some forty French ships engaged in illegal trade with Chile. Not until 1778 was trade permitted between Chile and Spain. Neglected by both Spain and Lima, the landowning aristocracy felt little loyalty to their own overlords and developed their estates as semi-independent fiefs.

Chile declared its independence from Spain in 1810, which was followed by seven years of bitter war between the Chileans and the Spanish forces. Final victory was achieved in 1817, when General José de San Martín led an army from Argentina across the Andes to help the Chileans. The Chilean revolutionary hero, General Bernardo O'Higgins, became the first president of the republic—under his leadership the first constitution was drafted. Almost revolutionary in its liberal democratic ideas, it served as a model for the famous constitution subsequently adopted in 1833.

Opposition of the landowners to O'Higgins efforts concerning the distribution of land to small farmers, the separation of church and state and the encouragement of free education resulted in his ouster in 1823. For nearly one hundred years, the country was ruled by a small oligarchy of landowners who still own the major share of valuable land. Conservatives, advocating a strong central government, dominated the political scene until 1861. Their autocratic rule enlarged the economy and united the country; however, the repression of the *Liberal Party* laid the base for years of bitter conflict.

Liberals came to power in 1861 and were successful in modifying some of the more restrictive measures of the conservative regime. However, they made little progress against the landowners or the church. Liberals ruled until 1891, during which time longstanding disputes with Peru and Bolivia led to the War of the Pacific (1879-1883). Although unprepared for war, Chile quickly defeated Bolivia, overran the disputed nitrate fields and occupied Lima from 1881 to 1884.

Dictating victor's terms, Chile took possession of both Bolivian and Peruvian provinces and the ports of Tacna and Arica. Liberal José Balmaceda, elected to the presidency in 1886, decided the time was ripe for major social reforms to improve the lot of the poor and curb the power of the landlords and the church. By 1890, he had created a crisis in urging these programs and in 1891 the Congress voted to depose him and installed a naval officer, Captain Jorge Montt, to head a provisional government. Balmaceda, with the support of the Army, resisted the action of Congress and the ensuing civil war resulted in the death of some 10,000 with widespread damage. Montt's forces succeeded in taking the capital, Santiago, and the port of Valparaiso, forcing Balmaceda to seek asylum in the Argentine Embassy, where he committed suicide.

Balmaceda's death marked the end of party rule and resulted in a government subservient to the Congress. From 1891 to 1920, parliamentary rule bore a strong resemblance to that of France—governments came to power, failed, were reshuffled to suit the several factions, and fell again. None of the six presidents who served during this period held effective power within the government.

During this period the demands for Chile's nitrate grew, while ineffective government encouraged graft and corruption. Landowners, politicians and merchants became more wealthy while the lot of the large numbers of poor people worsened. By 1920, strikes, unemployment and hunger brought Chile to the verge of revolution. The election of Arturo Alessandri Palma in 1920 had many of the aspects of a social revolution. The middle class joined with labor to unseat the aristocracy and the Congress prudently accepted the popular choice.

Elected on a platform promising social and economic reform, Alessandri fought for change, but factional quarrels among his supporters in Congress and the post-World War I depression defeated his efforts. By 1924, conditions had again deteriorated to the point where he was ousted by a military *coup*, but the military leaders were unable to administer the nation's affairs and Alessandri was re-installed in 1925. With the threat of military intervention, he was able to secure a new constitution strengthening the presidency, separating church and state and establishing tax reforms, freedom of worship and social legislation for labor.

Under fire from conservatives who felt that he had gone too far, Alessandri was ousted again and the government passed to a military dictatorship headed by Colonel Carlos Ibáñez, who held office until 1931. Able, honest and hard-working, Ibáñez came to power during a period of economic expansion. Pouring money into public works and services, he was able to create the illusion of prosperity, but by 1931 the world depression caught up with the over-extended economy—the government defaulted on its bonds, the unemployed rioted and university students joined in demanding the ouster of Ibáñez, who fled to Argentina.

Following two years of leaderless chaos, Arturo Alessandri again was elected to the presidency in 1932. Facing heavy economic and social problems, he made common cause with conservatives to restore the economy, thus earning the opposition of the *Radical Party*, successor to the *Liberal Party*. Curtailing imports and taking over mining and public utility corporations, he restored the national credit but incurred the opposition of the conservatives. Brutally suppressing strikes and an attempted Nazi *coup*, Alessandri brought about a restored economy, but at the cost of constitutional government, civil liberties and honest elections.

In 1938, a popular front of the opposition joined with the communists to elect Pedro Aguirre Cerda as president. Immediately following the elections,

the conservatives and communists went their separate ways in efforts to unseat him and take over. In the political whirlpool which ensured, the government all but evaporated. *Radical, Socialist* and *Communist* parties grew, but both agriculture and industry declined. With the outbreak of World War II, Chile vacillated between pro-German and neutral positions, finally breaking with the Axis powers in 1943.

Providing essential materials to the United States, the Chilean economy prospered and the profits were invested in industry. Following the war, the *Communist Party* became the dominant opposition to the government. In the period from 1946 to 1964, amid economic woes, political parties became so numerous that elections could only be won by coalitions of small parties—both domestic and international tensions increased. Shortages of food and declining world prices for its principal products brought on unrest which was skillfully exploited (as usual) by the communists to the extent that it appeared they might come to power by election.

Jorge Alessandri was elected president in 1958 on a conservative, sound money platform. Though he brought some badly needed order to the country's economy, inflation and unemployment shot up again toward the end of his term. The voters turned in 1964 to liberal Eduardo Frei Montalva, the first president from a *Christian Democratic* party to be elected president in the Western Hemisphere. Despite his 55.7% majority vote—the highest in modern Chilean history—Frei faced a hostile, left-wing Chamber of Deputies dominated by leftists and a slow-moving Senate in the grip of wealthy conservatives.

Although the Frei administration failed to achieve many needed goals, some programs were initiated to help the nation's poor. Inflation was reduced, schools and housing units were built. Control of U.S. mining interests was purchased. Land reform lagged—only 20% of the people promised land actually received any. Chileans continued their swing to the left in 1970 by electing a Marxist, Dr. Salvador Allende Gossens. With the support of 6 leftist parties, he nosed out former President Alessandi.

Allende's victory caught him and his supporters by surprise. To make up for a lack of planning, a hastily devised economic scheme was put into effect. Wages were increased while at the same time prices were frozen. The short-range results were spectacular, but the long-run result was a disaster. Thrilled with increased income, Chileans went on a spending spree. Unemployment dropped because of increased production. Voters showed their gratitude by giving Allende and his supporters a larger vote in local elections in 1971.

Old Marxists were suspicious in spite of the apparent economic success; some foresaw the disaster that lay ahead. Russia started to worry about being burdened with the support of an expensive second Latin American nation. Fidel Castro warned Allende in 1973 during a state visit that Chile's economic plans were the opposite of Marxism, in which consumption is held to a minimum. Allende replied that he was working in a system where he had to win reelection until a "dictatorship of the proletariat" could be established. For this reason, he indicated, Chile could impose any economic policy it pleased.

Although general disintegration of the economy was well underway by the time of March 1973 elections, thirst for continued consumerism resulted in an increased share of the vote for Allende's coalition to 44%. Voter enthusiasm could not save the economy which was experiencing a "domino" effect in which the collapse of one sector would bring down others. First to fall were the retail stores. With prices fixed and wages raised, stores could not afford to restock sold items; when everything on the shelves was gone, the stores closed and their employees became idle.

The result in agriculture was the same. Instead of orderly land redistribution, Allende simply broke up plantations of wealthy persons regardless of productivity. Owners refused to plant crops which would be harvested by others. Political cronies were appointed to administer the nationalized farms; as production dropped by 20% it became necessary for Chile to increase food imports.

The government seized the big U.S.-owned copper mines to end what Allende termed foreign exploitation. Virtually no compensation was offered. This move had great popularity and was followed by seizure of all industry, including that owned by Chileans. Inept management meant a swift drop in production. Workers continued to strike against the new owners. The final stage in both agriculture and industry came when workers (and non-workers) illegally seized control of farms and factories.

Allende isolated Chile in foreign affairs and trade. The availability of loans from non-communist nations and institutions became nonexistent. The Soviets and Chinese offered praise, but little monetary support. The U.S. even refused Chilean offers to buy food for cash. The people found themselves wasting hour upon hour in lines to buy what few consumer goods were left. As the government continued to "finance" itself by printing more money, inflation ran absolutely wild. Food was scarce, spare parts for machinery were nonexistent; only the black market flourished. Strikes and street fights between rival political factions became common. Political bickering in the Congress froze all constructive activity.

As things crumbled, the opposition became more unified. The right-wing *National Party* and the fascist *Fatherland and Freedom Party* began sabotage operations against the government. The culmination of resistance came when a two-month strike by the nation's truck owners opposing nationalization virtually cleared the roads at the same time protesting housewives were filling the streets. With civil war imminent, the military staged its long-expected *coup* on September 11, 1973. Quickly seizing control, the military announced that Allende had killed himself with a machine gun given to him as a gift by Fidel Castro (regarded by some as unlikely).

Allende sought to increase the income of the poor, to distribute farm land to the masses and to provide a full program of social and economic benefits for everyone. His efforts were doomed to failure for several reasons. There was a total lack of economic planning and realism which isolated Chile almost overnight from vital relationships and contacts in the Western Hemisphere, particularly the United States. He tended to by-pass both Congress and the Courts. His programs were popular with a majority of the voters—he at no time had more than 50% support. Although his rule was rough-shod, civil liberties were not violated as were property rights. Although some political opponents were sent into exile, none were physcially harmed. The opposition press (two-thirds of the total) remained free. Opposition parties were not banned, and Congress was not dismissed; opponents could speak out without fear of reprisal.

The military regime has violated all civil rights, taking in some cases extremely brutal measures. In this respect is the greatest tragedy of Allende's rule—he created conditions which were so desperate that brutality was considered by some to be the only possible "cure." Congress was closed (its halls are now used to store records of prisoners), the courts were neutralized and the constitution suspended. Freedom of the press

CHILE

Doorway of Presidential Palace in Santiago

has disappeared and suspect books and publications have been destroyed. Schools, factories and the nation itself are rigidly managed to suppress dissent and in particular to "root out Marxism."

Reliable figures on the execution of opponents (many of them "while trying to escape") are not available. The use of torture has been documented. Catholic Church officials in Chile have estimated that one out of every 100 Chileans has been arrested at least once since the *coup;* a report of the Organization of American States indicated that some 4,000 political prisoners were held in remote camps. The regime, bowing to international pressure, promised in May 1975 to lessen repression but there is no concrete evidence that this has been done. Neutral observers are not permitted in Chile.

Political parties (except pro-government, right-wing groups) have been placed "in suspension." The large *Christian Democratic Party* newspaper was closed, and its leader, former President Frei, has discreetly limited his political comments to mild criticism of the regime's economic policies. The socialist and communist parties are outlawed and their leaders were arrested, exiled, killed or forced into hiding. The only group which dares to speak out against the generals is the Catholic clergy. The *junta* has responded by banning some religious festivals and arresting priests and nuns suspected of leftist sympathies. The regime ordered the Church's prisoner relief agency to discontinue trying to locate persons who had been seized by the regime and not been seen after their arrest, charging that such action was "communist inspired." Church officials disregarded the directive and reported 750 such disappearances in 1975. The Church published a book by former President Frei in early 1976 calling for a return to democracy; the government quickly outlawed public discussion of the book. In his sermons, Raúl Cardinal Silva Herríuez has criticized the regime's rigid austerity program, which he says has pushed the large poor population to the edge of starvation.

Strong fascist leanings have been evident in the *junta.* Since coming to power it has openly favored the ultra right wing *Fatherland and Freedom Party* despite its well-known Nazi overtones. One of the five dreaded security units—the *Bureau of National Intelligence*—employs a former S.S. agent from the Third Reich to handle "interviews" of political prisoners. It has made five sweeps against political opponents to date and more than 1,000 persons seized by it have not been seen again. Those who have resurfaced say the most common forms of torture include electric shocks, immersion underwater (in water usually fouled) and solitary confinement in cramped quarters. In addition to these raids, there are midnight arrests, military trials, a widespread use of neighborhood spy networks and regimentation of society.

A goal of the government has been to pull Chile out of the economic tailspin in which it was gripped. Skilled management has been returned to farms and factories and property seized by the previous regime has been returned. Some farmland has been returned to former owners; the few remaining coopera-

tives have been warned that unless production is increased, they will disappear. To combat inflation, prices of basic consumer goods, including food, have been allowed to rise to natural levels. Taxes and interest rates have been increased and the amount of currency was reduced by cutting government spending by 15-20%. Strikes are prohibited and a high unemployment rate has forced wage levels downward.

These harsh measures have indeed slowed the inflation rate from a high of 1,000% to a much more comfortable 70% by the end of 1977. Soaring food costs, however, threatened fully a third of the nation with hunger; to prevent actual starvation, the government has provided some of the poor with limited food handouts and low-paying public works jobs.

Chile has been subjected to a barrage of international criticism because of its quasi-fascist tactics directed against a multitude of real and imagined opponents. The United Nations General Assembly condemned the Chilean *junta* in late 1976 for its "constant and flagrant violation of human rights." In March 1977, London-based Amnesty International estimated that 1,500 political prisoners had disappeared without a trace since the military *coup*. In May 1977 the Human Rights Commission of the OAS charged that Chile's regime was continuing to violate most human rights. The incoming Carter administration said it would suspend both military and economic aid until Chile showed greater respect for human rights. Pinochet retaliated in July by proclaiming that Chile would no longer accept U.S. foreign aid, which would have totalled $27.5 million in 1977.

The *junta* has responded to growing international criticism in contradictory ways. The regime outlawed all political parties in March 1977 and extended the harsh "state of siege" legislation which suspends normal constitutional rights. In addition, new censorship regulations were imposed against the media and private mail.

In contrast, the military promised—for the first time—to provide data on *some* missing persons following a 10-day hunger strike by Chilean exiles at the United Nations in mid 1977. Perhaps more important, Pinochet announced that a single-chamber legislative body would be appointed by the *junta* in 1980. This group would be replaced in 1984 or 1985 by a new legislative assembly, with two thirds of the membership being elected by popular vote. This group, in turn, would select a new president. This promise of limited democracy marks a major change from an earlier Pinochet vow that there would be no free elections during his lifetime nor during the lifetime of his successor.

Culture: Chile's people reflect a predominantly Christian, European culture, almost 60% urban, to which have been added some distinctly Indian influences. The majority of the people are *mestizo*—mixed European and Indian ancestry, with few minority groups; there is a community of Germans south of Valdivia and the remnants of the Araucanian Indians living in poverty on reservations in the forest region. Chile's cultural expressions have followed European patterns in the arts and literature. Gabriela Mistral, a Chilean poetess of great ability, won the Nobel Prize for Literature in 1945. Another Chilean poet, Ricardo Eliezer Naftalí Reyes y Basoalto—better known as Pablo Neruda—received the prize in 1971. Neruda, widely regarded as the greatest Spanish language poet of his time, died in 1973.

Popular artistic endeavors are found in romantic and gay songs, dances and in the colorful regional costumes. More reserved than the people of its northern neighboring countries, the Chileans are friendly, proud and independent.

Cultural events, particularly entertainment, have been affected by the austerity programs of the government.

Economy: The economy traditionally has been based on copper exports, which have accounted for up to 90% of the foreign exchange earnings. Up to half the people are engaged in agriculture which produces only a tenth of the national income. This has been largely due to a feudal pattern of land ownership in the past, accompanied by antiquated farming techniques.

Inflationary pressures and economic imbalances caused by business monopolies and stringent business controls have plagued Chile. During the recent Allende administration the already fragile economic structure was literally torn apart. Production, mineral, industrial and agricultural, dropped to a small fraction of what it was in prior years while inflation soared out of sight.

The present government is administering what it calls "economic shock treatment." Austerity moves have included 33 separate devaluations, a 20% cut in government expenditures, tightened credit, abolishment of most price controls and an energetic search for foreign investment and loans. Such drastic steps produced differing results. In some respects, the economy was in worse shape than at any time since the depression of the 1930's. During 1975, the gross national product dropped by 25%—the steepest decline of any nation in the world that year. The unemployment rate in 1976 reached a 40-year high of 20%—and perhaps even twice that in some parts of the nation. A record number of bankruptcies also beset the fragile economy while the nation's auto production fell in 1976 to only 7,000 units—roughly one-seventh of the 1970 rate.

Nevertheless, some signs of improvement are beginning to surface. In 1977 the inflation rate continued its downward spiral to an annual rate of 70% compared to 120% in 1976. The foreign debt has been reduced and a trade surplus reported in 1976 and projected for 1977, compared to a trade deficit of $250 million in 1975. Badly needed foreign investments are beginning to trickle back after having dried up during the Allende years. The unemployment rate has dropped to 12%.

A major goal of the *junta* is the development of those sectors of the economy in which Chile enjoys a comparative advantage: mining, forestry and agriculture. Although the state will continue to control key industries (copper, electricity, petroleum, coal, steel and most banks), the *junta* otherwise promises a free trade policy with minimal state intervention. Thus, some 200 firms nationalized by the previous Allende administration were returned to private hands. In November 1976 Chile withdrew from the Andean Pact, which required Chile to place a number of complicated restrictions on foreign investments. Now, Chile hopes to provide a more hospitable climate for investments. In addition, the regime offers a variety of incentives for foreign capital: guaranteed low wages, no strikes and reduced government regulation.

Hardest hit by these measures have been the nation's poor. Real wages have been cut by as much as 50% since the military took power and malnutrition afflicts a large segment of the population.

The Future: Chile faces continued political repression, slowly improving economic conditions and a sterile social atmosphere as the military regime tries to restore a badly shattered nation. Hoping to ease growing international criticism of the *junta's* repressive policies, Pinochet has and will at least promise limited political freedom.

THE REPUBLIC OF COLOMBIA

Area: 439,405 square miles.
Population: 21.2 million (projected).
Capital City: Bogotá (Pop. 2.36 million, projected).
Climate: The lowlands are generally hot with heavy rainfall except for the Guajira Peninsula, which is arid. Highland climate varies with altitude, becoming quite temperate and pleasant in the higher elevations.
Neighboring Countries: Venezuela (East and Northeast); Brazil (Southeast); Peru and Ecuador (South); Panama (Northwest).
Official Language: Spanish.
Ethnic Background: European (20%); *mestizo* (mixed European and Indian (68%); Indian (7%); Negro (5%).
Principal Religion: Roman Catholic Christianity.
Chief Commercial Products: Coffee, petroleum, cattle, bananas, rice, cacao.
Currency: Peso (CP 29.08=$1.00 U.S.).
Former Colonial Status: Spanish Crown Colony (1525-1819).
Independence Date: December 17, 1819.
Chief of State: Alfonso López Michelsen, President.
National Flag: Yellow, blue and red horizontal stripes.

Colombia is the fourth largest state in South America, and the only one with both Atlantic and Pacific coasts. The high Andes mountains divide the country into four ranges from the *Pasto Knot* just north of the border with Ecuador and occupy about two-fifths of the land. To the east of the mountains are the great, seemingly endless plains (*llanos*) and the western tip of the Guiana Highland. The majority of Colombia's population is concentrated in the green valleys and mountain basins which lie between the ranges of the Andes.

Eleven of Colombia's fourteen urban centers are in the mountain valleys; the remainder are on the Caribbean coast. The vast plains along the base of the eastern range contain cattle ranches, but the extensions of the plains into the jungle-filled Amazon Basin are almost unpopulated. The northern ends of the mountain valleys, which fan out to the Caribbean coast, are wet, hot and almost uninhabited.

Because travel between the populated areas is difficult, Colombia's people live in quite distinctive communities which vary from White, through Indian and Negro populations to combinations of mixed ancestry. The rivers of Colombia have been its most important means of communication—the Magdalena is navigable for nearly 1,000 miles and still is the principal means of transporting cargo to and from the vicinity of Bogotá. The second great river is the Cauca, not important for transportation, but furnishing water for irrigation and power for industry in the Cauca Valley.

In recent years a major construction program similar to that of the Tennessee Valley project has been undertaken to further develop the Cauca Valley's resources. As in all countries near the Equator, altitude is the principal factor, modifying an otherwise oppressive climate. Throughout the country rainfall is ample—there are no seasons applicable to the whole country. Summer is generally considered the dry season and the rainy season is winter; however, in some regions along the Pacific, rains, either violent thunderstorms or warm, steady showers, fall every day in the year. From sea level to 3,000 feet the climate is tropical; from 3,000 to 6,500 feet it is temperate; above 6,500 feet it is chilly. Crops are grown at elevations up to 10,000 feet, but above this level trees thin out and the tall peaks are covered by snow year around.

History: The Spaniards first discovered the coast of Colombia about 1500, but the Indians proved so hostile that the explorers quickly withdrew. The first set-

tlement was later established at Santa Marta in 1525, and Cartagena was subsequently founded in 1533. The interior was not penetrated until 1536, when Gonzalo Jiménez de Quesada explored the Magdalena River seeking its source. Climbing the eastern range, he found the Chibcha Indians in several of the mountain valleys, conquered them and founded Bogotá, the present capital. The Chibchas were sedentary, agricultural people who had developed a fairly high level of civilization.

More or less simultaneously an expedition from Ecuador under Sebastián de Belalcazar discovered the Cauca Valley and founded Pasto, Popayán and Cali in 1536. Nicolaus de Federmann led an expedition toward the site of Bogotá from Venezuela. Belalcazar reached Bogotá in 1538 and came into contact with Federmann in 1539. Similar to other conquests, the period of settlement was marked by conflict among the various groups of conquerors. Sugarcane, wheat, cattle, sheep and horses were introduced by the Spaniards and a royal government was established at Bogotá in 1550 for the administration of most of the land in modern Colombia.

Gold was discovered in Antioquía about 1550, rapidly reducing further interest in the agricultural regions around Bogotá and Cali. Almost simultaneously with the start of gold shipments to Spain, English and Dutch pirates started their attacks on Spanish shipping and the Caribbean ports. However, the interior of the country was at peace and, unmolested, gradually developed. Descendants of the conquerors amassed large estates, worked by Indian or Negro slaves and established a semi-feudal system of agriculture which still persists in the remote parts of Colombia.

The movement for independence from Spain started in the 1790's, following publication of the French Revolutionary declaration of the rights of man. This was not a popular movement, but rather one of young intellectuals from the aristocratic families of Bogotá. Revolt erupted in Venezuela in 1796 and 1806, followed by an abortive attempt to set up an independent government at Bogotá in 1810. However, the provinces were divided and the Spanish reestablished control. Independence came after eight years of see-saw warfare in which Simón Bolívar and his generals—José Antonio Páez, Francisco de Paula Santander, Antonio Nariño and Antonio José de Sucre—marched and countermarched across Colombia, Venezuela and Ecuador. With defeat of the Spanish forces the Republic of Gran Colombia was proclaimed December 17, 1819, incorporating Venezuela, Colombia and Ecuador in a political union.

The allies in the war for independence divided over the form of government which should be established for the new state; Bolívar and Nariño were for a strong central government, while Páez and Santander pressed for a federation of sovereign states. This discord soon was expressed by the two political parties which developed: the *Conservatives*, in favor of central government and close relations with the Catholic Church, opposed by the *Liberals*, favoring a federation of states and separation of church and state. The Republic of Gran Colombia lasted only ten years. Venezuela separated from the union in 1829, Ecuador declared its independence in 1830 and the remaining provinces took the name of New Granada. The name Colombia was restored in 1861 as the United States of Colombia and became the Republic of Colombia in 1886.

From its inception, the new republic was torn with dissent. Bolívar, with flamboyant maneuvers, sought to create a South American Empire; Santander believed there was little hope for uniting diverse people with few common interests into an effective union. Dissent grew during the period of the wars of liberation of Peru and Bolivia (1822-1824). In 1826, Bolivar assumed dictatorial power and jailed Santander, who was later permitted to go into exile. By 1830, opposition to Bolívar led to revolt; the republic was broken up and he withdrew to private life.

Santander became the actual founder of Colombia. Recalled from exile in 1832, he brought a degree of order from the chaos of war and political rivalry Despite his own championing of democratic ideas, he imposed a strict discipline on the country, organized its finances and set up central government services with an iron hand. He and his successor, José Ignacio Márquez pursued moderate policies concerning the Church and the differences between the conservatives and liberals on the form of government. However, the radicals of both sides, as well as regional interests, sought their goals by force of arms; from 1839 to 1842, civil war was waged intermittently by constantly changing forces. By 1840, the gap between conservative and liberal views had widened; the *Liberals* were characterized as blasphemous and disorderly, while the *Conservatives* gained power as defenders of order, godliness and good government. The *Conservatives* represented an alliance of the landowners, the church and the army. From 1840 to 1880, the two parties alternated in power, each using its position to persecute the other and generally provoking recurrent strife bordering on civil war. In spite of this turmoil, by 1880 the economy had broadened, the population had doubled since independence, communications and trade were improved and Colombia had few international problems.

The election of Rafael Núñez in 1880 marked a major change in Colombia's history. Núñez, a long-term liberal, united the moderates of his party with the more moderate conservatives and formed a *National Party*. Surviving another conservative-liberal civil war in 1884-1885, Núñez secured adoption of Colombia's tenth constitution and brought order to the country. The liberal regime became progressively conservative, and subsequently, dictatorial —the priveleges of the Church were restored, peace was maintained and political dissent was suppressed. His death in 1899 left the government in the hands of conservatives without a leader capable of avoiding the consequences of twenty years of repression. Civil war raged for three years as liberals sought to oust conservatives. The so-called Thousand Day War left more than 100,000 dead, widespread destruction, a ruined economy and a demoralized people. These losses were soon followed by the revolt of the province of Panama in 1903 (see Panama).

The Colombians demanded a leader capable of reuniting the country and rebuilding the economy. Rafael Reyes (conservative) was elected in 1904. A proud and energetic man, Reyes assumed dictatorial powers. His five-year term was stormy. Despite an empty treasury and a bitter people, he was able to reorganize the national finances, restore Colombia's credit, initiate the construction of roads and railroads and encourage the development of the coffee industry. Opposition forced him to resign in 1909.

Five conservative presidents followed Reyes. This era (1909-1930) was marked by advances in political realism and cooperation. Elections became more honest, a semblance of two-party government was developed and censorship of the press was reduced. During the same period, the economy improved, production rose, petroleum was discovered and business grew with the boom years of the 1920's. The ready money brought on an expansion of industry: railroads and power plants were built and coffee production expanded. The affluence also corrupted public of-

ficials and led to overexpansion and inflation.

The break in world prices in 1929 associated with the rampant depression produced a financial disaster which discredited the conservatives and in 1930 a liberal government came to power.

The peaceful transfer of power in 1930 was in marked contrast to the violence found in other parts of Latin America and to Colombia's past. So, too, the liberals of 1930 were quite distinct from their predecessors. Most of the issues which had produced the civil wars of the previous century were dead or no longer of significance. The *Liberal Party* of 1930 was interested in economic and social reforms to protect the interests of labor and of the growing middle class.

The first of the liberal presidents, Henrique Olaya Herrera, was a happy selection: he satisfied the liberals while his moderation reassured conservatives. The second liberal, Alfonso López, was a more outspoken reformer. To cope with some of the social and economic ills of the country, he secured rather radical changes in the constitution which frightened conservatives; however, the moderate legislation quieted their fears. Eduardo Santos provided capable leadership through the early years of World War II, and was succeeded by Alfonzo López, who won a second term.

Declaring war on Germany, Italy and Japan in 1943, López provoked opposition from the conservatives and from the neutralists of the left. Scandal in his administration and personal family undermined his reputation and split the *Liberal Party*. Plots against López were numerous, and popular discontent rose among underpaid government employees. He resigned under pressure in 1945. Alberto Lleras Camargo, provisional president until April 1946 made a remarkable effort to reunite the country and hold honest elections. A split in the *Liberal Party* divided the vote between two liberal candidates, and a conservative was elected despite a plurality of liberal votes.

Anarchy verging on civil war had developed about the time conservative Mariano Ospina Pérez was inaugurated. A timid man, he was unable to control either the radical left wing of the *Liberal Party* or the fanatic, ultraconservative right wing, whose partisans engaged in a war of terror. Laureano Gómez, stubborn head of this right wing, blocked all efforts to reconcile with the liberals; this touched off revolts in several provinces which expressed dissatisfaction with economic chaos rooted in political strife.

The murder of Jorge Gaitán, the popular leader of the liberal left, touched off a riot in the capital of such violence that the term *Bogotazo* was coined to describe a situation in which a whole people rioted. Some two thousand deaths resulted as mobs roamed the streets burning, looting and shooting. The conflict spread to the country as liberals and conservatives fought for control of villages and rural communities. President Ospina declared martial law and gradually restored a semblance of order. It was in this atmosphere that the elections of 1950 were held. The *Liberal Party*, badly split, expected trouble at the polls and stayed away; the conservatives elected Laureano Gómez.

Gómez, an admirer of Franco and Hitler, installed an ultra-conservative regime similar to that of the Catholic Empire of Ferdinand and Isabella. Ruling as a dictator, Gómez used the Army and the police to hunt down and exterminate the liberals. From his regime there developed an undeclared civil war which up to the present time has caused an estimated 200,000 deaths and a way of life known as *La Violencia* (The Violence). In 1953, Gómez was ousted by a military *coup* and General Gustavo Rojas Pinilla was installed as president. The change, accompanied by an amnesty, brought a lull in the fighting. However, his administration proved cruel and incompetant, later becoming as savage as that of Gómez. The sole redeeming feature of his regime was that Rojas Pinilla did not discriminate between liberals and conservatives, forcing these enemies to arrange a truce in order to oust the new dictator.

Alberto Lleras Camargo, leader of the *Liberal Party*, and Laureano Gómez established a liberal-conservative coalition and Rojas Pinilla was ousted in May 1957. Under the coalition, Lleras Camargo was elected president in 1958. Having to cope not only with the conflict between the parties but with the equally bitter internal party strife, his greatest achievement was separating the political antagonists from the rural bandits who were capitalizing on the reign of terror. Lleras Camargo pursued moderate policies in social and economic matters while attempting the political union of the country. His policy of moderation restored a measure of stability to Colombia, but the political party in Congress and government imposed by the coalition soon showed its basic weakness. The government, lacking a majority, was unable to enact any of the needed reform measures; the people, unable to influence their destiny by political effort, lost interest in the democratic processes.

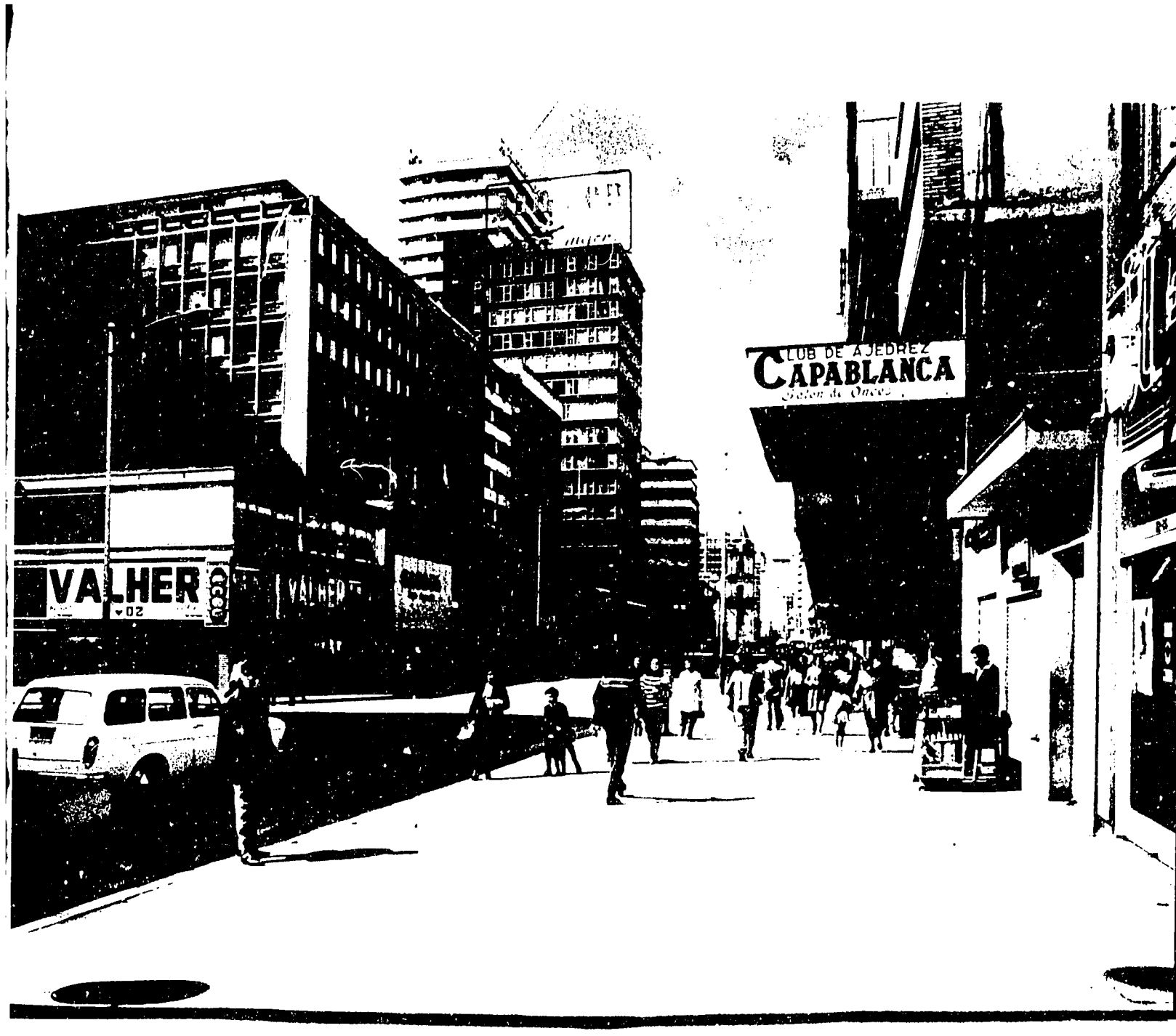
Lleras Camargo's successor, Guillermo León Valencia, unable to obtain legislative cooperation for even the routine functions of government, was forced to rule by decree. The Carlos Lleras Restrepo administration, in office from 1966 to 1970, was forced to use the same system.

Under President Lleras Restrepo, Colombia enjoyed a comfortable rate of economic growth and continued decline in rural banditry and violence which had racked the nation for nearly three decades. The liberal-conservative truce, known as the *National Unity Agreement*, served to postpone renewed competition between the political factions, Misael Pastrana Borrero was elected by a slim 1.5% margin over former dictator Rojas Pinilla in the 1970 presidential elections. A politically unknown conservative economist, Pastrana sought to diversify the nation's farm-based economy. Although exports soared and certain sectors of the economy improved, runaway inflation and increasing unemployment became major issues in the 1974 presidential election campaign.

With the *National Unity* agreement expiring at the presidential level, on April 21, 1974, Colombians voted in the nation's first open election in more than 20 years. Elected president with 52% of the vote was Alfonso López Michelsen, candidate of the left-of-center *Liberal Party*. Far behind in second place was *Conservative Party* candidate Alvaro Gómez Hurtado. Although the *Liberals* also won large majorities in both houses of Congress, the Constitution requires that a appointive offices be divided equally between the *Liberals* and *Conservatives* until 1978.

A mild-mannered former law professor and diplomat, López is generally regarded as a political moderate on most issues. He scored heavily with voters during the campaign by promising to end food shortages, reduce inflation and redistribute the national wealth.

To carry out this program, he declared a "national economic emergency" just five weeks after taking office in August 1974. Permitted under a 1968 law, the action allowed López to bypass the slow-moving Congress and institute by decree certain economic reforms. Highlights of the plan included raising the daily wage by 40% to $1.50 a day, imposing a hefty tax increase on the wealthy and on luxury inports and instituting a special tax on idle farmland to encourage greater agricultural output. In addition, various steps were taken to cut the inflation rate from 30% in 1974 to an estimated 20% in 1976.



Late afternoon in Bogota

COLOMBIA

These bold economic measures met stiff opposition. Conservatives charged that the new business and personal taxes were causing a recession and discouraged new investments. On the other extreme, leftists demanded even more radical change, particularly in the rural sector. The top 4.5% of the population owns 67% of the farmland while the bottom 73% of the people holds just 7% consisting of small plots that provide a living only for a small family. Largely as a result of such a wide difference in living conditions, fully two-thirds of the nation's youth suffer from malnutrition

To fight widespread rural poverty López initiated a modest land reform program and promised to divert some revenue from new taxes to rural development. Conservative opponents have bitterly criticized administration plans to raise taxes to finance social programs for the rural poor. At the same time, many leftists insist that the reforms are too little, too late and too slow and that they have encouraged peasants to seize plots from wealthy landowners.

Leftist guerrilla activities are on the increase—three separate guerrilla fronts are now operating in rural areas, including two regions just north and west of the capital. Political violence and crime are also rising. Some 10,000 kidnappings were reported in 1975. Student and labor unrest is also mounting. To control agitation, in October 1976 the government tightened the state of siege first imposed in June 1975.

Some of the present problems stem from economic conditions; although López has been able to reduce the inflation rate, a recent surge in Colombia coffee exports have threatened to send it upward. A growing number of strikes and ever-present government corruption has also lowered popular support for the regime. Conservatives have charged that the President's three sons profited from highway construction projects. When the Catholic Church primate awarded a medal to López in June 1976, 200 reformist priests and nuns made an unprecedented public protest, charging that López and the Church had "sold out to the rich."

In spite of widespread dissatisfaction, the president and his *Liberal Party* gained 50% of the vote in local and state elections held in March 1976. The *Conservatives* saw their share rise to 40%; three leftist parties gained only 7%. However, the balloting could hardly be called a vote of confidence for López, since a whopping 70% of the people didn't vote.

Culture: The Colombian people are Christian and Roman Catholic. Described as being "more Catholic than the Pope," the Church in Colombia has been ultra-conservative and a faithful spokesman for semi-feudal social and political ideas. Because of geographic fragmentation and the diverse origins and purposes of the people who settled Colombia, there is no substantial unity. Regionalism and personalism have fostered the development of socially and culturally distinct groups of people only loosely associated politically.

Bogotá has taken pride in its cultural achievements in arts and letters, claiming the title "The Athens of South America." However, its achievements are regional. The fame and pride belong to Bogotá, not to the nation. Medellín, in the province of Antioquia, famous for its industry and commerce, proudly proclaims that *Antioqueños* are the "Yankees" of South America. The Negro and mulatto influences along the Caribbean coast give the cities of Barranquilla and Cartagena a lighthearted air which sets them apart from the more sober inhabitants of the interior.

The Guajira Indians of the arid peninsula and the cattlemen of the eastern plains cherish their independence and deem themselves fortunate that, geographically, they are isolated from the "vain windbags" of the capital and the irresponsible *tropicales* of the coast. The people of Cauca Valley are known for their industry and productivity, blaming their problems on the incompetence of the politicians in Bogotá. The regional isolation has been reflected in their mode of cultural expression: Bogotá has produced literature and poetry; the Caribbean coast is best known for songs and dances; Medellín and Cali find their expression in their industrial products. The most pronounced common media of expression is in the religious festivals and ritual of the Roman Catholic Church.

Economy: The economy of this nation is based on agriculture. Most of the population is employed in farming, which accounts for the major share of foreign exchange earnings. The farm sector remains handicapped by inefficient techniques and misuse of resources—both products of semi-feudal practices. Rural violence since 1948 has stimulated migration to the cities, where many of the newcomers are unemployable because of lack of skills.

Industry is developing slowly because of the inadequate distribution of capital and shortages in technical and managerial skills, caused by high levels of illiteracy and other social problems. While the resources of Colombia are capable of supporting its growing population, numerous problems outlined above must be first resolved before there can be major economic gain.

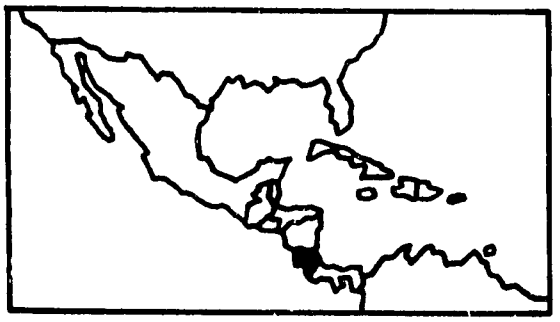
Under the Pastrana government, efforts were made to diversify exports in order to reduce dependence on coffee sales. By 1973 the total value of all other exports (including shoes, wood products, drugs and electrical items) exceeded the value of coffee sales for the first time. Manufactured goods have been gaining a larger share of total exports.

The present López administration has sought to revitalize the rural sector through agrarian reform and government investments. Controls have been tightened over foreign-owned firms and banks. New taxes on the wealthy have increased government revenues 50%. High unemployment (18%-20%) persists and a relatively high population growth rate 2.4% per annum) and a low annual per capita income ($400) also bar rapid progress.

The sharp rise in world coffee prices dramatically improved the nation's financial picture by mid-1976. With the Brazilian crop largely destroyed by frost and civil war in Angola, the price of Colombian coffee had risen by May 1977 to nearly four times the 1975 prices. However, the inflow of coffee earnings may push the 1977 inflation rate to 50%—the highest in 14 years. Coffee farmers angrily complain that they have not benefited from the high prices because government taxes, which have been raised seven times during the first three months of 1977, skim off 75% of all coffee earnings. As a result, many growers have protested high taxes by refusing to harvest the crop. During 1977 the economy was also hurt by labor unrest, a doctor's strike and a severe drought which caused food shortages.

The Future: Although the nation is suffering from inflation, strikes, student unrest, land seizures by peasants, a growing insurgency, government corruption and widespread malnutrition, Colombia remains one of South America's two major functioning democracies. Recent voter rejection of extremist parties indicates that despite its imperfections, Colombia seems able to at least cope with its present problems. Turbulent political upheaval in the next years is not indicated.

THE REPUBLIC OF COSTA RICA



Area: 19,647 square miles.
Population: 1.88 million (projected).
Capital City: San José (Pop. 220,000, projected).
Climate: The coastal lowlands are hot and tropical, with heavy rains from April to December. The valley of the central highlands is temperate, with moderate rains during the wet season.
Neighboring Countries: Nicaragua (North); Panama (Southeast).
Official Language: Spanish.
Ethnic Background: Spanish European descent blended with Indian lineage. A few West Indians of African origin are found along the Atlantic coast, and some Indians live in the highlands.
Principal Religion: Roman Catholic Christianity.
Chief Commercial Products: Coffee, bananas and cacao.
Currency: Colon (C 8.57=$1.00 U.S.±).
Former Colonial Status: Spanish Crown Colony (1522-1821).
Independence Date: September 15, 1821.
Chief of State: Daniel Oduber Quirós, President.
National Flag: Blue, white and red horizontal stripes.

Costa Rica, literally *Rich Coast*, is next to the smallest of the Central American republics. Lying between Nicaragua and Panama with coasts on both the Atlantic and Pacific oceans, the distance from ocean to ocean varies from 75 to 175 miles.

The country is divided into three distinct regions: the Atlantic coastal plains, the central highlands and the Pacific coast. The central highlands are part of a chain of scenic mountains, rising in Nicaragua and running southeast through Costa Rica into Panama. They contain lofty peaks reaching 12,500 feet and several steep-sided inter-mountain valleys. The green central valley, some 40 miles wide and 50 miles long, lying between three and six thousand feet above sea level, is the most densely populated part of Costa Rica.

The two principal cities, San José and Cartago share the valley with four volcanoes, two of which are still violently active. Mount Irazú, close to the capital, littered the city with ashes and cinders in 1964.

Costa Rica's coffee is grown on the slopes of the hills and volcanoes which rim the valley. The Atlantic coastal plains are moist and low, heavily forested and sparsely settled. Costa Rica's main port in the east is Puerto Limón, the only city of commercial importance in the area.

The Pacific lowlands, drier than the Atlantic plains, are quite narrow except for the Nicoya and Osa peninsulas. Thinly settled, the region produces bananas and fiber on large plantations. The port of Golfito on the Pacific coast handles most of the country's exports. Lying in the tropical rainbelt, Costa Rica has more than abundant rainfall, particularly in the rainy season from April to December of each year. Some parts of the oppressive Atlantic coast region have rain during three hundred days of the year.

History: The Spaniards discovered the Nicoya Peninsula in 1522, settling in the Central Valley, where some few sedentary Indian farmers were found. They organized into a *hacienda* system of independent farm communities. The Spaniards intermarried with the Indians, who were assimilated into the Spanish culture. Cartago was founded in 1563, but no expansion of this settlement occurred for 145 years, during which time the Costa Ricans evolved as a community of small farmers. With the assimilated Indians and a few slaves, the Costa Rican worked his own land, developing a system of small, efficient and independent landowners and a tradition of industry not usually found in Hispanic society. Settlers from Cartago founded Heredia in 1717 and San José in 1737; by 1750 the population had reached approximately 2,500, divided into some 400 family groups.

Independence from Spain was achieved on September 15, 1821, as a result of actions in Guatemala, Mexico and other colonies. Costa Rica fell victim to the civil wars which followed the separation of the Central American Republics from the short-lived Mexican Empire. However, remoteness from the scene of the bitter quarrels between conservatives and liberals in Guatemala and El Salvador minimized the effects of the civil war in Costa Rica. The most significant events of Costa Rica's history as an independent state have been its efforts to develop the economy to provide the revenues required to support the people.

The government encouraged the production of coffee in 1825, offering free land for development. From 1850, the coffee trade attracted new settlers and inspired the development of roads and the settlement of areas outside the central valley. The building of railroads between the 1870's and 1890's introduced

banana growing to provide traffic for the new system. At the same time, West Indians were brought in to build the railroads, clear the forests and to work the Atlantic coast plantations.

Subsequently, irrigated banana plantations were developed on the Pacific coast, resulting in the building of ports at Golfito and Puntarenas. On the Nicoya Peninsula and in the northwest, cattle raising became and is an important industry.

Politically, Costa Rican experience has been tranquil. The first experiments in government were hardly more than gentlemanly agreements among the principal families. The constitution of 1848 abolished the Army and replaced it with a civil guard. Costa Rica has had only one major experience with dictatorial government. Tomás Guardia came to power in 1870 and ruled as an undisguised dictator until 1882. Exiling opposition leaders and spending money with a lavish hand, he broke up the traditional parties, installed his friends in office and undertook to modernize the rural agricultural state. During his term of office, roads, railroads, schools and public buildings were constructed; the production of sugar and coffee was increased and international trade was encouraged.

Costa Rican political freedom was recovered in the elections of 1889 which were free and honest. Three subsequent attempts were made to seize the government: in 1917 Federico Tinoco proclaimed himself president but was ousted by a popular revolt within two years; an attempted revolution failed in 1932; a communist-inspired attempt in 1948 ended following a brief civil war. José Figueres, hero of the civil war, won the elections in 1953. A capable farmer and businessman, he did much to renew public works and increase government revenues. An outspoken critic of Caribbean dictatorships in Colombia, Cuba, the Dominican Republic, Nicaragua and Venezuela, Figueres was denounced as a communist and an invasion force from Nicaragua moved to unseat him.

An appeal to the Organization of American States brought immediate action and the war was over. Figueres disbanded the force he had raised to defend Costa Rica and pressed for both economic and social development. Subsequent presidents representing conservative and liberal parties have maintained the tradition of responsible, democratic government. Like most countries dependent upon agricultural export for its revenues, Costa Rica has had its economic problems but also shows a remarkable ability to handle them peacefully.

Between 1945 and 1974 the presidency alternated between conservatives and liberals while the single-chamber legislature was dominated by the liberal *National Liberation Party (NLP)*. This pattern was reversed in February 1974 with the election of Daniel Oduber Quirós to succeed President Figueres. Both are members of the *NLP*. At the same time, however, the *NLP* lost control of the legislature for the first time since 1949.

With 42% of the vote, Oduber's victory was credited to the superior organization of the *NLP* and to the divided opposition of seven other candidates. Runner-up, with about 30% of the vote, was Fernando Trejos Escalante of the conservative *National Unification Party*.

The new president, a former head of the legislature, promised agrarian reform and constitutional changes to increase the power of the executive branch.

Oduber's first year in office was marked by a growing dispute with the United States; the key issue centered around the presence in Costa Rica of the fugitive American financier, Robert Vesco, who had fled the United States to avoid prosecution. Once in Costa Rica, he made huge investments, including one in a firm owned by former President Figueres. Thanks to a new anti-deportation law quickly pushed through the legislature by Figueres, Vesco remains safe from U.S. attempts to obtain his extradition. Many Costa Ricans bitterly oppose protection of Vesco and resent his impact on the national economy.

Even more controversial has been the charge made in May 1975 by Foreign Minister Gonzalo Facio that three U.S.-owned banana firms had established a secret $5 million fund to "destabilize" six Latin American nations that had sought to raise taxes on banana exports. Costa Rica has played a leading role in advocating such a tax. Facio's charge added momentum to efforts in the legislature to nationalize some holdings of the banana firms in Costa Rica.

Costa Ricans will elect a new president in February 1978. The leading candidates are Luis Alberto Monge, secretary-general of the *NLP*, and Rodrigo Carazo Odio of the *National Unification Party*.

A key issue of the campaign has been Robert Vesco, the American wheeler-dealer "financier." Opponents of President Oduber charged that he received campaign contributions in 1974 from Vesco and one year later, Vesco controlled companies made millions of dollars in profits as a result of the government's nationalization of gas stations in Costa Rica.

As the national debate over Vesco raged, one presidential candidate from a small party wrapped himself in a Costa Rican flag and fired several pistol shots into Vesco's palatial home in mid-1977. (This tactic landed the candidate in jail.) Because the Vesco issue has badly damaged the reelection chances of his *National Liberation Party*, President Oduber asked Vesco to leave Costa Rica.

Culture: The Costa Ricans are Christians, nominally Roman Catholic. Basically of Spanish ancestry, the mixed Indian and European has been assimilated into a friendly society of middle class merchants and small farmers. With few extremes of wealth and poverty, popular cultural expression is found in music and dance. The most characteristic art expression is the brilliantly decorated ox cart, accepted as a national symbol, although rapidly being replaced by trucks and tractors in the national economy. Through energetic promotion of education, Costa Rica has achieved the highest literacy rate in Central America.

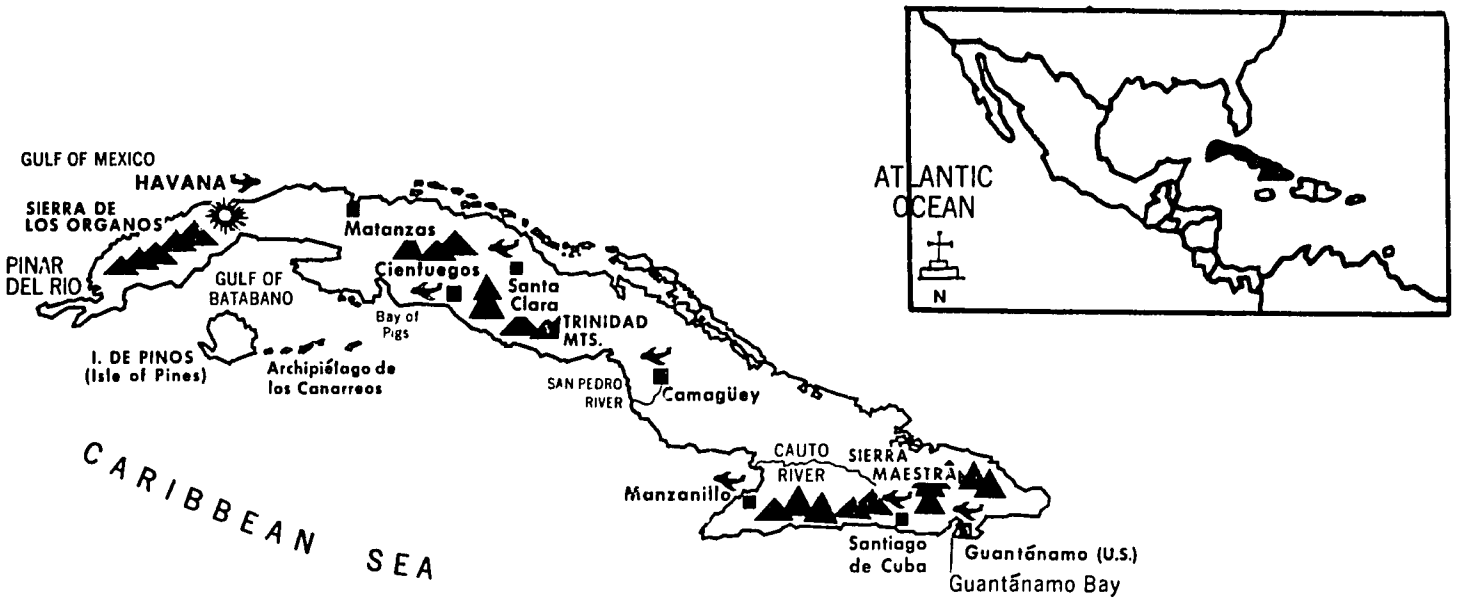
Economy: Costa Rica's economy is based on agriculture—with few resources. The country's industry is limited to processing agricultural products for market and the production of import substitutes for domestic consumption.

Retiring President Figueres sought in April 1974 to organize the Latin American banana exporting nations—with mixed success—to force a rise in world prices for the fruit. While Costa Rica remains a favorite location for foreign investments because of its stable political climate, the Oduber government hopes to exercise greater controls over such investments to prevent foreign domination of the economy.

A major problem facing Costa Rica is the skyrocketing price of imported oil.

The Future: Costa Rica, with the strongest democratic tradition, is fortunate compared to its neighbors. The people are generally more prosperous and better educated. The major problem will be finding a means to keep pace with a rapid population growth.

THE SOCIALIST REPUBLIC OF CUBA



Area: 44,217 square miles; with the Isle of Pines, 45,397 square miles.
Population: 8.67 million (projected).
Capital City: Havana (Pop. 1.33 million (projected).
Climate: Tropical, with little daily or seasonal change. Cuba is buffeted by occasional tropical hurricanes from July to October.
Neighboring Countries: Cuba is an island, the largest and most westerly of the Greater Antilles Islands, lying 90 miles south of Florida and separated from Hispaniola by 40 miles.
Official Language: Spanish.
Principal Religion: Roman Catholic Christianity.
Ethnic Background: The majority of Cubans are *mestizo*, a blend of Spanish European, African and Indian ancestry. It is not unusual to see persons of predominantly black African ancestry on the island, who have totally adopted Hispanic culture and tradition as modified by passing decades and centuries on the island.
Chief Commercial Products: Sugar, minerals and tobacco.
Currency: Peso. According to Cuba, 1 P=$1.00 U.S., but this currency is not traded with the dollar.
Former Colonial Status: Spanish Crown Colony (1492-1898).
Independence Date: May 20, 1902. (Spanish rule ended on December 10, 1898).
Chief of State: Fidel Castro, President.
National Flag: Three blue and two white horizontal stripes; a white star in a red triangle at the staff.

Cuba, an island 745 miles long and not over 90 miles wide at any point, lies east and west across the Gulf of Mexico 90 miles south of Key West, Florida. Cuba is gifted with moderate temperatures, adequate rainfall and excellent soils. While the general impression of Cuba is one of rolling hills, it is in fact quite mountainous in parts. To the west of Havana is the Sierra de los Organos, with elevations to 2,500 feet; toward the center of the island are the Trinidad Mountains rising to 3,700 feet; in the east the Sierra Maestra has peaks reaching 6,500 feet. About one-sixth of the land is forested. The rough, stony headlands east of Guantanamo Bay are semi-arid and the source of copper, nickle, chrome and iron ores.

History: Cuba was discovered by Columbus in 1492 and, except for a brief period of British occupation (1762-1763), remained in Spanish possession until granted independence on December 10, 1898. It was conquered by Diego Velásquez, who founded Havana in 1511, and completed the occupation over a period of two years. Velásquez's reputation and the legends of wealth attracted many immigrants to the islands, but as it was soon realized that the wealth lay on the mainland, not Cuba, the island was relegated to the role of a staging base for the Spanish exploration and conquest of Central America and the Caribbean coast. Cuba continued in this role throughout the era of Spain's American Empire.

Serving as the seat of the colonial administration, as a naval base and transfer point for the wealth destined for the homeland, Cuba suffered from British, French and Dutch raids during the periods of Spain's European wars (1701-1762) and from pirates in the periods of peace, which occurred periodically during those years. Until the British occupation, Cuba was administered by military governors interested only in the strategic value of the island, while economic and social development was neglected. Following the return to Spanish control in 1763 competant civil administrators were appointed and an effort was made to develop the island's economy. From the 1790's to 1813, Spanish and French families were transferred from Hispaniola to Cuba and the formerly neglected plantations reached a high level of productivity.

During the wars for Latin American independence (1810-1821), Cuba was virtually autonomous. In 1818 it was permitted to trade freely in the world markets, a privilege not granted to other Spanish colonies. The autonomy enjoyed by Cuba, rather than strengthening the ties to Spain, fostered ambitions for freedom. Spain's domination of the seas and the presence of troops bound for or returning from the fighting in Central and South America kept Cuba from joining in the general movement which freed Spain's other American colonies.

In 1823, a serious bid for freedom was quelled by the Spanish governor, who was given absolute power to deal with the rebellion. At this time, the Negro population exceeded the White. There were several Negro uprisings which were severely suppressed. The harshness of the Spanish reaction was such that gradually the Negroes were joined by *Creoles*, Cubans born of Spanish ori-

gin, in an effort to oust the Spanish. From 1826 until 1898, Cuban history was an endless tale of revolt and executions. A rebellion led by José Martí, a philosopher and writer (and the national hero of Cuba), together with Máximo Gómez, erupted in 1895 and attracted general sympathy in the United States. The sinking of the United States battleship *Maine* in Havana harbor on February 15, 1898 was made the pretext for the United States' declaration of war with Spain. This short-lived conflict destroyed the Spanish fleet, forcing the island garrison to surrender. In a peace treaty signed in December 1898, Cuba became independent; the United States acquired naval bases, including the now-disputed Guantanamo Bay, and the treaty provided that the United States would have the "right" to intervene in the event of Cuban disorder.

The government was turned over to Tomás Estrada Palma on May 20, 1902, but the island was seized by the United States in 1906 after there was a breakdown of law and order. During the following decades there were similar exercises of the "right" of intervention. The period of treaty relations between Cuba and the United States was one of mutual distrust, impatience and turbulence.

Under U.S. influence, democratic forms of government were introduced which had no foundation upon which to survive or grow. The economy of Cuba was modernized. With tedious regularity, the government of the island became corrupt, and the economy gradually fell into the hands of U.S. interests.

It was not until 1934 that the United States abandoned its policy of intervention in Cuba. A state of near-anarchy resulted when the United States refused to recognize the regime of Ramón Grau San Martín which had seized control after a period of political turmoil. This set the stage for the eventual dictatorship of Fulgencio Batista y Zaldívar. Leading a revolt of sergeants in 1933, Batista emerged as the power behind the scene which determined the governments of Cuba. Until 1940 he ruled through a series of puppets and then assumed the presidency in person.

He later relinquished the presidency to Ramón Grau San Martín and in 1948 he remained aloof as Carlos Prio Socarrás was elected president. The experience of Cuba with these two regimes led many responsible people to feel that only Batista could control the graft and stealing that were rampant in the government. Batista engineered a plot in 1952, exiling Prio Socarrás and then seized the presidency, which he retained until the last day of 1958, when he fled the island.

Batista gradually changed between 1934 and 1958—at first he appeared to be a defender of the poor and laboring classes. In his later years in power he was an active promotor of gambling and prostitution interests which were dominated by the U.S.

Until 1944, Batista gave the island better administration than it had known since independence from Spain. Public works, roads and schools were built and higher sugar prices kept the treasury filled. Although graft and corruption were not eliminated, they were limited to Batista and a small group of his former comrades-in-arms.

His return to power in 1952 was as a ruthless dictator. He dissolved the Congress, censored the press and got rid of his opposition by use of the police and army. On the surface, Cuba appeared to be a somewhat calm vacation paradise and gambling playground for thousands of people fleeing the cold winters of the United States.

Resistance to Batista's harsh rule developed quickly, particularly among university students. Scattered attacks were made against army posts and even the presidential palace. In 1953 Fidel Castro, then a young law student, led a group of 165 youths in an assault on the Moncada Army Barracks in Santiago. The attack failed and half the group was killed. Although Castro managed to escape, he later surrendered to the authorities to prevent further bloodshed after Batista had ordered ruthless reprisals against suspected enemies of his regime. The following year Castro and other political prisoners were pardoned and sent into exile; Castro went to Mexico, where he organized a small invasion force to renew the struggle against Batista.

Drawing his support from students and the educated urban class, Castro established his insurgent force in the mountains of Cuba, where they survived sustained efforts by Batista to dislodge them. As the guerrillas gained strength, the police and army became less enthusiastic about Batista. Popular opposition to the dictator swelled despite his savage reprisals. As the turmoil became widespread, Batista suddenly fled the island in the early morning of New Years Day 1959. The city of Havana gave Castro and his *barbudos* (bearded ones) a hero's welcome and applauded his installation of Dr. Manuel Urrutia Lleó as provisional president.

Urrutia resigned six months later, accusing Castro of being part of a communist plot to control Cuba. Castro then installed Dr. Oswaldo Dorticos Torrado as president. Dramatically announcing that he indeed was a Marxist-Leninist, Castro immediately embarked on a program to communize Cuba. Land was seized and collective farms were established in the place of large estates which had been owned, in many cases, by absent landlords. Key industries, including those controlled by U.S. investments totalling some $1.8 billion were confiscated. At the same time, all political opposition to Castro was ruthlessly suppressed. Military tribunals, mass trials and the firing squad became the symbols of the new regime. More than 1,000 persons were executed during the first months that Castro was in power.

Shocked by what they regarded as the excesses of the Castro regime, thousands of Cubans, particularly from the middle and upper classes, including skilled artisans, began to flee the island. Today, there are more than 850,000 exiles living in the United States; many others have taken up residence in Europe and Latin America.

The United States reacted strongly against the Castro regime, breaking diplomatic relations in January 1961 and soon afterwards imposing a virtual trade embargo against Cuba. Faced with a bankrupt treasury and an end to vital sugar sales to the United States, Castro turned increasingly to the Soviet Union for financial assistance and military protection.

Cuba was invaded in April 1961 at the Bay of Pigs by a force of 1,400 Cuban exiles trained in Central American with U.S. aid. The plan, formulated during the Eisenhower administration in its final months of office and carried out shortly after President Kennedy's inauguration, failed miserably. Two basic reasons accounted for the disaster: popular support for the invasion force within Cuba did not materialize and the U.S. and the U.S. refused to provide vitally needed air support.

Although the Castro government easily defeated the exile invasion, it was able to survive its first decade in power only with massive Soviet aid, which by the mid-1960's amounted to about $1 million a day. Moscow's attempts to arm Cuba with missiles capable of reaching the United States was decisively rebuffed in October 1962 when the United States moved to set up a naval blockade around the island. Having been forced to dismantle and remove the offensive missiles, Moscow went ahead with plans to make Cuba an important Soviet military outpost in the

Western Hemisphere. A modern Soviet naval base was built at Cienfuegos and Cuban armed forces were supplied with Soviet equipment. In addition, some 5,000 Russian technicians and advisors have been and are stationed on the island.

The Soviet Union now provides 60% of Cuba's imports and buys most of the sugar exports from the island. Close financial ties with Moscow were somewhat reduced after 1972 when Cuba gained membership in COMECON, the Eastern European trading circle. Cuba's financial debt to the Soviet Union totals about $5 billion (excluding military aid) and is repayable over a period of 25 years at low interest.

By 1975 the Castro regime entered the "consolidation" phase of the revolution—opponents of the government had largely been eliminated and foreign diplomats on the island estimated that the Castro regime enjoys the support of at least 70% of the people. Fears of another U.S.-supported invasion dimmed and continued long-term Soviet financial assistance seemed assured. The economy is now more diversified as a result of careful economic planning which replaced the somewhat irresponsible experimentation of the early Castro years.

To its credit, the Castro government can boast a list of achievements many of which are unmatched by any other country in Latin America:

Hunger and malnutrition, so prevalent throughout Latin America, has virtually been eliminated. Cuban cities are largely free of beggars and sidewalk vendors who fill the streets of most Latin American cities. Cuban athletes outscored all other Latin American teams at both the Pan American games in Mexico City in October 1975 and at the Olympics in Montreal in July 1976—a feat which the Cubans attributed to the improved diet on the island.

Slums have almost been wiped out; this program has been both successful and popular.

Medical services are free and available to everyone. There are about 1,000 medical graduates each year. Dispersed throughout the island, they have established the lowest doctor-patient ratio in Latin America.

Polio, malaria and infant mortality the first two are gone, the third is the lowest in the hemisphere according to official statistics.

Living standards are largely uniform at least on the surface. The leadership is well cared for.

The crime rate is about half that of the Batista years. Prostitution, a major industry which was quite visible before the revolution, has virtually ended.

Racism is almost nonexistent. Similarly, there are equal rights (and responsibilities) for men and women.

Illiteracy has been virtually wiped out. The regime wants people to be able to read its propaganda.

Urbanization has been largely halted by a program to develop rural areas.

Unemployment is nonexistent. There is a shortage of workers, even though more than a half million women have joined the work force.

The other side of the coin is not so pleasant:

Political opposition—not tolerated.

Prisons, concentration and work compounds—said to contain 50,000 political opponents until 1975, when Castro decreed a general amnesty for those persons who had been "re-educated" in Marxism. Nevertheless, it is estimated that 5,000 political prisoners languish in jails, suffering from "cruel, inhuman and degrading treatment."

Secret police—everywhere. A "dossier" is kept on everyone.

Rules and regulations—they literally smother the nation. Cuban lifestyles tend to be dull. There is no room for personal initiative or creativity.

The media and arts—closely reflect the party line with dull tediousness bordering on unreality.

Waiting lines—called *colas*, are widespread. Standard foodstuffs are available but processed foods and variety are almost unknown to anyone but the leadership.

More recently there have been signs that the Castro government has been moving away from rigid communism and is adopting more practical political and economic policies. The Cubans now prefer to increase trade than to export revolution. At home, the regime has virtually abandoned its "moral incentives of the communist ethic" in favor of the material incentives of private enterprise. As a result, economic output has risen—thanks to higher wages and material benefits such as luxury goods, the availability of which is tied to increased productivity.

Also abandoned has been Cuba's dream of becoming a highly industrialized state, largely because the island lacks the necessary raw materials (iron, bauxite, etc.) and power (oil and coal). Government planners now emphasize the one sector of the economy in which Cuba enjoys a comparative advantage: agriculture. Special attention is given to sugar, which provides up to 85% of the nation's foreign income. Production is being automated, so that in 1974 only 180,000 workers were needed to produce the same amount of sugar that required 450,000 workers in 1959. In all areas of the economy, the unplanned approach so common in the 1960's has been replaced by more systematic planning for long-range development.

The present five-year plan (1975-1980) calls for further industrial expansion and a small increase in consumer goods. Following the trend in other COMECON countries, each factory will be given greater control over its activities. All investments will now be evaluated on their ability to show a profit; inefficient production lines will be closed. The plan also calls for a reduction in government "red tape."

The tremendous jump in world sugar prices produced windfall profits in 1974-1975 of about $4 billion, giving Cuba its first trade surplus since the advent of Castro. In the past, dependence on sugar exports was criticized; the crop is now glorified as the product which allows Cuba to do business with industrialized nations. Since 1974 agreements for trade have been made with Britain, France, West Germany, Argentina, Japan and Canada.

Since Cuba has all but abandoned earlier efforts to export communism to other Latin American nations, relations with many of them have improved considerably. There were even signs of better relations with the United States, but the "thaw" was sidetracked when Cuba sent troops to assist in the Soviet-backed revolution in Angola. Castro's tirades against the Organization of American States have been toned down; in response, that organization voted in July 1976 to lift 11-year-old economic and political sanctions against Cuba. It appears uninterested in rejoining the OAS as long as the membership includes the U.S.

Castro seems to have mellowed with age. Although occasionally he reverts to wild rhetoric (he spoke for 11 hours before the Cuban Communist Party Congress in late 1975), his speeches tend to be much shorter and some of them are even written in advance.

Cuba's administrative and political framework has been extensively modified since 1974, when trial municipal elections were held in some parts of the island. A new constitution was approved in February 1976 by 97.7% of the voters. The new charter divides the country into 15 provinces (compared to six before the revolution).

Nationwide elections were held in October 1976, when 95% of all eligible

voters selected 10,725 delegates to 169 municipal assemblies in the newly created 15 provinces. These municipal groups then chose delegates to the provincial assemblies and to the National Assembly. The national legislative group, composed on 481 deputies, then selected 31 members to the all-powerful Council of State. Fidel Castro was elected president of the Council in December 1976, replacing Oswaldo Dorticos Torrado, who was chief of state under the old system, Castro will also retain his title as Head of Government and First Secretary of the Communist Party.

Culture: A deeply-rooted African influence, reflected in the songs and dances for which Cuba is famous, is modified by the somewhat formal customs and traditions of the Spanish-European conquerors of colonial Cuba. The melding of the Spanish-Christian with the African pagan customs has produced in Cuba a distinctive cultural pattern of its own. Cuba is largely Roman Catholic, but the government has seized most church property. A thaw in church-state relations is underway at the present time.

Historically, Cuban culture has been twofold: the urbane, educated and sophisticated society of Havana and the impoverished lives of the rural peasants. The goal of the present government is to create a new, single culture in which no man has materialistic rewards—at least, not very many.

Economy: The Spanish regime neglected Cuba throughout the colonial period. At the time of independence, less than 5% of the arable land was under cultivation, and the ranges supported small numbers of poor cattle. The "right" to intervene attracted large United States investments in roads, railroads, sugar and cattle—agricultural production rose, cattle-raising and mining brought increased revenues to the island, but added little to the net earnings of the Cuban economy.

The economy is still based on agriculture and the export of sugar, for which the soils and climate are particularly suited, but the market has changed with the advent of communism and when prices declined. Cuba's other resources—forests, minerals and its geographic location favors some industrialization, but there is only a very limited base for heavy industry.

In the years immediately following the 1959 revolution, economic planners sought to industrialize the nation at the expense of agriculture. The plan was a disaster —industrialization fell short of production goals and essential farm output plummeted.

Since 1970 the Castro regime has planned more realistically and has paid greater attention to agriculture. Mechanization of production is now freeing workers for other jobs. To reduce an acute labor shortage, anti-loafing laws are enforced and women are recruited for jobs formerly held only by men. To relieve shortages of housing and fresh vegetables, workers are urged to build their own houses and plan a home garden. Private farmers, who own 25% of the farmland used mainly for coffee and tobacco farming, escaped nationalization. However, the government now hopes to eliminate these private holdings and combine them into cooperatives.

Sugar continues to be the cornerstone of the economy. Presently, the Soviet Union purchases two-thirds of the annual crop at a fixed price of 30 cents a pound, which in mid-1977 is more than three times the current world price for sugar. The remaining sugar crop is then sold on the world market; it earned $600 million in 1976.

Partly because of low international sugar prices which dropped below the cost of production in Cuba in 1977, the economy has been in serious condition. In June 1977 farm output was sharply reduced because of both drought and floods in the eastern part of the island. Rationing of most consumer goods has been tightened once again. Because of an energy shortage, electrical blackouts have become more common and free phone service—one of the proud "achievements" of the Castro revolution—has been discontinued.

Since 1959 the economy has been kept afloat by massive Soviet aid which now totals an estimated $2.5 million a day. Not only does Moscow pay premium prices for Cuban sugar, it also charges only half the world price for oil supplied to Cuba. Perhaps because of its present economic problems, Cuba has recently been showing increased interest in renewed trade ties with France and the United States (See adjoining section on U.S.-Cuban relations).

The Future: The sudden drop in world sugar prices has put the Cuban economy in a tailspin. As a result, Cuba is seeking increased trade ties with the United States while at the same time trying not to antagonize its communist patron, the Soviet Union.

Cuba and the U.S.—an on-again-off-again relationship is now on again

American cigar smokers who crave those incomparable Havanas may be breathing more easily in the future. It appears that relations between the U.S. and Cuba are warming again.

Since the election of President Carter, the dialogue with Havana has improved dramatically. Both countries have changed considerably since 1961 when the United States came close to sending troops into Cuba during the missile crisis. For the next 14 years, ties between the two countries were nonexistent.

The first thaw came in 1973 when Washington and Havana signed an anti-hijacking accord. This was followed early in 1975 with secret diplomatic meetings. Those talks were abruptly ended, however, when Castro began dispatching thousands of troops to aid communist revolutionaries in Angola. President Ford called Castro an "international outlaw" in February 1976, declaring that Washington would not negotiate with Castro until Cuban troops were withdrawn from Africa. The mood grew even worse in October 1976 after a Cuban airliner was destroyed by a bomb off Barbados, killing all 73 passengers. Castro charged that the plane was sabotaged by Cuban exiles trained by the CIA. As a result, he threatened to renounce the 1973 anti-hijack pact.

The off-again relations between the two countries suddenly became on-again, however, after the U.S. presidential elections of 1976. President-elect Carter quickly made it known that he wanted improved ties with Cuba. During the first half of 1977, events have

shown that the two countries are moving toward some sort of accommodation.

The first key sign came in March, when Secretary of State Cyrus R. Vance announced that the U.S. was ready to begin diplomatic relations with Cuba "without preconditions." Thus, the proposition that no talks were possible until Cuban troops were out of Africa was rejected. During the same month, President Carter formally removed the last travel restriction against Cuba and for the first time since 1961 Americans could freely visit the island.

The chief U.S. representative at the United Nations, Andrew Young, said in April 1977 that Cuban troops brought "a certain stability and order" to Angola, a statement which infuriated many people. President Carter later said he agreed with Young and that the importance of Cuba's Angolan intervention had been downgraded.

During the same month, a U.S. diplomat visited Havana—the first to do so in 16 years; an accord was reached concerning fishing rights and maritime boundaries. A group of 52 businessmen from Minnesota went to Cuba—the largest U.S. trade delegation to visit the island since the 1959 revolution.

A cruise ship with 320 U.S. tourists left New York in May 1977 for Havana, the first time this had happened in more than a decade and a half. At the same time, the two countries agreed to stage boxing matches and Cuba made plans to invite U.S. baseball players to tour the island for exhibition games. Castro himself personally headed a welcoming party for 44 delegates from major U.S. firms seeking business ties with Cuba. Two airlines have petitioned for permission to begin regular air service to the island.

The most important breakthrough came in June, when the two countries agreed to exchange permanent diplomatic missions as of September 1. Each country will be represented by 10 delegates. Such a step is normally a prelude to the establishment of formal diplomatic ties.

As Castro's fear of U.S. military intervention into Cuba continues to diminish, it appears that his major motive for improved ties with the United States is largely a matter of economics. Castro wants U.S. dollars. On the other side of the fence, Washington has come to realize that after 17 years in power, Castro is something of a permanent fixture in Cuba. Thus, Washington ought to try to make the best of an otherwise unpleasant situation. In addition, improved relations between the two countries might help loosen Cuban ties with the Soviet Union.

One common interest which binds both countries is trade. Before Castro came to power, Cuba and the United States were major trading partners. Since 1961, however, the United States has unilaterally maintained a complete trade ban with Cuba. Economists in both countries would like to revive old trade ties. Officials in Washington estimate that the sales potential between the two neighbors is $750 million a year. An increasing number of large American firms have come to similar conclusions and are sending a steady stream of salesmen to Cuba. Once there, the visitors are given the "red carpet" treatment and are frequently personally greeted by Castro.

Some business deals have already been made. Metro-Goldwyn-Mayer has said that as soon as the trade embargo is lifted it hoped to start shooting part of a big-budget film in Cuba about the life of novelist Ernest Hemingway. This will be the first commercial movie to be shot there by a U.S. film company since the revolution.

If full trade does resume, Cuba appears to be most interested in auto parts (particularly for pre-1960 models), health equipment, medicines, farm machinery and computers. In exchange, the United States is likely to purchase Cuban sugar, cigars, rum, nickel, copper and seafood.

Another major factor is tourism. Should relations normalize between the two countries, Cuban officials believe that as many as 100,000 visitors will come to the island each year. This time around, however, North Americans are not likely to find a Carmen Miranda-type atmosphere in Cuba. Most of the glamour and romance of old Havana is gone. Today, the Cuban capital is sterile and drab; the lavish hotels of the 1940's and 1950's are now spartan, while the casinos and brothels have been banished. Reconstruction of tourist facilities will pose a difficult problem for Castro. The regime will be unsure whether or not to use scarce resources of the revolution to construct luxury hotels just for the benefit of North American visitors. Even if they decide to go ahead, there is still the problem of foreign exchange. Cuba has little hard cash with which to purchase U.S. products. And, since Cuba already owes its non-communist trading partners some $1.5 billion, it is unlikely that the U.S. business community will extend much credit to Havana.

Other more fundamental issues continue to divide the two nations:

1. *Human Rights* The Carter administration has made the issue of human rights a cornerstone of its foreign policy. Today, Cuba is still a police state, and the present administration cannot ignore the plight of political prisoners in Cuba. In a June 1977 interview with TV personality Barbara Walters, Castro estimated that the number of political prisoners ranges between 2,000 and 3,000. Outside estimates, including those of the U.S. government place the toal as high as 10,000. As a gesture of friendship, Castro said he would immediately release 10 of the 30 U.S. citizens then being held in Cuban jails, and he promised to review the cases of the other 20 prisoners. Nevertheless, until the Castro regime shows greater respect for the rights of its political opponents, the Carter administration may have a moral dilemma in dealing with Cuba while at the same time condemning Chile.

2. *Expropriated U.S. Property* Since coming to power in 1959, the Castro government has seized North American property now valued at $3.5 billion. It is likely that this issue will have to be resolved *before* relations with the Cuban regime can be normalized.

In addition, several other hurdles must be overcome. There exists considerable Congressional opposition to any accommodation with Cuba. In mid-1977 the House of Representatives specifically amended a foreign aid bill to deny any assistance to Cuba—a gesture aimed as much at the White House as it was against Havana. Members of Congress are especially alarmed at Cuban activities in Angola, Ethiopia, former Spanish Sahara and Soviet activity in Cuba itself.

Anti-Castro terrorist organizations might seek reprisals against U.S. firms trading with Havana. Already, one small airline and a cruise ship firm were forced to suspend trips to Cuba after they received bomb threats from Cuban exiles. The problem is particularly acute in the Miami area, where there are tens of thousands of exiles, previously trained in terrorist tactics by the CIA who may be difficult to control.

Despite the numerous problems which must be solved, both countries seem to be pushing toward an eventual normalization of ties. At least one group of North Americans will be closely watching the situation—cigar smokers. Politics may be politics, but a Havana cigar? . . . that's a real smoke!

THE DOMINICAN REPUBLIC

Area: 18,811 square miles.
Population: 4.97 million (projected).
Capital City: Santo Domingo (Pop. 1.2 million, projected).
Climate: Tropical, tempered by sea breezes; moderate rainfall is heaviest from April to December.
Neighboring Countries: The Dominican Republic occupies the eastern two-thirds of the island of Hispaniola, the second largest of the Greater Antilles; the Republic of Haiti occupies the western one-third of the island.
Official Language: Spanish.
Other Principal Tongues: There are small French and English-speaking groups.
Ethnic Background: Mixed European, African and Indian origin 68%; White 21%, Negro 11% (figures are approximate).
Principal Religion: Roman Catholic Christianity.
Chief Commercial Products: Sugar, coffee, cacao, nickel.
Currency: Peso (PD $1.00=$1.00 U.S.).
Former Colonial Status: Spanish Crown Colony (1492-1795); French Possession (1795-1808); Spanish Control (1808-1821); occupied by Haiti - (1822-1844).
Independence Date: February 27, 1844.
Chief of State: Joaquin Balaguer, President.
National Flag: Blue and red, quartered by a white cross.

The Dominican Republic occupies the eastern two-thirds of the island of Hispaniola, also known by its Indian name, *Hayti*, which means *place of mountains*. Majestically cresting at ten thousand feet in the center of the island, mountain spurs run south to the Caribbean Sea and to the east, dropping to rolling hills before reaching the coast. A separate range, with peaks reaching four thousand feet, runs along the north coast of the Dominican Republic. The Cibao Valley, lying between the central range and north coast hills, and the southern coastal plains are the most productive agricultural lands of the island and the most heavily populated regions. The slopes of the mountains, green throughout the year, are forested and well-watered and are the locale of most of the country's coffee production.

The climate, while tropical, is moderated by invigorating sea breezes. During the dry season, December to March, the trade winds cool the air, making the southern coast beaches a major tourist attraction.

History: The island of Hispaniola was discovered by Columbus on his first voyage and selected as the site for his first colonization effort. The city of Santo Domingo, founded in 1496, is the oldest European-established city in the Americas. The native Indians were described as peaceful by Columbus and were absorbed into the Spanish population; they became virtually extinct as a race within thirty years of the Spanish discovery. Slaves from Africa were introduced in the 1520's. The discovery of more valuable domains on the mainland and the exhaustion of gold deposits on the island caused the Spanish to lose interest in Hispaniola at an early date after it was settled by them.

The island was frequently attacked by pirates and privateers—Santo Domingo was held for ransom by the English privateer, Sir Francis Drake, in 1585. Buccaneers took the western part of the island in 1630, and French settlers arrived shortly thereafter. The western portion of Hispaniola was ceded to France in 1697. With the outbreak of the French Revolution in 1789, a series of rebellions occurred on the island. The French section of the island, Haiti, was overrun by British and Spanish forces in 1791; they were expelled by the French in the same year and France was given possession of the entire island by treaty in 1795. Returned to Spain in 1806, the Spanish-speaking Dominicans declared themselves independent in 1821, but were conquered by the nieghboring Haitians in the following year, and did not achieve final independence until 1844.

The independent history of the Dominican Republic has been a continuation of internal war, foreign intervention and misrule. From 1844 to 1861, the country was governed by a succession

of military men who were put in office by various factions of the island's upper class. Constant unrest and invasions from Haiti caused General Pedro Santana to invite the Spanish to return in 1861; however, the Spanish discipline was no more welcome than it had been earlier, and the Spaniards were again ousted in 1865. The second republic was as restless as the first, and the government passed from one dictator to another in an unbroken series of corrupt administrations which had little or no governing ability.

By 1905, the Dominican Republic was largely bankrupt and threatened with occupation by European powers seeking to collect bad debts; the United States intervened under a fifty-year treaty to administer the island's finances. There were more or less continuous revolts—in 1914 the United States landed Marines to bolster the government; nevertheless, the president was ousted in 1916. From 1916 to 1922, the country was administered by the U.S. Navy.

A provisional government was reestablished in 1922 and in 1924 U.S. troops were withdrawn. It soon became apparent that the Dominicans' political habits had not been changed by the six years of military occupation; following a reasonably effective administration, revolt again broke out in 1930. General Rafael Leonidas Trujillo Molina, commandant of the military, seized power and brought a semblance of order to the country.

The era of Trujillo provided a thirty-one year respite in a long history of violence and dissension. Ruthlessly suppressing all opposition, Trujillo dominated the island as its absolute ruler. Tyrannical as his rule was, no other dictator in Latin America approached his material benefits.

In 1930 he assumed control of a nation which had never known anything but lawlessness, banditry, bankruptcy and foreign intervention. With the treasury empty, the people poverty-stricken, the capital city destroyed by a hurricane and foreign debts almost three times the total annual income, Trujillo took on the herculean task of rebuilding his country. Twenty years later, internal and foreign debts had been paid; the national income had multiplied to forty times the level of 1930 and the nation had a balanced budget for most of the period.

Schools, roads and numerous public buildings were constructed during the Trujillo years. "El Benefactor" also built a huge personal fortune, valued at an estimated $800 million and comprising 60% of all land in the nation. The cost of his rule was the total loss of personal liberty for the Dominican people, who were held in check by Trujillo's efficient and merciless secret police force. Trujillo's assassination on May 31, 1961 ended an era of one of Latin America's most brutal dictatorships. Attempts by his son to retain control of the country were unsuccessful and the family fled the island in November 1961.

Joaquín Balaguer, titular president at the time of the assassination, was able to maintain a semblance of order after the flight of the Trujillo family by promising to step down when provisions for elections could be made. Balaguer was overthrown by a military *coup* in early 1962 and a few days later, a counter-*coup* installed Rafael Bonnelly, who had been vice-president under Balaguer. The first experiment in democratic government was undertaken in late 1962; Juan Bosch was chosen president in honest elections and was inaugurated with feelings of optimism in early 1963. Honest, well intentioned but politically inexperienced, he was overthown by a military *coup* six months later as he attempted to limit the power of the armed forces.

The new regime was soon dominated by Donald Reid Cabral, a former car salesman. But in April 1965, a civil war erupted when dissident elements in the armed forces sought to return Juan Bosch to office. As the toll in human lives quickly mounted (an estimated 2,000 were killed), fearing the imminent defeat of the conservative faction and creation of a new Castro-style government, the United States intervened with 22,000 combat troops.

Following considerable debate, the Organization of American States agreed to send in additional troops and take over the task of preserving order and conducting elections. Nevertheless, the fact that the U.S. intervened unilaterally—in apparent violation of existing inter-American agreements—caused widespread discontent among Latin American diplomats.

Carefully supervised by the OAS, free elections were held in mid-1966 and Joaquín Balaguer, supported by a centrist coalition, won the presidency. He has followed a moderate economic policy, satisfying few of the demands of the warring factions. The U.S. intervention solved none of the social or economic problems—it merely postponed the day when these questions will be resolved.

After amending the constitution so that he could succeed himself, President Balaguer was reelected to a second term in May 1970. Unable to unite, the rival candidates provided only token resistance. Ex-President Juan Bosch, the most formidable opponent, boycotted the elections because he felt the military would veto his liberal policies.

Under Balaguer's astute attention, the economy achieved the most spectacular growth of any Latin American nation. Indeed, the gross national product rose by an impressive 12.5% in 1972-1973—the world's highest rate in those years. Virtually every key sector of the economy set records in 1973, particularly agriculture, tourism and mining. Pacing the growth was the nation's revitalized sugar industry, where workers responded to a profit-sharing plan by increasing output.

A significant factor in the nation's economic boom has been the political stability enforced by soft-spoken, 63-year-old President Balaguer. The president's conservative *Reformist Party* pursues a policy it calls *continuismo*, which in translation means a strong emphasis on law and order and economic development. To achieve political stability, opposition parties often receive heavy-handed treatment. Balaguer has filled many government posts with former supporters of Trujillo. The all-important loyalty of the armed forces has been obtained by granting the military special privileges.

During 1971 the administration was linked to a right-wing vigilante group called "The Gang," which terrorized and murdered several hundred suspected and real leftists. When a tiny group of 10 Cuban-trained guerrillas entered the country in early 1973, they were quickly eliminated by the efficient Dominican forces. Balaguer then used the occasion to polish off the rest of his opposition: 1,400 political opponents were jailed; the univeristy was closed and opposition newspapers and media were seized. Major political leaders were forced into hiding or exile.

The repression of political opponents set the stage for the May 1974 presidential elections. Although the opposition was divided among about 20 small parties, the two major groups (one liberal, the other conservative) formed a coalition and nominated Silvestre Antonio Guzmán Fernández, a wealthy cattle rancher.

Although Balaguer was at first regarded as a shoo-in for reelection despite his promise during the 1970 campaign to seek a constitutional change banning the reelection of presidents, a sudden ground-swell of support for Guzmán clearly alarmed the administration. When a new voting rule was hurriedly put into effect by Balaguer, the opposi-

tion responded by boycotting the election, charging that the new rules would permit administration supporters to vote more than once.

Balaguer's candidacy was openly aided by warm support of the armed forces, which freely decorated barracks and equipment with Balaguer campaign posters; big business provided generous funds to the administration. The government's controversial election policies led to violence—at least 21 persons were killed in skirmishes during the final six weeks of the campaign.

With the main opposition boycotting the election, Balaguer coasted to an easy victory, his only opposition being retired Rear Admiral Luis Homero Lajara Burgos, who represented the small *Popular Democratic Party*. Official returns gave Balaguer 942,726 votes and Lajara Burgos 170,693. This was a hollow victory, however, since about 800,000 voters either stayed away from the polls or cast blank ballots. Normally, such absenteeism accounts for about 250,000 voters.

Major problems facing Balaguer at the start of his third term were inflation, which had reached an annual rate of 20% by mid-1974, and high unemployment. A more fundamental problem was the fact that although the Dominican Republic was enjoying the most prosperous period in its history, the benefits of the boom were confined largely to the upper class, while fully 80% of the people remained trapped in poverty. The annual per capita income hovers at $360 while the population growth is increasing at a dangerous 3.6% a year.

The systematic political repression under Balaguer has also generated open conflict. Widespread demonstrations against the government erupted in March 1973 when right-wing terrorists killed a popular liberal journalist who had criticized government corruption and repression. Many felt the government had reactivated *La Banda*, a notorious death squad, to silence critics of the regime.

Terrorists from the leftist *12th of January Movement* seized seven hostages in the Venezuelan consulate to obtain the release of 37 political prisoners in late 1974. Small guerrilla units surfaced from time to time, but they have been quickly wiped out by the military. Despite these problems, Balaguer's grip on national politics remains unchallenged—thanks mainly to the sustained economic boom.

The government in February 1977 ordered the arrest of José Francisco Peña Gomez, head of the main opposition *Dominican Revolutionary Party*. The government charges that Peña had made insulting remarks against the armed forces. Peña insisted that the charges were "trumped up" and constituted another example of Balaguer's efforts to stifle the opposition. In March, the government was forced to use troops to end a violent student demonstration against Balaguer at the University of Santo Domingo.

Culture: The people of the Dominican Republic are a mixture of European, African and Indian derivation, descendants of the Spanish and French colonial conquerors, the African slaves and the native Indians. Inter-marriage has blended the characteristics of each element into a single people. There have been few modern immigrants to the country and the political turmoil which has persisted for more than 150 years has tended to blur racial and social class distinctions.

The Roman Catholic sect and the predominantly Spanish cultural traditions are also a source of unity in the Dominican Republic has produced many writers of merit—their work is in the European tradition, with little to reflect the African and Indian origins of their ancestors.

The folk music of the country is as colorful as the dress of the people; the Spanish tradition predominates, with heavy overtones of Indian and African exotic rhythms. There are, however, several remote communities where the primary cultural expressions are of African origin, passed down through many generations.

The educational systems of the Dominican Republic have not progressed as rapidly as those of other nations of Latin America. Plagued with a shortage of trained teachers, the country has been unable to raise the relatively low rate of literacy of its people, particularly in the rural areas.

Economy: The Dominican economy is based on agriculture, with sugar being the main cash crop. An aggressive government program to place unused farmland into production has increased the output of other cash products such as meat, coffee, tobacco and cacao.

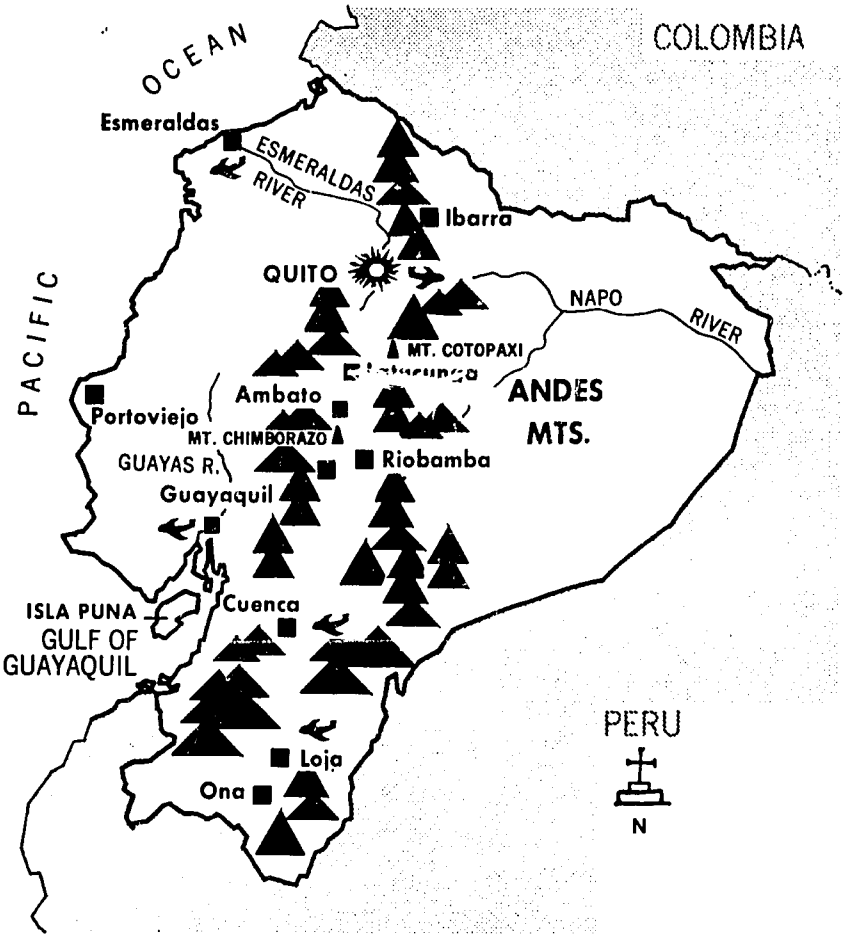
Thanks to an ambitious irrigation program centering around a four-dam system on the Nizao River, some farm regions are now producing up to three crops a year in contrast to a single crop in previous years; however, tourism will become the nation's leading industry. New hotels and tourist facilities have been springing up throughout the nation.

Also gaining in importance is the nation's mining industry. A Canadian-based consortium has started exporting Dominican ferro-nickel ingots worth $75 million a year; other important exports include bauxite, salt and gypsum. Production of gold and silver has begun at newly-developed mines. Three huge new oil refineries have also boosted the economy. Intensive efforts are being made to increase the output from the nation's own small oil fields. The Dominican Republic continues to attract record amounts of investment, partly because of the comparatively stable (at least on the surface) political conditions enforced by the government and party due to the low 25 cents-per-hour minimum wage.

Although the Dominican Republic has enjoyed the highest gross national product growth rate of any nation during the past years, the economy has softened since September 1975 when a six-month drought caused the worst famine in rural areas in the past 50 years. In addition, a major decline in the all-important sugar export prices caused the government in March 1976 to consider the stockpiling of part of the crop until prices rise. With the economic downturn, the government also ordered a wage freeze and a cut in government spending.

The Future: With the generally solid backing of the armed forces and the conservative business community, President Balaguer continues his rigid control over the government. Despite temporary economic upswings, inflationary pressures on low-paid workers could spell problems for his government. The army will continue to be the last voice in government; without its support, Balaguer will fall.

THE REPUBLIC OF ECUADOR



Area: 104,479 square miles.
Population: 6.23 million (projected).
Capital City: Quito (Pop. 510,000, projected).
Climate: The eastern lowlands are hot and wet; the coastal plains receive seasonally heavy rainfall; the highland climate becomes increasingly temperate with altitude.
Neighboring Countries: Colombia (North); Peru (East and South).
Official Language: Spanish.
Other Principal Tongues: Quechua and Jívaro.
Ethnic Background: Predominantly Indian, with small groups of European and African origin.
Principal Religion: Roman Catholic Christianity.
Chief Commercial Products: Petroleum, bananas and coffee.
Currency: Sucre (S 25=$1.00 U.S.).
Former Colonial Status: Spanish Crown Colony (1532-1821); a state of *Gran Colombia* (1822-1830).
Independence Date: May 13, 1830.
Chief of State: General Guillermo Durán Arcentales, apparent head of a three-man military junta.
National Flag: Red, blue and two yellow horizontal stripes.

Due to disputes with Peru over boundaries and territorial losses in the 1942 settlement of a war with Peru, no definite statement of Ecuador's area can be given with certainty. It has three distinct zones: the vast Andean highland, with lofty, snow-capped peaks and green valleys; the narrow coastal plain between the Andes and the Pacific, from 50 to 100 miles wide; and the *Oriente* (East), consisting of tropical jungles in the upper Amazon Basin. The high mountain valleys have a temperate climate, rich soils and moderate rainfall suitable for dairy farming and the production of cereals and vegetables. The Pacific coastal plains are tropical and devoted to plantation farming of bananas, cotton, sugar and cocoa. The *Oriente* is more than one-third of the agricultural land of Ecuador and is a thick virgin forest and jungle containing valuable timber, although much of it cannot be transported to market at a profit.

History: Shortly before Spanish penetration of Ecuador, the ancient Inca Empire had been united under a single chief, Huayna Cápac, in 1526. Francisco Pizarro, the Spanish *conquistador*, touched along the coastline in 1528, at about the time Cápac died.

After returning temporarily to Spain, Pizarro came back to Ecuador with a larger force, seeking the treasures he believed were in the interior. Huayna Cápac had divided his empire between two sons—Huáscar, who ruled the Cuzco area, and Atahualpa, who reigned over Quito.

The two half-brothers had weakened the Incas by engaging in a war of supremacy which was won by Atahualpa in the chief's mountain retreat of Cajamarca, 500 miles south of Quito.

After holding him for a huge ransom of gold and silver, Pizarro executed Atahualpa and mercilessly started the suppression of the Incas.

The invasion of Ecuador followed the pattern of other Spanish conquests. As the Incas and their subject tribes were defeated, the land was awarded in large grants to the successful leaders; the Indians were enslaved to work the estates and the Spaniards built strategically located cities to administer the territory. The low, unhealthy coastal plains had been shunned by the Incas, who lived in the temperate highland valleys. The Spanish followed the same pattern, building their cities of Quito, Ona, Cuenca and Loja above the 5,000 foot level.

ECUADOR

The Spanish made little effort to improve the port of Guayaquil or to farm its valley, leaving the fever-ridden region to later arrivals and outcasts from the highlands. Thus, the colonial period continued a regionalism well established in the Inca period and which still divides the highlander from the coastal dweller.

Spanish rule was not challenged for several harsh, uneventful centuries. Antonio José de Sucre, a brilliant military leader under Simón Bolívar in the wars for independence in northern Latin America, led a force into Ecuador in 1821, and decisively defeated the Spanish forces at the battle of Mount Pinchincha, close to Quito.

The Republic of Gran Colombia, under President Simón Bolívar, united Ecuador with neighboring Colombia and Venezuela from 1822 to 1830. This union dissolved when Ecuador and Venezuela withdrew; Bolívar died at the age of forty-seven shortly thereafter.

Ecuador's history as an independent state has been an alternating swing from near anarchy under weak governments to the enforced peace established by dictators. The first president of Ecuador, Juan José Flores, a brave soldier but an indifferent governor, appealed to the conservatives in Quito and aroused the opposition of the liberals in Guayaquil. However, he worked out a scheme to alternate as president with Vincente Rocafuerte, a Guayaquil liberal—a device which remained in effect until 1845.

From 1845 until 1860, Ecuador had eleven changes of administration, most of which carried the *Liberal Party* label; there were three constitutions and sporadic civil wars as well as border wars with Peru and Colombia. By 1860 there was little semblance of a central government—local strongmen ruled the communities with the support of their gunmen. Popular opposition to the cession of Guayaquil and the southern provinces to Peru in 1860 brought Gabriel García Moreno to power. A Guayaquil intellectual and religious man, he established a conservative Catholic theocratic dictatorship which lasted until his assassination in 1875. García Moreno, best known for his religious fanaticism, did more for the unification of the country and for its economic and cultural development than any other 19th century leader.

For twenty years following García's death, Ecuador returned to civil war, anarchy, banditry and economic deterioration. Conservatives regularly won the elections and were regularly ousted by liberals from Guayaquil until the revolution of 1895 brought Eloy Alfaro and the *Radical Party* to power. Alfaro's successes, initiated fifty years of liberal rule for Ecuador, highlighted by three more constitutions, the passage of twenty-eight presidents and uninterrupted political, social and economic crises. While the power of the conservatives and the Church were curtailed, the liberal promises of free elections and honest government have had little meaning—the notable exceptions being the regimes of Leonidas Plaza Gutierrez (1901-1905 and 1912-1916) and Galo Plaza Lasso (1948-1952), whose honest administrations brought a measure of economic and social progress. Galo Plaza Lasso was installed as Secretary General of the Organization of American States in the spring of 1968.

From 1952 to 1963, conservatives alternated in power with liberal José Maria Velasco Ibarra until a reform military government seized power; it was promptly overthrown by the liberals it sought to assist.

A constituent assembly elected in 1966 selected Otto Arosemena Gómez to rule as provisional president until 1968, when José Maria Velasco Ibarra was elected president for a fifth time. Aged, cranky and always controversial, Velasco soon grew restless with his inability to win congressional approval for his economic policies. With the approval of the armed forces, he seized dictatorial power in June 1970, dismissing the Congress and replacing the moderate 1967 constitution (Ecuador's 16th) with the more conservative 1946 version.

To the surprise of many, Velasco later vowed to surrender power to his legally elected successor by June 1972. However, fearing a free election would be won by Assad Bucuram, a left-leaning former mayor of Guayaquil, the armed forces seized power on February 15, 1972. Modeling itself after the reformist Peruvian military government, the new regime pledged its policies would be "revolutionary and nationalistic."

Led by Brigadier General Guillermo Rodriguez Lara, the regime has concentrated on how best to spend the huge tax royalties pouring into the treasury from Ecuador's newly-developed oil fields. Most funds were spent on public works (education, highway and hospital construction) and fancy military hardware.

Despite the oil boom, dissatisfaction arose against the center-right regime. Leftists denounced inaction on promised social and economic reforms, while conservatives condemned swollen civil service rolls (one in every ten workers) and new taxes on luxury imports. And everyone seemed annoyed by the oil revenue-fed inflation (30% in 1974, 17% in 1975), high unemployment rates and continuing government corruption and repression.

An unsuccessful attempt by 150 soldiers to oust Rodríguez in September 1975 left 22 dead and 100 injured. Yet, after widespread student and labor unrest in January 1976 the strongman was finally toppled by a three-man military junta. The event was rather gentlemanly by Ecuadorian standards—the *coup* was delayed for several hours so that Rodríguez' daughter could first be married in the presidential palace. The new regime promised to hold elections by the end of 1977. Soon after the *coup*, Gen. Guillermo Durán Arcentales emerged as strongman of the *junta*.

To date, the military leaders have been badly split over policies affecting the government-controlled petroleum industry. The most heated debates center around the question of how best to spend the oil revenues: for guns or butter? Those in favor of butter—social services—have been backed by demonstrations for better living conditions. Workers in the Pacific province of Esmeraldas protested in November 1976 against poor water, health, sewage and electric service. Students demonstrated in mid-1977 in Quito for better conditions for teachers.

Military leaders who would prefer to use oil revenues for fancy new arms received a major setback in July 1977 when the U.S. government blocked the sale to Ecuador of Israeli jets equipped with American-made engines. Ecuador says it needed the fighter planes to counter new arms obtained by neighboring Peru.

Relations between the *junta* and the Catholic Church have cooled following a decision by the government to deport 37 foreign clergymen in August 1976. The regime said the priests were holding a conference on social reform and human rights.

Culture: Culturally, Ecuador reflects the regionalism of its people. The Quechua-speaking people of the highlands, while paying their respects to the Christian God of their conquerors, have retained their ancient customs. Conservative village communes persist and the people prefer to isolate themselves from Spanish influence. The White minority of landowners live in the highland cities in a manner reminiscent of European cities of the 18th and 19th centuries. Their cultural expression is found in religious devotion and a mode of graceful living forgotten in most of the world's communities. The people of the

coastal plains are more homogeneous and less wedded to the past. Fun-loving and energetic, they have devoted their efforts to industry and commerce.

Quito, the capital, lying in a beautiful valley at 9,350 feet above the Pacific, isolated from the rest of the nation by a rim of hills, and overlooked by the snow-capped peaks of Chimborazo (20,577 feet) and Cotopaxi (19,344 feet) is the center of Ecuador's conservative Catholicism. A gem of Spanish colonial architecture, it has been dominated by the wealthy landowning elite and a powerful clergy who view any change in the feudal social and economic structure as an evil heresy. Quito is the spokesman for the highlands and their people.

Guayaquil, a sprawling growth on the banks of the sluggish, muddy Guayas River, is the port through which Ecuador trades its agricultural products for the manufactured goods of the outside world. Like Plato's Corinth, Guayaquil is viewed by the highlanders as the center of foreign corruption. For many years the city was rotten with yellow fever—now eradicated with foreign aid—but as a port of call for ships of all nations, it has been host to foreign ideas and to advocates of change—immigrants, labor agitators, communists and socialists. From Guayaquil have come most of the attacks on the highland landlords, clergy and their conservatism.

Artistic expression is derived from two sources: the rich expressions of devotion fostered by the Catholic Church over many centuries, and the ancient civilizations of Ecuador prior to the arrival of the Spanish.

In the cities, full-scale symphony orchestras, classic and popular guitar and harp provide a wide range of musical entertainment. In the vast rural highlands, the plaintive sound of the five-note reed pipe is heard.

The people of the highlands treasure their primitive, formal dances, seldom performed in the presence of outsiders. There is little singing—the sexes are separated and the movements of the dancers are ritualistic and slow.

Many of the two hundred Quechua dialects have survived from the days of the Inca empire, and now serve as a basis for unity among the rural people.

Economy: Ecuador's economy has always been dependent upon the sale of agricultural products and minerals abroad to pay for needed imports. These exports are produced for the most part by illiterate, poorly paid labor in economic bondage to the land, who live on less than $80 a year. Although Ecuador possesses great resources in fertile soils, valuable forests and minerals, they have not been seriously exploited.

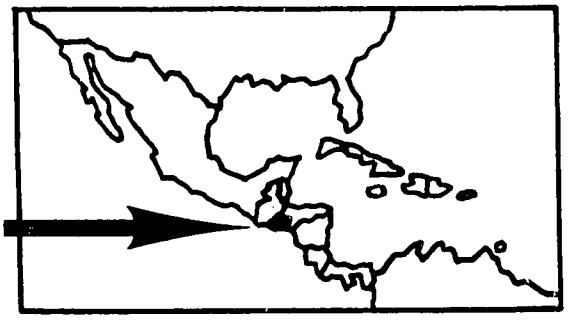
Ecuador's economic future improved dramatically with the discovery of rich oil deposits, estimated to total 5 billion barrels of high-grade petroleum, in the jungles east of the Andes. Oil income has quadrupled government revenues, with royalties reaching about $500 million in 1975. Attempts by the government to boost the price of its oil above world levels were unsuccessful, causing a drop in oil output in 1975. Nationalistic oil policies have also forced private oil firms to leave Ecuador—thereby ending almost all exploration for new oil deposits. The loss in oil revenue was partially offset by expanding banana exports. Ecuador remains the largest banana exporting nation. Major problems facing the economy include a persistent inflation and high unemployment rate. A $300 million trade deficit was reported in 1975.

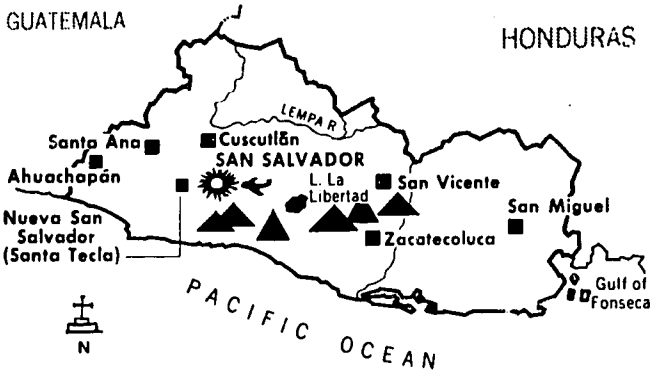
In January 1977 the state oil monopoly, *CEPE*, gained control over the nation's oil industry by purchasing the holdings (agreed price: $82 million) of Gulf Oil, which represented 37% of Ecuador's oil consortium. Operations of the other partner, Texaco, were not affected.

The Future: The new three-man military junta promises to end the repression and mismanagement of the economy associated with the ousted Rodríguez regime and to hold elections by the end of 1977. Based on Ecuador's history, the chances of this trio of being a beginning or foundation of basic improvement are very small.

Street scene in Quito

THE REPUBLIC OF EL SALVADOR





Area: 8,260 square miles.
Population: 3.6 million (projected).
Capital City: San Salvador (Pop. 412,000, projected).
Climate: Tropical in the coastal plain, becoming temperate at higher altitudes.
Neighboring Countries: Honduras (North and East); Guatemala (West).
Official Language: Spanish.
Ethnic Background: *Mestizo* (Spanish and Indian).
Principal Religion: Roman Catholic Christianity.
Chief Commercial Products: Coffee, cotton, oils, balsam.
Currency: Colon (C 2.5=$1.00U.S.).
Former Colonial Status: Spanish Crown Colony (1524-1821).
Independence Date: September 15, 1821.
Chief of State: General Carlos Humberto Romero, President.
National Flag: Blue, white and blue horizontal stripes with the national coat of arms on the white stripe.

El Salvador is the smallest and most densely populated of the Central American republics. Most of the country is a volcanic upland with two parallel rows of volcanoes running east to west. Fourteen of the cones exceed 3,000 feet and three reach more than 7,000 feet. Lowlands lie north and south of the volcanic ranges. El Salvador's principal river, the Lempa, drains the northern lowlands by cutting through the volcanic region to reach the Pacific.

El Salvador's soils are rich and easily accessible from the Pacific coast; thus it is one of the few Latin American countries in which the whole of the national territory is settled. Various estimates are given for the percentages of European, Indian and African ancestry in the national population, but the most obvious facts are that there are no tribal Indians and few Negroes, and that the White minority claiming pure European origins is indistinguishable from the admittedly *mestizo*, a mixture of Spanish and Indian. Cotton and sugar are raised on the coastal plains and in the Lempa River valley, while the slopes of the volcanoes produce coffee. The climate is healthful and the rainfall abundant, with the rainy season running from May through October.

History: El Salvador was conquered by Pedro de Alvarado with a force from Mexico in 1524. Defeating the Indians and capturing their capital, Cuscutlan, he joined the region to the Captaincy-General of Guatemala. The small number of Spanish settlers intermarried with the Indians and established large agricultural and cattle-raising estates in the fertile valleys of the volcanic uplands, a pattern of land holding which exists today. The remnants of the Indian population still farm village-owned lands in the mountains.

El Salvador declared its independence from Spain on September 15, 1821, with the other countries of Central America. A member of the Central American Federation until its breakup in 1838, El Salvador was a center for the liberal republican opposition to the conservatives of Guatemala. It sought admission to the United States at one time and participated in several attempts to unite with Honduras and Nicaragua. As was true in most of the Central American republics, the political history of El Salvador during the nineteenth century after independence was one of turbulence, revolution, dictators, military governments and civil strife. Added to the internal difficulties of the nation were frequent periods of conflict with neighboring states.

The first quarter of the twentieth century was relatively peaceful in El Salvador, but this was followed by virtual anarchy which did not end until the regime of General Maximiliano Hernández Martínez, who wielded absolute power from 1931 to 1944.

The turbulence on the nation's political scene was not really resolved. Various factions have been labeled conservative (favoring central government and close church-state relations) and liberal (anti-clerical federalists); however, those represented only blocs of the elite landowning class and were not true political entities. A degree of political stability was evidenced during the regimes of Major Oscar Osorio (1948-1956) and Lt. Col. José María Lemus (1956-1960). Popular opposition to the elite domination of politics and growing economic problems led to the ouster of Lemus in October 1960.

A provisional military-civilian junta took power, promising to reform the nation's political structure and hold elections. A new constitution was adopted in 1962 and in presidential elections held the same year the only candidate was Adalberto Rivera of the *Partido de*

Conciliación Nacional (PCN). Providing capable and honest leadership, Rivera encouraged the development of light industry and supported the nation's participation in the Central American Common Market.

In the 1967 presidential elections, *PCN* candidate Fidel Sánchez Hernández won with 54.4% of the vote. His moderate policies included a land reform proposal that infuriated conservative businessmen and wealthy landowners. El Salvador fought a brief—but bitter—open war with Honduras in 1969 (see Honduras).

Great controversy surrounded the presidential elections of February 1972, when *Christian Democrat* José Napoleón Duarte apparently outpolled *PCN* candidate Col. Arturo Armando Molina. However, a subsequent "official" government count gave the ruling *PCN* party a 22,000 vote margin. Molina's "election" was confirmed by Congress, where the *PCN* enjoyed a two-thirds majority. The party consolidated its control over the government by winning all 54 congressional seats and all 261 municipal contests for mayor in 1976. The *PCN* sweep was facilitated by a new voting law—enacted by party lawmakers—which made it difficult for the opposition front to run candidates.

Presidential elections were held in February 1977 with the ruling *PCN* party candidate, Gen. Carlos Humberto Romero being declared the winner by a two to one margin over Col. Ernesto Claramount of the *National Opposition Union.* (No civilian has been elected president in El Salvador since 1932.) Immediately after the government announced its tally of the vote, opponents charges the regime had once again rigged the election. Politics then took to the streets. In retaliation, the government imposed martial law and killed an estimated 100 protesters on February 28 during what is now called "The Monday Massacre."

When Romero took office on July 1, 1977, he faced a number of serious problems—particularly those related to land reform, human rights and the Catholic Church. A staunch conservative, Romero equates social reform with communism. During the presidential campaign he vigorously criticized the modest land reform proposal—the nation's first—of the previous Molina regime.

The problem of land ownership is particularly acute in tiny El Salvador, which has the highest population density of any country on the American mainland. Most all productive farmland in the fertile valleys and lowlands (about 60% of the total) is owned by a handful of families who are allied closely to the ruling armed forces. In contrast, more than 65% of the population lives in grinding poverty. With the backing of the armed forces, the conservative aristocracy has traditionally blocked peasant demands for land and social change. Wealthy landowners are especially fearful of a repetition of peasant uprisings in 1932 which took 20,000 lives.

One method to control the peasants has been the use of right-wing vigilante groups such as the *White Warrior's Union* and the *Eastern Cattlemen's Force.* Organized by the large landowners and generally condoned by the military, these clandestine groups have tortured and executed peasant leaders.

Right-wing repression against peasants has brought the ruling elite into direct confrontation with El Salvador's Catholic Church. Historically, Catholic leaders were closely identified with the wealthy landowners. In recent years, however, the Church has grown more concerned with the plight of the poor. Hoping to discourage such support for peasants, conservatives have stepped up a campaign against the Church. During the first half of 1977, rightists murdered two priests while the government sent 12 clergy into exile. Eight other priests have reportedly been tortured, and in June, rightist terrorists warned all Jesuit priests to leave the country or they would be regarded as "military targets." Composed of about 50 members, this religious order works closely with the poor. Right-wing activists have flooded the country with posters urging citizens to "Serve your Country—Kill a Priest."

Culture: The people of El Salvador are friendly, agricultural, Christian people. They have adopted European customs for the most part—pure Indians are hard to find in the Republic. Independent and fun-loving, their life revolves around the family as the primary social, economic and political unit.

El Salvador (The Saviour) has perhaps some of the most beautiful churches found in Latin America—the people devote a full twelve days of the year to a festival in honor of their Christian namesake.

Ancient ruins of the Mayan civilization have yielded treasures from the countryside which are being intensely studied, and there are explorations in progress for traces of even earlier inhabitants.

Economy: Agriculture is the dominant factor, with the major cash crops being coffee, sugar and cotton. Despite its small size, El Salvador ranks among the top five coffee producers in the world. Farming remains largely under the control of a small group of wealthy landowners; the large peasant population lives in virtual serfdom. Serious overcrowding and limited economic opportunities in rural regions have caused many peasants to migrate to the already congested cities.

Light industry has grown steadily, and today El Salvador is the most highly industrialized nation in Central America. Nevertheless, the closed border with Honduras since their 1969 war has severely reduced Salvadorian trade with its Central American neighbors.

To date, the Church has refused to be intimidated. The Jesuits said they would ignore the death threats. In mid-1977, Archbishop Oscar A. Romero boycotted the inauguration ceremony for President Romero to protest government repression—the first such boycott in the nation's history.

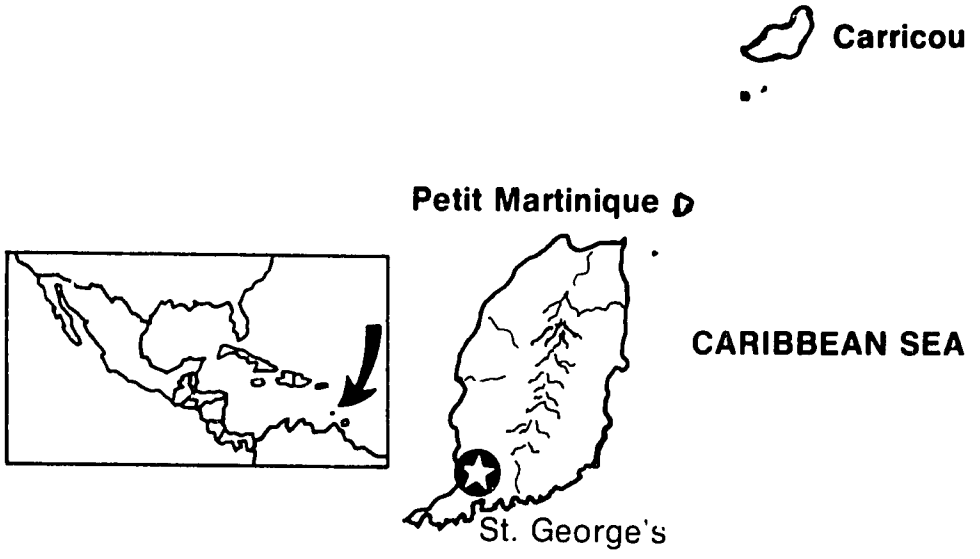
Increased repression and right-wing terrorism in El Salvador have been answered by equally vicious leftist guerrillas, including those of the *Farabundo Marti Popular Liberation Front.* In January 1977, terrorists killed the Director of National Tourism; in May they murdered Foreign Minister Mauricio Borgonovo Pohl after the government refused guerrilla demands for the release of 37 political prisoners. In July, former President Osmin Aguirre Salinas was gunned down.

The growing use of violence by political extremists of the left and the right have made El Salvador one of the most politically explosive nations in all of Latin America. To date, however, the ruling military-landed aristocracy elite has successfully maintained its ironclad control over the nation and there is no immediate indication that they are losing their grip.

The economy is presently in the midst of a coffee boom with exports expected to earn a record $800 million in 1977. Nevertheless, increased political turmoil has caused a severe decline in investments and tourism—key sources of foreign exchange.

The Future: The incoming Romero regime—like the preceding Molina administration—is accused of winning power by electoral fraud. As a result, the legitimacy of the new government remains in question and may help to make the already explosive political situation even more unstable.

GRENADA



Area: 133 square miles, including the islets of Carricou and Petit Martinique in the Grenadines.
Population: 112,000, (estimated).
Capital City: St. George's (Pop. 14,400, projected).
Climate: Rainy and dry tropical; hot, with prevailing ocean breezes.
Neighboring Countries: Trinidad (South); Barbados (Northeast).
Official Language: English.
Ethnic Background: African.
Principal Religion: Christianity (Roman Catholic, Anglican).
Chief Commercial Products: Nutmeg, sugar, cacao, limes, tourism.
Currency: East Caribbean Dollar (EC$ 2=$1.00 U.S.±).
Former Colonial Status: French Colony (1650-1763); British Colony (1763-1974).
Independence Date: February 7, 1974.
Chief of State: Queen Elizabeth II, head of the British Commonwealth, is titular chief of state.
Head of Government: Eric Gairy, Prime Minister.
National Flag: Three stripes of blue, yellow and green, from top to bottom.

Like a large pearl, Grenada (pronounced Greh-*nae*-dah) is the southernmost of the Windward Island chain, lying peacefully at the edge of the Caribbean Sea and the Atlantic Ocean. Blessed with beautiful beaches, clear water and a pleasant (but tropical) climate, the island is 21 miles long from north to south and only 12 miles horizontally at its widest point. Grenada has heavily wooded mountains watered by many streams which feed the quiet, lush valleys. There is the calm of smooth beaches and the rockbound coasts where the surf pounds and churns endlessly.

History: Discovered in 1498 by Columbus, Grenada was originally inhabited by the Caribe Indians. In the 1650's, the island was colonized by the French, who established large tobacco plantations. England acquired Grenada in 1763 by the Treaty of Paris, under which (among other exchanges of territory) France ceded Canada to the English. The new rulers of the island imported slaves from Africa to work the sugarcane plantations. Slavery was abolished in 1834.

For over two hundred years, Grenada basked peacefully in obscurity, harvesting its crops and almost oblivious to the rest of the world. During this period it was administered as a separate British Colony until its membership in the short-lived *West Indian Federation* (1958-1972. The federation collapsed partly because one key member, Trinidad, did not want to tie its own healthy economy to that of its poorer federation neighbors.

Grenada, together with five other nearby islands, became an Associated State with Great Britain in 1967, a status which permitted it to move towards total independence if such was the will of the people. In the meantime, it was totally self-governing except for Britain's control of the island's defense and foreign relations.

Elections held in February 1972 brought an overwhelming victory to the *Grenada United Labor Party* of Premier Eric Gairy (13 out of 15 seats in the House of Representatives), whose major platform during the election was the complete independence of the island nation. As a result of talks in London soon afterward, a constitutional conference was set for May 1973.

Political tensions grew as independence drew near. Gairy's opponents called a national strike in December 1973 to protest the strongarm "secret police" tactics of his administration.

Independence was achieved in 1974. National politics have been dominated by Prime Minister Gairy since 1962. His power is derived largely from control of the Metal and Manual Workers Union (Gairy personally claims that God has destined him to govern Grenada). In his spare time, the Prime Minister runs a night club.

Gairy's labor-based party narrowly retained control of the 15-member legislature. An opposition coalition, comprising a "new left" black power group called the *New Jewel Movement* and the conservative *Grenada National Party* won six seats—despite open government harrassment.

Some 2,000 delegates from the Organization of American States crowded onto the island in June 1977 for a week-long General Assembly meeting. Grenada is the newest and smallest OAS member. Opposition leaders used this OAS forum to criticize Gairy's "luxury life style" and repressive secret police.

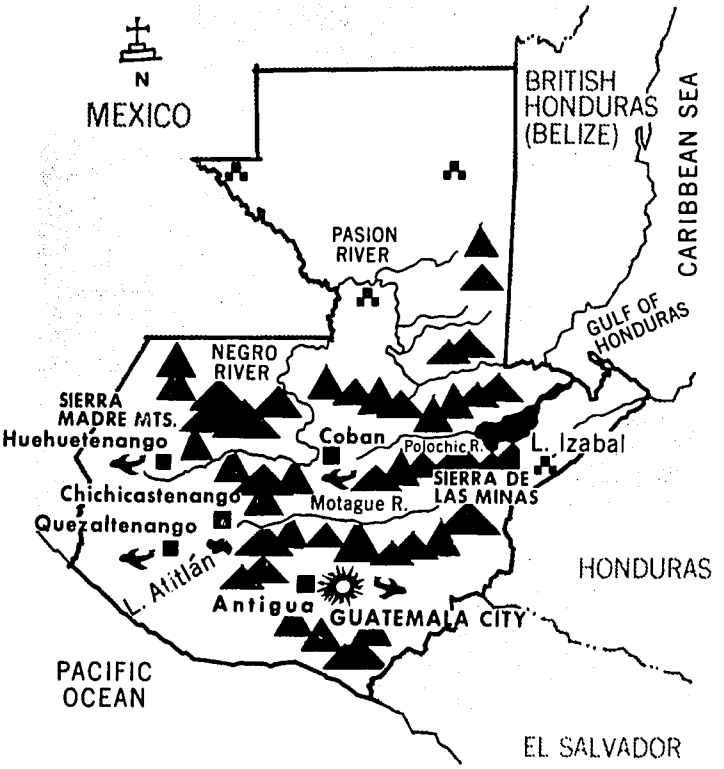
Culture: The people of Grenada, 95% of whom are Black or Mulatto, are a fun-loving and hard working group. The most densely populated island in the Windward and Leeward chains, Grenada's capital and main port, St. George's, rises steeply from the bay and the red-roofed houses are painted in pastel shades of pink and green. Night life in the city often is punctuated by continuous music from colorful Calypso bands.

Economy: Called the Isle of Spice, Grenada's economy has for centuries been based on its nutmeg. It is presently the world's second largest exporter of this product. Other products include sugar, cacao and limes. The tourist industry is essential to the island's economic health. Most exports go to Great Britain and the Nethlerlands.

Although the island is blessed by a year-around growing season and volcanic enriched soil, it has often been cursed by devastating hurricanes for several months each year. A chronic problem is unemployment, which may be as high as 50% on the island.

The Future: While Premier Gairy maintains tight controls over Grenada, his strong-arm tactics have increased political tension—which, in turn, has hurt the vital tourist industry.

THE REPUBLIC OF GUATEMALA



Area: 42,031 square miles.
Population: 5.4 million (projected).
Capital City: Guatemala City (Pop. 675,000, projected).
Climate: Tropical on the coastal plains, temperate at the higher altitudes; heaviest rainfall is from May to October.
Neighboring Countries: Mexico (North and West); British Honduras (Northeast); Honduras, El Salvador (East).
Official Language: Spanish.
Other Principal Tongues: Maya, Quiché.
Ethnic Background: Maya-Quiché (55%), *mestizo* (mixed Spanish and Indian 42%), European or African (3%).
Principal Religion: Roman Catholic Christianity.
Chief Commercial Products: Coffee, cotton, chicle, bananas.
Currency: Quetzal (Q 1.00=$1.00 U.S.).
Former Colonial Status: Spanish Crown Colony (1524-1821).
Independence Date: September 15, 1821.
Chief of State: Kjell Eugenio Laugerud Garcia, President.
National Flag: Blue, white and blue vertical stripes.

Guatemala, the most populous of the Central American republics, is a mountainous highland bordered by coastal plains in the North and South. The southern Pacific coast plain is a 200 mile ribbon of land reaching a maximum of thirty miles in width. The highland rises abruptly from this plain to an elevation of 8,000 to 10,000 feet with a string of volcanoes on the southern rim. Three of these volcanoes are above 13,000 feet and two of them are still quite active.

The highland is broken by inter-mountain basins ranging from 5,000 to 8,000 feet which are the most heavily populated regions of Guatemala. The northeastern lowlands are more extensive than the southern, and include the valleys of the Motagua River, which originates in the southern volcanoes and flows 185 miles into the Gulf of Honduras; the Polochic River drains the more westerly mountains along a 200-mile course into Lake Izabal, a salty lagoon extending some 50 miles west from the Gulf of Honduras.

The Petan, a low, poorly drained plain, extending north 100 miles into the Yucatán Peninsula, is heavily forested and sparsely populated.

History: Guatemala was conquered by Spanish forces from Mexico in 1523. Finding little precious metal and a land peopled by a sedentary agricultural folk, the Spanish governor rapidly lost interest in the region. Left to their own devices, the Spanish settlers intermarried with the Indians, and the missionaries sought to Christianize the Maya-Quiché people, whose culture began many centuries before the birth of Christ. The fertile mountain valleys were developed into semi-independent estates worked by virtually enslaved Indians. The majority of the Maya-Quiché people simply withdrew from the Spanish-speaking community and maintained their traditional way of life. The efforts of the missionaries to Christianize the Indians did not fully displace their pagan gods—rather, the Indians tended to add the Christian God to their own deities.

Before independence, the Captaincy-General of Guatemala included the modern Central American states and the southern provinces of present-day Mexico. Sparsely settled by the Spanish, the region contained subdued tribes in the highlands and poor settlements on the Pacific coast, while the Caribbean coast was in the hands of buccaneers, native Indians who had retained their independence and a few illegal British settlers.

In 1821, Augustín de Iturbide, Emperor of Mexico, invited the patriot committee of Guatemala to join Mexico. Despite considerable opposition, the Central American states were annexed on January 5, 1822; with Iturbide's abdica-

GUATEMALA

Guatemala was devastated by a violent earthquake that struck worst natural disasters in the 20th century.

tion in 1823, they declared themselves independent. The northern state of Chiapas elected to remain with Mexico, and Soconusco later joined Mexico in 1842.

The independent states formed a federation known as the United Provinces of Central America. Two parties appeared in the formation of a government—the *Serviles* (conservatives) who wanted a strong central government and close ties with the Church, and the *Radicales*, who favored a federal republic and curtailment of the priveleges of the landowners and the clergy. A constitution based on that of the United States was adopted and a liberal president was installed. The liberal-conservative conflict resulted in a series of wars, and the confederation collapsed in 1838.

From the time of dissolution of the confederation to 1944, Guatemala was ruled by four dictators. The first was Rafael Carreras (1838-1865) who was an illiterate but popular *mestizo* leader, beloved of the Indians, but a religious fanatic of conservative persuasion. Hating liberals, he intervened in neighboring countries, seeking the overthrow of liberal presidents. After his death, another conservative was elected, but liberal Justo Rufino Barrios gained control of the government in 1871 and ruled until his death in 1885.

A man of progressive ideas, he fostered public education, built railroads and achieved a measure of economic development. He also curtailed the privileges of the landowners and destroyed the political power of the clergy. Manuel Estrada Cabrera (1897-1920), a cultured and ruthless man, ruled as a despot with no effort to conceal his absolute power. Jorge Ubico came to power in 1931 and ruled until 1944. Honest and hard-working, he suppressed the previous corruption in government, bolstered the economy and carried out many social reforms of benefit to the laboring classes.

Opposition to Ubico's strict discipline resulted in public disorder and he ultimately resigned on July 1, 1944.

Following two short-lived military governments, liberal Juan José Arévalo was elected president and took office March 15, 1945. The elections of 1950 were won by Jacobo Arbenz Guzmán as candidate for the *Revolutionary Action* and *National Regeneration* parties. Inexperienced, with a government infiltrated by communists, he was overthrown in 1954 by Col. Carlos Castillo Armas. Basically corrupt and ineffective, Castillo Armas was assassinated in 1957.

Following inconclusive elections, Miguel Idígoras Fuentes was appointed president; also corrupt and arrogant, he was in turn overthrown by military *coup* in March 1963. Col. Enrique Peralta Azúrdia, who assumed the powers of Chief of State, suspended the constitution, dismissed Congress and ruled by decree until 1966. In free and apparently honest elections, Julio César Méndez-Montenegro, a liberal, was elected president in March 1966; this was an effort to return constitutional government to Guatemala.

The single most impressive accomplishment of President Méndez Montenegro was his ability to stay in office until the end of his term. Beset by radicals and powerful conservatives, Méndez was forced to abandon reform programs and concentrate instead on pleasing traditonally powerful elements.

With virtual civil war between right-wing and leftist extremists continuing unabated, voters turned to conservative Col. Carlos Araña in the 1970 presidential elections. Promising "bread and peace," the noted counter-insurgency expert quickly wiped out the leftist guerrilla movement by indiscriminately repressing all opposition political groups. His term was marked by a reduction in political violence and improved economic conditions.

As the 1974 presidential elections approached, the military stipulated that any candidate would be acceptable—so long as he was in the armed forces. The ruling coalition thus nominated as its candidate the moderate former defense minister, General Kjell (pronounced "shell") Eugenio Laugerud García of the *Partido Institucional Democrático (PID)*. But when the early election returns gave *National Opposition Front* candidate General Efraín Róos Montt a formidable lead, the government suddenly halted the tabulation. Several days later the regime announced that its own candidate, Laugurud, had won with 41% of the vote. Although such blatant fraud caused an uproar, the military refused to permit a recount.

Relations between the new president and ultra-conservative elements in the ruling coalition—led by former President Araña and the right-wing *Movimiento de Liberación (MLN)*—soon began to sour when Laugerud suggested mild reforms to ease the plight of impoverished highland Indians. The *MLN*, representing the wealthy landowners, bitterly accused the president of being a communist when he encouraged the formation of rural peasant cooperatives to increase production from inefficient, small peasant plots.

Guatemala was devastated on Feb-

ruary 4, 1976 by one of the worst natural disasters of the 20th century when a violent earthquake in 17 of the nation's 22 provinces killed 24,000 persons. In addition, 76,000 were injured and 1.5 million left homeless. Worst hit were provincial towns and highland Indian settlements, where peasant dwellings were not built to withstand an earthquake.

Although large amounts of foreign aid quickly poured into the country, little of it filtered down to the peasants because of bureaucratic bungling and political corruption.

One apparent impact of the earthquake was to reawaken the somewhat dormant leftist insurgency movement. Within a year of the disaster, four separate guerrilla fronts sprang up in Guatemala. The new group, led by former Guatemalan army officer Cesar Montes, is called the *Guerrilla Army of the Poor*, and is believed to have evolved from the earlier *Revolutionary Armed Forces* insurgency movement. The guerrillas captured the El Salvadorian delegate attending a meeting of the Inter-American Development Bank in May 1977. He was later released following national publication of a guerrilla political statement.

The renewed insurgency activities have, in turn, touched off bitter fighting among the nation's political extremists. Amnesty International estimated that 10,000 political executions have occured in Guatemala in the last decade, including 2,000 during the last two years.

Because of the large number of political murders attributed to the regime or to the officially tolerated right-wing vigilante groups, the Carter administration in Washington decided to limit military aid to Guatemala. The government there angrily responded in March 1977 by rejecting all U.S. military assistance.

Presidential elections are scheduled for March 1978. Ultra conservatives in the ruling *PID* party representing the landed aristocracy and the right-wing armed forces have strongly opposed the various mild reform policies of President Laugerud. Having thus elbowed the President from the leadership of his own party, Laugerud has been forced to work more closely with the moderate *Christian Democrats* and the *Revolutionary Party*.

During the past year considerable political attention has focused on the question of neighboring Belize. For the past 150 years, Guatemala has claimed this former British colony. In mid-1977 when the British started moving toward granting full independence to Belize (formerly British Honduras), Guatemala threatened to invade the disputed territory with some 8,000 to 10,000 troops (which the British sarcastically called "The Watermelon Army"). The British responded by reinforcing their garrisons in Belize.

Tensions were eased somewhat when the two sides began new negotiations in July 1977. Although Belize has been largely self-governing since 1964, the British manage the former colony's defense and foreign affairs; London also supplies economic aid. However, while the British appear anxious to end the financial drain caused by their ties with Belize, they insist that there can be no union with Guatemala without the consent of the territory's English-speaking residents—the vast majority of whom oppose ties with Spanish-speaking and military-dominated Guatemala.

For its part, Guatemala argues that Britain never had a legal right to Belize, which was seized by England during disputes with Spain in the 17th century. It became a Crown Colony in 1862. Perhaps more important, Guatemala now believes that Belize may contain vast quantities of oil. (American companies will soon begin drilling for oil off the coast). And, finally, Guatemala's right-wing military leaders insist that Belize could become a leftist stronghold, and thus a future source of trouble for all of Central America.

Although the majority of members at the United Nations support Belize's independence, the Central American states have sided with Guatemala. This united front was broken, however, when Gen. Omar Torrijos of Panama announced his support for Belize. Guatemala reacted by breaking diplomatic ties with Panama in May 1977.

Culture: Guatemala has two distinct cultures—the combination of Christian Spaniards with native Indians centuries ago created the *mestizo (Ladino)* society, living in the urban cities of the West. The rural *Ladinos* and pure Indians, living in poverty in the East, have little contact with the people of the cities. The Indian culture is distinctly Maya-Quiché; they are descendants of the oldest civilization in the Western Hemisphere.

The ancient Mayan ruins found throughout the country, in addition to being of singular beauty, are the subject of intense investigation by scientists and anthropologists. The Indians of today live much in the manner of their forbears prior to the Spanish conquest 400 years ago. They have retained their language, clothing and emphasis on the family unit basis of living. Loving bright-colored costumes, ceremony and life in their own communities, the urban life of the *Ladinos* has little attraction for the Indian.

Economy: Guatemala's economy is based almost entirely on agriculture. Major cash crops include coffee, bananas, beef and cotton. Most farmland is controlled by huge estates—the top 2.1% of the population owns 62.5% of the farmland. The large Indian population lives outside the money economy on small plots in the highlands. The average per capita income is $400, but in rural areas it is only about $80.

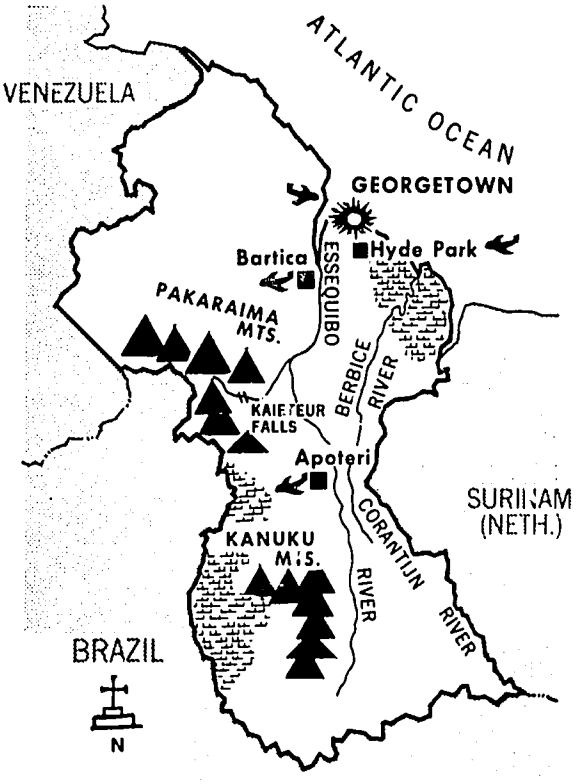
Light industry has grown in recent years, but economic development remains handicapped by the traditional, largely feudal economic system. Also impeding development are communications problems caused by the large number of Indian dialects used in Guatemala.

Although the devastating earthquake of early 1976 destroyed much of the nation's productivity by damaging roads, water facilities, power supplies, communications and the like, economic output survived largely intact. Major cash crops, produced mostly along the coastal regions, were unaffected by the quake. Light industries such as textiles, food processing and pharmaceuticals, located around the capital, also suffered only minor damage.

Prospects for future development brightened in 1975 with the discovery of a low-grade oil field in the northern rain forests in the Alta Verapaz region, located just south of the border near the rich Mexican oil fields. Guatemala asked in July 1977 for international aid to develop its oil potential. To date, some 40 oil firms have expressed interest in drilling rights. In addition, a huge new copper mine in Izabel province is slated to begin operations in 1977.

The Future: The nation eagerly awaits the results of the March 1978 presidential elections. The small, but powerful conservative coalition, hopes to win and thus end the mild reform policies of the present Laugerud administration. Meanwhile, renewed guerrilla activities, tension over Belize and the slow recovery from the devastating 1976 earthquake have all added to the growing political turmoil.

THE COOPERATIVE REPUBLIC OF GUYANA



Area: 82,978 square miles.
Population: 780,000 (projected).
Capital City: Georgetown (Pop. 87,000, projected).
Climate: Tropical, hot and humid; there are heavy rains from April to August and from November to January.
Neighboring Countries: Surinam (East); Brazil (South and West); Venezuela (West).
Official Language: English.
Other Principal Tongues: Various East Indian dialects.
Ethnic Background: East Indian (about 52%); African (about 40%); European and mixed (about 8%).
Principal Religion: Christianity (Anglican protestant).
Other Principal Religions: Roman Catholic Christianity, Hindu, Moslem.
Chief Commercial Products: Sugar, rice, rum, timber, diamonds, bauxite.
Currency: Guyana Dollar (G$2=$1.00 U.S.±).
Former Colonial Status: Colony of the Dutch West India Company (1616-1796); British Colony (1796-1966).
Independence Date: May 26, 1966.
Chief of State: Arthur Chung, President. (Forbes Burnham, the Prime Minister, is the head of government.)
National Flag: A yellow field bordered in green with black, red and white triangles from top to bottom along the staff.

Guyana lies on the northeast coast of South America. A narrow (5 to 10 miles wide) ribbon of swampy plain extends along the 200-mile length of the coast. Much of this land lies below sea level and is intersected by large rivers, requiring a complex system of dikes and canals to protect it from both floods and drought. Annual rainfall averages 80 to 100 inches—hot the year round, the daily temperature range of 10°F. is greater than the seasonal changes. This coastal region is the country's principal agricultural area and contains some 90% of the population.

Inland from the coastal plains, the land rises to natural grassy plains with poor soils and scrub bush. It is here that gold, diamonds and bauxite are found. Further inland, heavily forested hills rise to the base of the Guiana Highlands, with elevations of over 8,000 feet on the Guyana-Venezuelan border, rising out of the forests in vertical red cliffs of 2,000 feet. Rivers flowing out of the highland produce spectacular falls as they drop to the lower lands.

Guyana's principal rivers, the Corantijn on the Surinam frontier, the Berbice and the Essequibo, which flow into the Atlantic at Georgetown, are navigable for only short distances because of falls and rapids—yet they are of major importance as means of communication in the roadless interior.

History: The Dutch first settled on the banks of the Essequibo River as early as 1596, but permanent settlements were not established until the Dutch West India Company started its operations about 1620. The Dutch drained the swamps and lagoons and initiated the system of dikes and canals which make the coastal plain habitable. The Spanish and Portuguese conquerors of the lands to the west and south saw no apparent value in the Guianas and did not molest the British, French and Dutch settlers of the region. British forces captured the Dutch settlement in 1796, and the territory now incorporated into Guyana was ceded to the British in 1814. The British confined themselves to plantation operations along the coast and some lumbering along the rivers. Sugar, rice and cotton were the principal crops.

The population arrived in two different groups. The Africans came in the 17th and 18th centuries to work the plantations. With the abolition of slavery in 1830, Asiatic peoples migrated from India, China and southeast Asia, and they now account for more than half the population.

During the 19th century, the British further developed the drainage system and built roads and railroads in an effort to open the interior for settlement and exploitation of the mineral wealth.

However, few people have moved to that area. Descendants of the African people have tended to gather in the urban areas as mechanics and tradesmen; the Asiatics have remained on the farms and plantations along the coast. Despite Guyana's size, the habitable land is overcrowded and the interior is uninhabited except for a few aboriginal Amerind Indians.

Politically the British started tutoring the people of Guyana for independence after World War II. Self-government which was planned for 1962 had to be postponed until 1966 because of bitter racial controversy between the Asiatic and African sectors of the population. Cheddi Jagan, leftist leader of the Asiatic people, was Premier during most of these four years. His open sympathies with world communism and policies directed against those of African descent led to his defeat, and Forbes Burnham, of African ancestry, became Prime Minister.

A constitutional change of 1965 providing for proportional representation of the two communities in the national legislature and the election of moderate leaders in the 1964 election made possible the granting of independence in 1966.

Under the astute leadership of Forbes Burnham, racial tensions were eased, although scattered disturbances surfaced from time to time. Burnham was reelected in 1968, easily defeating Cheddi Jagan. During his second term, he emphasized broadening the base of the economy and a neutral foreign policy. To reduce dependence on sugar exports, more attention was given to the development of other crops.

Burnham started moving toward the political left in 1970—he declared Guyana to be a "cooperative republic," whereby 1,300 small worker cooperatives were established. The government began taking over the nation's foreign-owned bauxite mining operations in 1971. Burnham again was elected in 1973 to a third term, defeating Jagan. His *People's National Congress* won 37 seats in the 57-member Parliament; the *People's Progressive Party* of Jagan was reduced by 5 to a total of 14 members.

Burnham's main strength comes from Blacks who live in the cities, while Jagan dominates the East Indian vote in the more rural areas. Although East Indians comprise 52% of the population compared to 40% who are Black, Burnham has skillfully garnered his winning margins through political patronage and by espousing ideas originally proposed by his opponent.

Although he calls himself a Socialist, and Jagan says he is a Communist, the differences between the two are largely a matter of small degree, since both are Marxists. This is the only Marxist state on the South American continent. The government announced in May 1976 that it will nationalize the huge British-owned sugar industry—the last remaining foreign investment in Guyana. In addition, steps were taken to gain control of other small investments in insurance, banking and rum production. The state is now 80% of the economy.

In exchange for the increasingly leftist movement of the government, Jagan joined Burnham in the 1976 May Day celebrations and pledged to give his "critical support" to the government's programs. The two leaders also agreed to establish a "people's militia" to help protect Guyana from its more conservative neighbors, Brazil and Venezuela.

In foreign affairs, Burnham has cultivated close ties with Cuba (Castro visited Guyana in 1975 and both Burnham and Jagan have recently visited Havana); as might be expected, support for Cuban intervention in Angola was voiced. To obtain maximum aid from the communist countries, Burnham has tried to play the Soviets against the Chinese, with limited success. He has condemned the United States for having spread reports that Cuba has established military bases in Guyana. Although the reports were later proven to be false, the U.S. has viewed Burnham's turn to the left with growing alarm—particularly frustrating since the U.S. and British intelligence agencies helped Burnham gain power in 1964 in order to block Jagan's Marxist programs.

The political accommodation between Burnham and Jagan has brought an unaccustomed political tranquility to Guyana. There is no effective conservative or pro-capitalist movement in the country at present. The racial questions are still quite alive, however, and ultimately that issue may well break the present political bond of convenience between the two leaders.

Culture: The people of Guyana have adopted the culture of the British ruling elite of the past century. Schooled through elementary grades, their literacy rate is higher than those in neighboring nations. There are few cultural traits reflecting the origin of the African community; the Asiatic community still retains some of its original customs, especially in marriage and family relations.

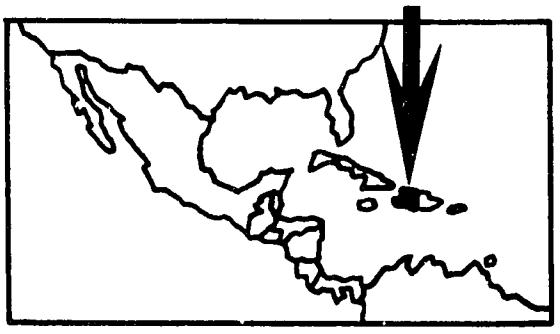
Economy: Despite large mineral and forest resources, Guyana's economy is agricultural and severely limited to foreign markets. Much of the nation's sparsely-settled but potentially rich interior is also claimed by Venezuela. Efforts to populate this inhospitable region have been unsuccessful.

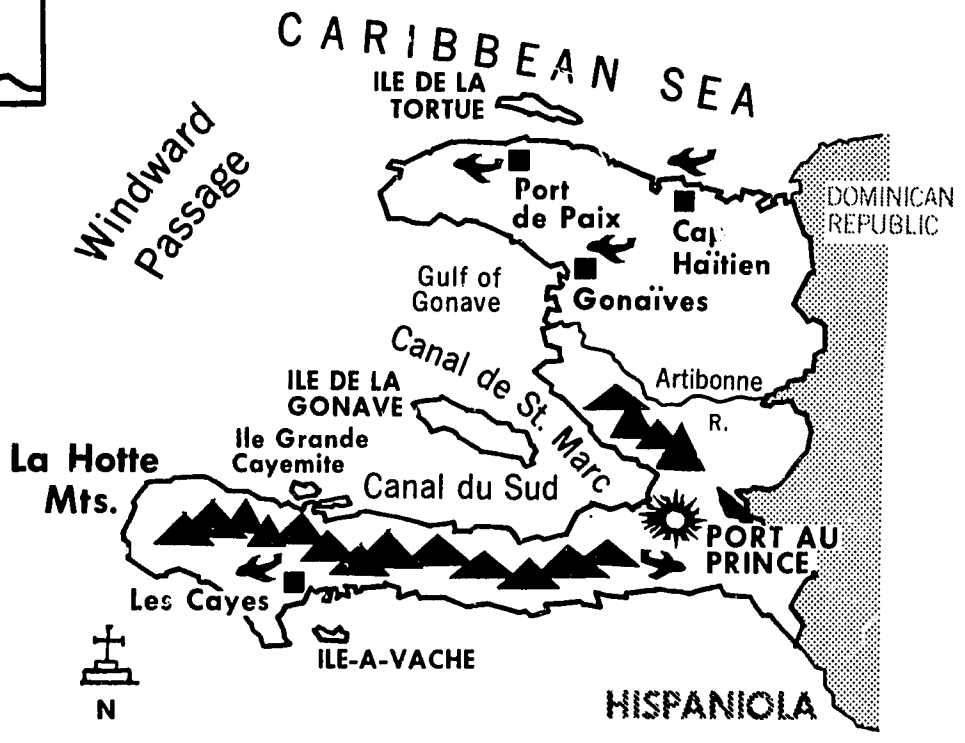
Although Prime Minister Burnham has sought to convert Guyana into a Marxist state, change has been gradual in an attempt to avoid the disruptions which occurred in Cuba and in Chile during the communist interlude of the latter. To date, the experiment has yet to be proved. The state-owned bauxite operation, called *Guybau*, has shown a profit largely because of comparatively inflated world prices. Farm output has held constant; rice and sugar exports have risen. Guyana reported a favorable balance of trade in 1975. New trade ties have been established with communist countries, particularly Cuba. In January 1977, Guyana applied for "formal association" with *Comecon*, the communist bloc's common market. Guyana says it is only interested in trade ties, rather than "full membership" with the organization. (Mexico has similar ties with *Comecon* and Jamaica is considering membership.) Perhaps in order to emphasize its interest in trade rather than ideology, Guyana has also become a member of the Inter-American Development Bank, a Washington-based organization.

The unemployment rate (20% in mid-1976) is concentrated most heavily among the East Indians. In contrast, the Black minority has a lion's share of the government jobs, a situation which has caused tension between the two racial groups. The economic outlook is also severely clouded by a "brain drain" as skilled people and members of the business community have left the country, unsure of the results of the government's Marxist programs. During 1977 the economy suffered from low world prices for sugar and protracted strikes at the bauxite mines.

The Future: Prime Minister Burnham's plan to create a Marxist economy has met little opposition in impoverished Guyana. However, racial tensions between the controlling Blacks and the larger East Indian population remain a constant problem.

THE REPUBLIC OF HAITI





Area: 10,711 square miles.
Population: 5.3 million (projected).
Capital City: Port-au-Prince (Pop. 306,000, projected).
Climate: Tropical, moderate at higher elevations; rainy season from May to December.
Neighboring Countries: Haiti occupies the western one-third of Hispaniola, the second largest of the Greater Antilles; the Dominican Republic occupies the eastern two-thirds of the island.
Official Language: French.
Other Principal Tongues: Creole a dialect of French and African origin spoken by a majority of the rural Haitians.
Ethnic Background: African Negro (90%; mixed African and European (10%).
Principal Religion: Officially Roman Catholic Christianity, but a majority of Haitians practice *Voodoo*, a variety of animism similar to African native religions, but with an greater emphasis on mysticism.
Chief Commercial Products: Sisal, sugar and textiles.
Currency: Gourde (5 G=$1.00 U.S.).
Former Colonial Status: Spanish Colony (1492-1697); French Colony (1697-1804).
Independence Date: January 1, 1804.
Chief of State: Jean-Claude Duvalier, President.
National Flag: Red and black vertical stripes, coat-of-arms on white square in center.

The Haitian western one-third of the island of Hispaniola is covered by tropically green mountains rising to heights of nine thousand feet. The narrow coastal plains and river valleys, one-fifth of the total territory of the nation, are arable, but irrigation is necessary in many of the fields. Of these areas, the Artibonne River valley and the north coastal plains are the most suited to agriculture. The mountains which divide Haiti and the Dominican Republic prevent the moisture-laden trade winds from reaching Haiti, thus its lands are generally drier than those of its neighbor.

History: Haiti was discovered by Columbus in 1492, and remained under Spanish control for the following two hundred years. Because of the limited number of settlers, the Spanish exploited the eastern part of Hispaniola, neglecting the western portion, which became a popular base for French-speaking pirates. The western portion of the island was ceded to France in 1697, and ultimately became one of that country's most profitable colonies. African slaves had been brought in by the Spanish, and their numbers increased during French rule. The slaves obtained their freedom during the period of the French Revolution in a confusion of slave rebellions and civil wars which involved Negroes, mulattos, French, Spanish and English on the island of Hispaniola.

Toussaint L'Ouverture, a former slave, rose rapidly to the rank of general during this period. He fought with the Spanish against the French, later joined the French against the English, and ultimately forced them from the island. Napoleon sent a large force under his brother-in-law, General Charles Leclerc, which captured L'Ouverture and attempted to restore slavery. Independence was finally achieved in 1804 after a dozen years of bitter bloodshed when the French forces were defeated and expelled by the Haitians.

General Jean Jacques Dessalines, commander of the Negro army, was named governor-general for life. An ex-slave, illiterate, brutal and arrogant, he lacked the qualifications for ruling his newborn nation and was unable to se-

cure aides capable of compensating for his ignorance. The few Whites left in Haiti were slaughtered by Dessalines' order—the war had been fought not only to obtain freedom, but also to destroy anything that would remind the Negroes of serfdom and forced labor.

Drafting a constitution abolishing slavery, prohibiting land ownership by Whites and making the term *Negro* synonymous with Haitian, Dessalines was enthroned as Emperor Jacques I. By use of conscripted labor and enforced discipline, he made some progress in restoring order and in rebuilding the economy until he was assassinated in 1806.

Haiti then split into two states—the North ruled from Cap-Haitien by Henri Christophe and the South ruled as a Republic by Alexandre Pétion. Christophe styled himself emperor; he constructed a massive castle and established an elaborate circle of courtiers, dukes, duchesses and barons who were former slaves. He ultimately killed himself with a silver bullet.

Haiti was reunited between 1818 and 1820 by Jean Pierre Boyer, a French-educated mulatto who was able to dominate the entire island by 1822. Initially of moderate outlook, the declining economy and disruption of society induced Boyer to resort to harsh tactics to till the land and restore the governmental authority. When he was overthrown in 1844 the Spanish-speaking eastern portion of the island regained its independence and Haiti again fell into the hands of illiterate Negro leaders.

The period from 1843 to 1915 is one of disorder, tyranny and bloodshed under twenty-two dictators. It was period of economic and social deterioration. The only occupants of the presidential palace who accomplished any beneficial acts were Fabre Geffard (1859-1867), who cut the army in half, built a few schools and signed a concordat with the Vatican to revitalize the Church. Lysius Salomon (1879-1888) created a national bank, built rural schools and imported French school teachers. The last, Florvil Hyppolite (1889-1896) built bridges, docks and public buildings and opened telephone and telegraph services.

The period ended in a complete breakdown of government and a state of anarchy from 1908 to 1915. The United States occupied Haiti from 1915 to 1934; this controversial action, although reducing the disorders and establishing a degree of economic stability, so alienated responsible Haitians that little progress was made in the development of a capable governing body of Haitians.

The departure of the U.S. Marines in 1934 is now hailed as Haiti's second emancipation. Haitian politicians and military officers were restored to their former privileges and the following three decades revealed that Haiti had profited little from the United States military rule. The Marines had sought to place the educated *mulatto* minority in power, but the *Garde d'Haiti* emerged as the dominant force and soon restored Negro domination.

The election of Dr. Francois "Papa Doc" Duvalier as president in 1957 began a new era of dictatorial rule. A devoted voodoo practitioner, Duvalier ruled Haiti by a combination of superstition and brutality. The single most significant accomplishment of his administration was his durability and longevity—he died apparently of natural causes in April 1971 rather than by the more usual Haitian presidential illnesses rooted in bullets, bombs and poison. Before his death, Duvalier named his portly, fun-loving son, Jean-Claude ("Baby Doc") as Haiti's next president for life. Assuming a serious attitude not considered possible, the youthful ruler immediatly proceeded to reshape Haiti's horror-filled image with a semblance of political stability and programmed economic growth. A sincere (but limited) effort is being made to develop the nation's meager school, medical and transportation services. The less stormy political climate has attracted new foreign investments creating 80,000 low-paying jobs; international loans and grants have also become available.

Despite these encouraging initial signs of progress, the long tradition of government corruption, one of the worst in the Western Hemisphere, has diminished but little. The regime doomed chances for 6,000 new jobs in 1975 when it expelled a U.S.-based real estate firm which refused to pay a $500,000 bribe to top officials. The Duvalier family is estimated to siphon off 20% of the government budget for its own private foreign bank accounts. Observers believe the Duvalier family has more than $200 million stashed away in foreign banks. Although Haiti is the poorest country in the Western Hemisphere, the ruling family maintains a fleet of 10 luxury cars. To discourage criticism against his rule, Jean-Claude has reactivated his father's dreaded secret police, the *Ton Ton Macoute.*

The government in November 1976 signed a new 5-year bauxite mining accord with Reynolds Aluminum Co., the only foreign-based mining firm in Haiti. The pact will generate royalty payments of $9.9 million in 1977, up from $8.7 million in 1976.

This financial boost has been offset by a severe drought in the northwest section of the nation. The water shortage has raised fears of widespread starvation and caused a mass migration to Haiti's overcrowded cities.

Culture: Haiti's culture is a singular blend of African and European influences. A minority, the mulattos, relatively better educated in French language schools, boast of their European culture and superiority. Educated in medicine and law, they patronize the arts and disdain most manual work. This group professes Christianity as a symbol of class over the pure Negro majority.

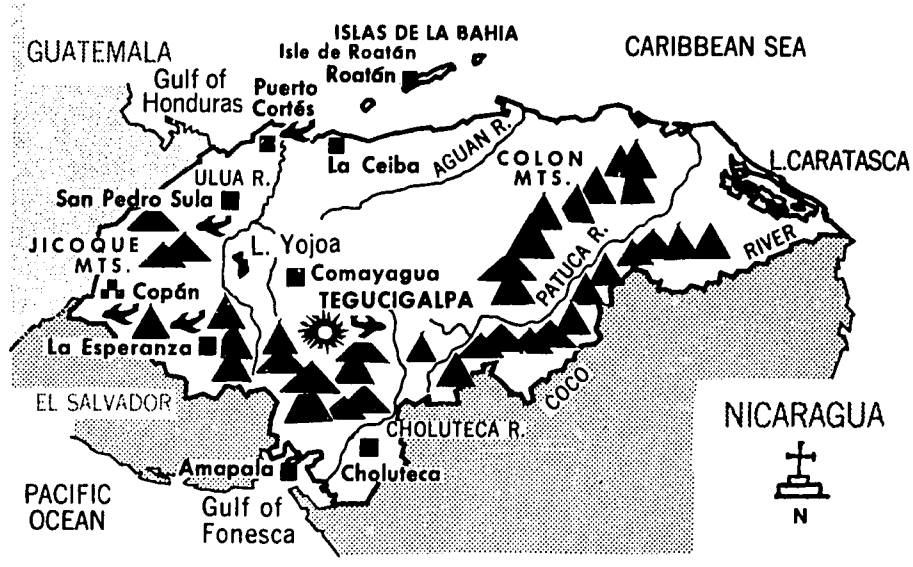
The Negroes are, for the most part, a rural, peasant society. Poor, neglected and illiterate, they practice *Voodoo*, a type of animism with African roots, with many spirits and deities, and great emphasis on the powers of evil and good spirits. They pride themselves on being the Haitian "master race." Their language is a dramatic indication of their culture—called *Creole*, it is a blend of French, Spanish, English and Dutch, the foreign influences to which Haiti has been exposed, with a distinct basis in African dialects and tongues.

Creole is the basic language of the country; in addition to their French, the mulattos also speak this tongue. Most forms of artistic expression have *Voodoo* overtones. Traditional African designs have been blended with more contemporary designs in wood carving and basketry, and artifacts are a source of growing external income to this impoverished nation.

Economy: Haiti's economy, based on peasant survival at an unbelievably low level, is almost nonexistent. Deforestation, soil erosion and overpopulation all combine to limit agricultural production. The leading cash crops are coffee, cotton, sisal, cacao and sugar. Low wage scales are attracting foreign investment in light industry such as electronic assembly, finishing of leather goods and tourism. New port facilities and an enlarged airport should aid long-range economic development. Farm output was cut severely in 1975 because of drought, producing widespread malnutrition and even starvation.

The Future: Haiti has no place to go but up. The initial reforms of the youthful president have given way to traditional racketeering and favoritism; political repression also is rising. No disruptions are anticipated—the people have been used to extreme hardship for decades.

THE REPUBLIC OF HONDURAS



Area: 43,266 square miles.
Population: 2.64 million (projected).
Capital City: Tegucigalpa (Pop. 222,000, projected).
Climate: Tropical, with clearly marked wet and dry seasons. Heaviest rains occur from May to December.
Neighboring Countries: Nicaragua (Southeast); El Salvador (South); Guatemala (West).
Official Language: Spanish.
Other Principal Tongues: Various Indian dialects.
Ethnic Background: *Mestizo* (Mixed Spanish and Indian) 90%; African 5%; Indian 4%; European 1%.
Principal Religion: Roman Catholic Christianity.
Chief Commercial Products: Bananas, coffee and lumber.
Currency: Lempira (L 2=$1.00 U.S.).
Former Colonial Status: Spanish Colony (1524-1821).
Independence Date: September 15, 1821.
Chief of State: Col. Juan Alberto Melgar Castro, installed by a military *coup* on April 22, 1975.
National Flag: Blue, white and blue horizontal stripes, 5 blue stars in a cluster on the white stripe.

Honduras is the second largest of the Central American republics and one of the most thinly populated. Much of the country is mountainous; an irregular plateau in the southwest has peaks approaching 8,000 feet near Tegucigalpa and La Esperanza. The plateau drops to a narrow plain on the Pacific Coast (Gulf of Fonseca). To the north there also is a narrow coastal plain broadening to the east. The valleys of the Ulúa (N.W.) and Aguán (N.E.) rivers extending south from the Atlantic coast (Gulf of Honduras), are important agricultural regions. Running south from the Ulúa to the Gulf of Fonseca is an intermountain valley which is the principal route of communications from the Atlantic to the Pacific oceans. The eastern plains along the Patuca River are covered with jungle and only partially explored.

The central plateau descends into several basins at 2,000 to 4,000 feet, in which are located the principal urban centers. The southern and western highlands contain the majority of the native Indian population. The Negro population is found in the banana-raising section along the Atlantic coast. Prevailing winds are from the east, and the Atlantic coastal plain, receiving heavy rainfall, is covered with forests which are also found on the eastern slopes of the plateau and mountains.

History: Honduras was settled by Spanish treasure seekers from Guatemala in 1524. The mainstream of movement and settlement was along the Guatemala trail, a pattern that today governs the population distribution. The Spaniards ignored the Atlantic coast and the region was untouched until the U.S. fruit companies set up banana plantations in the late 19th century.

Honduras achieved independence from Spain with the other Central American states in 1821, and joined with them in a short-lived federation. Going its own way as a separate state in 1838, Honduras has been subjected to interference from Guatemala, El Salvador and Nicaragua as these countries sought Honduran support in conflicts among and between them. Honduran politics has followed the Central American pattern—two-party conflict between liberal and conservative factions of the elite, little popular participation in the political process and a long list of ever-changing dictatorial regimes. However, Honduras' dictatorships have been somewhat more benign than those of its neighbors. Less inclined towards revolution than its neighbors, sparsely populated, and with few roads, Honduras has been able to avoid the large-scale bloodshed of Central America in its first 150 years.

The constitution has been revised a dozen times and few presidents have been able administrators. The most capable of them were Policarpo Bonilla (1894-1899) and Tiburcio Carías Andino (1932-1948). Neither made any pretense of democratic rule, rather, each governed as a benevolent despot.

During his sixteen years, Carías did more to advance the social and economic well-being of the country than any of his predecessors. Some roads and a few schools were built, and modern agricultural methods were introduced. His regime was maintained by jailing or exiling his critics.

Following Carías was a series of somewhat incapable presidents who were unable to control the country. In 1956, General Ramón Villeda Morales succeeded as president; to provide a counter-force to the Army, which had dominated Honduran politics, he created a national police force. Wooing labor and arming the police proved his undoing, and he was ousted by military *coup* in October 1963.

Following seizure of power by General Oswaldo López, Honduras joined the Central American Common Market; trade was improved and an industrial development program was initiated in the northern plains region close to San Pedro and Puerto Cortés. Presidential elections were held in 1965 and General López, heading the *National Party*, was elected to a six-year term.

A long, simmering dispute between Honduras and El Salvador, stemming from the fact that tiny El Salvador is badly overpopulated, erupted into a brief, but bloody war in July 1959. Since the 1940's, some 300,000 landless peasants from El Salvador have settled illegally on vacant land near the border inside underpopulated Honduras. In time, these highly industrious people

were living better than many native Hondurans in the region. Alarmed by what it viewed as a growing flood of "squatters," Honduras enacted a new land reform law that distributed to native Hondurans plots which had been cleared and brought under cultivation by the Salvadorians. All too frequently, Salvadorians would be evicted just before their crops were ready for harvest. The mass deportation of 17,000 of them soon built up a tense atmosphere between the two nations which only required a disputed score during a soccer game between the two to cause a war.

Although the North American press tended to joke about the "soccer war" between the two "banana republics," the conflict claimed more than 2,000 lives, devastated the economies of both countries and has yet to be resolved. Frequent border clashes still occur, despite efforts of the Organization of American States to arrange a cease-fire and establish a demilitarized zone. Because of the strife, Honduras withdrew from the newly formed Central American Common Market, causing a blow from which it has yet to recover. Trade between the two states has come to a standstill as a result of a closing of the border by Honduras.

Capitalizing on his role as a "wartime" leader, President López made plans to remain in office by amending the constitution to permit his reelection in 1971. When this effort failed, López then persuaded the two major parties to divide equally most of the national offices. Under this so-called "Pact of National Unity," Ramón Ernesto Cruz was elected president.

Unable to cope with the nation's growing economic problems and a disturbed political atmosphere, the elderly Cruz was ousted in a *coup* in December 1972 led by López. To gain popular support, the former president promised a major land reform program. The plan enraged the aristocracy which rejects any change in the feudal farm system; the peasants rejected the measure as being too limited. The regime was also stung by charges of political corruption—López was ousted in a military *coup* in April 1975 after being charged with accepting a $1.25 million bribe from United Brands Company, a U.S. corporation, to lower taxes on banana exports.

His successor, Colonel Juan Alberto Melgar Castro, pledged that the reforms promised by López would be enacted, but like his predecessor, he soon found himself in a deadly crossfire between wealthy farmers and landless peasants.

The heart of the dispute is land. Much of Honduras is extremely mountainous; only 22% of the land is arable. A lion's share of this is owned by just 667 families (0.3% of the population) and by two huge U.S. banana firms. In contrast, the peasants (87% of the people) live as peons on small, difficult to till plots. The end result is widespread malnutrition, particularly among the young. Honduras is second only to Haiti as the poorest nation in the Western Hemisphere.

Land reforms promised in 1924, 1962 and 1968 were largely empty pledges—little land passed into the hands of the poor. When the peasants planned a hunger march on the capital in mid-1975, landowners reacted by brutally slaying 14 peasant leaders in one province.

The army has traditionally sided with the elite, but lately there has been growing sentiment among younger officers for some type of meaningful land reform to reduce the chances of a major peasant uprising. The situation is explosive, since this country has one of the largest peasant movements in Latin America which now is backed with growing support from Catholic Church officials and is becoming increasingly militant. Uncertain of continued support from the military, the aristocracy has organized its own vigilante "death squads." During 1975 alone, some 50 peasants were killed while trying to till land owned by wealthy farmers.

The present Melgar Castro regime has sought to defuse the political crisis by postponing action on land reform. The border dispute with El Salvador has also been cooled after both sides agreed to international arbitration for the first time in October 1976.

Culture: Honduran culture is almost entirely based on that of its colonial conquerors. The ancient Mayan civilization, the subject of intensive research and archeological exploration for more than 100 years, had declined many centuries prior to the arrival of the Spaniards.

Moorish-Spanish architecture prevails throughout most of the nation, particularly in the beautiful churches built during the centuries since the arrival of Roman Catholicism. Education is compulsory through the age of fifteen, but there is a serious shortage of trained teachers, lack of schools and little effort to enforce the eductional law. Higher education is available, including that offered by the National University of Honduras, established in the capital city in 1847. Only a small percentage of Hondurans engage in such studies.

The folklore and music of Honduras are not distinctive, bearing a close resemblance to those of the other Central American nations. Culture division exists between the bustling cities and the isolated rural areas—the people of the lonely countryside have been almost completely bypassed by the civilization of the more mundane city people.

Economy: Honduras is a classic example of a 'banana republic," with a small aristocracy, almost no middle class and a large peasant population that lives on a per capita income of about $30 per year. Most of the nation's farmland is controlled by U.S.-owned banana firms and by a few huge cattle ranches. Mountainous terrain and periodic droughts limit farm output and methods are primitive. Most industry is foreign-owned. Banana exports account for about 45% of earnings; other cash crops include lumber, sugar, coffee, cotton, tobacco and beef products.

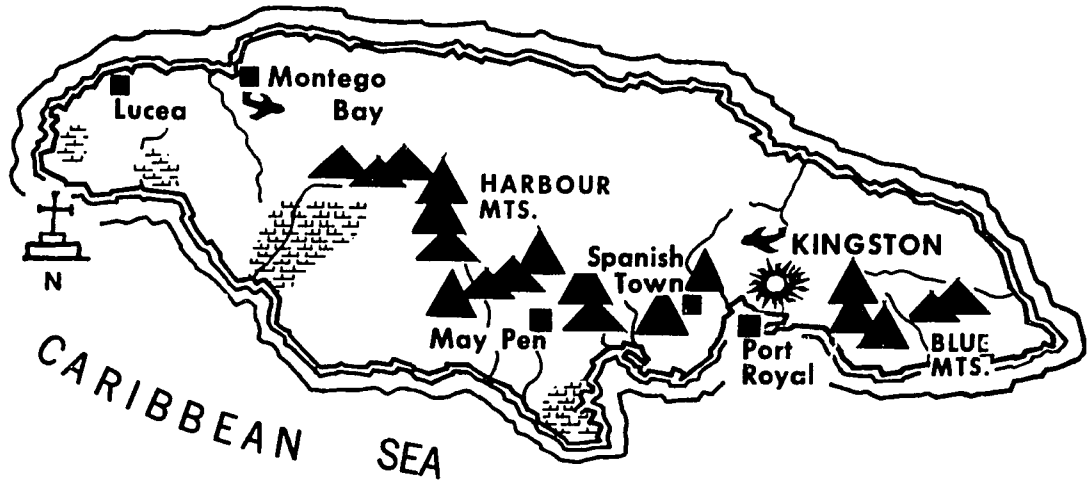
Honduras is still recovering from the effects of hurricane Fifi, which destroyed about 75% of the already limited national productivity in September 1974. The worst drought conditions in decades in 1975 destroyed 80% of the corn crop, causing widespread starvation.

Government efforts at economic reform have increased slightly—long-term special concessions to banana companies were cancelled in August 1975 following the "bananagate" scandal. Banana workers joined in the reform by voting out corrupt labor officials controlled by U.S. unions, replacing them with more responsive leaders.

A group of Latin American investors announced a plan to develop the huge pine forests in southeastern Honduras. This will include the construction of sawmills and pulp processing plants costing about $338 million, plus another investment of $77 million for road and port facilities. Production is scheduled to begin in 1979, with full output expected in 1983. The project, which is partially financed with Venezuelan "petrodollars," will double the nation's foreign income.

The Future: The latest military regime led by Melgar Castro is seeking to cool the nation's tense political situation by placing the steaming issue of land reform on the back burner and by seeking ways to reach an arbitrated settlement of the border dispute with El Salvador. These policies may be successful—at least in the short run.

JAMAICA



Area: 4,470 square miles.
Population: 2.16 million (projected).
Capital City: Kingston (Pop. 172,000, projected).
Climate: The coastal climate is hot and humid; the uplands are moderate, variable and pleasant.
Neighboring Countries: This island state, the smallest of the Greater Antilles, lies about 100 miles south of Cuba and 100 miles west of the southwestern tip of Haiti.
Official Language: English.
Ethnic Background: African Negro and mulatto, with a very small European minority. There are prominent Chinese and East Indian minorities.
Principal Religion: Protestant Christianity (Anglican); the Roman Catholic Church and other Protestant sects are very active.
Chief Commercial Products: Bauxite, aluminum, sugar, bananas and other tropical fruits.
Currency: Dollar (J$ 1.10=$ 1.00 U.S.±).
Former Colonial Status: Spanish Colony (1509-1655); British Colony (1655-1962).
Independence Date: August 6, 1962.
Chief of State: Michael Manley, Prime Minister.
National Flag: St. George's Cross (gold), black triangles on either side with green triangles at top and bottom.

Jamaica is a picturesque, mountainous island about 145 miles long by 50 miles in width. The mountains run east and west with spurs to the north and south, reaching 7,000 feet in the east and descending in the west. The coastal plains are intensively cultivated and are the most densely populated. The Jamaican people are descendants of African slaves imported by Spanish and English planters. Rich soils and adequate rainfall encouraged sugar and cotton production during the colonial period, while the small valleys provided fruits and vegetables for local consumption. Jamaica possesses large deposits of bauxite and gypsum which are commercially exploited.

History: Jamaica's history is inextricably interwoven with the struggle between Spain and England for domination of Atlantic trade in the 16th and 17th centuries. The Spanish adventurer Juan de Esquivel settled the island in 1509, calling it Santiago. Villa de la Vega (later, Spanish Town) was founded in 1523 and served as the capital until 1872. The native Arawak people were rapidly exterminated and Negro slaves were imported to provide labor. When Jamaica was taken by the British in 1655, the total population was about 3,000. The Spanish were completely expelled by 1660, at which time their slaves fled to the mountains. These slaves, known as *Maroons*, resisted all efforts to recapture them, and maintained a state of guerrilla warfare against the British through the 18th century. British title to Jamaica was confirmed in 1670, and from 1672 on, the island became one of the world's largest slave markets. By the end of the 18th century, Jamaica had a slave population in excess of 3 million, working seventy sugar, sixty indigo and sixty cacao plantations. With a profitable trade to London and an equally great illegal trade with Spanish America, the Jamaican planters were extremely wealthy. The prohibition of slave trade in 1807, freedom of the Spanish colonies by 1821, and the abolition of slavery in 1833-1838, ended the plantation economy as the freed slaves took to the hills, occupying small plots of land, where their descendants are found today.

Jamaica's history has also been influenced by natural disasters. A violent earthquake in 1692 destroyed Port Royal and led to the founding of Kingston. It in turn was destroyed by a 1907 earthquake, but was rebuilt. Hurricanes have also exacted their toll and revised the island's agricultural patterns. The 19th century was marked by civil disorders as the economic situation deteriorated. Riots in 1865 brought about changes in the government, while other disorders

The Rodney Memorial in Jamaica's former capital, Spanish To
Credit: Jamaica Tourist

72

JAMAICA

in 1938 led to the establishment of dominion status in 1944 and an advance preparation for independence, granted in 1962.

The island nation has a parliamentary system of government with a two-chamber legislature consisting of 21 senators and 53 representatives. The Prime Minister, selected from the majority party, chooses 13 senators and the remaining 8 are selected by the opposition.

The 1972 elections were won by Michael Manley, whose *People's National Party* also won 37 of 53 seats in the House of Representatives. A moderate socialist with urban support, he defeated former Prime Minister Hugh Shearer, whose *Jamaica Labor Party*, with rural support, had dominated national politics since Jamaica attained independence.

Claiming that just 5% of the population owns 90% of the wealth of Jamaica, Manley has made income redistribution one of the major goals of his socialist program. To help achieve this, the government has increased state intervention in the entire economy. Present plans call for Jamaica to gain a 51% controlling interest in the bauxite mining operations and to establish a system of worker participation in most industries.

Once sector of the economy receiving special attention is agriculture. During 1977 the government began a takeover of foreign-owned banks in the hope of channeling capital away from consumer spending and toward rural development. In addition, a new land reform program has brought under cultivation 50,000 acres of previously idle land. Many large plantations have been broken up and half of the nation's sugar cane production is now controlled by worker cooperatives.

In foreign affairs, Manley embraces "Third World" concepts. He has established economic and political ties with some communist nations. Although an admirer of Fidel Castro, Manley rejects communism, which he says is not "part of the stream" of Jamaican history. Despite close ties with Cuba, Manley also has sought friendly relations with the United States. In May 1977 he gave a warm welcome to Rosalynn Carter, who came to the island during her tour of Latin America. In honor of her visit, Manley lifted the state of siege that had been imposed during the previous year. Jamaica ended a lengthy dispute with the U.S.-owned mining firms in April 1977 by signing a longterm bauxite development pact with Reynolds Metals and Aluminum Company of America.

While thus seeking to reassure foreign investors, Manley has also moved ahead with his plan to bridge the gap between the rich and the poor. In addition to an extensive land reform program, his government has stressed housing projects and education. Since 1972, one quarter of a million Jamaicans have been taught to read under a new literacy project.

By appealing to the poor, who comprice 85% of the population, Manley's *PNP* party scored impressive gains in the December 1976 elections. With 58% of the vote, the *PNP* took 47 of the 60 seats in the House of Representatives. This election followed the most violent campaign in the nation's history. All told, 12 persons died during the three weeks of electioneering while the number of politically related murders exceeded 200 in 1976. Manley's main opponent, Edward Seaga of the *JLP*, had campaigned for a return to free enterprise and closer ties with the United States.

Seen as a victory for Manley's socialistic policies, the election results have further alienated the island's upper classes. Since Manley has been in power, some 10,000 wealthy Jamaicans have left the island and transferred $200 million to U.S. banks. Increased taxes and fear of nationalization have also discouraged private investments. The economy has further suffered because of a drop in tourism caused by a rise in political violence. Even more disastrous have been the low international prices for Jamaica's vital bauxite and sugar exports. In contrast, the price of oil and food imports continue to rise. Other signs of economic malaise include a high unemployment rate (25%), high inflation (29% in mid-1977) and a large foreign debt ($1 billion).

Culture: The Jamaican people have adopted the culture of the former British rulers. The traces of Arawak and Spanish influence have disappeared and the African heritage is largely confined to music, dance and a fondness for bright-colored clothing. The haunting calypso melodies from Trinidad have become part of the popular music of Jamaica, as has the harsh, but singular, sound of steel drum bands. This instrument is an ordinary 55 gallon drum fashioned into an instrument with most notes of the scale.

Economy: Rich bauxite deposits, tourism and agriculture have dominated Jamaica's economic sector and the financial condition of the nation has been closely tied to international conditions. During 1975 and 1976, the economy was badly battered by a drop in international prices for aluminum and sugar exports and the mounting political violence which has scared away money-laden tourists. Last, but not least, the worse drought in a quarter of a century has made deep cuts in farm output.

Other problems facing the economy include persistently high unemployment and inflation rates. Moreover, the "Democratic-Socialist" policies of the government have discouraged needed foreign investments while also driving domestic capital out of the nation. All of these problems held the gross national product rate to zero in 1975 and in the first half of 1976.

The long-range growth potential for the economy is closely linked with the nation's huge bauxite reserves, which are estimated at 1.5 billion tons; Jamaica is second only to Australia in exports of this mineral. In mid-1974, Jamaica increased taxes on foreign-owned bauxite mines by a whopping 700%. The government hoped to expand its aluminum output through joint production ventures with Guyana, Trinidad-Tobago, Mexico and Venezuela.

The Future: With the December 1976 elections giving a clear-cut mandate to Prime Minister Manley's socialistic programs, the electoral violence has now subsided—but the island's severe economic problems will linger on.

THE UNITED MEXICAN STATES

Area: 767,919 square miles.
Population: *63 million (projected).*
Capital City: Mexico City (Pop. 11.2 million, projected).
Climate: Hot, west on the coast; milder winters, hot summers in the dry north; mild, dry winters in the central highlands.
Neighboring Countries: United States (North); Guatemala and British Honduras (South and Southeast).
Official Language: Spanish.
Other Principal Tongues: Various Indian dialects (the census of 1960 identified 52 non-Spanish-speaking groups); English.
Ethnic Background: *Mestizo* (mixed Spanish and Indian) 87%; Indian 10%; Other 3%.
Principal Religion: Roman Catholic Christianity.
Chief Commercial Products: Cotton, coffee, sugar, lead, copper, zinc, fuel oil, meat, shrimp and vegetables.
Currency: Peso (P 22=$1.00 U.S.±).
Former Colonial Status: Spanish Colony (1510-1821).
Independence Date: September 16, 1821.
Chief of State: José Lopez Portillo, President.
National Flag: Green, white and red verticle stripes with the national coat of arms (an eagle strangling a snake) in the white stripe.

Mexico is a vast upland plateau lying between the two branches of the Sierra Madre Mountains plus the low-lying Yucatán Peninsula. The Sierra Madre range enters Mexico in the south from Guatemala at elevations from 6,000 to 8,000 feet, then dips to low hills in the Isthmus of Tehuantepec and then rises abruptly to a jumble of scenic high peaks and inter-mountain basins. Mexico City is located in one of the most beautiful of these. From this point northward, the Sierra Madre Occidental (west) runs to the area of Arizona in the U.S. and the Sierra Madre Oriental (east) proceeds northeast to the border of Texas. The eastern mountains are not

as high as their counterpart in the west.

Mountains and their plateaus occupy two-thirds of the land area of Mexico. The highest elevations are found south of Mexico City, where Citlaltepetl (the highest, 18,696 feet), with an almost perfect conical shape, is reminiscent of Mt. Fujiyama in Japan. Mountains and plateau drop gradually toward the north. The western range descends steeply to the Pacific Ocean with few passes, while the eastern range is more gentle, with gaps to the Gulf of Mexico at Tampico and Vera Cruz.

The western mountain slopes, the northern plateau and the peninsula of Lower California are arid; the southern inter-mountain valleys receive moderate rainfall; the eastern slopes and the Gulf of Mexico coast receive up to 100 inches of rainfall between the months of June and December.

The whole of Mexico lies in the tropical and subtropical zones; however, climatically, altitude is a more important influence than latitude. Temperatures are hot between sea level and 3,000 feet, temperate between 3,000 and 6,000 feet and cold above the latter height. The majority of Mexico's population is found in the southern part of the plateau at elevations between 3,000 and 7,000 feet.

History: Mexico has been the home of civilized people for some two to three thousand years. While there is little historical information about these people, archeological exploration gives us some important facts concerning their social and cultural achievements. Great cities have existed since the beginning of the Christian era on the Yucután Peninsula and in the basins where the modern cities of Puebla, Toluca, Oaxaca and Mexico City are located. These people were literate, skilled craftsmen and farmers, capable of administering a complex society.

The greatest of these societies was that of the Maya, whose empire covered Yucután and extended into Guatemala, Honduras and Nicaragua. At the time of the Spanish conquest, the Maya were on the decline and the Aztecs, located close to present-day Mexico City, were the most powerful of the native peoples, claiming over-lordship of the other sedentary tribes. Theirs was an uneasy empire, and the Spaniards found many willing allies to assis them in the conquest of the Aztecs.

Hernán Cortés, sent by the Spanish governor of Cuba, landed at Vera Cruz in 1519, and after skirmishes with the Maya, he enlisted their aid against the Aztecs. Cortés arrived at Tenochtitlán, now Mexico City, in November, where he became the "guest" of Montezuma, the famed Aztec emperor. The Spaniards remained in the Aztec capital until the following June, when an Indian rebellion forced them out. Cortés returned, and on August 30, 1521, razed the city, killed Montezuma and began the systematic destruction of the Aztec empire.

During the succeeding 300 years, the Spaniards built a colonial empire modeled on feudal Spanish patterns, administered by a small elite group of landholders, royal governors and clergy, who exploited Mexico's mineral wealth with Indian slave labor. An important factor in the Spanish successes was that their system of land tenure and organization of labor was not too different from that of the Aztecs. The Spaniard's view of his own superiority and that of his god, his king and the propriety of his conduct, were understandable to the conquered natives.

The Spanish regime, though granting land and wealth to settlers, retained all authority in the hands of Spanish-born administrators and invested little of the colonial wealth in the development of the colony itself. The lack of official Spanish interest in the well-being of either the landowner or the Indian peasant laid the foundation for revolt. The flag of revolution was raised in 1810 by the parish priest of Dolores, Father Miguel Hidalgo, with the famous *Grito* (cry) *Perish the Spaniard!* This movement quickly gained 80,000 armed supporters, Indians, *mestizos* and colonials, who might have won a rapid victory if the priest had been a better military commander. Failure to press the initial revolt permitted Spanish troops to defend the capital and a bitter eleven years of war elapsed before independence from Spain was won when Augustin de Iturbide entered Mexico City. The years of war had created many deep conflicts among the Mexicans and destroyed the colonial economy.

In 1821, Iturbide, supported by landowners and ranchers proclaimed Mexico an independent empire with himself as emperor. This empire incorporated the Central American colonies with Mexico and was opposed by young, urban intellectuals who were motivated by the spirit of the French and American revolutions; a year later, Iturbide abdicated.

A Federal Republic was created in 1824 with Gen. Guadalupe Victoria as president. The Central American states went their independent ways. Mexico passed through the turmoil common to the other newly independent Latin American states. Having been ruled by Spanish viceroys, the army and the Church, the new nation had few leaders with the experience to govern, and turned to the military leaders of the war years. Mexicans were in conflict on their form of government; conservatives wanted a strong government and close alliance with the Church—a system but little different from that of Spain; liberals, however, wanted a loose federation of autonomous states, freedom from the Church and liberty to run their estates as they saw fit. To the Indian and the *mestizo*, independence made little difference—native-born landowners replaced the former Spanish overlords—and they had no more to show for their work than in prior years.

From independence to the present, the history of Mexico falls into five periods: the dictatorship of Santa Anna (1824-1855); the reform era of Benito Juarez (1855-1876); the dictatorship of Porfirio Diaz (1876-1910); the revolution (1910-1920) and the modern republic (1920-). Santa Anna's domination set the pattern for the next century. Amid floundering efforts to establish a nation, there were continuous conflicts between conservatives and liberals, a raid by Spain in 1829, the secession of Texas in 1836, a French raid in 1838 and a disastrous war with the United States (1846-1848) which cost Mexico its northern provinces. Throughout the period, the national treasury was looted by unscrupulous leaders, bandits roamed the country and local strongmen ruled their districts with little regard for law or the central government. Except for brief periods, a conservative bloc of landlords and the Church held power.

The era of Benito Juárez, a full-blooded Zapotec Indian, was one of violent change, with the balance of power transferred from the Creoles (Mexicans of pure Spanish ancestry) to the *mestizo* middle class. The movement started with mass uprisings to unseat Santa Anna and the conservatives, who had oppressed the liberals, lost half of the national territory and saddled the people with foreign debts. The liberals seized power in 1855, revised the Constitution, stripped the military and the Church of their special privileges and seized unused lands for distribution to peasants. Resistance to these radical reforms brought conservatives and liberals to civil war from 1858 to 1860.

The liberals won the civil war and Benito Juárez undertook the reconstruction of Mexico. In 1861 he stopped payments on foreign debts owed to Spain, France and England, and in 1862 the three powers intervened. England and Spain withdrew, but the French

moved to occupy Mexico City and install a conservative government. The French and conservatives invited Maximilian, Archduke of Austria, to become Emperor of Mexico, sparking a tragic interlude of renewed civil war, ending in a liberal victory and Maximilian's execution. Juárez returned to power in 1867 and resumed his rebuilding of Mexico, along the lines of the reforms initiated in 1861. The same opposition which resisted the earlier reforms nullified Juárez's ambitions. With his death, Porfirio Díaz, a hero of the war against Maximilian, came to power. Despite the failure of Juárez's major goals, the years of suffering had unified the country, separated Church and state and brought the *mestizo* into the political structure.

The regime of Porfirio Díaz was typical of the 19th century Latin American dictatorships. Control of the [illegible] was established by efficient police and military units. Opposition was stilled by bribery, jail, exile, execution, or a combination of each. The paternalistic despotism of Díaz brought 35 years of peace and economic development to Mexico. However, it did not develop young leadership or popular political parties, nor did it relieve the Indian peasants' hunger.

This administration was efficient; schools and universities were opened, roads and railroads were built and foreign corporations were encouraged to develop Mexico's petroleum and mineral wealth. Mexico under Díaz enjoyed a reputation for stability and prosperity; however, at home, the gains of Juárez were wiped out and the landowners and the Church were the major beneficiaries. By 1910, Porfirio Díaz's time was running out, the long-suffering Indian peasant was ready for revolt, the urban workers were disgruntled and a few liberal intellectuals were preparing the indictments which would raise the flag of revolution again. Díaz's efforts to suppress the candidacy of Francisco Madero, a popular intellectual nominated to oppose him in the elections of 1910, brought on riots; Díaz fled the country.

When Madero entered Mexico City in 1911 as a reform presidential candidate, he was greeted as a popular Messiah. Assuming office in November, he was besieged by peasant revolutionaries demanding land, landlords demanding protection and the son of Porfirio Díaz in open war against the administration. The collapse came within a year; General Victoriano Huerta ousted and murdered Madero and then set about restoring order. However, the popular temper would not accept another dictatorship and a state of virtual anarchy reigned until 1920.

Revolutionary generals, adventurers, bandits and patriots took turns as *de facto* chief of state from various "centers of government"—Mexico City, Vera Cruz and Aguascalientes. From civil war there emerged a social revolution; the power of the landlords and the clergy was to be destoyed and a popular government established. To this day, priests and nuns may not wear their religious garb in public. In 1917 the advocates of agrarian reform, labor reform and social legislation, supported by a majority of the principal commanders, drafted Mexico's revolutionary constitution, a declaration of war against the landowners and the clergy. It was also a warning to the great powers that the days of foreign intervention were over. General Alvaro Obregón and 40,000 troops marched into Mexico City in the summer of 1920, marking the end of the period of anarchy.

Obregón, the most capable of the revolutionary generals, was aware of the popular demands for compliance with the Constitution of 1917. Elected to the presidency in 1920, he imposed peace by force; he placated the revolutionary armies by giving large salaries to the officers while reducing the number of troops, gave organized labor a free reign, parcelled out land and supported education with talent and funds never before dedicated to this purpose. Resistance to Obregón flared briefly in 1923 but was suppressed, and the presidency was transferred to a successor without bloodshed. Plutarco Elías Calles ruled directly or indirectly for 10 years.

Calles brought in a labor government, expropriated foreign holdings, fought a civil war with the Church, redistributed land and set the revolution on an irreversible path. The election of Lázaro Cárdenas in 1934 marked the maturing of the modern Mexican Revolution. An adept politician, he set about redressing some of the grievances and abuses which had developed under Calles, organized political support and buttressed the authority of the government. When Cárdenas finished his term of office, the government enjoyed confidence and respect.

The period from 1946 to the present has been marked by a succession of capable leaders, orderly transfers of government and the growth of the national economy. Though Mexico is not unaware of former intervention by the United States, relations between the two countries has been stable. Mexican nationalism has been, at least until recently, guided by practical considerations.

PRI Domination of Mexican Politics

The bicameral legislature includes a Senate with 60 members who are elected from the majority party and a Chamber of Deputies with 210 members. Since its founding in 1929, the *Institutional Revolutionary Party (PRI)* has won every national election. The word "revolutionary" comes from the party's promise to support the goals of 1910-1917 revolution. "Institutional" means that no one is permitted to become a dictator. Although presidential powers almost resemble those of a monarch, the chief executive cannot run for reelection and his influence over the government virtually ends the moment he leaves office.

The key source of the party's power is its wide appeal. Nearly every major power group in the nation is represented in it, including labor unions, the business community, financial interests, peasant movements and various elected and bureaucratic officials. The influence of the military has declined in recent years and the power of the Church in party affairs is virtually nonexistent. All factions have some voice in the decision-making process, although a sitting president tends to have the most powerful role in naming his successor. Once the candidates have been chosen and the platform formulated, all elements join forces to back the party line.

Politically, the *PRI* is a centrist party. The selection of a conservative-leaning president in one election is sometimes balanced by a liberal candidate in the next. Thus, the conservative administration of Gustavo Díaz Ordaz from 1964 to 1970 was followed by the more liberal government of Luis Echeverría Alvarez from 1970 to 1976. Perhaps because of its policy of give and take, the *PRI* has brought Mexico a half century of political stability—the longest such period of any other nation in Latin America.

Critics of the Mexican political system argue, with some justification, that little dissent is tolerated. Indeed, the *PRI* often "buys off" the opposition by giving important critics lucrative government jobs, with ample opportunity for subtle graft. Partly because of such practices, rival political groups have been unable to sustain a major campaign against "the system." The leading opposition group, the conservative *National Action Party (PAN)*, is dominated by a small section of the business community and is thus unable to match the broad appeal of the *PRI*. The 60-year

old *Communist Party* has remained so small that it seldom meets the requirements for a place on the ballot.

Despite its enormous political dominance, the *PRI* does not take the voters for granted. Party slogans permanently adorn buildings and billboards throughout the nation. Every election finds candidates and campaign workers trooping throughout the country seeking to rekindle the original spirit of the party.

Campaign speeches at every political rally always invoke the *PRI's* commitment to the original objectives of the Mexican revolution, which sought to bring the huge peasant population into the nation's political and economic structure. In the years since World War II, however, the party has clearly become more lethargic and pragmatic. Every president since populist Lázaro Cárdenas has stressed rapid industrialization at the expense of welfare programs for the poor. This policy has produced gleaming large cities, continuation of the wealth of the elite and an emerging middle class. In contrast to the urban wealth, the rural areas have witnessed hardly any basic change.

Despite the steady growth of the economy for a quarter of a century following World War II, the economy began to run out of steam by the early 1970's. Imports exceeded exports, the foreign debt rose and farm output failed to keep pace with the population growth. Although the inflation rate was held to about 3% a year in the 1960's, it began rising in the 1970's, reaching nearly 40% by 1975. Such a rapid jump in living costs in turn caused widespread strikes and labor strife.

Some political unrest appeared in the late 1960's; in poverty-stricken rural areas, landless peasants increasingly sought to till land of others, sparking clashes with authorities. The resulting discontent temporarily stimulated the growth of insurgent movements. After army troops finally killed popular guerrilla leader Lucio Cabañas (a sort of Mexican Robin Hood who stole from the rich to give to the poor), other terrorist groups from the political left and right remained active. In reaction to mounting political and economic problems the government tended to increase its repression of opposition groups. Some 300 college students were killed in 1968 when the army and right-wing vigilante squads were used to crush protests at the University of Mexico and other institutions.

In this atmosphere of growing unrest, labor strife and rising guerrilla activities the 1970 presidential elections were held. Although Luis Echeverría received 80% of the vote, he commenced his term presiding over a less united Mexico.

The new president assumed that he could either continue the suppression of dissent of the previous conservative Díaz Ordaz government or, relaxing government restraints, stress broad social welfare measures. He chose the latter.

Widespread rural poverty (as usual) was the most pressing problem. Echeverría widened the government's direct participation in the economy. Federal spending in rural areas was quadrupled and new programs giving equal rights to women were initiated. The minimum wage was doubled and the president promised an income redistribution at the expense of the top 10% of the population which owns more than half the national wealth. He further pledged to reduce traditional (but subtle) extensive government corruption and to lessen restrictions against opposition political parties; tolerance of criticism of the government was also included in his program.

In foreign affairs, Echeverría guided Mexico toward a less pro-U.S. position of neutralism, but avoided overly antagonizing Mexico's neighbor. Stronger ties with Cuba were forged and diplomatic relations with the right-wing regime in Chile were severed. During his term, the president visited 54 foreign countries, a record for a Mexican president.

Echeverría was able to maintain generally good relations with the U.S. while at the same time making North Americans the target of frequent "anti-imperialism" speeches. Several long-standing border disputes were resolved and a stronger effort was made to reduce the flow of illegal Mexican immigrants and drugs into the United States.

These independent foreign policy and reformist domestic policies generated considerable criticism. Peasants claimed the government's land reform program distributed only low-quality plots to the poor and that public works projects promised by the president in flamboyant political speeches often failed to go forward. Civil libertarians criticized government harassment of political opponents and the president's actual intolerance of criticism. By 1976 Echeverría himself played a role in the take-over by conservatives of the country's only important independent-liberal newspaper, *Excelsior*. Liberals complained that little income redistribution had been achieved. In contrast, business leaders charged that increased governmental regulation of industry had produced an economic recession in Mexico while at the same time lax security had encouraged political terrorism.

As the 1976 elections approached, most attention turned to the *PRI* candidate, José López Portillo, age 56. Running unopposed (*PAN* could not agree on a candidate), he was elected with 17 million of the 19 million votes cast on July 4th. Tall and athletic in appearance, López Portillo is widely regarded as a "technocrat" who showed considerable managerial talent as finance minister. Although a close personal friend of Echeverría. When he took office, López Portillo made it clear that his policies would be radically different from those of his predecessor. Above all, the new president sought to stimulate the economy with conservative measures which would reassure the nation's business community. Social programs would be toned down and government spending reduced. In foreign affairs, López Portillo planned to move away from the "'Third World" and closer to the United States.

The new chief executive faced a major problem immediately after his inauguration on December 1, 1976: how to handle a political bombshell in the farm sector. Just before President Echeverría stepped down, he startled the nation by turning over to 4,000 peasants some 400 square miles of land in the rich northwestern farm belt. Not only did this bitterly anger the large landowners and business community, it also started a chain reaction with thousands of other landless peasants illegally seizing additional farmland.

Echeverría's land expropriation plan created a serious dilemma for the incoming president: should López Portillo support the peasants who personify the spirit of the Mexican revolution? Or should he back the large farm owners who provide most of the domestic food supply and almost all of the food exports which earn badly needed foreign exchange? He chose the latter. Although López Portillo technically sidetracked the problem by turning the matter over to the courts (during which time the peasants would be forced to give up newly expropriated land), he clearly voiced support for the large farm owners by noting "The land is not made of rubber. It is not elastic and cannot be stretched indefinitely."

To further reassure the business community, López Portillo promised an austerity program to cut government spending and reduce inflation. At the same time, he promised to hold down the foreign debt (which had grown during the Echeverría administration from $13 billion in 1970 to $23

billion in 1976. The new president also encouraged foreign investments, especially from the United States, and embarked on an ambitious $5 billion economic development plan in cooperation with leading Mexican business firms. The project is expected to create 300,000 jobs. The new fiscal policies appear to have produced some positive results: in May 1977 Mexico reported its first trade surplus in 28 years—compared to a trade deficit of $3 billion in 1976.

A key aspect of the new administration's foreign policy is closer ties with the United States. In February 1977 López Portillo traveled north of the border, where he sought solutions for major problems that had divided the two nations: Mexico's large trade deficit with its northern neighbor and the huge flow of illegal Mexican immigrants and drugs into the United States. During 1977, the two countries concluded an unusual agreement to swap prisoners. Under the plan, 600 U.S. citizens in Mexican jails (mainly on drug charges) would be allowed to finish their terms at home, while 1,200 Mexicans would be sent to their own local jails.

Numerous problems still face the president. Half of the 63 million Mexicans live in poverty (particularly in the rural regions) and the gap between the rich and poor is expanding. The population growth rate is a deadly 3.5% per year (some say 3.8%)—which has dangerously increased pressures on the already overcrowded cities. Peasant demands for land are intensifying. Half the work force is unemployed or underemployed. Finally, the inflation rate is high (23% in mid-1977), which in turn caused the once-stable *peso* to drop in value from 8 cents (U.S.) to less than 4 cents.

Despite such headaches, Mexico still holds some trump cards. Its industrial base is one of the strongest of any developing nation. Large mineral resources, particularly oil and steel, can provide the basis for a healthy economy. Perhaps more important, Mexico enjoys a relatively stable system of government compared to its neighbors which commands the loyalty of a large majority of its citizens.

Culture: Mexico is one of the few states in the New World to have achieved what may be called an American culture. From the blending of the native and foreign peoples, a new and different people have emerged. The ethnic traits are predominantly Indian, the religion is Roman Catholic Christianity but the arts—music, dance, painting and literature—can only be called Mexican. Evidence of the origin of the various elements can be identified only as contributing factors in Mexico's own unique culture.

There are some 200 different tribes and ethnic groups to which have been added small groups of Africans and Europeans. The intermingling of the races is so varied that Mexico maintains no ethnic statistics. The only groups distinctly identified are the non-Spanish speaking Indians, who compose 10% of the population and belong to 31 major linguistic groups.

The social life of Mexico City is equal to that of the most modern cities of the world, but tempered by a gracious life and reflected in the traditional Spanish architecture intermingled with the most modern office buildings and hotels. Social life in the smaller cities and towns centers around picturesque plazas. The music of Mexico is as varied and often energetic as the food of the people is spicy and delicious. The Mexican sandwich, called *taco*, has become widely popular in the U.S.—the ingredients can be found at any large food store.

Education, separated from the Church under President Calles, has rapidly progressed—primary and secondary education for every Mexican is the ultimate goal which will be difficult to achieve. Literacy among the population has risen to more than 80% as contrasted to the 20% of 1910. The National University of Mexico at Mexico City is recognized as one of Latin America's leading centers of higher learning and there are universities in 17 of Mexico's states.

Economy: The economy is composed of a complex mixture of agriculture, industry and commerce. Although half of the population is tied to farming, the harsh environment has never allowed production of food to keep pace with the rapidly growing population. Farm methods generally are antiquated; many peasants function in a feudal land tenure system. At the same time, government land reform programs have led to the creation of small, inefficient plots, discouraging needed basic investments in agriculture.

The industrial sector is centered largely in the capital city and around Monterrey, close to the U.S. border. Government participation in industry has increased steadily in recent years. Federally-run industries, accounting for 22% of all output, are concentrated in petroleum and basic petrochemicals, steel, railroads, telecommunications, banking and fertilizers.

Mexico's economy is closely tied to that of the United States. Presently, two-thirds of the foreign debt and more than 70% of all foreign investment are from the U.S. Mexico's large annual trade deficit with its northern neighbor usually is offset by a huge flow of U.S. tourist dollars and by earnings of Mexican workers in the United States. Because of these close ties, the Mexican economy felt the effects of the U.S. recession of 1974-1975, which caused a drop in investments and a loss of more than 100,000 jobs at various border assembly plants.

The long-term economic outlook remains bright. Mexico is endowed with many natural resources and boasts a highly industrialized sector with increasing numbers of middle class, entrepreneurs and skilled financiers. A major boost for the economy came in October 1974 when the government confirmed the reports of a huge oil deposit in the Chiapas-Tabasco region of southeastern Mexico and in 1975 when another large offshore oil field was located near the Yucutan Peninsula. Mexico now ranks among the world's top dozen oil producing nations, with estimated oil reserves of 30-60 billion barrels (more than 6 times that of Alaska's North Slope).

During the Echeverría administration, most attention was given to oil, steel and road construction. Electrical output, road construction and both steel and oil production have more than doubled since 1970. In 1977, oil output will reach a flow of one million barrels a day; within a decade it should equal Venezuelan output of more than 2 millions barrels daily.

Despite these impressive gains under Echeverría, the economy as a whole suffered from serious problems. To finance huge investments in the petrochemical and steel industries, the government vastly increased the amount of *pesos* in circulation. During the single year of 1976, the budget deficit reached $3 billion. As a result, the inflation rate rose—which in turn undercut the value of Mexican currency. Fearing that a devaluation was imminent, some $4 billion in Mexican capital fled the country, touching off the worst fiscal crisis since the 1910 revolution. The inevitable result finally came in September and again in October 1976 when the government was forced to devalue the *peso* by a total of 50%—the first devaluation since 1954.

The Future: The new López Portillo administration will continue its pro-business outlook and seek closer U.S. ties. Social reforms and "Third World" rhetoric will lessen. As a result, political tensions should cool while the economy warms up.

THE REPUBLIC OF NICARAGUA

Area: 49,163 square miles.
Population: 2.03 million (projected).
Capital City: Managua (Pop. 329,000, projected).
Climate: Tropical, with distinct wet and dry seasons. Rainfall is heavier on the Atlantic coast, with heaviest downpours from May to December.
Neighboring Countries: Honduras (North); Costa Rica (South).
Official Language: Spanish.
Principal Tongues: English, Indian dialects.
Ethnic Background: *Mestizo* (a mixture of Spanish and Indian), 77%; African 9%; native Indian, 4%; European and others, 10%.
Principal Religion: Roman Catholic Christianity.
Chief Commercial Products: Cotton, coffee, meat, sugar.
Currency: Córdoba (C 7=$1.00 U.S.±).
Former Colonial Status: Spanish Colony (1519-1821).
Independence Date: September 15, 1821.
Chief of State: Anastasio Somoza Debayle, President.
National Flag: Blue, white and blue horizontal stripes with a coat of arms on the white stripe.

Nicaragua is the largest and most sparsely settled of the Central American republics. It has three distinct geographic regions: a triangular mountain extension of the Honduran highlands, with its apex reaching to the San Juan River valley on the Costa Rican frontier; a narrow Pacific coastal plain containing two large lakes (Managua, 32 miles long, and Nicaragua, 92 miles long); and a wider Atlantic coastal plain.

The Pacific plain is part of a trough which runs from the Gulf of Fonseca in the northwest through the two scenic lakes and the San Juan River valley to the Atlantic. This is one of the most promising sites for a new interoceanic canal. There is considerable volcanic activity in the northwestern part of this region. Three volcanoes reaching to some 5,000 feet have emerged from Lake Nicaragua, another stands majestically on the north shore of Lake Managua and some twenty more lie formidably between the lakes and the Gulf of Fonseca. The moist easterly winds from the Caribbean Sea drench the San Juan River valley and the Atlantic coastal plains, which are heavily forested.

The Pacific coastal plains receive less rainfall and in some parts require flood control and irrigation for agriculture. The majority of Nicaragua's population is found between the western slope of the highlands and the Pacific Ocean. The few settlements on the Atlantic Coast were founded by the British and the population in this region is predominantly of African-West Indian origin, with a few pockets of native Mosquito Indians.

History: The Spanish conquerors reached Nicaragua from Panama in 1519. They found a fairly dense population of agricultural Maya Indians on the shores of Lake Nicaragua, from whom gold ornaments were acquired. The Spaniards returned in 1524 and founded settlements at Granada and León. By 1570 the flow of gold had ceased, most of the settlers left and the two towns were put under the administration of the Captaincy-General of Guatemala.

León, more accessible to the sea, was chosen as the administrative center rather than the larger and more wealthy Granada. The eastern coast was entirely neglected by the Spanish—the towns of Bluefields and Greytown (San Juan del Norte) were established by British loggers cutting mahogany and other valuable timber. By the time of independence, the Lake Nicaragua basin was the site of productive sugar and indigo plantations and the town of Granada was the center of political conservatism. León, the center of less valuable grain and food production and capital of the province, was the seat of anticlerical political liberalism.

Independence came to Nicaragua as a by-product of the movements in Mexico and in the South American states. Through the actions of Guatemala, Nicaragua joined Mexico under Iturbide and became a member of the Central American confederation, but withdrew from it in 1838. The liberal-conservative conflict which marked the period was manifested in Nicaragua by an as yet unsettled feud between the people of Granada and León. Other factors also entered into Nicaraguan problems. British interests established a protectorate over the Atlantic region, known as the *Autonomous Kingdom of Mosquitia*, which was not incorporated into the national territory until 1860. During the 1850's and 1860's Commodore Cornelius Vanderbilt's transit company became involved in ferrying California-bound gold prospectors across Nicaragua, and the liberals of León invited William Walker, a U.S. soldier of fortune, to head up their army to crush the Granada conservatives. At the same time,

surfaced from time to time. Burnham was reelected in 1968, easily defeating Cheddi Jagan. During his second term, he emphasized broadening the base of the economy and a neutral foreign policy. To reduce dependence on sugar exports, more attention was given to the development of other crops.

Burnham started moving toward the political left in 1970—he declared Guyana to be a "cooperative republic," whereby 1,300 small worker cooperatives were established. The government began taking over the nation's foreign-owned bauxite mining operations in 1971. Burnham again was elected in 1973 to a third term, defeating Jagan. His *People's National Congress* won 37 seats in the 57-member Parliament; the *People's Progressive Party* of Jagan was reduced by 5 to a total of 14 members.

Burnham's main strength comes from Blacks who live in the cities, while Jagan dominates the East Indian vote in the more rural areas. Although East Indians comprise 52% of the population compared to 40% who are Black, Burnham has skillfully garnered his winning margins through political patronage and by espousing ideas originally proposed by his opponent.

Although he calls himself a Socialist, Although the reports were later proven to be false, the U.S. has viewed Burnham's turn to the left with growing alarm—particularly frustrating since the U.S. and British intelligence agencies helped Burnham gain power in 1964 in order to block Jagan's Marxist programs.

The political accommodation between Burnham and Jagan has brought an unaccustomed political tranquility to Guyana. There is no effective conservative or pro-capitalist movement in the country at present. The racial questions are still quite alive, however, and ultimately that issue may well break the present political bond of convenience between the two leaders.

Culture: The people of Guyana have adopted the culture of the British ruling elite of the past century. Schooled through elementary grades, their literacy rate is higher than those in neighboring nations. There are few cultural traits reflecting the origin of the African community; the Asiatic community still retains some of its original customs, especially in marriage and family relations.

the Inter-American Development Bank, a Washington-based organization.

The unemployment rate (20% in mid-1976) is concentrated most heavily among the East Indians. In contrast, the Black minority has a lion's share of the government jobs, a situation which has caused tension between the two racial groups. The economic outlook is also severely clouded by a "brain drain" as skilled people and members of the business community have left the country, unsure of the results of the government's Marxist programs. During 1977 the economy suffered from low world prices for sugar and protracted strikes at the bauxite mines.

The Future: Prime Minister Burnham's plan to create a Marxist economy has met little opposition in impoverished Guyana. However, racial tensions between the controlling Blacks and the larger East Indian population remain a constant problem.

there were conflicts of British and North American interests who backed the various factions.

Walker's successes in León were such that Vanderbilt was induced to aid the conservatives of Granada. Walker finally was captured and executed in 1860 and the conservatives established their dominance which was to endure for thirty years. The conservatives quelled numerous uprisings, installed their presidents as became necessary and convenient and gave the country a semblance of stable government. During this period the cultivation of coffee and bananas was started, gold production was resumed and a few immigrants arrived from Europe. However, factional quarrels among the conservatives made possible a liberal *coup* in 1893 and the seizure of power by youthful José Santos Zalaya.

The sixteen years of tyrannical misrule by Santos Zelaya became notorious both at home and abroad. He persecuted his conservative enemies, betrayed his liberal supporters and systematically looted both public and private funds. He maintained his position with a ruthless system of spies and police, suppressing all critics. Despite his misrule, the economy prospered, railroads were built and public schools were increased. However, his execution of two U.S. adventurers aroused the government of the United States and the dictator fled to exile in 1909. Santos Zalaya's flight left the country in a state of near anarchy; the government was bankrupt and foreign creditors were threatening intervention. The conservatives appealed to Washington to intervene while New York financiers bought up foreign bonds and installed economic supervisors to manage the Nicaraguan economy and insure repayment of their investments.

In 1912, liberals revolted against a situation in which their country was the ward of foreign banks. United States warships landed a few Marines, suppressed the revolt and became involved in a twenty year war for the elimination of banditry and the establishment of a stable, democratic government. While Washington supported conservatives, Mexico supported liberals in a see-saw contest. Larger forces of Marines were introduced in 1927 to control the country; the U.S. tried to resolve the internal liberal-conservative conflict through supposedly free and democratic elections.

The U.S. forces left Nicaragua in 1933, with the government in the hands of a liberal president and the peace guaranteed by a Marine-trained police force, the *Guardia Nacional*. The year 1937 revealed that the true power lay with the *Guardia Nacional* and its military-trained commander, Anastasio ("Tacho") Somoza.

Somoza ruled as a dictator until his assassination in September 1955. Congress then named his son, Luis, to the presidency, which he occupied until 1963.

The elections of 1963 were relatively quiet and honest, and liberal René Schick, a supposed puppet of the Somozas, took office in an orderly transfer of power. Vice President Lorenzo Guerrero was designated president following the death of Schick in mid-1966.

In 1967, Anastasio ("Tachito") Somoza Debayle became the third member of the family to win the presidency. He has since ruled the country efficiently, if somewhat arrogantly. As one of the wealthiest heads of state, Somoza devotes much time to numerous family businesses, ranging from a cement factory to an airline. With the support of the *Guardia Nacional* which he controls, Somoza is a relatively mild strongman by Caribbean standards. Barred by law from succeeding himself at the end of his first term, Somoza created a caretaker three-man *junta* in 1971 to rule until September 1974, when he was elected to a second term after defeating Edmundo Paguagua of the small *Conservative Party* with 91.7% of the vote. Nine other small opposition parties were barred from the election.

The incredible wealth of Somoza (he owns 8,260 square miles of Nicaragua while 200,000 peasants are landless) has made the strongman an inviting target for left wing guerrillas. Government forces killed *Sandinista* guerrilla leader Carlos Fonseca Amador in November 1976 and in February 1977 military courts convicted another 110 persons of aiding the insurgents. Nevertheless, the regime has been unable to completely wipe out the dissidents.

When Somoza recently adopted stronger counterinsurgency tactics, he came into conflict with the Catholic Church, which accused his regime of committing atrocities against civilians while fighting guerrillas. In one incident, the Church said, 86 civilians, including 29 children were killed in two mass executions in the village of Varilla in the western part of the Department of Zelaya. Following the massacre, Church leaders said the belongings of the victims were divided among the magistrates assigned to the case. Strong man Somoza later said the charged were exaggerated.

Culture: Though a substantial number of Nicaraguans lead a modern, urban life comparable to that of the large cities of Latin America, the majority live in rural simplicity. The culture closely resembles that of the rest of the Central American states. The music of the people, derived from their Spanish-Moorish conquerors, is used to accompany a wide variety of local dances and festivals.

It is possible to see the latest dramatic and musical productions professionally performed in the busy capital of Managua, but after a short journey to also view a traditional *mestizo* comedy quaintly performed in a combination of *Nahuatl* (an Indian dialect), Spanish and *Mangue*, another Indian dialect.

Nicaragua contributed one of the world's foremost poets, Rubén Darío (1867-1916). This sensitive man, born in Nicaragua, lived in many of the other nations of Latin America and in the United States, writing poetry and lecturing before returning late in life to his native country. His style was modernistic, and many have said that this great writer lived many years before his time.

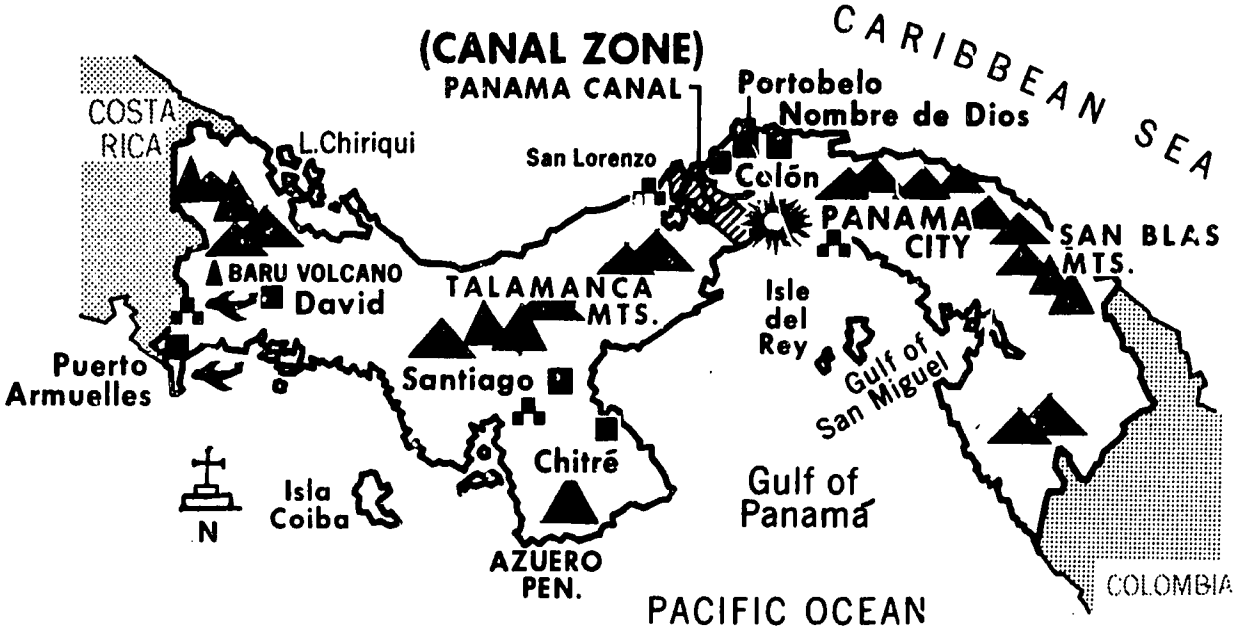
Economy: Effectively managed by the Somozas, Nicaragua's economy is based on agriculture, which employs 65% of the work force. However, development of light industry has given the economy a broader base than is found in most other Latin American nations. Underpopulated, and with many unexploited natural resources, Nicaragua has a substantial potential for economic growth.

The western region produces cotton, coffee and sugar on the rich volcanic soil. The cattle industry has also been expanded in this section of the nation. Although the eastern region is largely devoted to banana plantations, some operations have been shifted to the west coast because of banana plant disease.

While the disastrous 1972 earthquake destroyed most of Managua's business district, the city's industrial sector remained largely intact. Reconstruction of the capital is continuing—as are the numerous reports of government corruption and profiteering associated with the rebuilding program.

The Future: Having just been reelected to a second term which extends through 1981, President Somoza will continue to manage Nicaragua as a family affair as has been done by the Somozas since 1937.

THE REPUBLIC OF PANAMA



Area: 28,745 square miles.
Population: 1.53 million (projected).
Capital City: Panama City (Pop. 385,000, projected).
Climate: Tropical, with clearly marked wet and dry seasons. The heaviest rainfall is from May to December.
Neighboring Countries: Colombia (Southeast); Costa Rica (Northwest).
Official Language: Spanish.
Other Principal Tongues: English.
Ethnic Background: Mulatto (mixed African and European) 72%; African 14%; European 12%; Indian and other 2%.
Principal Religion: Roman Catholic Christianity.
Chief Commercial Products: Bananas, shrimp and cacao.
Currency: Balboa (B 1=$1.00 U.S.).
Former Colonial Status: Spanish Colony (1519-1821); Province of Colombia (1821-1903).
Independence Date: November 3, 1903.
Chief of State: Demetrios Lakas, President; General Omar Torrijos controls the president and government.
National Flag: A rectangle of four quarters; white with a blue star, blue, white with a red star, red.

Panama is a narrow isthmus, 480 miles long and varying in width from 37 to 110 miles, connecting North and South America. Mountainous throughout, the highest elevation is the volcano Baru (11,397 feet) near the Costa Rican border. The Talamanca range continues southeast at an average elevation of 3,000 feet until it drops into the sea just west of Panama City. The San Blas range, rising east of Colón, runs southeast into Colombia; again, the average elevation is 3,000 feet. A third range appears along the Pacific Coast east of Panama City and runs southeast into Colombia. Both coasts have narrow plains cut by numerous small rivers running into the sea.

Lying in the tropical rainbelt, Panama's Atlantic coast receives up to 150 inches of rainfall—the Pacific coast receives about 100 inches. Four-fifths of Panama's territory is covered with jungle and one-half lies outside effective control by the Panamanian government. The principal reason for Panama's existence as a nation and the principal source of its earnings is the geographical accident of the north-south gap between the Talamanca and San Blas ranges which permitted construction of a canal between the Atlantic and Pacific oceans. Now the site of the Panama Canal and the nation's major cities, more than one-half of the population is found in a narrow corridor and along the Pacific coast west of the gap

History: Panama was discovered by Columbus in 1498-1500 and called *Veraguas*. It assumed importance in 1513 when Vasco Nuñez de Balboa discovered the Pacific. Panama City was established on the Pacific coast in 1518 and connected to three Caribbean ports by trails and rivers.

Nombre de Dios (Name of God) and Portobelo were the principal Atlantic ports maintained by the Spanish. Panama became the base for the outfitting of expeditions into Peru and Central America; it later was a major link in the route over which the wealth of the region was shipped to Spain. This wealth, and Panama's strategic importance, attracted pirates, buccaneers and foreign armies.

The British privateer Sir Francis Drake burned Nombre de Dios in 1573 and 1598; Henry Morgan, a pirate from the same nation, raided the isthmus, looting and burning Panama City in 1617; British Admiral Edward Vernon captured Portobelo in 1739 and San Lorenzo in 1740. In 1746, Spain abandoned the Panamanian route in favor of the trip around Cape Horn, at the tip of Argentina and Chile, to reach its colonies in western Latin America.

For nearly 100 years Panama was bypassed by trade and ignored during the wars for independence fought on the southern continent. The discovery of gold in California brought renewed interest in quick transit from the Atlantic to the Pacific coast of the United States. A railroad was constructed between 1850 and 1853, and the De Lesseps Company of France started work on a canal in 1882. The work was abandoned in

1893 and the assets of the bankrupt company were acquired by a combination of U.S. investors in 1900.

There ensued three years of fruitless negotiations between the United States and Colombia, which was subject to civil war during the period. The French agent of the defunct canal company, with the knowledge of the United States, engineered a revolution in Panama with the understanding that the United States would intervene to establish Panama as an independent state and that U.S. financial interests would acquire the right to complete the interoceanic canal across the isthmus. The United States recognized the independence of Panama three days after its proclamation on November 3, 1903.

Treaty negotiations between the United States and Panama were brief—Philippe Jean Bunau-Varilla, formerly associated with the French canal effort, represented Panama, and agreement was quickly reached giving the United States territorial rights in the Canal Zone. Construction started shortly thereafter, and this also was the start of seventy years of wrangling between the U.S. and the Republic of Panama. In 1914, the 400-year-old dream of Spanish, French, British and North American adventurers was accomplished when a vessel sailed through the completed canal from the Atlantic to the Pacific Ocean.

Panama's political history as an independent state has been in keeping with the pattern of the Central American and Caribbean states. Power lay in the hands of a small, elite group which exploited the geographic situation for its personal benefit. The population at the time of independence was concentrated in the terminal cities of the transisthmian railroad and was dependent upon commerce for its income. The influx of labor for the construction completely overwhelmed the administrative capabilities of the small nation.

The United States took what measures it deemed necessary to achieve its purposes while Panama elected or appointed one ineffective government after another. The Panama Railroad, the United Fruit Company, which had established banana plantations during the late 1800's, and the Panama Canal Company, in consort with a small group of Panamanian families, exercised effective political and economic power in Panama. The steady influx of wealth supported a booming economy through the 1940's. Following World War II, the growing population exceeded the service demands of commerce and Panama began to feel the effects of fifty years of lack of direction and failure to invest its earnings in substantial industrial ventures.

The second and third generation descendants of the laborers who built the railroad and canal became restless and placed pressure on both their own and U.S. officials to take the Republic of Panama seriously and to begin plans for the development of a stable political and economic structure. The elections of 1960 effected the first legal and peaceful transfer of government authority in Panamanian history. The 1964 elections were won by a coalition of moderates and conservatives who were able to win a plurality, but not a majority, in the National Assembly. Marco Robles was installed as president for four years. During this period, the fiery Arnulfo Arias, twice deposed from the presidency by the *Guardia Nacional* (Panama's combined police force and army) took advantage of student unrest and a continued lack of economic progress. An ardent nationalist, Arias was known for his ability to enlist anti-U.S. sentiment in carrying out his ambitions.

Elected president in 1968, Arias served only 11 days before being ousted again by the National Guard when he tried to fire its commander, Colonel Omar Torrijos Herrera. Claiming that the *coup* was necessary to prevent Arias from becoming a dictator, Torrijos assumed dictatorial power for himself, ruling through a provisional president, Colonel José Maria Pinilla. Once in control, however, Torrijos promised a "social revolution" with fundamental changes in the nation's political, social and economic structures. Political parties were banned and a serious campaign was launched against government inefficiency and graft. Although popular with the common people, such policies raised considerable opposition among the elite Panamanian families and old guard politicians who regarded corruption as a sort of national pastime.

Following an abortive attempt by President Pinilla to oust Torrijos in December 1969, the National Guard Commander redoubled his efforts to cut the power of the traditional political elite and to reform the government. Demetrios Lakas was named as the nation's figurehead president.

Controversy over the Panama Canal

National politics have been dominated in recent years by the dispute with the United States over the Panama Canal. Most of this centers around the 1903 treaty which grants the United States virtual sovereignty "in perpetuity" over the 530-square-mile Canal Zone. Widespread resentment against what is regarded as an outdated treaty has unified most Panamanian political factions in demanding a new treaty. Key changes sought by Panama include: 1)increased rental payments; 2) a large-scale reduction of U.S. military presence in the zone; 3) a greater Panamanian role in operating the canal; and 4) recognition of complete Panamanian sovereignty over the zone.

Panama is especially critical over what it considers unduly low toll fees and rental payments for what it views as the world's most valuable piece of real estate. Indeed, since 1914, tolls have been raised only twice—in 1974 and 1976. While admitting that the annual payment of $2.3 million is low, the United States contends this fee is augmented by about $237 million that the canal company spends each year in Panama for operating expenses.

More vexing is the problem of U.S. military presence in the Canal Zone. Panama argues that the chance of a foreign invasion is virtually zero and that the 9,500 U.S. troops stationed in the zone are actually an "occupation army." Protests have also been raised against the use of zone facilities by the U.S. to train Latin American armed forces in such activities as anti-guerrilla warfare.

Although there has been a recent effort to place some nationals in management positions, Panamanians insist they could—and should—be allowed a greater role in running their nation's major industry. Panamanians employed in the zone are usually given menial tasks at low wages. Since its opening in 1914, the canal has been operated almost entirely by U.S. staff and supervisors. The zone itself resembles a "company town," as residents are provided with cradle-to-grave programs such as free schooling and medical care.

Because the 1903 treaty grants the United States rights over the zone "as if it were sovereign," Panama says the corridor represents a virtual foreign nation in its midst. Panamanians can even be "deported" from the zone. Panama contends that U.S. control over the zone is a form of colonialism and argues that the 1903 treaty must be scuttled, since it was forced on their tiny nation by U.S. "big-stick" gunboat diplomacy. That claim is not new. When U.S. Congressional critics objected to President Theodore Roosevelt's use of "gunboat diplomacy" in Panama in 1903, the testy chief executive responded that the

PANAMA

United States had a manifest destiny to intervene in the isthmus. The witty Secretary of War, Elihu Root, then remarked to Roosevelt: "You have shown that you were accused of seduction and you have conclusively proved that you were guilty of rape."

Supporters of the 1903 treaty, including many members of the U.S. Congress, argue that the North Americans have inherent rights in Panama since there would have been no canal—much less a Panamanian nation—without U.S. help.

After years of simmering, Panamanian grievances turned into violence during anti-American riots at the entrance to the Canal Zone, resulting in 24 deaths and 200 injured. Shortly thereafter, the U.S. agreed to negotiate a new treaty, but talks stagnated and were broken off in 1967. Panama then began pressing its case elsewhere. Meeting in Panama in 1973, the Security Council of the UN would have adopted a resolution calling for the cancellation of the 1903 treaty if it had not been vetoed by the United States. Delegates to a conference of the Organization of American States in 1974 at Atlanta, Georgia, strongly supported Panama's position in the dispute. If a new treaty is not forthcoming in 1977, Panama says it will seek a United Nations General Assembly resolution condemning the U.S. for colonialism—a move likely to succeed in that forum which has become accustomed to anti-U.S. expressions on more trivial matters.

Fearing renewed violence, the United States has undertaken a major effort to hammer out a new agreement. An eight-point agenda for the negotiations was signed early in 1974, and negotiations began shortly thereafter. Although significant progress was reported by both countries in mid-1976, chances for an accord were dimmed when the negotiations became a major campaign issue during the 1976 U.S. presidential election campaign.

Shortly after his inauguration in January 1977, incoming President Carter indicated that he would give high priority to obtaining a new treaty with Panama. Carter appointed former OAS Ambassador Sol M. Linowitz to join Ellsworth Bunker as chief U.S. negotiators, and the talks were resumed in February 1977.

Since the United States appears (at least on the surface) to be leaning toward acceptance of most Panamanian demands, preliminary reports indicated that upon ratification of a new treaty, the zone and the canal will progressively become Panamanian territory. Nevertheless, the U.S. would continue to operate the canal from an area 60% smaller than at present and on December 31, 1999, Panama would gain full control over the zone and the canal. Even after this, the United States will have the right to intervene in order to protect the canala's "neutrality" should an outside threat develop.

Although the Carter administration hoped to have the new treaty worked out by June 1977, one key issue appeared to be unresolved as of August—U.S. rental payments to Panama.

There are several thorny issues which remain to be resolved, however. President Carter suggested that a "larger, wider, deeper" sea-level canal would have to be built before the year 2000 becauseof military and economic reasons. Presently, many warships, oil tankers and cargo boats are too large to pass through the canal. As a result, canal traffic and tonnage volume has declined in recent years, causing it to lose $30 million since 1973. In 1970 a special presidential task force appointed by former President Johnson reported it would be possible to build a sea-level canal for $2.8 billion (in 1970 dollars), but the plan was never implemented.

There is opposition from U.S. citizens working in the Zone numbering 40,000, who oppose any change in the *status quo*.

Congressional opposition is considerable; as of mid-1977 there may not be enough Senate votes to ratify the treaty. In addition, the House of Representatives claims a right to approve the treaty since it involves a "giveaway" of U.S. property.

Gen. Torrijos also has problems in Panama. Observers believe that settlement of the dispute would hurt him politically, since he could no longer exploit the issue. Although the strong man has sought to build mass support by stressing social reform—improved health, nutrition, education and rural development—his regime has lost considerable popularity because of the present economic problems in Panama: high unemployment, rising inflation, increased taxes and low private investments.

Torrijos was forced to use the National Guard in September 1976 to end student protests against price increases for basic food items. His popularity declined even further in January 1977 when a new austerity plan was imposed.

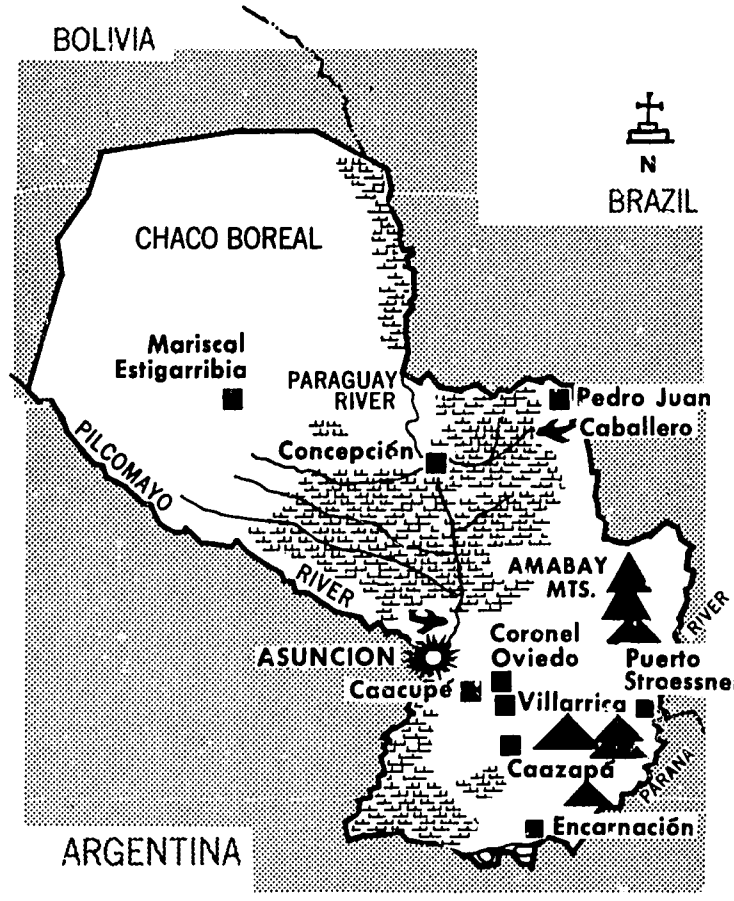
Although Torrijos has reduced government repression, opponents continue to be harrassed. The Congress is still powerless and the press must practice self-imposed censorship. Although such strongarm tactics have offended many political and business leaders, Torrijos continues to enjoy the support of the 7,500-man National Guard. In Panama, that is what ultimately counts.

Culture: Panama's is an international blend of cultures combining European, African and native Indian influences with those of the rest of the commercial world that have called at her ports in transit. Outwardly, the most prominent features are Spanish colonial architecture amid the engineering works of the Canal and its industrial satellites. The people cling to the folk dances and costumes of the colonial period, heavily influenced by West Indian songs and rhythms. There are few modes of expression that are singularly Panamanian —reminiscent of Aden, Hong Kong and Macao, this is a cosmopolitan trading culture. The scattered agricultural population and native Indians of the rural areas are for the most part isolated from the political and economic centers of the nation.

Economy: Panama's economy is based on trade brought to it by an accident of geography. Farm output is unable to feed the population; the major source of income (14% of the gross national product) is tied to the Canal. Since taking power, the Torrijos regime has sought to diversify the economy—in addition to stressing rural development and road construction, the government has established incentives to make Panama an international banking center. Many of the 74 registered banks specialize in financing Latin American exports. Government participation in the economy has increased as the present regime seeks to purchase the banana plantations from U.S.-owned firms, principally United Brands. Panama is also planning to operate food processing plants and has announced its intention to spend $800 million developing copper deposits in Chiriqui Province. The plan is said to be the largest state-owned project in the world to be undertaken by a developing nation.

The Future: All Panama is waiting to see the terms of the new canal treaty with the United States. Should strongman Torrijos fail to make major gains, his political future will be clouded. Renewed anti-American violence in the Canal Zone is possible.

THE REPUBLIC OF PARAGUAY



Area: 157,047 square miles.
Population: 2.46 million (projected).
Capital City: Asunción (Pop. 392,000, projected).
Climate: The eastern section *(Oriental)* lies in a temperate zone, the western *(Occidental)* section is hot and oppressive. Rainfall is heaviest from February to May; most of Paraguay receives adequate water except for the western plains.
Neighboring Countries: Brazil (East and Northeast); Argentina (South); Bolivia (West and Northwest).
Official Language: Spanish.
Other Principal Tongues: Guaraní, a native Indian dialect.
Ethnic Background: *Mestizo* (mixed Indian and Spanish ancestry).
Principal Religion: Roman Catholic Christianity.
Chief Commercial Products: Meat, hides, cotton, sugar, corn, forest products.
Currency: Guaraní (122 G = $1.00 U.S.±).
Former Colonial Status: Spanish Crown Colony (1537-1811).
Independence Date: May 14, 1811.
Chief of State: General Alfredo Stroessner, President.
National Flag: Red, white and blue horizontal stripes. The white stripe displays the national seal on one side and the words *Paz y Justicia* (Peace and Justice) on the opposite side. This is the only flag in the world having different sides.

Although Paraguay lies almost in the geographic center of the continent and is one of South America's two interior nations, it is not landlocked. The Paraná River forms part of the boundary with Argentina and Brazil and links Paraguay with the Atlantic. The north to south Paraguay River, a Paraná tributary, divides the country into two regions with very different characters. Paraguay's third important river, the Pilcomayo, forms the southwest frontier with Argentina and joins the Paraguay opposite Asunción.

The eastern *(Oriental)* region of Paraguay, between the Paraguay and Paraná rivers, is referred to as *Paraguay proper.* Containing approximately 40% of the nation's territory, the *Oriental* has fertile rolling plains with scattered hills in the south central portion, rising to the Amabay Mountains (2,700 feet) in the northeast along the Brazilian border. This is the most densely populated region of Paraguay.

The western *(Occidental)* region of the nation, commonly called the *Chaco*, is a hot, grassy prairie, interspersed with stands of hardwood known as *quebracho* (axe-breaker). Crossed by numerous unnavigable streams, its underground water is too salty for irrigation or human consumption; until recently this region was largely uninhabited. Today, through the impounding of rainwater, the *Chaco* is dotted with cattle ranches and the *quebracho* is harvested for tannin.

History: The history of Paraguay centers on the capital, Asunción and on the villages within a 60-miles radius around that city on the eastern side of the Paraguay River. To the primitive people who roamed the area prior to the Spanish conquest, the lush plains lying between the Paraguay and the Paraná rivers were their traditional Garden of Eden. Of the many tribes which resided here, most were of the Tupi-Guaraní linguistic group. An amiable people, living by trapping, fishing and simple plantings, they offered little opposition to the Spaniards who explored the Paraná valley and established a fort at Asunción on August 15, 1537, some 70 years prior to the first English settlement in North America.

Though neglected by the Spanish crown, the colony prospered and at the end of twenty years boasted 1,500 Spanish residents, a cathedral, a textile mill and a growing cattle industry. For two centuries, Asunción and its pleasant valley developed slowly while serving as the seat of Spanish authority in South

PARAGUAY

America east of the Andes Mountains and south of the Portuguese colony in Brazil.

From Asunción, expeditions founded the cities of Santa Fé, Corrientes and Buenos Aires. Beginning in 1588, a company of Jesuit missionaries gathered some 100,000 Indians into mission villages and taught them better methods of farming, stock raising and handicrafts. The Jesuits protected their wards against enslavement by civil governors, settlers and Brazilian slave hunters; in the process, they helped to hold Paraguay and Uruguay for the Spanish. Unfortunately for the colony, the Jesuits were expelled in 1767.

Paraguay's transition from colonial status to independence was swift and unspectacular. In July 1810, following the declaration of independence by Buenos Aires, Paraguay was invited to join with the Argentine ex-colony. The invitation was rejected and in January 1811 Paraguay defeated a force sent from Buenos Aires to compel acceptance of Argentine leadership. In June 1811, a congress declared Paraguay to be a free and independent state; a five-man ruling council was established.

Dissension erupted; in 1814 a hopelessly deadlocked Congress voted full dictatorial powers to Dr. José Gaspar Rodríguez de Francia, who ruled until 1840. Austere, frugal, honest, dedicated and brutally cruel, he set the dictatorial pattern which persists to the present time. Francia introduced improved methods in agriculture and in stock raising and was able to force the Paraguayan soil to produce more than ever before. Although dissent was ruthlessly suppressed, Paraguay was well ordered and well fed.

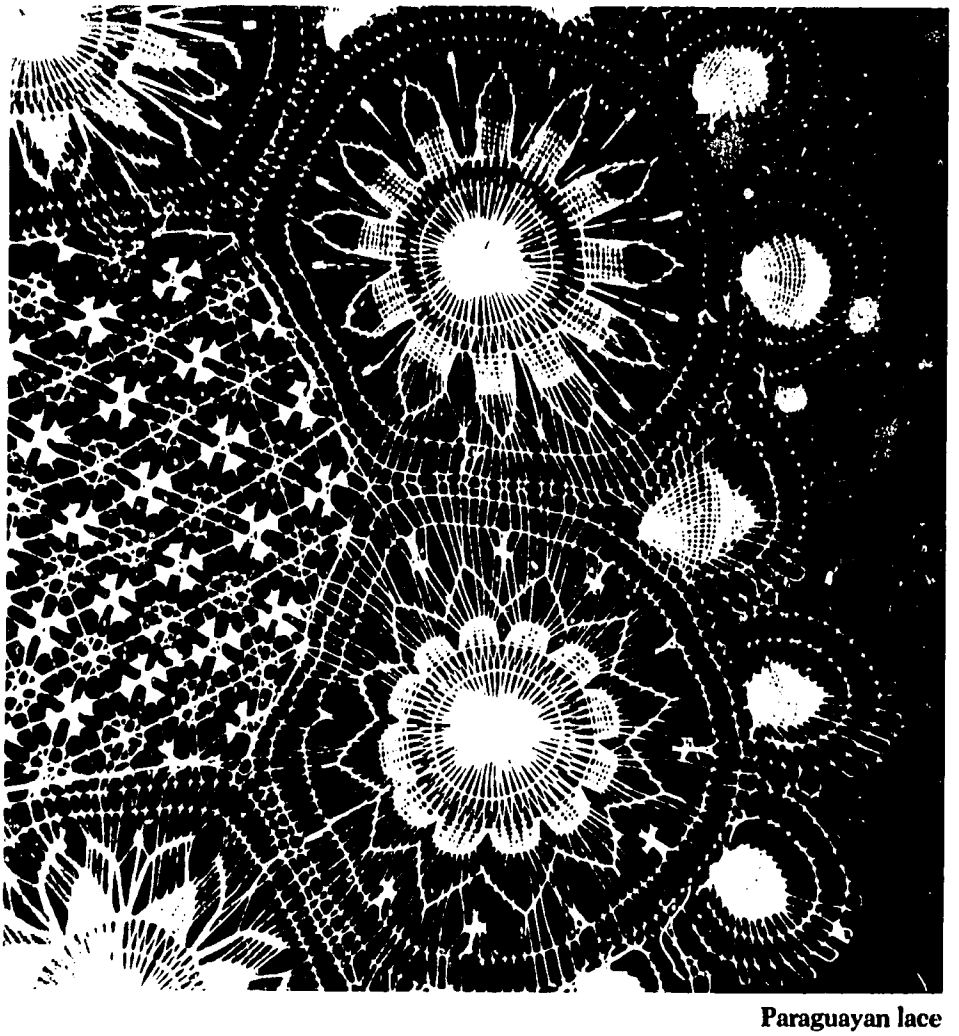
Francia was succeeded by Carlos Antonio López, (1840-1862), who ruled as capriciously as Francia but somewhat more intelligently. His major accomplishments were in the promotion of trade, erection of public buildings and the construction of railroads, highways and a few schools. His son, Francisco Solano López became the third dictator, ruling Paraguay from 1862 until his execution by a Brazilian firing squad in 1870. Equally brutal but less constructive than his predecessor, López led Paraguay into war against the combined forces of Argentina, Brazil and Uruguay from 1864 until his death. In this most savage and bloody conflict (the worst in South American history) Paraguayan losses were placed conservatively at more than 300,000 of a total of 525,000 population; only 28,746 males survived. The war terminated with Brazilian occupation of a devastated nation.

Between 1870 and 1928, Paraguay slowly recovered and remained at peace with its neighbors. However, internal turmoil persisted and presidents were put in office by gunplay rather than by elections. From 1870 to 1954, Paraguay had thirty-nine presidents, most of whom were jailed, murdered or exiled before they completed their term. Economically, there was some progress. Immigrants from Italy, Spain, Germany and Argentina developed the agriculture, stock raising and forestry industries. Of the 800,000 population in 1928, the majority were illiterate and landless; profits from agriculture and industry went to foreign owners, mostly Argentine.

The Paraguay-Bolivia border remained unresolved after the war of 1864-1870. A humiliated Paraguay sought to extend its *Chaco* territory. Bolivia sought access to the Atlantic via ports on the Paraguay River. War broke out in 1928, ending in a 1935 truce which awarded Paraguay about 20,000 square miles at a cost of more than 40,000 dead and a seriously damaged economy. Six of the war's heroes later became president.

The most capable of these, Eusabio Ayala, was deposed by nationlists who resented his efforts at conciliation with the former enemy. José Félix Estigarribia, who showed promise, was killed in an aircraft accident. Higinio Morinigo (1940-1948) resembled the earlier tyrants. The present incumbent, Alfredo Stroessner, came to power in a military *coup* in 1954; he was "elected" to the presidency by a large vote in 1958. Suppressing all opposition, he was reelected for a second term in 1963. Comparatively urbane, he allowed an opposition party, which participated in the most recent election in 1973. He has been able to make modest economic progress by attracting foreign aid to the nation.

In the most recent election, the official count gave Stroessner 681,306 to 198,096 for Gustavo Riart of the *Liberal Radical Party*. Abstentions and blank ballots accounted for 35 per cent of the vote. Elections for the new Senate and Chamber of Deputies were held at the same time. Since Stroessner's *Colorado Party* gained a majority in both houses,



Paraguayan lace

it is by law entited to two-thirds of the seats. The remaining one-third is assigned to the opposition by a prescribed formula. The Senate now consists of 20 members from the *Colorado Party*, 8 from the *Liberal Radical Party* and 2 from the *Liberal Party*. The Chamber of Deputies is made up as follows: *Colorado Party* 40, *Liberal Radical Party 16, Liberal Party* 4.

The right-wing government party is the only well organized one in the country. The two opposition ones are similar to the *Colorado* in outlook. All three favor free enterprise with minimal state invention in the economy. However, the *Liberals* favor a more democratic government.

Backed by military and business leaders, Gen. Stroessner rules Paraguay with an iron hand. Meaningful opposition is not tolerated and political opponents are quietly jailed or exiled. During the 1972 presidential campaign, Stroessner stressed the political stability in the nation, his strong stand against communism and the regime's emphasis on road construction. During his years in power there has been no perceptible increase in the living standards of the masses, as the per capita income continues to remain at about $200 a year.

Political stability, enforced by the Stroessner regime, has attracted a large influx of funds from other Latin American nations where economic and political conditions are less certain. At present the only real opposition to the administration is provided by an increasingly progressive Catholic Church, which opposes the government's strong-arm tactics. Although differences between Stroessner and the Church were partially resolved following negotiations in 1973, ties between the two soured after the government sought to cripple the Marandú rural development project. Supported by the Church with funds obtained in the United States, the program attempted to provide the nation's impoverished Indian population with medical, legal and economic assistance. Nearly all of the 100,000 Indians in Paraguay live at the bottom of the nation's already low social and economic scale. Nevertheless, the conservative aristocracy views such attempts to help the Indians as a "communist conspiracy." Accordingly, the government deported some project leaders—including five Jesuit priests—while jailing others.

The growing repression in Paraguay was condemned in April 1976 by the International League for the Rights of Man. Associated with the United Nations, the League charged that the government has arrested, tortured and sought to annihilate segments of the Indian population. In addition, the Stroessner administration has been accused of violating the human rights of political prisoners. Some of the estimated 1,000 now in Paraguayan jails are said to have been imprisoned for nearly two decades even though formal charges were never placed against them. After the new Carter Administration in Washington expressed concern about human rights violations in Paraguay, the regime responded by releasing some political prisoners in February 1977.

The government insists that the threat of subversion is real. Authorities said in January 1976 they uncovered a plot against the administration. When security forces battled with political opponents in April 1976, 35 deaths resulted. Although the tiny communist party has never gained popular support and is banned by the government, Stroessner tends to regard any opposition as "communist."

Congress has regularly passed a "state of siege" measure which gives the president unlimited authority. Although Paraguay's constitution prohibits president succession, that bar is soon to be lifted. In February 1977, Stroessner's *Colorado Party* won 85% of the vote in a spcial election to select delegates to a constitutional convention. The group is expected to pave the way for the reelection of *Numero Uno* for a fifth full term in 1978.

Culture: The Paraguayan people have achieved a harmonious blending of the Spanish and Indian cultures. The Spaniards introduced improved techniques of agriculture, cattle raising and handicrafts to the native Indians. The Indians taught the Spaniards to use the native foods and through intermarriage with the invaders were able to preserve their Guaraní language and many of the traditions and lore of their ancestors. Paraguayans are traditionally Christian, and through isolation retain many of the customs and practices of 16th century rural Spain which were introduced by Jesuit missionaries during the colonial period.

Artistic expression tends to religious themes, frequently expressed in decorating churches; however, Indian tradition and legend is perpetuated in the exquisite lace and needlework of the women. With few schools and high illiteracy, artistic talent is also expressed in the ballads and songs which have preserved much history and tradition.

Economy: The eastern *(Oriental)* region of Paraguay, with its favorable climate, is the country's primary source of economic wealth. The western *(Occidental* or *Chaco)* region contributes far less, partly because of adverse geography and climatic conditions. Approximately 40% of Paraguay's income is derived from agriculture, cattle raising and forestry; industry and commerce account for the remainder. Farm output remains comparatively low due in part to feudal land practices under which 2.6% of the population owns 75% of the usable land, and partly because of an almost total lack of machinery in many rural regions. Paraguay's foreign trade is primarily with Argentina, the U.S., the United Kingdom and West Germany; principal exports are vegetable oils, grains, cotton, tannin, forest products, meat and tobacco.

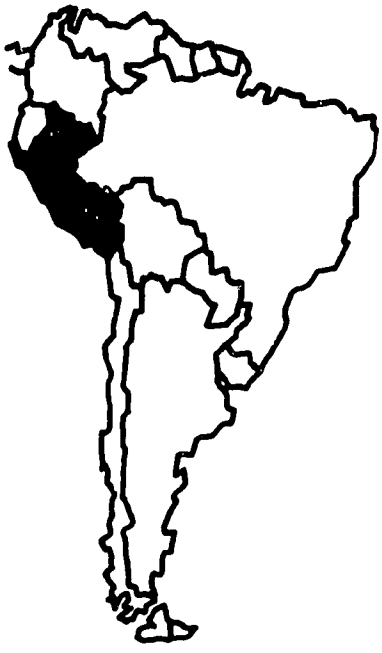
Paraguay has become a major banking center in recent years, partly because of political stability enforced by the Stroessner regime and partly because the nation is one of the few Latin American countries that places no exchange controls on the dollar. Because of liberal incentives to foreign investors, only 20% of the nation's industry is owned by Paraguayans. Although no oil deposits have been found in Paraguay, three U.S.-owned firms began exploration in early 1975 in the bleak and desolate Chaco.

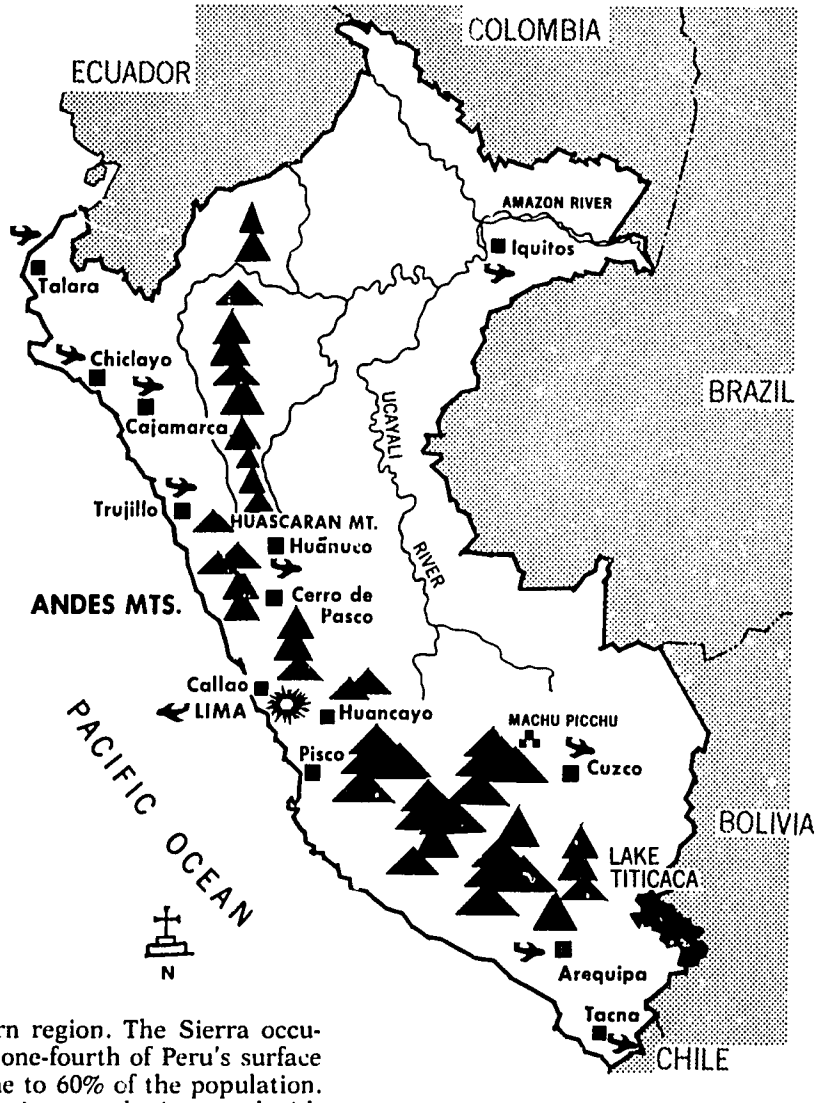
In partnership with Brazil, which is providing most of the capital and technical assistance, Paraguay is starting construction of the huge Itaipú hydroelectric dam project on the Paraná River bordering the two countries. Paraguay plans to sell its share of the electricity to Brazil for an estimated $130 million a year. Officials hope the dam will increase the nation's potential for economic expansion.

During 1975 the government's rigidly conservative economic policies held the gross national product growth rate to 1 per cent. As a result, many Paraguayans have left the country in search of work. Since 1954 when Stroessner came to power, more than a million people have left for Argentina and Brazil.

The Future: Supporters of the present Stroessner regime are changing the constitution to continue him in office. This means that most of the national wealth will remain in the hands of a privileged few, while the large majority of people will continued to be trapped in squalor and poverty.

THE REPUBLIC OF PERU





Area: 482,133 square miles.
Population: 13.95 million (projected).
Capital City: Lima (Pop. 1.87 million, projected).
Climate: The eastern lowlands are hot and humid; the coast is arid and mild; the highlands are increasingly temperate as the altitude rises.
Neighboring Countries: Ecuador (Northwest); Colombia (Northeast); Brazil ((East); Chile (South).
Official Language: Spanish.
Other Principal Tongues: Quechua and Aymara.
Ethnic Background: *Mestizo* (a mixture of Indian and Spanish ancestry) and pure Indian, 88%; European, mostly Spanish, 12%.
Principal Religion: Roman Catholic Christianity.
Chief Commercial Products: Copper, gold, lead, petroleum, cotton, fish meal, sugar.
Currency: Sol (S 65=$1.00 U.S.±).
Former Colonial Status: Spanish Colony (1532-1821).
Independence Date: July 28, 1821.
Chief of State: General Francisco Morales Bermúdez, leader of the *junta* which seized the government on August 29, 1975.
National Flag: Red, white and red vertical stripes.

Peru sits astride the majestic Andes mountains. The Sierra (upland plateau) is at an average invigorating elevation of 13,000 feet from which ranges of high peaks emerge. The highest, Huascarán, is 22,334 feet; ten others exceed 20,000 feet and there are many volcanoes in the southern region. The Sierra occupies about one-fourth of Peru's surface and is home to 60% of the population.

The Sierra is cut and criscrossed with rivers; those flowing to the west frequently disappear in the desert before reaching the Pacific Ocean; rivers flowing to the east drop into the tropical jungles of the Amazon basin. Some of the eastern rivers have cut scenic gorges into the Sierra 5,000 feet in depth, with tropical climates and vegetation at the lower levels. The Pacific coastal shelf is a narrow ribbon of desert except for a few river valleys where there is sufficient water for irrigation.

The eastern slope of the Andes, known as the *selva* (jungle) contains over 60% of Peru's land and about 14% of the population. There are few roads into this region; travel is along the river valleys.

This area's resources are great, but inaccessibility hampers their exploitation. Peru's climate varies with altitude —tropical in the lowlands, it becomes temperate above the elevation of 3,000 feet and cold above 10,000-12,000 feet, with snow and bitter frost throughout the year on the highest peaks of the Andes.

History: Peru has been host to civilized people from about the 3rd century A.D. Artistically sophisticated people have left pottery and textiles of excellent quality in the southern region which date from the 3rd to the 7th centuries. More primitive people lived in the vicinity of Lima and a highly skilled culture existed in the North. The southern culture spread to the Sierra and gave rise to the Aymara society at Tiahuanaco, east of Lake Titicaca in the 10th to the 13th centuries. The Inca civilization began to develop in the Cuzco basin about the 11th century and by the end of the 15th century dominated the Andean Sierra and the Pacific shelf from Colombia to the Central Valley of Chile. At the time of the Spanish invasion, a division had split the Inca rulers. The legitimate Inca Huáscar ruled the south from Cuzco while his half-brother, Atahualpa, ruled the northern provinces from Quito as a usurper challenging the legitimacy of Huáscar (see Ecuador).

When explorers Francisco Pizarro and Diego de Almagro landed their small Spanish force in Ecuador in 1531, Atahualpa—apparently seeking allies to assist in his fight against his half-brother—allowed the Spaniards to reach the Sierra. The outnumbered Spanish tricked Atahualpa into an ambush, held him for ransom and killed him after the ransom was paid. The leaderless forces, confronted with steel weapons, firearms, horses and dogs,were defeated at remote Cajamarca. Pushing south to Cuzco, the Spaniards were welcomed as the executioners of the traitor Atahualpa. Consternation and panic set in as the Spaniards violated the temples and began to sack the city.

In 1535 Pizarro withdrew from Cuzco to the coast and founded Lima. Almagro set out to overrun Chile, but was forced to retreat by the hostile Indians. For the succeeding 25 years, the Spaniards fought to subdue the Indians and to settle quarrels among themselves. Both Pizarro and Almagro died in these internal struggles.

Francisco de Toledo, viceroy from 1568 to 1582 finally adopted a system of appointing Inca officials as regional governors. This system endured two centuries until 1780, when the Indians, under the Inca leader Tupac Amaro II, rose against the Spanish.

The rebellion was quelled by the Spanish with extreme savagery. Another revolt in 1814 met the same fate, but by this time the rebellion had the support of dissident Spaniards and *creoles* (Peruvians born of Spanish ancestry), and led to the Peruvian bid for independence in 1821. With help from Generals José de San Martín of Argentina and Antonio José de Sucre of Ecuador, Peru defeated the Spanish in 1824, although a small garrison at Callao, the port for Lima, held out until January 1826.

With the final defeat of Spanish forces the foreign troops departed, leaving Peru to its own military leaders. Internal struggles for power and for the annexation of territory kept Peru, Bolivia and Ecuador in a state of near anarchy until 1845. In that year, Ramón Castilla seized power, ruling until 1862. The most capable of Peru's 19th century leaders, he united the country, mediated differences between the pro-Church conservatives and anti-clerical liberals, established government services, abolished Negro slavery, ended forced tribute from the Indians and built a few schools.

The national economy, however, was restored by the guano bird, whose mountains of dung (guano) on the offshore islands, were highly sought after in European fertilizer markets. The guano trade also led to the discovery of the nitrate deposits in the southern deserts; the extraction of the mineral was largely in British hands.

The period following Castilla's rule was one of tension and war. Nine presidents occupied the presidential palace between 1862 and 1885, of which only two completed their term. The most competent of these was Manuel Pardo (1872-1876), Peru's first civilian president and founder of the *Civilista Party*. The war with Spain from 1862 to 1866 and the War of the Pacific (1879-1883) were brought on by the prosperity which Peru was enjoying. Spain sought to recover its past grandeur and lost; Chile, with British connivance, sought the wealth of the desert nitrate fields and won.

The War of the Pacific was a disaster for Peru—thousands of lives were lost, much property was destroyed and the national economy was reduced to shambles. Huge foreign debts were accumulated, the nitrate beds were lost and the guano deposits were almost exhausted.

British interests funded the foreign debt in exchange for the national railways. the steamers on scenic Lake Titicaca, the exploitation of remaining guano deposits, free use of ports, and other trade privileges. Peru's recovery was slow, but a measure of peace and order was established and trade resumed under a succession of *Civilista* presidents.

The major event of the early 20th century was the rule of Augusto Leguía from 1908 until 1930. Energetic and able, he gave impetus to mining and agriculture and restored Peru's international credit. Legally elected in 1908, Leguía subsequently ruled as a dictator from 1912. Initially an honest administrator, he succumbed to graft and corruption under the temptation of loans proferred by United States banks during the 1920's. When the inevitable protests arose, there was wholesale jailing of critics, restriction of the press and the closing of universities.

By 1930, the Peruvian people were fed up with Leguía's terrorism and the subsequent failure of business during the world depression which caused widespread unemployment. A revolt led by Colonel Luis M. Sánchez Cerro caused Leguía to flee; he was captured on the high seas and imprisoned on one of the offshore islands where he died in 1932.

During the last decade of the 19th century, there developed a movement for liberal reforms in Peru's higher society. Led by Manuel González Prada, a respected intellectual, demands were made to end feudalism, traditionalism and clericalism which González Prada declared enslaved the people to a handful of powerful men. Among the students attracted to González Prada was Victor Rául Haya de la Torre, a leader in the demand for educational reforms, who founded the *Popular Revolutionary Alliance (APRA)*.

Anti-communist, with ideas borrowed from Russian, Mexican and European socialist models, *APRA* sought to integrate the Indian into Peru's social and economic structure and to terminate the monopoly of policital power which had been held by the landowners and the clergy for more than 400 years. During the Leguía dictatorship, *APRA* grew and became the spokesman for the Indian in the Sierra as well as the urban worker.

In 1931, Col. Luis Sánchez Cerro called for elections, which were won by *APRA*. Sánchez jailed Haya de la Torre and outlawed the party. Revolts which resulted were savagely repressed, and Peru's second dictatorship of the 20th century was launched. Sánchez Cerro was assassinated in 1933 and the dictatorship passed to Marshal Oscar Benavides, who ruled somewhat moderately until 1939.

Manuel Prado, a moderate, was president from 1939 to 1945. He made progress in trade, public health, education and sanitation, but simultaneously firmly repressed all popular challengers to the landowner-clergy domination of political power. José Bustamante (1945-1948) came to office by a change of *APRA* tactics. Reorganizing as the *People's Party, APRA* supported the most liberal of the candidates, hoping to secure congressional seats and cabinet positions.

The *APRA* success in this effort brought on a conservative *coup* headed by Gen. Manuel Odría, who seized power in 1948. He made no pretense of democracy; restoring order and suppressing *APRA*, the army ruled. From a managerial standpoint, Odría gave a good account of himself, restoring confidence in Peruvian industry. Legal elections again returned Manuel Prado to leadership. However, trade declined and popular resistance to the somewhat oligarchic rule seriously impeded the maintenance of the status quo.

When *APRA* won substantial gains in the 1962 elections, the army again intervened by setting aside the results. In the more carefully staged elections of 1963, Fernando Belaúnde Terry won a bare plurality and was named president.

Charging that the nation's political

leaders were insensitive to the needs of the masses, a military *junta* headed by Gen. Juan Velasco Alvarado ousted Belaúnde Terry in October 1968. The new regime promised to end the traditional political and economic control of Peru by the "top 40 families" and foreign corporations through a program of "social democracy," which (they said) would guide the nation on a path between capitalism and communism.

The first phase of the plan, largely achieved by 1975, called for state control of strategic sectors of the economy. Thus, the Velasco regime nationalized the fishing industry, banks, communication facilities, most of the news media and U.S.-owned mining operations. A unique feature of the *Inca Plan* required major industries to grant half-ownership to workers.

A cornerstone of the economic plan

Sunday market in Pisac, Peru

was one of the most extensive land reform programs in Latin America. Before the military seized power, fully 90% of all farmland was owned by just 2 per cent of the population. To break the power of the landed aristocracy, the military seized 25 million acres from large private estates and redistributed them to worker-owned cooperatives and to peasant families.

In foreign affairs the Velasco government was nationalistic and leftist. Diplomatic ties were extended to many nonaligned and communist bloc nations and Peru became the second nation (after Cuba) in the Western Hemisphere to import Soviet weapons and advisors. At international conferences, Peru was a major advocate of Third World causes, as well as a frequent critic of U.S. economic power.

These policies strained relations with the United States. Although Peru agreed to pay for some of the seized property, the prices were largely dictated by it. A low point in U.S.-Peruvian relations came in November 1974 when the *junta* ousted 137 members of the Peace Corps and several U.S. Embassy officials on charges of spying for the C.I.A.

By combining a nationalistic foreign policy with a state-controlled economy, the *junta* hoped to build what it described as "a new Peruvian man.' To speed the process, the government expanded education programs, increased per capita incomes (mostly of coastal residents), promised to spend new oil revenues on social programs and to turn over farms and factories to workers. The expected popular support, however, failed to materialize. Farm workers who received land bitterly opposed sharing their gains with landless peasants. Factory workers continued to strike as often against state-owned industries as they had against the former owners. Part of the problem was rooted in Velasco's attempt to run Peru like a military barracks.

Congress was closed, most political parties were banned and civilians were excluded from key government jobs. Professional organizations and free labor movements were suppressed and the press was censored. Compounding Peru's troubles were collapse of the fishmeal industry (the offshore anchovies mysteriously disappeared), a plunge in world copper prices and the failure of new oil wells in which the regime had gambled $1.5 billion to produce as expected.

The government's economic program scared away badly needed foreign investment and poor management resulted in lowered production in nationalized industries. Benefits of the revolution failed to filter down to the lower classes; unemployment and inflation cut the living standards of the people. High prices led to a strike by the entire national police force which was crushed by the military in actions which resulted in 100 deaths. Velasco, partially disabled from circulatory problems and a mild stroke, increasingly ruled by decree, jailing or deporting critics. When he turned his wrath against fellow military officers, the armed forces finally stepped in and deposed him in a bloodless *coup* on August 29, 1975.

Named as new president was General Francisco Morales Bermúdez, 54, a moderate and former prime minister. Although he pledged to follow the basic goals of the previous regime, he further stated that the revolution had entered a more conservative "consolidation phase." Faced with a bankrupt economy, the new regime turned away from a policy of rigid state control of industry. A number of major businesses (including the key fishing industry), nationalized by the previous Velasco regime, were returned to their former owners. At the same time, the role and power of labor unions were reduced.

To obtain badly needed foreign loans, the government was forced to impose harsh austerity measures. Although the belt-tightening steps were expected to cut the trade deficit ($1.2 billion in 1976), the high inflation rate (48% in 1976) and the large foreign debt ($4 billion), the austerity plan met widespread opposition. At least 19 persons died in demonstrations in 12 cities during June and July 1977 after the regime refused to permit wage increases to match high living costs.

While the government's new conservative policies have pleased Washington, Peru's relations with Chile remain tense. The Chilean navy said it sank a Peruvian submarine off the coast of Valparaiso in early 1977. The two nations are presently engaged in an arms race, with the Peruvians relying increasingly on Soviet-made T-55 tanks and Su-22 fighter planes. Peru has also reacted coldly to a Chilean proposal to cede to Bolivia a corridor to the Pacific Ocean.

As part of its plan to tone down the revolution, the military has hinted that municipal elections may be held as a prelude to restoration of civilian rule by 1980.

Culture: There are two Perus and two cultures. The pattern of the Pacific shelf is European Catholic, semi-feudalistic and is as cosmopolitan as Paris or Rome -a modern extension of the old world modes transplanted by the Spanish conquerors in the 16th century. The other Peru is in the Sierra—Indian, semi-pagan and isolated from the other Peru by altitude and language.

Quechua, once the language of the ruling Incas, has become the common tongue of the formerly subject people. Through this language, the Inca folk tales, songs and poetry have become the expresssion of a formerly non-homogenous people. The Indian has retained his family economic basis and customs. Resistance to European cultural intrusion has become a way of life. The Indians also express their separatism in dress, in art and, carrying symbols of their old gods, they are respectful, but skeptical, of Christianity.

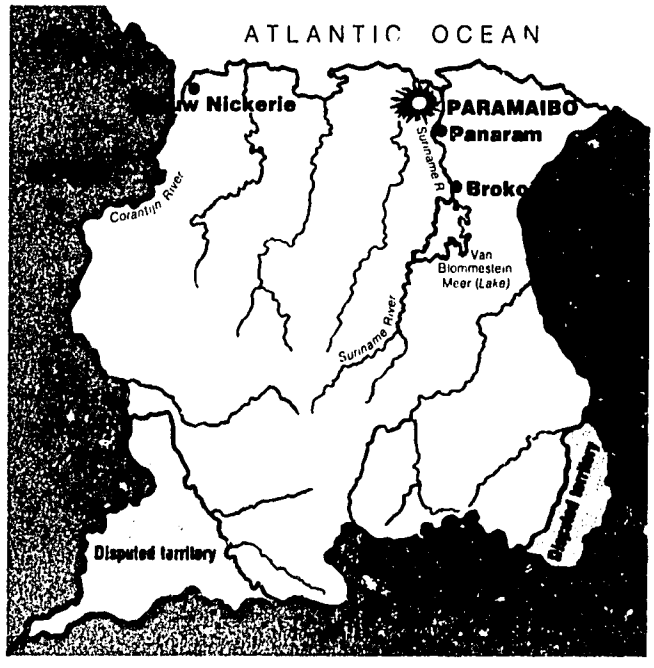
Economy: Extraction and marketing of natural resources from mountain areas and the adjacent sea provides the basis of the Peruvian economy. Because the arid Pacific shelf and the high Sierra restrict agricultural output, recent efforts have been made to open the eastern Andean slopes for farming. Water from the eastern slopes is also being used to irrigate former arid regions. The military government's ambitious land reform program, which relies on material incentives (profits go to the workers) and on large cooperatives rather than small, unproductive peasant plots, has successfully avoided diminished production problems found in Chile and elsewhere. Abundant mineral resources provide the potential for sustained economic growth with proper managmeent. The hopes of finding large oil deposits in the Amazonian jungles proved to be greatly optimistic—only one of 18 firms found oil and most efforts have been abandoned.

The economy was badly disrupted in 1972 because of a drop in the vital fishmeal output when anchovies disappeared from coastal waters because of changing ocean currents. The fish began to return in 1976, but other problems continue to plague the economy, including low prices for the nation's copper, zinc and sugar exports.

To encourage badly needed private investments, the Morales Bermúdez government has abandoned many of the socialistic policies of the previous regime.

The Future: Although pledged to follow the basic goals of the 1968 revolution, the latest military regime plans to adopt more conservative economic policies in the hope of reviving the present shattered economy.

THE REPUBLIC OF SURINAM



Area: 70,000 square miles.
Population: 384,000 (projected).
Capital City: Paramaribo (Pop. 136,000, projected).
Climate: Very rainy, hot and humid.
Neighboring Countries: Guyana (West); French Guiana (Southeast); Brazil (West).
Official Language: Spanish.
Other Principal Tongues: Dutch, English, Hindi, Javanese, Chinese and a local pidgin dialect called alternately *Sranan Tongo, Taki-Taki* or *Surinamese.*
Ethnic Background: Hindustani (35%), Creole (a person of mixed African and other ancestry, 30%), Javanese (15%), and a variety of other groups, including significant communities of Europeans, Lebanese, Chinese and native Indians.
Principal Religions: Hinduism, Roman Catholic Christianity, Islam, Protestant Christianity.
Chief Commercial Products: Bauxite, lumber, rice, sugar, shrimp and citrus fruits.
Currency: Surinam Guilder (SG 1.77= $1.00 U.S.±).
Former Colonial Status: English Colony (1652-1667); Dutch Colony (1667-1799); English-controlled (1799-1815); colony of the Netherlands (1815-1948); a self-governing component of the Dutch Realm (1948-1975).
Independence Date: November 25, 1975.
Chief of State: Henck A.E. Arron, Minister-President.
National Flag:

Separated from neighboring Guyana and French Guiana by large rivers, Surinam lies on the northeast coast of South America. Its 230 miles of coastline is a rather flat strip of marshy land, mostly below sea level, which needs a series of dykes and canals to hold off the encroaching waters of the Atlantic Ocean. Along this fertile coast, and stretching back about 50 of its 300 miles inland extension is found about 90% of the country's population.

Back from the coastal area, the land turns gradually into a grassland, becoming hilly and then densely forested with some 2,000 varieties of trees; 90% of the land area is thick with trees. This is a broad plateau region which reaches its highest point in the Wilhelmina Mountains. The land then dips down into the dense growth of the tropical rain forest where there are found hundreds of varieties of jungle birds, howler monkeys and all manner of wildlife typical to such a region. In the interior is the 600-square mile W.J. van Blommestein Meer (lake) which provides hydroelectric power for the bauxite industry located downriver.

History: Although in 1499 the Spanish touched along the coast of what is now Surinam, no attempt at colonization was made. European explorers generally ignored the entire region—the land was not inviting and there were not wealthy native empires to subjugate or loot for the motherlands. Toward the close of the 16th century, the Dutch appeared on the coast, but the first large-scale colonization efforts were made in the early 1650's by the English governor of Barbados, who became the region's first governor. These English colonists established successful sugarcane plantations.

In 1667, the Dutch received Surinam from the English in exchange for the colony of New Netherlands (now New York). Early in the 1680's, workers were brought from Africa to work in the fields since there were few local natives.

The territory again fell to the British during the period of the Napoleonic Wars (1799-1815); a series of agreements between the three powers established the whole of Guiana, as it was called, into English Guiana (now Guyana), Dutch Guiana (now Surinam) and French Guiana. The latter of these later became infamous for its offshore penal colony known as *Devil's Island.*

The Netherlands emancipated the slaves in 1863 and many of them settled on small farms to cultivate their own produce. This created an immediate and critical labor shortage which caused the Dutch to import cheap labor from India in the 1870's and from Java in the 1880's.

The territory was slow to develop any political awareness, but since World War II, Far Eastern groups have become increasingly insistent in playing a greater role in the destiny of the land in which they live. This has created a bitter rivalry between the largely agricultural Creoles and the prosperous business-oriented East Indians. The colony became a self-governing component of the

Netherlands in 1948 and adopted the name *Surinam*—it had been called either Netherlands or Dutch Guiana—and since 1950 has controlled its affairs with the exception of defense and foreign relations.

Border clashes between Surinam and the soon-to-be independent British Guiana (Guyana) occurred in 1970. Early in 1973, serious unrest erupted when the government refused to pay increased wages to trade union members. A bloody strike which ensued lasted for more than a month before order was gradually restored.

Elections in November 1973 for the Legislative Assembly resulted in a victory for an alliance of parties favoring independence. Known as the *National Party Coalition* (of which the strongest force is the *National Party)*, it gained 13 seats. The *Progressive Reform Party* won 3 seats; this victory by the Black-dominated *National Party* ended a long period of political control by a coalition of East Indians and Chinese.

With the *National Party Coalition* victory, the colony moved a step closer to independence. Although the Dutch appeared anxious to leave, the large East Indian (Hindustani) population feared that independence would bring serious racial problems similar to those which erupted in neighboring Guyana. The spectre of violence soon sparked a mass migration to the Netherlands as independence day approached. All told, nearly a quarter of the population (140,000) fled Surinam.

Despite the damaging exodus, Surinam gained full independence after 308 years of colonial rule on November 25, 1975; the Netherlands agreed to help the new nation adjust to its status by giving it $100 million a year for the next decade—one of the most generous foreign aid programs on a per capita basis in history. In December 1975, Surinam was admitted as the 144th member of the United Nations.

The new Minister-President, Henck Arron, has since urged the nation's former residents to return. The appeal is indeed sincere since most of those who left were educated and skilled workers; their departure created a severe "brain drain" for the new nation.

Although Arron and opposition leader Jaggernath Lachman have agreed to settle their past differences and work in harmony for the good of the nation, serious policy differences still remain. Lachman's supporters favor governmental action to stimulate private investments, while powerful segments in Arron's party, particularly leftist labor unions, favor nationalization of U.S.-owned aluminum operations and creation of a socialist economy. To strengthen Surinam's economic and political ties with its Latin American neighbors, the government decreed in April 1976 that the official language is to be Spanish, replacing Dutch and English.

Problems facing the new nation include a badly polarized political scene. Lachman's opposition party, dominated by East Indians, fears the possibility of a communist government dominated by a Black dictatorship. In addition, the economy has been adversely affected by the exit of skilled personnel from the and by a persistent 30% unemployment rate.

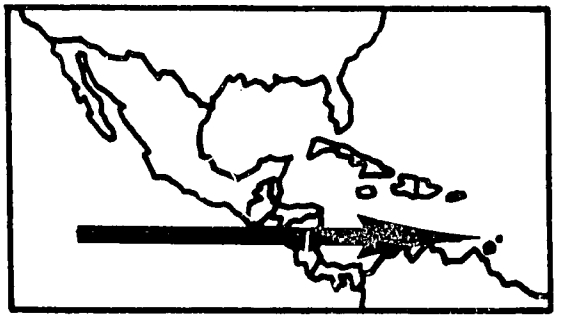
Culture: The majority of the people are found along the coastal, agricultural zone. Of this group, about a third live in the capital and chief port of Paramaribo, a picturesque city with palm-lined streets and colorful market areas. The Creole population is well represented in the civil service and mining industries; the East Indians tend to concentrate in commerce and farming activities. Dutch is the national language and there is a literacy rate of about 80%. Although most students of higher education go to the Netherlands, there are law and medical faculties in Paramaribo. Surinam boasts a cultural center, museums, active theatrical groups, a well-known philharmonic orchestra and a modern sports stadium.

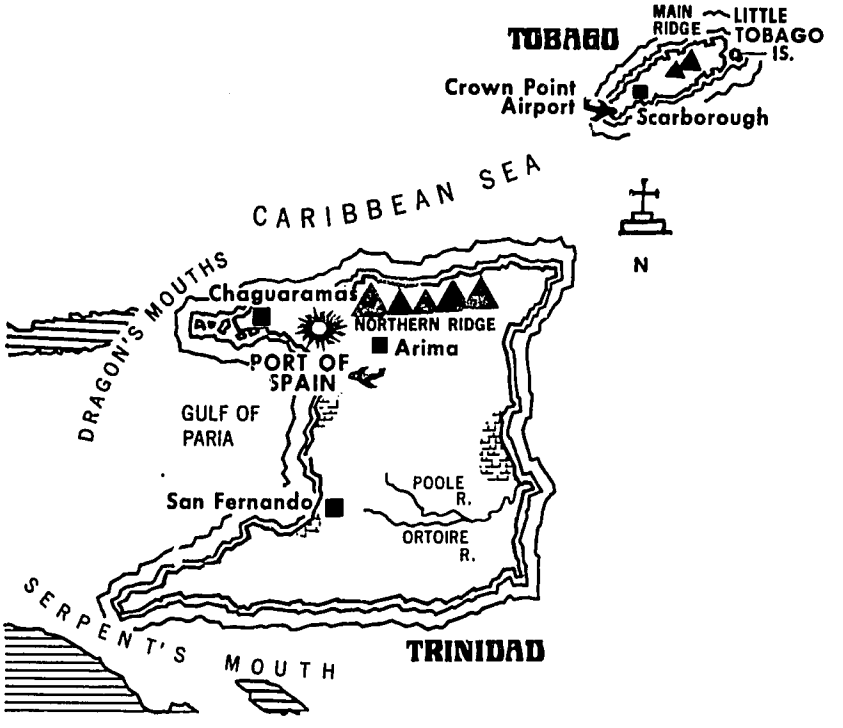
Economy: Bauxite, the ore of aluminum, accounts for 70% of the country's exports and some 90% of its tax revenues. The leading bauxite firm is U.S.-owned Suralco, a subsidiary of Alcoa. Although some bauxite is processed locally, most is shipped in a raw state to the United States. Paranam, the center of the vital industry, receives its hydroelectric power from Lake van Blommestein. There are few roads; rivers and aircraft provide most of the transportation.

The majority of the people are employed in agriculture. The major cash crops are timber, citrus fruits, sugarcane, bananas and corn. Rice is the chief crop and food staple, accounting for half of all land under cultivation. Major problems facing the economy are high inflation and unemployment. The government hopes to increase its economic ties with Venezuela and Brazil; with the aid of Venezuela, it is hoped that new bauxite mines can be developed in the southern part of the country.

The Future: Having gained independence, Surinam faced the prospect of racial tension, which drove many of the skilled workers from the country. Nevertheless, it faces a bright future, with an economy based on bountiful natural resources, if there is proper management.

TRINIDAD AND TOBAGO





Area: 1,864 square miles.
Population: 1.25 million (projected).
Capital City: Port of Spain (Pop. 142,000, projected).
Climate: Tropically hot and humid. The heaviest rainfall occurs from May to December.
Neighboring Countries: Trinidad forms the eastern edge of a shelf surrounding the Gulf of Paria on Venezuela's northeast coast, separated from the mainland by narrow channels. Tobago lies 18 miles north of Trinidad.
Official Language: English.
Other Principal Tongues: Spanish and Asiatic languages.
Ethnic Background: African Negro 47%, Asiatic 43%, European 10%.
Principal Religion: Protestant Christianity.
Chief Commercial Products: Petroleum, asphalt, sugar, cocoa.
Currency: Trinidad Dollar (TT $1.84= $1.00 U.S.±).
Former Colonial Status: Spanish Colony (1498-1797); British Colony (1797-1962).
Independence Date: August 31, 1962.
Chief of State: Dr. Eric Williams, Prime Minister.
National Flag: A diagonal black stripe bordered with white on a red field.

Trinidad and Tobago both have mountainous spines representing rounded extensions of the Venezuelan coastal ranges. Trinidad's mountains lie along the north coast. Plains extend to the south, rimmed with low rolling hills. Petroleum and the famed asphalt lake are found in the south of the island. Tobago's mountains in the north are skirted with coral-dotted shelves. Trinidad's soils are rich and well-suited to sugar and other crops. Sea breezes moderate the tropical climate, and the annual rainfall of 65 inches is evenly distributed. Trinidad's asphalt has been of commercial significance since the colonial period. The more recent discovery of oil and gas has fostered industrial development. Trinidad and Tobago's population is primarily African and Asian, with smaller groups of cosmopolitan people of Spanish, French and English ancestry.

History: Trinidad was discovered by Columbus in 1498 and colonized by the Spanish in the early 1500's. During the French Revolution a large number of French families were settled on the island which in 1797 was captured from Spain by British forces. Ceded to Britain in 1802, Trinidad was joined by Tobago as a colonial unit in 1889.

The history of the dual-island nation has been rather uneventful (i.e. peaceful). Administered as a British Crown Colony until 1962, its early value was in asphalt and sugar. Slaves had been introduced by the Spanish to work sugar and indigo plantations, and the British continued to add slaves until 1834. With the abolition of slavery, indentured East Indians and Chinese laborers were imported to perform the manual labor. The decline of sugar markets hurt the island's economy, but the existence of asphalt and (later) petroleum

cushioned the shock and led to a transformation of the economy.

The leasing of bases to the United States during World War II provided another source of income to bolster the economy. The transformation of Trinidad and Tobago from colonial dependency was relatively untroubled. Initially incorporated into the West Indian Federation, its reluctance to tie its healthy economy to the less well endowed island dependencies was a major factor in the demise of the Federation.

The United States was drawn into the final phases of the negotiations for independence when Prime Minister Williams sought to capitalize on the U.S. base at Chaguaramas as the site for a new capital city. The United States released part of the site in 1960, with the remainder scheduled to revert to Trinidad in 1977. Independence was attained in 1962.

When the opposition parties boycotted the May 1971 elections to protest voting procedures, Williams' *People's National Movement* won all 36 seats in Parliament. Although generally a capable leader, Williams' popularity has been in steady decline because of his heavy-handed methods. A major crisis developed in April 1970 when labor unrest and rioting led to a mutiny by sections of the small army. Williams used government forces in 1975 to quell violent strikes by petroleum and sugar workers. The dispute soon erupted into a more general strike joined by transport and electrical workers. The Prime Minister sought to disorganize the strikers by jailing key opposition leaders. Despite growing opposition by union members and some sectors of the business community, Williams political control seems to remain firm, bolstered by the "mini-boom" caused by the enormous increases in oil prices.

The nation became a republic on August 1, 1976. Although the new constitution severed all ties to Great Britain, the country will retain its membership in the British Commonwealth. Named as first president was Governor Gen. Sir Ellis Clark

In the general elections held in September 1976, Prime Minister Eric Williams won a fifth 5-year term while his *People's National Movement* party took 24 of the 36 seats in the House of Representatives. The *Democratic Action Congress*, traditionally the main opposition party, won only 2 seats. In contrast, a new Marxist-Leninist labor-oriented *United Labor Front (UPF)* won 10 seats.Representing sugar, oil and transport unions, the *UPF* had criticized Williams for failure to provide more jobs and housing and to control inflation. The group also opposed sections of the new constitution which vastly increase the power of the prime minister to restrict personal and political rights during emergencies.

Culture: The people of Trinidad and Tobago have managed the social and political integration of a people with many customs and origins without restriction of cultural variety. The Europeans find expression in sports clubs and in their business occupations. The African element has acquired renown for its *Calypso* music. Religious expression is unhampered, with popular participation in the Carnival of the Christians as well as the Islamic festival of Hosein.

Economy: Although the nation contains rich soils and agriculture is important, the economy is increasingly based on oil production. The only Caribbean country with oil deposits, Trinidad is the hemisphere's third largest oil exporting nation. The government is seeking to purchase controlling interest in many oil operations and is planning a huge expansion of the petrochemical industry and construction of a new aluminum smelting works. Although the huge oil earnings have made it the richest state in the Caribbean (oil revenues could total $3.5 billion by 1980), the economy is troubled by high inflation (23%) and persistently high unemployment (17%).

The Future: After 20 years in office, Prime Minister Williams has built up a large amount of ill will. The oil boom has, however, defused what would otherwise be an explosive political atmosphere.

THE ORIENTAL (EASTERN) REPUBLIC OF URUGUAY

Area: 72,150 square miles.
Population: 3.09 million (projected).
Capital City: Montevideo (Pop. 1.54 million, projected).
Climate: Temperate throughout the year. There is a warm season from November to April, and a milder season from May through October. Rainfall is moderate and evenly distributed.
Neighboring Countries: Brazil (North); Argentina (West).
Official Language: Spanish.
Other Principal Tongues: Portuguese and English.
Ethnic Background: European 90%; *mestizo* (a mixture of European and Indian ancestry) 10%.
Principal Religion: Roman Catholic Christianity.
Chief Commercial Products: Meat and meat products, wool, leather, textiles.
Currency: Peso (P 2,400=$1.00 U.S.±).

Former Colonial Status: Spanish Colony (1624-1680); contested between Spain and Portugal (1680-1806); captured by Great Britain (1806-1807); War for Independence (1807-1820); Portuguese Brazilian Colony (1820-1825); contested between Brazil and Argentina (1825-1828).
Independence Date: Independence was proclaimed on August 25, 1825, but Uruguay did not actually become independent until August 27, 1828, when a treaty was signed with Brazil and Argentina as a result of British intervention in the dispute between Uruguay's two neighboring countries.
Chief of State: Aparicio Méndez, President.
National Flag: Four blue and five white horizontal stripes; a rising sun of 16 alternating straight and wavy rays on a white sqaure in the upper left hand part of the flag.

Uruguay, the smallest of the South American countries, is a land of rolling hills covered with lush grasses and a few scattered forests. The highest elevation is about 2,000 feet; the country is crossed by numerous small streams and is bounded by the Atlantic and several large rivers. The estuary of the Río de la Plata and the Uruguay River, separating Uruguay from Argentina, are navigable and provide an important means of transportation. The River Negro, which rises in Brazil and crosses Uruguay from northeast to southwest, is also navigable for some distance.

The rich, black soils produce a high quality of grasses which have encouraged cattle and sheep raising. Equally suited to agriculture, less than 10% of the land is used for farming. The climate is mild, though damp. Winter (June-August) temperatures average 57° to 60°F. with occasional frosts; summer (December-February) temperatures average 75° to 79°F. Rainfall is evenly distributed during the year, averaging 40 inches annually. Nature and history have caused Uruguay to become a pastoral country.

History: The Spanish explorers of the Río de la Plata in the 16th century passed up the hills of Uruguay as unlikely to have treasure in gold and precious stones. The warlike Charrúa Indians also discouraged invasion. Military expeditions against the Indians were uniformly unsuccessful, but Jesuit and Franciscan missionaries were able to establish missions in 1624. Cattle are supposed to have been introduced by Hernando Arias in 1580 during one of the unsuccessful military expeditions. A counter-invasion by the Portuguese from Brazil came in 1680, following slave raids on the missions and cattle roundups of the wild herds which roamed the grasslands.

The Portuguese founded Colonia as a rival to Spanish Buenos Aires. The remainder of Uruguay's colonial history is one of war between the Spanish and Portuguese contenders for control of the La Plata River. Montevideo was planned by the Portuguese, built by the Spanish and taken by the British in 1806, but abandoned in 1807 when an attack on Buenos Aires failed. A Portuguese attack in 1811 was resisted by the Uruguayan cattleman and patriot José Artigas, who declared Uruguay's independence.

The struggle continued until 1820 when Montevideo fell to the Portuguese, and Artigas fled to Paraguay where he later died in poverty. Another Uruguayan patriot resumed the battle in 1825, and with Argentine assistance, he defeated the Portuguese at Ituzaingo in 1827. At this point, Great Britain intervened, both Brazil and Argentina renounced their claims and Uruguay became independent in fact on August 27, 1828.

The settlement of Uruguay proceeded slowly from the first missionary stations. The *gauchos* who hunted the cattle in the 17th and 18th centuries were nomads and not interested in the land. Slaughtering the cattle for hides, they sold their wares to merchants from Argentina. By the time of independence the nomads had disappeared and large ranches had taken up the land. Farming was practiced only around Montevideo where a market for produce was assured. Following independence, Italian and Spanish immigrants settled in the farming belt where they still live today.

The early history of the Republic was a chaotic period of civil war as the factions fought for power. Two parties emerged—the *Blanco* (White), representing conservative ranchers and the *Colorado* (Red), favoring liberal socialism. The parties and politics established in the 1830's have been hardened in more than 140 years of combat and still persist today. A ten-year civil war was fought between the factions with support from other powers which intervened, including French, English and Italians. The foreign intervention terminated with the unseating of the Argentine dictator Rosas in 1852; however the Uruguayans continued the civil war for another ten years. Further strife in 1863 led to Brazilian support for a *Colorado* despot, Venancio Flores, who unseated his *Blanco* opponent in 1865. The Paraguayan dictator, Francisco Solano López, came to the aid of the *Blancos* precipitating the Triple Alliance (Argentina, Brazil and Uruguay) war against Paraguay. The defeat of the nation left the *Colorados* in power which they have retained since then for more than a century.

The year 1870 marks a turning point in Uruguayan history. The rancher with his *gaucho* army was out of place. The demand for better quality meat, hides and wool required more modern methods and business-like management of the huge estates. Railroads were built, European immigrants settled in the cities and a middle class mercantile society developed. Clashes continued between the two parties through the remainder of the 19th century, but a growing group of responsible citizens emerged. Three *Colorado* dictators ruled from 1875 to 1890 with some degree of moderation. Two more ruled from 1890 to 1896 with such disregard for the law that civil war broke out, resulting in the division of the country into *Colorado* and *Blanco* provinces. This uneasy arrangement lasted until 1903 and the election of Uruguay's foremost statesman and leader, José Batlle y Ordónez.

Uruguay's 20th century history is dominated by Batlle, who assumed the leadership of a bankrupt, battle-torn and divided nation. His first term, 1903 to 1907, was spent in crushing civil war, uniting the country and securing popular support for sane, democratic government. From 1907 to 1911 he studied the Swiss government and planned a similar organization for Uruguay. Elected to a second term in 1911, he campaigned for his plan. Considerable opposition was voiced, but by 1917, a compromise council government was formed with full franchise and progressive social legislation. Using the editorial pages of *El Dia*, Montevideo's leading newspaper, Batlle pleaded his case and educated the people. By the time of his death in 1929, Uruguay was the most literate, democratic, well-fed state in Latin America.

Batlle's reforms did not, however, create the economic base needed to support the welfare socialist state he had created.

José Serrato, who was president from 1923 to 1927, and his successor, Juan Campísteguy, attempted to carry out Batlle's programs, but were restricted in their efforts by the nine-member national council, which wielded considerable power. Social and economic reforms were completely stopped when Uruguay went into an economic depression in 1931.

Gabriel Terra was elected president in 1931; he quickly found himself in conflict with the council, and civil war seemed imminent. With the support of the military, he assumed dictatorial powers in 1933. A new constitution abolished the council in 1934, replacing it with a strong executive. A revolt in 1935 was quickly suppressed. Terra's successor, General Alfredo Baldomir, took office in 1938 and surrendered some of the powers of his predecessor.

Batlle's council form of government was readopted as a result of a 1951 plebiscite, and its nine members functioned as the executive arm of government until March 1967. Bankrupt and in desperate need of dynamic leadership, Uruguayans voted overwhelmingly to return to a presidential executive in the elections and plebiscite of November 27, 1966. The *Colorado Party*, in the minority for eight years, elected Oscar Gestido, a 65-year-old former air force general, to the presidency, by-passing Jorge Batlle, grand-nephew of the reformer. President Gestido died in 1967 and was succeeded by his Vice-President, Jorge Pacheco Arego.

Encumbered by an inefficient bureaucracy and lacking forceful leadership abilities, President Pacheco proved no more capable than his predecessor in solving Uruguay's monumental problems of economic stagnation, corruption, and rising urban terrorism by the *Tupamaros*—Latin America's most effective guerrilla force in 1966.

Promising law and order plus economic reform, conservative Juan Maria Bordaberry of the ruling *Colorado Party* won the presidential elections by a narrow margin in November 1971. Much of his program was soon blocked in Congress, however, where his party lacked a majority. As the *Tupamaros* increased their terrorism, the President turned to a new power source: the armed forces. With stunning efficiency, the military systematically routed some 2,000 guerrillas by early 1973. Then, instead of returning to the barracks, the military demanded major reforms in the nation's

welfare programs which it believed had created the political corruption and economic decay.

Backed by the armed forces, Bordaberry dissolved Congress, banned eight political parties, closed the nation's only university, broke up labor unions, instituted strict press censorship and jailed 6,000 political opponents. Under the new order, all power was vested in the military-controlled Council of the Nation, which ruled by decree.

With Bordaberry's term slated officially to expire in March 1977, a bitter feud developed between the president and the armed forces over the future government. Bordaberry pressed for creation of a corporate state with a permanent political role for the armed forces and with himself as permanent president. The military, in contrast, favored a gradual return to democracy. Unable to agree on a compromise, the military ousted Bordaberry in a bloodless *coup* on June 12, 1976. Named as interim president was Alberto Demichelli, who was chief of the 27-member Council of State which was formed to replace the dissolved Congress.

Under the military's master plan, the new president was to have served for three years, at which time a president selected in controlled elections was to have remained in office for another five years. Full democracy would then be restored at the end of this eight-year period. Meanwhile, the military was preparing to purge top leaders from the *Colorado* and *Blanco* parties before these groups would be permitted to participate in free elections set for 1984. All other political parties would be banned.

The master plan went awry, however, when Demichelli unexpectedly refused to issue a decree abolishing the nation's top political leadership. Faced with such insubordination, the military ousted him, and after consultation with top conservatives, the generals recruited a new president, Aparicio Méndez, 72.

Installed on September 1, 1976, Méndez dutifully cancelled the political rights of 1,000 leaders from all existing parties for a 15-year period. According to military planners, such a drastic action would clear the way for fresh new political leaders—although it was unclear just how these new leaders would emerge.

In foreign affairs, Uruguay's military government has come under increased criticism for its violation of human rights. In November 1976 the United Nations High Commission for Refugees accused the Uruguayan regime of sending raiding parties into neighboring Argentina to capture about 60 Uruguayan exiles who had been critical of the regime.

Widespread reports that the government has systematically tortured and killed numerous political opponents led the U.S. Congress in 1976 to end a $3 million military aid program to Uruguay for the first time since 1950. According to Amnesty International, an estimated 5,000 political prisoners are being held in Utuguay, giving that nation the highest number of prisoners on a per capita basis of any nation in the world.

Culture: The people of Uruguay are energetic, living for the most part in a modern, urban society similar to that of the largest cities of Europe and the United States. Literate and educated to a higher level than any other Latin American people, Uruguayans have made significant contributions to literature and the dramatic arts.

The life of the rural people is gracefully pastoral; music and folklore devoted to the exploits of the *gaucho* are treasured and performed at frequent *fiestas* and *asados* (barbeques).

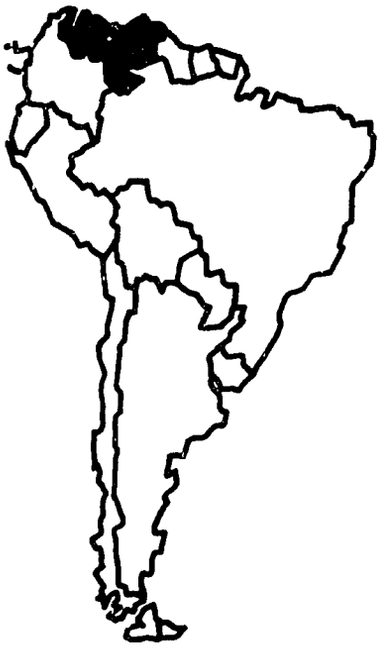
Montevideo's gleaming buildings reach toward the warm sun, surrounded by glistening beaches which are filled with bathers throughout the year. The city has private schools for British, German, French and Italian children as well as the many modern public schools, and is the site of the University of the Republic of Montevideo, which charges no tuition for its higher level courses.

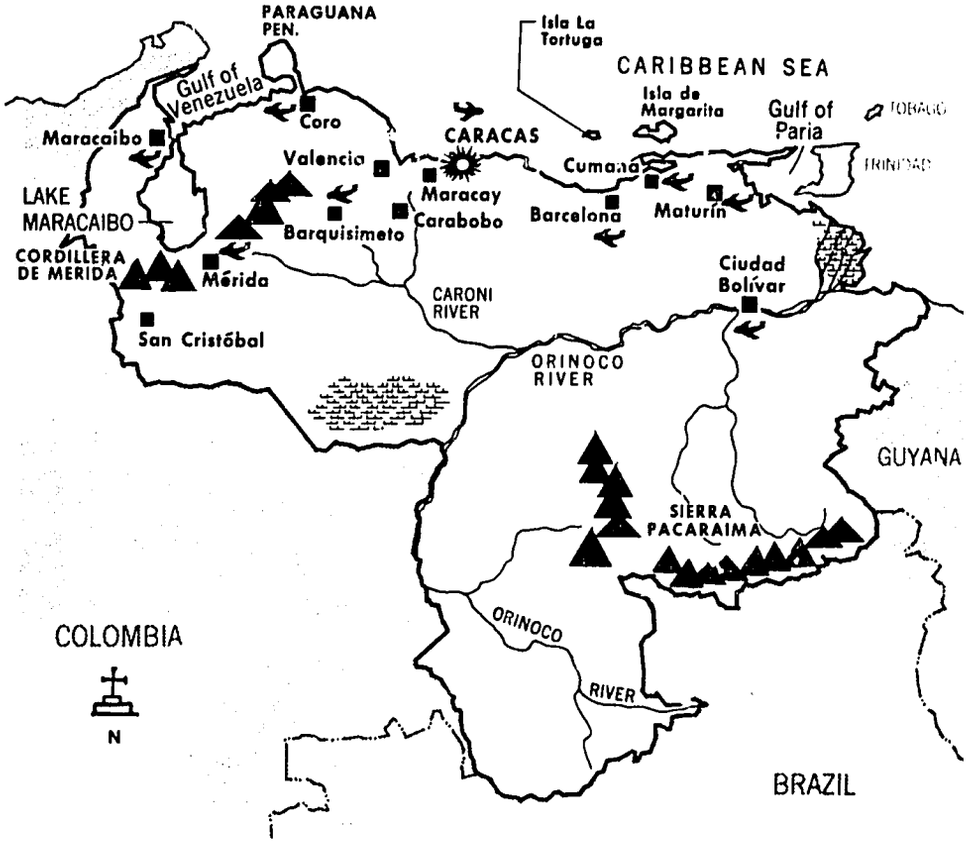
Economy: Uruguay's economy is almost totally dependent on cattle and the cattle and sheep raising industry, which accounts for more than 40% of all exports. Because of heavy taxation on farm products, as well as inefficient state managment of the economy, the gross national product actually declined between 1955 and 1975. Inflation has also been a serious problem, prices having risen by an incredible 1,200% since 1968. To help control inflation, the government has imposed new tax and credit policies. Steps were also taken to increase farm output, stimulate exports and begin offshore oil exploration.

The new austerity program began to show immediate results: imports dropped while exports (particularly beef, wool and poultry) have increased. As a result, the gross national product began rising in 1975 and the inflation rate declined. In 1976, Uruguay posted its first trade surplus in years. The unemployment rate in 1976 was 7%—one of the lowest rates in Latin America.

The Future: The new military-controlled government of Aparicio Méndez has pledged to purge leftists from the political scene before Uruguay is to be allowed to return to civilian government. This will not effect a basic change in the outlook of the people—liberal-leftist-socialist—ingrained over the course of several decades.

THE REPUBLIC OF VENEZUELA





Area: 352,150 square miles.
Population: 10.54 million (projected).
Capital City: Caracas (Pop. 2.67 million, projected).
Climate: Tropical in the coastal lowlands, increasingly temperate at higher elevations in the interior. Heaviest rainfall is from June to December.
Neighboring Countries: Guyana (East); Brazil (Southeast and South); Colombia (Southwest and West); Trinidad and Tobago are islands lying a short distance from the northeast coast.
Official Language: Spanish.
Other Principal Tongue: English.
Ethnic Background: Mulatto-*mestizo (mixed European, African and Indian ancestry) 83%*; European 10%, African 5%; Indian 2%.
Principal Religion: Roman Cantholic Christianity.
Chief Commercial Products: Petroleum products, iron ore and canned fish.
Currency: Bolivar (B 4.5=$1.00 U.S.).
Former Colonial Status: Spanish Colony (1498-1811).
Independence Date: July 5, 1811. Venezuela seceded from Gran Colombia, also known as New Granada on September 22, 1830
Chief of State: Carlos Andrés Pérez, President.
National Flag: Yellow, blue and red horizontal stripes with seven yellow stars in a semi-circle on the red stripe.

Venezuela has four distinct geographic regions: the Venezuelan Highlands to the west and along the coast; the Maracaibo Lowlands around freshwater Lake Maracaibo; the *Llanos* or plains of the Orinoco River; and the Guiana Highlands. The Venezuelan Highlands are an extension of the eastern mountains of Colombia, and are Venezuela's most densely populated region, with Caracas, Maracay and Valencia located in the fertile inter-mountain basins. The northern slope of the Highlands is relatively arid, but the basins receive adequate rainfall and, because of elevation, are temperate and suited to agriculture.

The Maracaibo Lowlands, encircled by mountains, are windless and one of the hottest regions in South America, famous for the great lake (129 miles long and 60 miles wide), under whose waters are some of the most extensive oil deposits in the world. Rainfall in this region is heavy along the slopes of the highlands, gradually diminishing toward the coast.

The *Llanos* of the Orinoco are the great treeless plains of the Orinoco River valley, which run east and west between the Venezuelan Highlands and the Guiana Highlands. Extending son 600 miles in length and 200 mil across, these plains are low and wet; i tersected with slow moving stream this region has been plagued with pe iodic floods and drought, but the po soil has supported cattle raising. Pr sently, the government is undertakir flood control and irrigation projects make this land available for agricultu and to support the development of ne breeds of cattle.

The Guiana Highlands, south of th Orinoco, comprise more than half of V nezuela's territory. Rising in steep clif from the *Llanos*, this area is a flat tabl land which extends to the Brazilian bo der. Heavily forested in part, it contain vast deposits of iron ore and bauxit Gold and diamonds also exist in this r gion, which has been explored only s perficially.

History: At the time of the Spanish co quest, Venezuela was inhabited b peaceful tribes of Carib and Arawak In dians who offered no effective resis ance to the invaders; the first landin was in the Gulf of Paria, where pearl were discovered. Under Spanish direc ion, Indian divers soon stripped th

beds of the Gulf. The first settlement was established at Cumaná in 1520, with additional settlements at Coro (1520), Barquismeto (1551), Valencia (1555) and Caracas (1567).

Indians were utilized to pan the rivers for gold, but the results were disappointing, and the settlers turned to agriculture. The wealth found in Peru and Mexico caused the Spanish government to lose interest in Venezuela, and options to explore its potential were leased to Dutch and German adventurers. The Spanish settlers gradually consolidated their small holdings, but it was nearly a century later before a serious attempt was made to explore the interior. The enslaved Indian laborers perished on the coastal plantations, and Negroes from Africa were imported to work the sugar and indigo crops. The neglected planters, with little merchandise to ship to the Spanish markets and forbidden to trade with the growing American markets, revolted against Spanish authority in 1796.

Two additional abortive attempts to set up an independent government were made in 1806 and 1811. Venezuela's national hero, Simon Bolívar, took up the struggle after the 1811 failure and fought a limited, but deceptive, guerrilla war against local armies in the pay of Spain until his capture of Angostura in 1817. Here he was joined by British veterans of the Peninsular War in Spain and by cattlemen from the *Llanos* with whom he made a dramatic march on Bogotá. The Spanish were finally expelled from northern Latin America in 1819 and the country achieved full independence, becoming a part of the Republic of Gran Colombia, led by President Simon Bolívar and Vice President Francisco de Paula Santander, and including present-day Colombia and Ecuador. Dissension, and the subsequent illness of Bolívar led to the dissolution of Gran Colombia; Venezuela withdrew from the Republic in 1830.

The country's first president was José Antonio Páez. He dominated Venezuelan politics from 1830 to 1846. He later returned as a dictator from 1861 to 1863. A capable and popular leader, Páez was effective in restoring order to war-torn Venezuela and in the establishment of governmental services and control. He was followed in 1846 by fifteen years of repressive dictatorship under the Monagas brothers, who forced Páez into exile.

Returning to the *Llanos* in 1861, Páez raised another force of cattlemen to regain liberty in Venezuela. He ruled for two years, but was less tolerant of opposition than he had been during his first tenure; he was ousted in 1863 and intermittent civil war wracked the country until 1870 as young liberals fought conservatives.

From the chaos of civil strife, Antonio Guzmán Blanco emerged as the strong man; serving as president, or through puppets, he ruled for eighteen years. Well-educated, arrogant and completely unscrupulous, he enforced honesty among his ministers while converting part of the national treasury to his own use. Under his regime, trade was increased, coffee growing was started and many public works instituted, making Caracas one of the more modern cities of South America. A careless despot who left his office in the hands of a puppet once too often, his government was overthrown in 1888.

The period from 1888 to 1899 was another era of disorder and short-term presidents. The next of Venezuela's dictators was Cipriano Castro (1899-1908). An illiterate soldier of fortune who had been exiled to Colombia, leading a private army, Castro captured Caracas and the presidency in 1899. His nine-year rule was the most repressive in Venezuela's troubled history. His high-handed dealing with European powers resulted in a blockade of the Venezuelan coast by British, German and Italian naval units. After intervention by President Theodore Roosevelt, the matter was settled by arbitration. In 1908, Castro, in ill health, turned the government over to Juan Vincente Gómez, who ruled until 1935.

Gómez gave Venezuela its most able and its most savage administration. Oil had been discovered and Gómez arranged lucrative contracts with American, British and Dutch interests for its extraction and processing. Simultaneously, he fostered agriculture and public works, established sound foreign relations and paid off the national debt. He also mechanized the Army to support his regime and built a personal fortune. By comparison with his predecessors, Gómez left Venezuela in a prosperous condition when he died in 1935, but totally bereft of qualified leaders to administer the wealth which he had accumulated or to control the Army which he had enlarged and modernized.

From 1935 to 1948 a series of moderate but ineffective presidents occupied the presidential palace. During this period, political parties were allowed to organize, the largest being the *Accion Democrática* (Democratic Action), a popular, leftist party which had attempted to consolidate urban and rural labor into a mass organization. Fearful of a rigged election in 1945, the party revolted and named Romulo Betancourt as provisional president.

Venezuelans were delighted with a democratic government—action was taken to recover some of the wealth from Gómez's estate and from others who had privately benefited during his rule. In the first free and honest elections in its history, Rómulo Gallegos, a popular poet and hero, was chosen as president in 1957. Moving too fast to accomplish his goals, Gallegos frightened the Army, which feared loss of its power and position in the government; he was ousted by a military *coup* within three months of his inaugeration. The Army, declaring that it would save the country from communism, exiled Gallegos and Betancourt, and established another dictatorship under General Marcos Pérez Jiménez.

The new regime was almost as brutal as any known to Venezuela. Pedro Estrada, chief of a police force with a cruel efficiency that paralleled that of Trujillo in the Dominican Republic, murdered, jailed and exiled all opposition. With reckless abandon, Pérez Jiménez spent the income from oil in public works in the city of Caracas and on poorly planned industrial ventures, with a handsome cut to friends and to the Army. By 1957, the Venezuelans had enough—resistance increased to the point that even the pampered Army refused to oppose the popular will. He fled in January 1958 and a combined military and civilian committee took over the government.

Rómulo Betancourt won the presidency in a December 1958 honest election. Surviving much political turmoil while in office, he transferred power to his elected successor, Raúl Leoni in 1964. Rafael Caldera, of the *Christian Democratic Party (COPEI)*, won the presidential election of 1968. Providing enlightened leadership, Caldera's promise of amnesty (with a free plane ticket out of the country) to all guerrillas, effectively ended the rural insurgency problem. He also pushed development of the mineral-rich Orinoco region, sought better relations with Cuba and obtained Venezuelan membership in the Andean Pact common market.

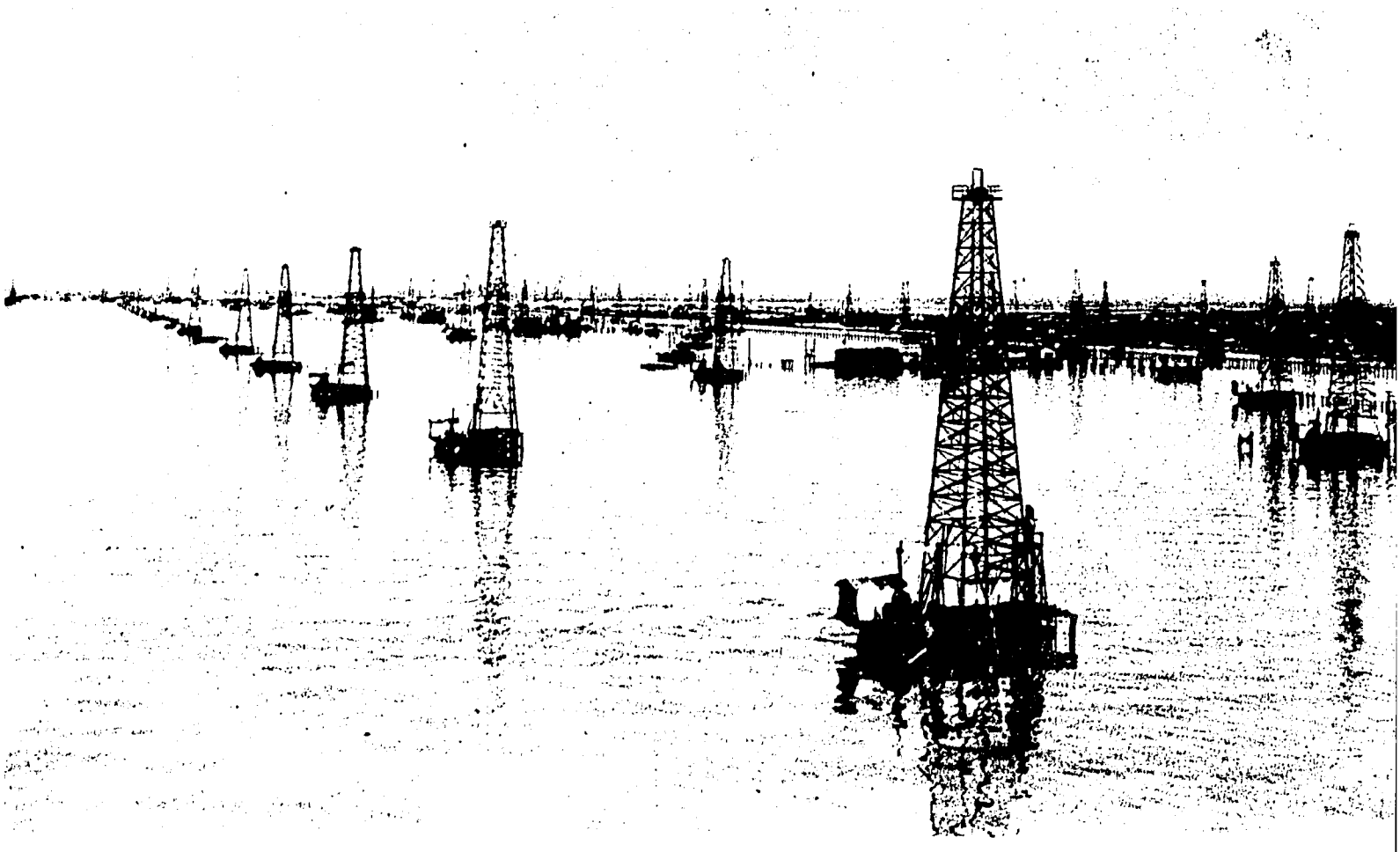
Acción Democrática was returned to power in 1973 elections in which Carlos Andrés Pérez won a landslide (by Venezuelan standards) 48% of the vote over *COPEI's* Lorenzo Fernández, who polled 38%. Both candidates had run on almost identical center-left platforms. Voters firmly rejected both the radical left and right—the Marxist-Socialist candidate received only 4.2% of the vote and the right-wing candidate, identified

with the former dictator Pérez Jiménez tallied less than 1%. In congressional races, *Acción Democrática* won 24 of 49 senate seats and 102 of 200 seats in the Chamber of Deputies.

Inaugurated on March 12, 1974, Pérez promised more help for the poor, a widening of the base of the economy to reduce the dependence on oil, nationalization of key industries and an independent foreign policy. Moving at a fast pace that amazed even his own supporters, the new president launched ambitious programs in agriculture, industry and education.

A key objective of the new administration was to gain control over the nation's basic industries. Venezuela took charge of the U.S.-operated iron mines near Ciudad Guyana in early 1975, offering $101.3 million in compensation rather than the $350 million sought by the companies. The most inportant nationalization occurred at the beginning of 1976 when control of the oil industry was assumed. The 40 private firms, most of them U.S.-owned, were granted compensation of $1.2 billion, which Venezuela asserted was equal to the book value of their assets. The companies claimed the true value to be between $3.5 and $5 billion.

Although Pérez maintains that nationalization of the oil industry will now make Venezuelans "masters of their destiny," in actual fact the nation must continue to depend heavily on the foreign oil companies to refine, transport and market the oil. In addition, the oil firms



Venezuelan oil fields.

Credit: Standard Oil of New Jersey

will provide technical assistance to the new state-owned oil organization, *Petroven*. Ironically, the fees charged by the private oil firms for these services is expected to nearly equal the profits made by them before nationalization. Such a lucrative arrangement has led to criticism of the Pérez administration by persons who claimed that "oil nationalization needed more nationalization."

Since 1973 when it joined the Organization of Petroleum Exporting Countries (OPEC) in raising prices by more than 400%, Venezuela has experienced windfall profits. With its oil income rising from $2 billion in 1972 to $10.4 billion in 1974, Venezuela earned more from oil during the two years following the price hike than in the previous 56 years it had been exporting oil.

The gusher of petrodollars has swamped the nation with more money than can be readily absorbed. To control the resulting inflation, which rose from the usual rate of 2-3% to 20% in 1974, the government is now channeling half the money out of the country. Some is invested in international lending agencies while other funds are loaned to developing nations, particularly in the Caribbean region. To further reduce the cash inflow and to conserve the nation's dwindling oil reserves (now estimated at 13-18 billion barrels), Venezuela has cut production from an average of 3.3 million barrels a day in 1973 to 2.2 million barrels daily in 1976.

The huge oil income has vastly increased Venezuelan influence in Latin America. By raising contributions (and therefore voting power) in international lending organizations, it hopes to make these agencies less subject to what Venezuela regards as "humiliating vetoes" of loans to nations out of favor with the United States. Venezuela also has helped to finance the establishment of cartels—such as in banana and coffee production and marketing—so that developing nations may charge more for raw materials sold to industrialized countries.

In foreign relations, Venezuela has become a leading advocate for "Third World" causes and for Latin American economic independence. The Pérez administration has also taken a major role in advocating greater respect for human rights in the region. Thus, it has strongly condemned the use of torture by the military regime in Chile. Diplomatic ties with Uruguay were severed in mid-1976 after police in that nation broke into the Venezuelan Embassy grounds to seize a woman who was requesting political asylum.

Relations with the United States have remained cordial. Except for a few key industries (oil, steel), U.S. investments are warmly received. In late June 1977, President Pérez visited the United States, where he praised the Carter administration's campaign for greater respect for human rights in Latin America. Washington regards Venezuela as a valuable bridge between North America and the Third World. Venezuela has also been given high marks for its refusal to join the 1973 OPEC oil embargo against the United States and for shipping extra quantities of oil to North America during the unusually cold winter of 1976-1977.

Concern has been expressed over Cuban intervention in Angola and increasingly close ties with Guyana; Venezuela claims one-third of the western territory of the latter. It is feared that Guyana might seek the assistance of Cuban troops if hostilities occur. Pérez has made it clear that Venezuela will continue to rely on U.S. technology to develop its natural resources. The government is sending 6,500 students to the United States for technical studies.

Although the Venezuelan government has tried to channel its petrodollars into development projects, much of the money has gone for luxuries. Although this country has the highest per capita income in Latin America ($1,300), most of the income is concentrated in the upper and middle classes, both of which are literally on a spending spree. Signs of the "good life" abound—swimming pools, comfortable homes and beach villas. A new 350% tax on luxury cars has not slowed demand; although domestic car production is at an all-time high, there is a long waiting list for buyers. Venezuela gained a high mark in luxury and prestige when Air France began *Concorde* supersonic service to Caracas in 1976.

In this shadow of such opulence, more than a third of the nation lives in poverty; malnutrition afflicts half of the youth of the nation. Noting that not enough oil money is filtering down to the poor, Pérez warns "Our country is rich, but our people are poor." The search for jobs and a better life has lured 80% of the nation's population to urban areas. Such migration has not only caused a costly drop in farm output and a jump in food prices, but has also swollen the poverty belt encircling the major cities. Fully a third of the population of Caracas lives in sordid *ranchos* or slums which contrast sharply with the city's gleaming skyscrapers and luxury apartments. To help the poor, the government hopes to create some 365,000 new jobs and provide incentives to encourage slum dwellers to move back to rural areas.

The ruling *Democratic Action Party* held (for the first time) a primary election in July 1977 to select their candidate for the 1978 presidential elections. The winner by a 3 to 1 margin was Luis Penerua Ordaz, secretary general of the *AD* and a former minister of the interior. Spokesmen for the opposition Party belittled the use of a primary election, saying their presidential candidate would be chosen the traditional way at their party convention.

Culture: The Venezuelans have racially intermarried throughout their history—today they are a unified *mestizo*-mulatto combination of European, Indian and African Negro ancestry for the most part. Ethnic and national differences have been buried by years of common hardship and a national identity has emerged among the people. In recent years, an influx of European and United States technicians has been a factor helping to modernize the society of Venezuela, which today compares most closely with that of modern Europe and the United States.

The dominant influences have been those brought in by the Spanish conquerors of the nation—Iberian, European and Christian, which shows most clearly in the traditional forms in arts and letters.

Although Caracas is architecturally one of the most modern and energetic cities of the world, life still reflects the rather gracious, leisurely Spanish tradition. Education, removed from the Church authority in 1856, has developed at a rather slow pace due to lack of national organization. The Central University of Caracas, the country's largest center of higher education, is augmented by five other universities—three in Caracas and two in the states of Mérida and Carabobo.

Economy: Venezuela's economy is completely dominated by petroleum production. Oil revenues account for more than two-thirds of all government income and more than 90% of the nation's exports. As a hedge against the day when oil reserves are depleted (around 1994 at present consumption rates), recent governments have sought to "sow the oil"—to invest oil revenues into other segments of the economy. To date, investments have gone into increased farm output, industry and development of other mineral resources. The program has produced two new cities:

Ciudad Guyana (iron and hydroelectric power) and El Tablazo (a petrochemical center near Lake Maracaibo). Increased steel and aluminum output is expected to create 44,000 new jobs. Because of a critical shortage of skilled workers, the government is encouraging immigration of specialized workers from the United States, Europe and Latin America, Steel production is slated to begin in 1978.

To reduce dependence on oil exports, the government announced a new five-year plan for economic and social development in 1976. It could eventually cost $52 billion and calls for an active role for private industry and huge government outlays for roads, water, sewers, public housing, medical facilities and schools.

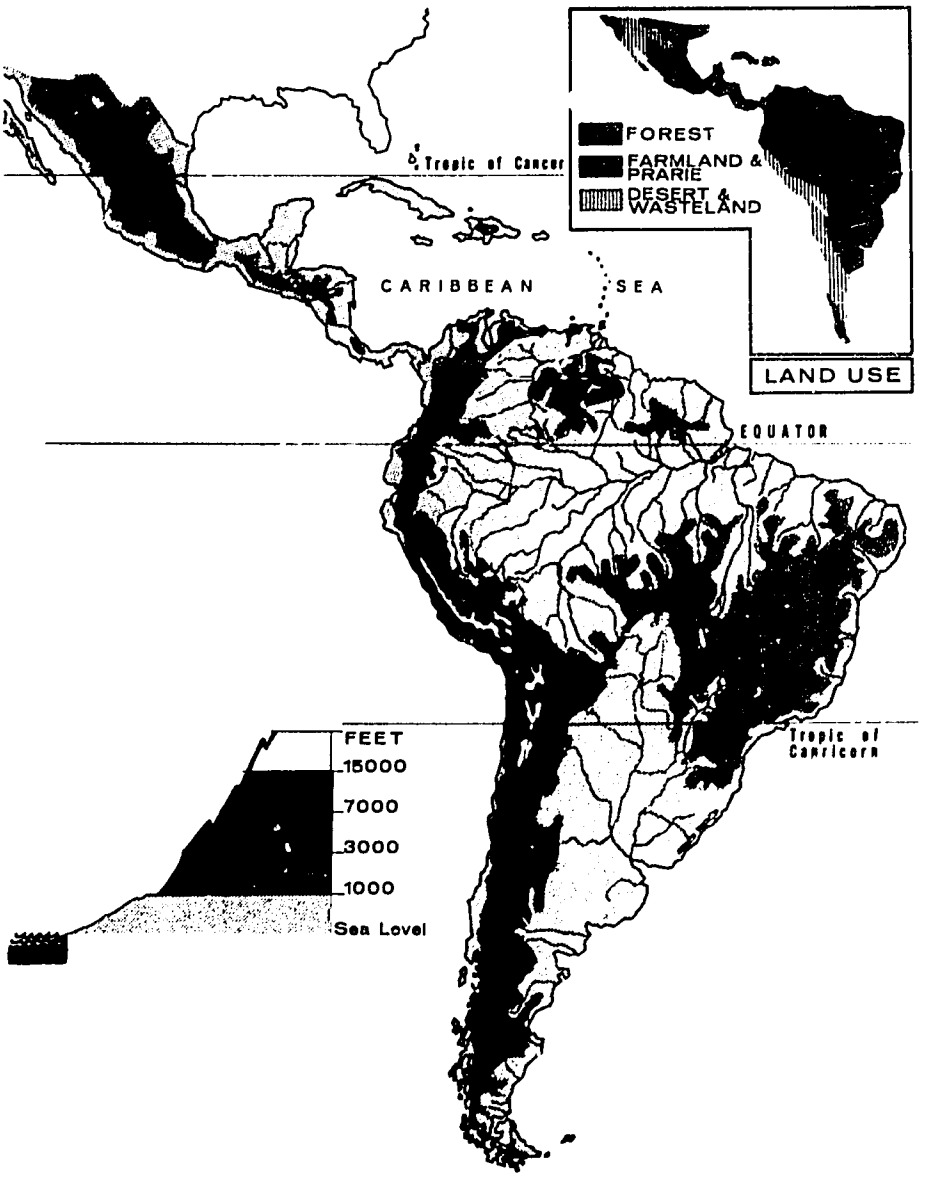
One major problem facing the economy is low farm output. To stimulate the rural sector, the government ordered that preferential treatment be given to farmers—such as low credit rates and reduced taxes. To date, the plan has failed and Venezuela was forced to import more than $700 million in food supplies in 1976. Government economists attribute low farm output to government price controls which keep the price of food (and farm income) down and the preference of Venezuelans for city life.

Other problems include a growing foreign debt ($3.7 billion) and unemployment. Because of price controls, the inflation rate was held to only 2% by mid-1977—perhaps the lowest in Latin America. Despite strong consumer demand, the auto industry was expected to show a $50 million loss for 1976.

The big challenge confronting Venezuela is finding ways to exploit the huge heavy oil deposits (which have a consistency of tar) in the Orinoco basin. Proven reserves are many times larger than the combined total of all the other known oil deposits in the world. However, only about 10% of the heavy oil can be recovered with present technology.

To solve this and other problems related to oil production, the government has been working closely with the private oil companies which formerly held concessions in Venezuela -Exxon, Shell, Mobil and Gulf. The Pérez government signed a unique accord with the Soviet Union in late 1976 whereby Venezuela will ship 20,000 barrels of oil a day to Cuba while the Soviets, in turn, will supply Venezuelan customers in Europe. The plan will save transport costs for both nations.

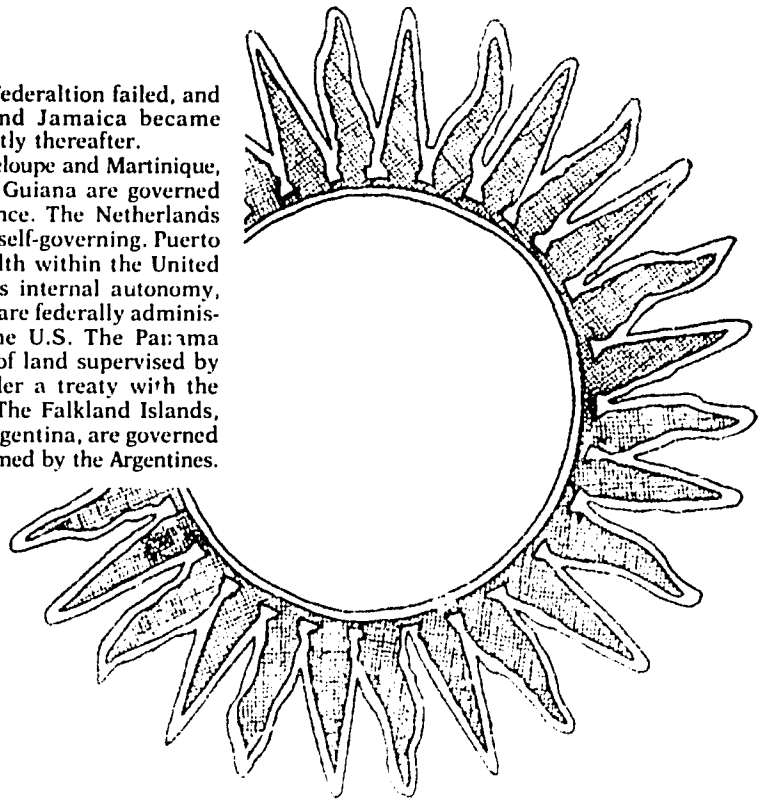
The Future: There is a growing tendency for the government to throw money at all its problems. With a few exceptions, the plan seems to be working for now. The big problem facing President Pérez is to make sure that some of the benefits from oil filter down to the poor.



THE DEPENDENT TERRITORIES

The dependencies in Latin America have a wide variety of relationships with the nations controlling them. Those of Great Britain have various degrees of internal self-government. In the Caribbean area, the British attempt to unite several territories into the West Indian Federaltion failed, and Barbados, Guyana and Jamaica became sovereign nations shortly thereafter.

The islands of Guadeloupe and Martinique, and mainland French Guiana are governed as *departments* of France. The Netherlands Antilles are internally self-governing. Puerto Rico is a commonwealth within the United States which possesses internal autonomy, and the Virgin Islands are federally administered territories of the U.S. The Panama Canal Zone is a tract of land supervised by the United States under a treaty with the Republic of Panama. The Falkland Islands, lying off the coast of Argentina, are governed by the British and claimed by the Argentines.



british dependencies

BELIZE (British Honduras)

Area: 8,867 square miles
Population: 123,000 (projected).
Administrative Capital: Belize (Pop. 46,000, projected).

British Honduras lies to the east of Guatemala on the low coastal plain facing the Caribbean Sea. The climate is tropical with marked wet and dry seasons. The rainy season extends from July to January. Approximately one-half the total area is forested with valuable timber. The arable lands are devoted to sugar and fruits. Both food and game fish abound along the shore and are important for both domestic consumption and for export.

British Honduras was originally settled about 1638 by bands of British woodcutters illegally harvesting timber in Spanish domain. Despite armed opposition by the Spanish, the British settlement endured. In 1780 the British government appointed a superintendant for the settlement. Declared a colony subordinate to Jamaica in 1862, it became a separate colony in 1884, despite the opposition of Guatemala, which is still pressing its claim to the territory. The people of British Honduras are predominantly of Negro and mulatto ancestry and are adamantly opposed to Guatemalan claims.

The colony's economy is based on the export of forest products, fruits, sugar and seafood. Despite limited resources, the colony hopes to achieve independence in the near future. It has been internally self-governing since 1964; Prime Minister George C. Price heads a cabinet and there is a bicameral National Assembly.

Although Belize has been self-governing since 1963, complete independence has been stymied by Guatemalan claims.

Threats from Guatemala in 1972 brought British troops to Belize; again, in mid-1977 when Guatemalan armored troop carriers and infantry were reported massing on the border, the British dispatched troops, planes and a warship to Belize. The United Nations Dependent Territories Committee overwhelmingly supported Belize's independence. Reports of oil in Belize, plus additional Mexican claims have complicated negotiations toward a resolution of the status of this territory.

CAYMAN, TURKS AND CAICOS ISLANDS

Area: 269 square miles.
Population: 16,300 (projected).
Administrative Capital: Georgetown (Pop. 4,100, projected).

These two groups of islands were administered by the Governor of Jamaica until 1962, when they were placed under the British Colonial Office. With the closing of the Colonial office in mid-1966, administration passed to the Commonwealth Relations Office. The Cayman Islands lie midway between Jamaica and the western tip of Cuba. Turks and Caicos Islands are geographically a portion of the Bahamas. There are some 35 small islands in these groups, of which only eight are populated. The predominantly Negro and mulatto people eke a meager existence from fishing and the production of salt. Because of their limited resources, these islands cannot sustain themselves as independent nations. The Cayman Islands have become increasingly popular as a tax haven since the Bahamian government ended tax exempt status there for foreign corporations. There are numerous banks catering to this commerce.

FALKLAND ISLANDS

Area: 4,618 square miles.
Population: 2,400 (estimated).
Administrative Capital: Port Stanley

The Falkland Islands are made up of two large and 200 small islands, treeless, desolate and windswept which lie off the southern tip of Argentina in the Atlantic Ocean.

The British discovered and named the islands in 1690; the French established a small colony on one of the larger islands in 1764 and the British started a settlement on the other large island in the following year. France gave up its possession to Spain in 1767 and the Spanish drove the British from the island they occupied. The territory was abandoned by the Spanish in 1811, and Argentina, after gaining independence, established a small colony on the islands in 1824. This settlement was destroyed by the U.S. Navy in 1831 in retaliation for Argentine harrassment of whaling ships from Boston.

The British again gained possession of the islands in 1883 and have held them since that time. Argentina claims the islands, based on its effort of 1824. Originally of strategic importance because of their closeness to the Atlantic-Pacific sea route around the Cape, with the opening of the Panama Canal their value greatly decreased. However, the British Navy successfully struck from the islands against the German Navy in both world wars.

The islands are an economic liability to Britain, but are still a symbol of its sovereignty which it does not wish to relinquish, lest Spain construe such as weakness in its claims for Gibraltar.

french dependencies

FRENCH GUIANA

Area: 34,740 square miles.
Population: 41,000 (projected).
Administrative Capital: Cayenne (Pop. 25,500, projected).

French Guiana lies on the north coast of South America, north of Brazil and east of Surinam. The land consists of fertile, low plains along the coast, rising to the Tumuc-Humac Mountains on the Brazilian frontier. The Isles of Salut (Enfant Perdu, Remire and Ile du Diable — Devil's Island), lying off the Guiana coast, form part of the territory administered as a French *département*. The climate is tropical, with an average temperature of 80° F. The rainy season is from November to July, with the heaviest rains in May.

Guiana was awarded to France in 1667, attacked by the British in 1667; taken by the Dutch in 1676, it was retaken by France in the same year. In 1809 it was seized by a joint British-Portuguese effort based in Brazil, and remained under Brazilian occupation until 1817, when the French regained control. Gold was discovered in 1853, inspiring disputes with Brazil and Surinam which were not settled until 1915. The colony is best known for its infamous prison camps which were closed in 1945.

Guiana has fertile soils, 750,000 acres of land suitable for stock raising, vast resources of timber and coastal waters abounding in shrimp and fish. However, only some 9,000 acres are cultivated and most foodstuffs are imported. The population consists of Europeans, Chinese and a few native Indians. The principal products are gold, lumber and rum. French Guiana has adequate resources to support itself as an independent state, but little or no effort is made to exploit these resources.

For a brief interval, French Guiana loomed in France as a 20th century *El Dorado*. During a three-day visit to Guiana in August 1975, Olivier Stirn, Minister of Territories, announced a resettlement plan for the French colony, one part of which would initially require 10,000 settlers to develop a pulp and lumber industry. This new venture, to be supported by government credits, was to help reduce the tremendous cost of paper imports, which currently amount to $450 million annually. While 15,000 Frenchmen (over a period of three weeks) flocked to the offices of the Overseas Territories Ministry to file for participation, thousands of letters of application were arriving there daily. The enthusiastic endorsement was not echoed by the Guianan Parliament and its leaders, who resented not being consulted and who saw the plan as benefitting metropolitan France at the expense of the local population. Some Guianans believed the plan was a subtle scheme to retard the independence movement by bringing in enough pro-French citizens to outnumber the native population favoring separation. To this opposition was added the condemnation of eleven Commonwealth Caribbean leaders. In December 1975 both Prime Minister Jacques Chirac and Stirn flew to Cayenne to reassure the Guiana leadership and to announce that the plan had been dropped.

Unemployment remains enormous in Guiana—67%.

GUADELOUPE

Area: 657 square miles.
Population: 350,000 (projected).
Administrative Capital: Basse-Terre (Pop. 19,500, projected).

Guadeloupe consists of two islands separated by a narrow channel. Five small French islands in the Lesser Antilles are administered as a part of the department of Guadeloupe (Marie Galante, Les Saintes, Desirade, St. Barthelemy and one-half of St. Martin). Guadeloupe's dependencies are occupied by the White descendants of Norman and Breton fishermen (and pirates) who settled there 300 years ago—the population is predominantly of mixed European and African derivation. The climate is tropical, with the rainy season extending from July to December.

Guadeloupe's principal products are bananas, sugar, rum, coffee and cocoa. The balance of trade is unfavorable and the *département* has little hope for independence.

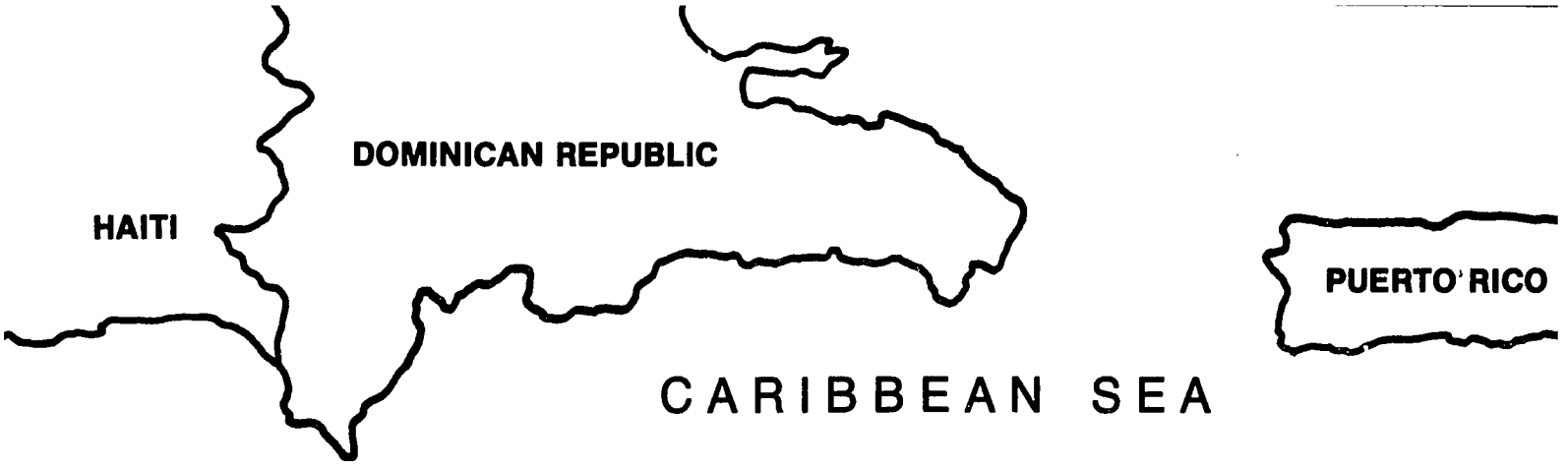
In August 1976, some 72,000 residents of the island were evacuated when the volcano, La Soufrière, began to erupt. Despite considerable lava and smoke, damage was minimal.

MARTINIQUE

Area: 420 square miles.
Population: 368,000 (projected).
Administrative Capital: Fort-de-France (Pop. 116,000, projected).

Martinique has been in French possession since 1635, except for two short periods of British occupation. Mountainous, with Mt. Pelee reaching 4,800 feet, its climate is tropical; the rainy season extends from July to December. The population is predominantly of mixed European and African origin.

Martinique's principal products are sugar, rum, bananas and other tropical fruits. Cattle raising is a growing industry but presently produces for local consumption only. Martinique has an unfavorable trade balance and little prospect for independence.



dutch dependencies

NETHERLANDS ANTILLES

Area: 395 square miles.
Population: 220,000 (projected).
Administrative Capital: Willemstad (Pop. 67,000, projected).

The Netherlands Antilles consist of two groups of three islands each—one group lies off the north coast of Venezuela; the other group lies just east of the Virgin Islands. Fully autonomous in internal affairs since December 1954, the islands are organized into four self-governing communities—Aruba, Bonaire, Curacao and the Leeward Islands (southern portion of St. Maarten, St. Eustatius and Saba). The population consists of about one-third European ancestry and two-thirds of mixed blood. Dutch is the official language. Spanish, English and a local *lingua franca* called Papaimento are also spoken.

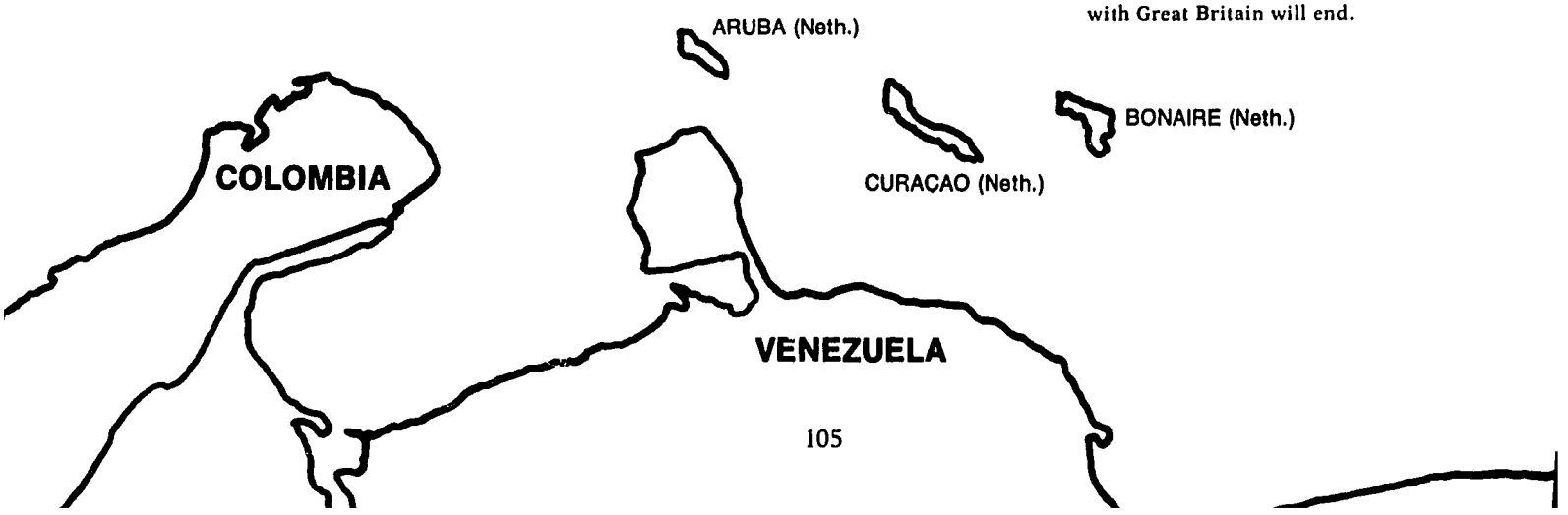
The economy of the Netherlands Antilles is based on the large oil refineries on Curaçao and Aruba. Almost all articles for consumption must be imported because fishing does not fill local needs and an arid climate and poor soil do not support agriculture. The islands of Bonaire, St. Maarten, St. Eustatius and Saba are of little economic importance. Despite some discontent among the non-European population, it is not likely that the islands will seek independence.

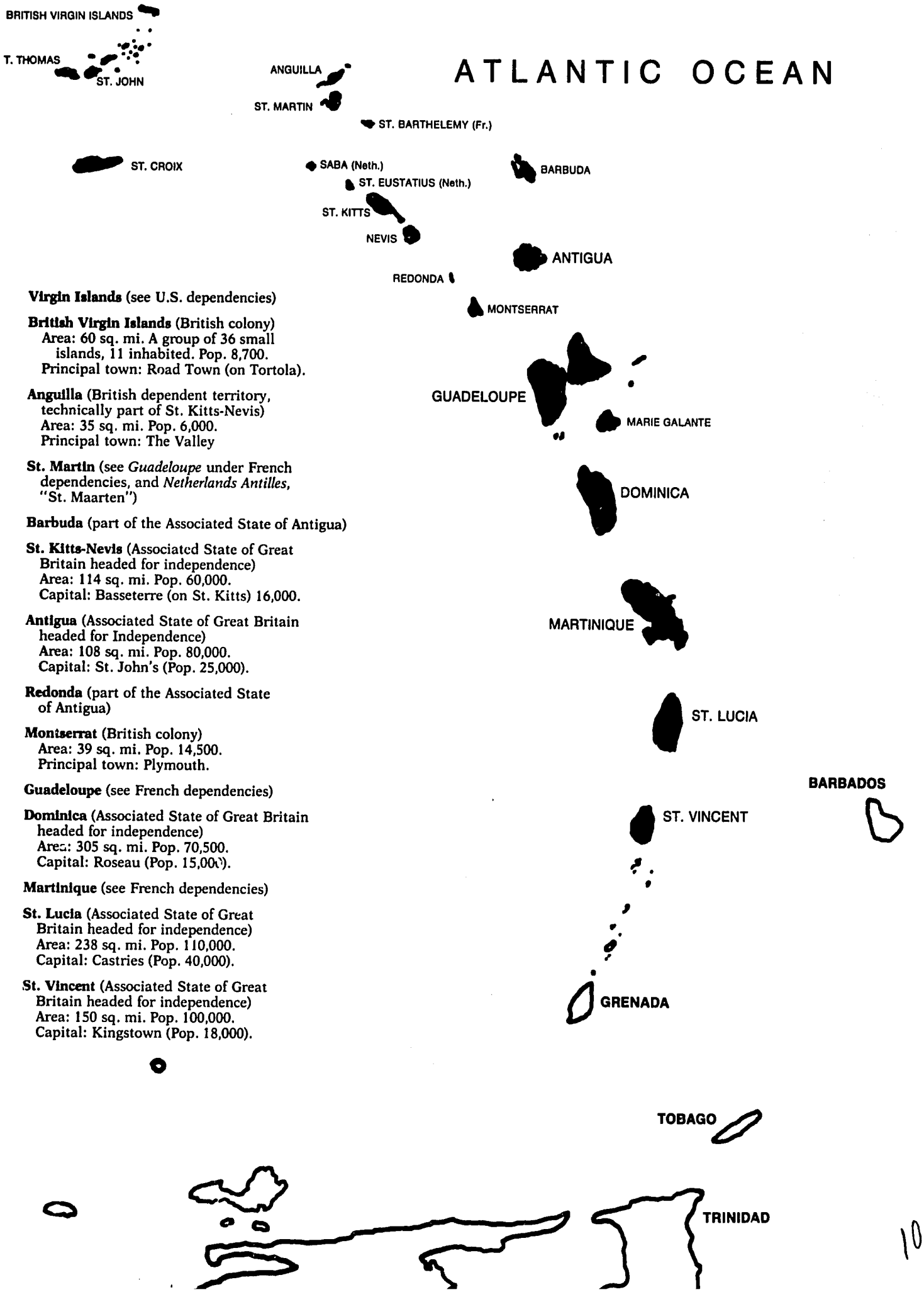
ISLAND DEPENDENCIES OF THE LESSER ANTILLES

The beautiful islands of the Lesser Antilles lie in a great arc stretching between Puerto Rico and Trinidad, forming the eastern barrier between the Caribbean Sea and the Atlantic Ocean. The larger islands are for the most part either internally self-governing, headed for complete independence or are *départments* of France. Barbados and Grenada are, of course, independent.

The population of the islands is largely of African ancestry, with perhaps a third of European or mixed blood. Principal sources of income are tourism, molasses, rum, bananas, cotton, sugar, fruit, spices and salt. Although the islands lie in the tropics and have typically wet and dry seasons, the Trade Winds moderate the high temperatures. The economy of most of the islands is based on plantation agriculture, which produces only 60-65% of the income required to sustain the population. Most will continue to require outside assistance to exist. Unemployment figures are staggering, running from 30-40% on some islands.

Politically, the islands have various degrees of "independence fever." The five Associated States of Great Britain will probably gain their complete independence within the near future. Anguilla has fought for many years to become independent of St. Kitts-Nevis and won a victory in February 1976 by obtaining a special constitution from Great Britain. The premier of St. Kitts-Nevis has not accepted this arrangement, and he will not tolerate talk of Nevis' separation from its larger island neighbor. Nevis would also like to have its own government. Independence is also approaching for St. Lucia. By the close of 1977 the island's defense and foreign aid ties with Great Britain will end.





Virgin Islands (see U.S. dependencies)

British Virgin Islands (British colony)
Area: 60 sq. mi. A group of 36 small islands, 11 inhabited. Pop. 8,700.
Principal town: Road Town (on Tortola).

Anguilla (British dependent territory, technically part of St. Kitts-Nevis)
Area: 35 sq. mi. Pop. 6,000.
Principal town: The Valley

St. Martin (see *Guadeloupe* under French dependencies, and *Netherlands Antilles*, "St. Maarten")

Barbuda (part of the Associated State of Antigua)

St. Kitts-Nevis (Associated State of Great Britain headed for independence)
Area: 114 sq. mi. Pop. 60,000.
Capital: Basseterre (on St. Kitts) 16,000.

Antigua (Associated State of Great Britain headed for Independence)
Area: 108 sq. mi. Pop. 80,000.
Capital: St. John's (Pop. 25,000).

Redonda (part of the Associated State of Antigua)

Montserrat (British colony)
Area: 39 sq. mi. Pop. 14,500.
Principal town: Plymouth.

Guadeloupe (see French dependencies)

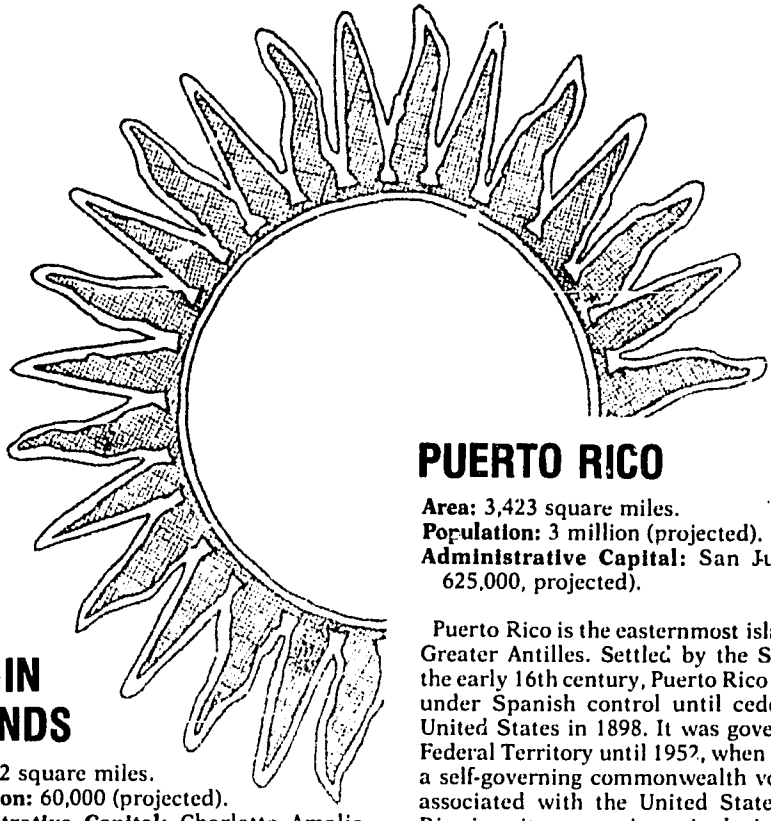
Dominica (Associated State of Great Britain headed for independence)
Area: 305 sq. mi. Pop. 70,500.
Capital: Roseau (Pop. 15,000).

Martinique (see French dependencies)

St. Lucia (Associated State of Great Britain headed for independence)
Area: 238 sq. mi. Pop. 110,000.
Capital: Castries (Pop. 40,000).

St. Vincent (Associated State of Great Britain headed for independence)
Area: 150 sq. mi. Pop. 100,000.
Capital: Kingstown (Pop. 18,000).

united states dependencies



PANAMA CANAL ZONE

The Panama Canal Zone is a leased territory administered by the United States under the terms of a treaty with the Republic of Panama for the purpose of constructing and operating an inter-oceanic canal. The territory consists of the 10-mile-wide strip through which the Panama Canal runs, plus lands inundated by the lakes formed by the canal's dams and waterworks.

The land is hilly, representing the lowest gap in the chain of mountains running through Central America and the Isthmus of Panama. The climate is tropical, with the rainy season extending from April to December. The population of the Canal Zone is composed of the operating personnel for the Panama Canal, troops for the canal defenses and their dependents. There is neither industrial nor agricultural production in the Canal Zone. Its only reason for existence is the operation of the Canal and the maintenance of the Canal installations.

The Panama Canal represents the culmination of man's dream of an easy sea land from Europe to the Far East. Recommended to the Spanish Crown by the early conquerors in the 16th century, work was undertaken in the late 19th century by a French company, but was abandoned. The United States undertook construction in 1904 and the Canal was first used in 1914. It is 54 miles in length, rises in three steps to Gatun Lake, and has capacity for vessels of 30 to 34 foot draft. The size of the locks limits the passage of ships; negotiations are underway to convert the present canal to sea level operation or to construct a new canal.

The Republic of Panama is vigorously asserting its right to the Canal Zone and the Canal (see Panama).

VIRGIN ISLANDS

Area: 132 square miles.
Population: 60,000 (projected).
Administrative Capital: Charlotte Amalie (Pop. 10,500, projected).

The Virgin Islands lie about 40 miles east of Puerto Rico and consist of three major islands (St. Croix, St. Johns and St. Thomas) and some 50 small islands and cays, mostly uninhabited. The islands were acquired by purchase from Denmark in 1917 and are administered as a Federal Territory by the U.S. Department of the Interior. Although a constitutional convention is scheduled for 1978, there appears to be little sentiment for independence or statehood. Most residents seem to want commonwealth status with the United States.

The islands are hilly, with arable land given to small farms. The climate is tropical, with a May to November rainy season.

The population is about 20% North American and European descent; the remainder is of African and mixed heritage. The principal products for export are rum and bay rum, the fragrant distilled oil of the bayberry leaf. Cattle raising and truck farming are important for local consumption. The islands do not possess resources adequate for support as independent entities.

PUERTO RICO

Area: 3,423 square miles.
Population: 3 million (projected).
Administrative Capital: San Juan (Pop. 625,000, projected).

Puerto Rico is the easternmost island of the Greater Antilles. Settled by the Spanish in the early 16th century, Puerto Rico remained under Spanish control until ceded to the United States in 1898. It was governed as a Federal Territory until 1952, when it became a self-governing commonwealth voluntarily associated with the United States. Puerto Rico is quite mountainous in the interior; its agriculture is concentrated on the coastal plains. The heat of its tropical climate is moderated by the Trade Winds. Rainfall varies among different districts, ranging from 40 to 160 inches annually—the rainy season is from May to November.

The population is of both European and African descent, with descendents of Spanish ancestry outnumbering those of African or mixed origin. Spanish is the native language, but English is also widely spoken. Under the commonwealth, Puerto Rico's economy is expanding and industry accounts for nearly one-fourth of income. Agriculture and tourism account for the remainder.

Principal exports are sugar, rum, tropical fruits and cement. Despite economic growth, Puerto Rico still consumes more than it produces While there is interest in independence, the inhabitants are split on the question of maintaining commonwealth status or of becoming a state of the United States, particularly from the standpoint that Puerto Ricans would no longer be able to freely immigrate to the mainland U.S. if the island was independent (see section on Puerto Rico at the front of the book).