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CARIBBEAN NATIONS: ASSESSMENTS OF CONDITIONS AND U.S. INFLUENCE

REPORT

OF A

SPECIAL STUDY MISSION TO JAMAICA, CUBA,
THE DOMINICAN REPUBLIC, AND THE
GUANTANAMO NAVAL BASE

JANUARY 3-12, 1979

TO THE

COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES



JULY 1979

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(II)

FOREWORD

HOUSE OF REPRESENTATIVES;
COMMITTEE ON FOREIGN AFFAIRS;
Washington, D.C.

This report has been submitted to the Committee on Foreign Affairs by Representatives Jonathan B. Bingham, Benjamin A. Gilman, and Robert J. Lagomarsino, who undertook a special study mission to Jamaica, Cuba, the Dominican Republic, and the U.S. Naval Base at Guantanamo, January 3-12, 1979. Other participants in the study mission were Representatives Edward J. Patten, Guy Vander Jagt, William Clay, Dawson Mathis, Steven D. Symms, Richard Nolan, and John W. Wydler. Committee staff who participated in and assisted the study mission were R. Roger Majak, Gene Friedman, Edward Fox, and Jeanne Salvia (Committee on Foreign Affairs), Leighton Lang (Committee on Agriculture), and Dr. John V. Dugan, Jr. (Committee on Science and Technology).

The findings and recommendations in this report are those of the members of the Committee on Foreign Affairs who participated in the study mission and should not be construed as necessarily reflecting the views of other members of the committee or of the House.

CLEMENT J. ZABLOCKI, *Chairman.*

(III)

LETTER OF TRANSMITTAL

HON. CLEMENT J. ZABLOCKI,
*Chairman, Committee on Foreign Affairs, U.S. House of Representatives,
Washington, D.C.*

DEAR MR. CHAIRMAN: Transmitted herewith is a report of a special congressional study mission to Jamaica, Cuba, the Dominican Republic, and the U.S. Naval Base at Guantanamo, conducted from January 3 to 12, 1979. The purpose of the study mission was to review and assess social, economic, and political conditions in the countries visited and in the Caribbean region, particularly as they relate to U.S. foreign policy and bilateral trade and economic assistance programs.

The Congress is being asked to increase economic assistance to the nations of the Caribbean for fiscal year 1980 from \$75 million to \$86 million. Such a proposal belies the notion common among North Americans that the Caribbean is nothing but a sea of sunshine, with few social or political problems of sufficient significance to be of major concern to the United States.

This report on the situation in some key countries of the Caribbean region is intended to assist Members of the House in evaluating such immediate policy questions as increased U.S. economic assistance to the Caribbean by providing relevant, firsthand information gleaned by fellow Members of Congress and congressional committee staff.

In addition to three members of the Committee on Foreign Affairs, the delegation included three members of the Committee on Agriculture, a member of the Ways and Means Committee, a member of the Appropriations Committee, a member of the Select Committee on Narcotics Abuse and Control, and a member of the Committee on Science and Technology. This variety of congressional participants enabled the study mission to examine several key aspects of conditions in the countries visited with particular thoroughness.

We thank you, Mr. Chairman, for authorizing this mission, the other members and staff who participated and assisted in organizing and preparing for it, and the many U.S. diplomatic and Armed Service personnel who provided support, information, and other assistance, including particularly: Assistant Secretary of State Viron P. Vaky, Assistant Administrator of AID Abelardo L. Valdez, U.S. Interest Section (Cuba) Director Lyle Lane, Charge d'Affaires Roy Haverkamp (U.S. Embassy, Jamaica), Ambassador Robert Yost (U.S. Embassy, Dominican Republic), and Capt. D. W. DeCook (U.S. Naval Base, Guantanamo), and their respective staffs.

Sincerely,

JONATHAN B. BINGHAM.
BENJAMIN A. GILMAN.
ROBERT J. LAGOMARSINO.

LETTER OF TRANSMITTAL

Dear Sir,

I have the honor to acknowledge the receipt of your letter of the 10th inst. in relation to the proposed amendments to the Constitution of the State of New York, and in reply to inform you that the same have been forwarded to the proper authorities for their consideration.

The Commission on the subject of the proposed amendments has been organized and is now engaged in a study of the same. It is expected that a report will be submitted to the Governor in due season.

I am, Sir, very respectfully,
Your obedient servant,
[Signature]

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INTRODUCTION

The Caribbean islands are too often regarded by Americans as little more than a convenient playground and refuge from the rigors of American winters. They are, however, much more than that. They are home for more than 15 million native people—many of them desperately poor. They constitute some 20 political entities, with 11 votes in the United Nations.¹ They are a convenient and economical source of raw materials essential to U.S. industry, such as sugar and bauxite. Over the years, they have become a base for billions of U.S. investment dollars.

If these island nations, our closest noncontiguous neighbors, are a source of opportunity for Americans, they are also a source of potential difficulty for us, just as we are for them. Their nearness to the United States and key Western Hemispheric shipping routes, together with their many fine natural harbors, make them a tempting target of influence by nations hostile or potentially hostile to the United States. The slightest change in U.S. domestic or foreign economic policy can have devastating effects on their minieconomies. As natural trading partners, they have become closely intertwined with and even dependent upon our economy. While it is difficult for winter weary Americans to imagine why anyone would leave the islands' idyllic climate, economic pressures send thousands of immigrants—legal and illegal—north from the islands for jobs, causing social and employment disruptions for Americans in some localities.

The choice of countries to be visited in the brief time available to the delegation was difficult. Jamaica, Cuba, and the Dominican Republic are among the largest of the independent Caribbean nations, economically as well as in population and geography.² The Dominican Republic is the United States' largest two-way partner in trade and investment in the Caribbean, and a traditional focus of American interest and influence. Jamaica has assumed a role of leadership not only in the Caribbean, but among the nations of the entire "Third World," particularly through its diplomatic prominence within the "Group of 77." At the same time, it has experienced serious economic and social problems in some ways typical of the region. Cuba, of course, is of interest and concern in many respects: Its strained relations with the United States, its domestic successes and failures in solving social and economic problems by means of an authoritarian-Communist system, its possible influence upon other Caribbean nations as well as other nations of the Western hemisphere, and its record of military intervention outside its borders, to mention just a few.

¹ Dominica and St. Lucia have most recently attained independence. St. Vincent and St. Kitts—Nevis—Anguilla are expected to follow, but no dates are yet set. The 11 Caribbean votes in the United Nations represents more than the rest of the Western Hemisphere combined.

² The congressional delegation was also scheduled to visit Haiti, the poorest of the Caribbean nations in terms of per capita GNP, but was forced to cancel that stop and return to Washington earlier than planned because of pressing congressional business immediately preceding the opening of the 96th Congress.

Interestingly, U.S. officials had to dig deep into Embassy files to find record of the last official congressional visits to Jamaica and the Dominican Republic, despite the obvious importance of these island nations to the United States and the Caribbean region. In the case of Jamaica, at least 7 years had elapsed since the last official congressional group had visited the island to assess bilateral and regional relations. In the case of the Dominican Republic, it had been more than a decade.

In recent years (if not since the Monroe Doctrine, which declared the Caribbean and the rest of Latin America "off limits" to nations outside the Western Hemisphere), the United States has lacked a coherent and clearly defined Caribbean policy. U.S. policy toward the region, and toward individual Caribbean nations, has ranged from neglect to intervention, the latter exemplified by virtual U.S. occupation of the Dominican Republic from 1916 to 1924, and a return of the U.S. Marines in 1965.

In 1977, the new Carter administration announced creation of an interagency Caribbean task force to concentrate more policy attention on the region. To promote closer collaboration among the Caribbean countries, the administration encouraged the World Bank to conduct a conference on Caribbean economic development. That conference, in turn, led to creation of the Caribbean Group for Cooperation in Economic Development (CGCED) consisting of 31 donor and recipient countries and 16 multilateral institutions. In addition to bilateral aid, the administration has supported the CGCED as an institution for comprehensive regional development.

Hearings by the Subcommittee on Inter-American Affairs in the spring of 1977 pointed out the need for greater attentiveness by the United States to the problems of the Caribbean nations. This became a premise of the congressional delegation's visit. The findings of the mission, based upon the Members' observations and discussions with government officials and local and American citizens, confirm that need.³ The conclusions and recommendations offered in this report are intended to contribute to a more defined and sensitive U.S. policy toward the Caribbean nations. Additional findings and recommendations specifically on the energy development needs of the countries visited are contained in a separate report issued by Congressman Wydler, a member of the Committee on Science and Technology.⁴

Members of the delegation felt it would not be appropriate to visit this area of the Caribbean without stopping at the U.S. naval base at Guantanamo, on the southeast coast of Cuba. As a result of the new Panama Canal Treaties, which call for a gradual withdrawal from our military installations in that country, the base, with its excellent harbor and training facilities, has taken on new significance. It is an important watching and listening post for military, shipping, and other activities and developments in the Caribbean. Also, its very presence is a symbol of continued U.S. interest and influence in the area. For these reasons, as well as to show its support and concern for U.S. civilians, servicemen, and their families serving the United States in this rather isolated post, the delegation included in its itinerary a brief visit to Guantanamo.

³ A list of the delegation's official meetings appears in appendix F of this report.

⁴ "Oversight of Caribbean Energy Development," a report to the Committee on Science and Technology, U.S. House of Representatives, 96th Cong., 1st sess., January 1979.

RECOMMENDATIONS

1. The United States should increase access to its market for rum from Jamaica and the Dominican Republic by reducing tariffs to levels no higher than the levels applicable to alcoholic beverages from our most favored trading partners.

Background and comment.—Imposition of tariff levels on rum that are more than three times those on scotch whiskey, for example, constitute a discriminatory trade practice by the United States. Reduction of rum tariffs to the same levels as those applied to spirits produced by European nations would enable Caribbean nations to earn additional foreign exchange at a time when it is badly needed. Rum from Puerto Rico and the Virgin Islands would continue to have an advantage in mainland U.S. markets based upon freedom from tariffs and a high consumer recognition of their brands. A substantial reduction in tariffs on rums from elsewhere in the Caribbean, however, would clearly make their products more competitive and enable them to capture a somewhat larger segment of the U.S. market.

2. The Congress and executive branch should reexamine restrictive guidelines such as per capita income figures which tend to limit eligibility for certain forms of aid, and should consider exempting Caribbean nations from these restrictive guidelines as part of a broader U.S.-Caribbean policy.

Background and comment.—Average per capita income figures in both Jamaica and the Dominican Republic exceed the \$580 (in 1976 dollars) poverty ceiling formulated by the International Development Agency and adopted as a guideline for U.S. aid programs. A major segment of the population of these countries falls below the poverty level, and aid programs which directly benefit this segment of the societies are needed. Greater flexibility is needed, however, to permit channeling of broader forms of U.S. financial assistance. Given the vulnerability of the economies of the Caribbean nations, emergencies such as the economic crisis in Jamaica are likely to be encountered in the region as oil prices continue to rise and world agricultural commodity prices continue to fluctuate.

3. The Export-Import Bank (or other appropriate agency) should be authorized to underwrite the cost of processing loans for sales of essential equipment to needy developing countries such as Jamaica and the Dominican Republic, thereby increasing the availability of such financing to the benefit of both such smaller nations and American exporters.

Background and comment.—The complaint was heard in both Jamaica and the Dominican Republic that they have difficulty obtaining Ex-Im Bank financing for their capital goods imports. The reasons for this difficulty were not entirely clear, but seemed to be related to the relative small size of most capital purchases by these countries and the preference of the Bank to finance larger transactions.

4. The Agency for International Development (AID) should under-

take further efforts to reduce to a minimum the volume and complexity of paperwork required for smaller (for example, under \$10,000) community development project loans and grants.

Background and comment.—As noted earlier in this report, some of the paperwork requirements for local recipients of AID program funds were the same for projects involving only a few thousand dollars as for those involving many millions. Some of these requirements are impossible to meet in extremely poor and underdeveloped communities. Others are too complex or too costly in relation to the size of the prospective grant or loan. Thus, they inhibit worthy applicants from seeking assistance. Further efforts should be made to eliminate them for smaller projects.

5. The United States should act with all possible speed to establish a domestic sugar program and to ratify the International Sugar Agreement, thereby relieving major uncertainty in the international sugar market which is depressing prices to the detriment particularly of sugar export-dependent Caribbean countries.

Background and comment.—U.S. indecision over its own sugar price support program and participation in an International Sugar Agreement is costing the already weak economies of the Caribbean millions of dollars of vital foreign exchange by contributing to world sugar price depression. Resolution of the U.S. sugar support price dispute and U.S. ratification of the International Sugar Agreement would likely have the immediate effect of increasing the current world price of 7–8 cents a pound (below the cost of production virtually everywhere in the world) to about 13 cent a pound, the lower end of the “price band” established by the agreement. This, followed by subsequent sugar market stability, would help ease Caribbean economic problems.

6. The United States should support and encourage in every way feasible a revival of interest in and progress toward economic integration in the Caribbean region.

Background and comment.—Particularly given the paucity of resources in the Caribbean and the difficulties of achieving economic diversification, it is questionable whether some of the nations of the region can, in the long run, survive as independent political and economic entities. The only salvation for some—perhaps all—may be close and extensive economic integration in the region.

With U.S. support and assistance, some loose regional economic cooperation already exists. The Caribbean Community and Common Market (CARICOM), which includes 12 English-speaking states, has made some progress in harmonizing trade and monetary arrangements, but the organization has been strained and some of its cooperative trade arrangements weakened by the recent acute financial troubles of the member states. The Caribbean Development Bank channels 30 percent of the assistance reaching the least developed Caribbean countries, but has been slow in processing applications for support, weakening the confidence of national officials. The Caribbean Agricultural Research and Development Institute, and the Caribbean Food Corp., are promising cooperative endeavors, but the effectiveness of their programs are not yet clear.

Much remains to be done to strengthen these and other regional institutions, particularly with respect to promoting cooperation

between the more developed and less developed countries, and cooperation between the English and non-English speaking countries.

7. The President should respond positively to the proposal made to the delegation by President Castro with regard to the release of the four remaining American prisoners. He should immediately undertake a study of all options available to allow for acceptance of this reciprocal proposal.

Background and comment.—During the delegation's meeting with President Castro, he proposed a solution to the release of the four remaining American prisoners in Cuba. According to the Cuban leader, if the United States were to release the four Puerto Rican prisoners now being held for their role in the 1954 attack on the House of Representatives, there would be a reciprocal action by Cuba in releasing the Americans. It was strongly emphasized by Castro that he was not proposing any prisoner exchange, but reciprocal humanitarian gestures.

8. United States and Cuban officials should take care to the maximum extent possible directly or indirectly to notify each other of major military exercises and activities to be conducted in staging areas adjacent to Cuba in order to avert any possible misinterpretation and military reaction.

Background and comment.—The practice followed by Guantanamo officials of letting Cuban officials know of military exercises near Cuban waters through public media announcements monitored by the Cubans should be followed by other commands responsible for military exercises in the area of Cuba and should be a matter of U.S. policy. To conduct large-scale military exercises without such warning risks an international incident which could involve unnecessary loss of American and Cuban lives, as well as increased international tensions.

9. The United States should take all measures necessary to achieve careful but rapid processing of Cuban political prisoners being released by the Cuban Government, as well as those released prior to the current release program (August 1, 1978) including the permanent stationing of an adequate number of Immigration and Naturalization Service officials in Havana. Cuban officials should improve their procedures for providing data on released prisoners that could facilitate U.S. immigration clearance, and more fully inform newly released prisoners of U.S. immigration opportunities and procedures.

Background and comment.—Despite assurances by the Attorney General of expedited processing of released Cuban political prisoners applying to come to the United States, and reservation of 3,500 special immigrant slots for them and their families, the United States has already fallen behind in processing their applications. As pointed out earlier in this report, this could result in prolonged prison stays for those eligible for release in coming months since Cuban officials link the rate of releases to the willingness of other nations (particularly the United States) to absorb the released prisoners. Additional consular personnel are already in place in Havana to handle the State Department's responsibilities in processing prisoner applications. Immigration Service officials, however, are insisting upon interviewing all applicants and performing other aspects of the screening process themselves. The absence of Immigration Service officials in Havana through much of February and March contributed to the backlog that already exists of prisoners released since August 1, 1978, to say nothing of Cubans released from prison or granted permission to emigrate prior to that date.

10. On the question of any appropriate action on the U.S. economic embargo of Cuba, the delegation remained divided. Some members recommended at least a partial two-way lifting of trade sanctions as a means of moving toward resolution of other problems with Cuba. Other members, however, oppose any unilateral action to lift the embargo until such issues as political prisoners, Cuban military adventurism, and U.S. claims are resolved.

Background and comment.—Representative Bingham, in particular, concludes that continued imposition of the embargo is unlikely to reverse Cuban policies toward Africa and ignores the major concession Castro has made in agreeing to release more than 3,000 political prisoners and their families to the United States. Its lifting, however, would remove one of President Castro's major excuses for the poor progress of the Cuban economy and his most appealing propaganda symbol with the nonaligned nations. Partial lifting, allowing two-way trade for limited categories of goods, or even a total lifting, would not "take the burden of supporting Cuba off the Soviet Union," as some have argued. Such trade would be on normal commercial terms, rather than the concessional rates offered by the Soviets, and would be quite limited in view of Cuba's lack of foreign exchange. Continued refusal to sell medicines to Cuba is, among other things, inconsistent with U.S. commitments to humanitarianism and human rights. Sales of U.S. medicines and pharmaceuticals, at least, should promptly be exempted from the embargo, regardless of their availability from other foreign sources.

Representative Lagomarsino, on the other hand, remains convinced that it would be a mistake unilaterally to give up one of the few remaining bargaining chips we possess without some equal gesture on the part of the Cubans. Such action would send the wrong message at a time when Cuban military adventurism in Africa and Latin America is growing and other issues such as human rights, political prisoners and U.S. claims remain unresolved. The continued economic crisis in Cuba is a direct result of the failure of the Communist form of government and the mismanagement of the Castro dictatorship. The United States should not contribute through trade to Cuba's spread of violence and bloodshed abroad and continued violation of human rights at home. The embargo remains one of the most compassionate forms of leverage we can use against the Cuban Government, as all human necessities such as medicines are readily available from other sources. What the embargo does do, however, is to deny Castro a market for his nonfree labor exports. Trade with Cuba can only be on a one-way street. The Communist economy of Cuba can offer the United States nothing but competition for our struggling allies in the developing world.

JAMAICA

Several days after the congressional study mission left Jamaica, civil disorder in which several people were killed broke out in Kingston. The immediate cause of the clash was said to be Government action increasing gasoline prices from \$1.82 to \$1.94 a gallon. The demonstrators' theme was "The Poor Can't Take No More"—a slogan seen scrawled on buildings by congressional delegation members during a visit to the impoverished West Kingston area.

Such incidents symbolize the current challenge facing Jamaican society and its leaders. The economy of the country is severely depressed. The government of Prime Minister Michael Manley has recently taken needed steps to restore economic confidence, including measures required by the International Monetary Fund as a condition of IMF emergency financial assistance. There is hope in both the foreign and Jamaican business communities that these measures will eventually succeed in restoring economic stability.

Economic austerity, however, is requiring increased belt-tightening by Jamaicans, including the very poorest, whose current living standard leaves little room for greater sacrifice.

According to opinion polls, popular support for the Manley government is extremely low. Whether the current Government, and the very fabric of Jamaican society, can remain peacefully intact long enough to permit remedial measures to take effect and economic conditions to improve is a very real and immediate question both for Jamaican leaders and American policymakers.

The delegation's impressions about the causes of this serious and uncertain situation in Jamaica, and about the effect of American programs and policies upon that situation, are summarized below.

ECOLOGY

Jamaica is one of the most densely populated countries in the world with an average 191 people per square kilometer, compared to 60 in the United States and 260 in mainland China. Since mountains cover 80 percent of the country, these figures understate actual population concentration in the more inhabitable hills and flatlands. The annual rate of population growth is high—2.7 percent—though emigration—mostly to the United States—each year offsets population growth by about half.

About 35 percent of Jamaicans depend upon agriculture for their livelihood. Despite a generally favorable climate, farm productivity is low. According to a 1968 "Census of Agriculture,"¹ 78 percent of Jamaican farms consist of less than 5 acres, and 97.9 percent less than 25 acres. A few hundred larger "plantations" control more than 50 percent of the country's arable acreage.

¹ Currently being updated under a U.S. AID program by USDA and Census Bureau experts.

Because of heavy rainfall, mountainside farming, and relatively primitive cultivation methods, soil erosion and resulting water pollution have become major ecological and economic problems.

Aside from bauxite, of which it is the third largest exporter in the world, Jamaica has few natural resources. It depends upon imports for all of its fuel needs. Sugar, bananas, and coffee are its major agricultural crops. It must import part of its needs even for such staple foods as rice, flour, meat, fruits, and vegetables.

ECONOMIC AND SOCIAL PROBLEMS

The Jamaican economy is beset with high unemployment, rapid inflation, and low productivity. Unemployment is officially estimated at 24 percent, but another 20 percent or more of the population is underemployed. In the age group 14-24, unemployment is believed to be over 50 percent—an especially serious situation in a country where 60 percent of the population is under 21 years old. Inflation during 1978 was nearly 50 percent. The Jamaican gross domestic product has declined steadily, with the 1978 GDP about 13 percent below the 1972 level. During the same period, Jamaican foreign exchange reserves plunged into the red over \$300 million, and foreign debt increased 350 percent, with consequent major increases in the debt service burden.

External forces played no small part in precipitating the Jamaican economic crisis—the worst since the country became independent in 1962. Drastic increases in oil prices, followed by a decline in world sugar prices and droughts that cut sugar and coffee production, dealt heavy blows to the small, undiversified, and therefore vulnerable Jamaican economy.

Early government responses to the situation did little to help, and may actually have exacerbated the situation. Socialist rhetoric promising expanded social welfare programs and increased government controls over the private sector in 1976—an election year—combined with concrete action by the government to increase its shares in foreign bauxite firms, shook business confidence. Import controls designed to reduce the balance of payments deficit produced severe shortages of capital goods and critical raw materials, further weakening the country's small manufacturing sector and boosting unemployment in the industrial and service sectors. Exchanges of official visits and establishment of small but visible mutual assistance programs between the Manley government and the Communist Government of Cuba further eroded business confidence, particularly among foreign investors.

As a result, foreign investment in Jamaica, and foreign commercial credit, came to a virtual halt. Flight of domestic capital, management, and skilled labor has been substantial. Net capital inflows fell from \$204 million in 1975 to \$51.1 million in 1976 and \$9.5 million in 1977.

The pressure of government economic controls and inflation cut severely into domestic consumption, increasing social unrest, particularly among the urban poor. Labor unrest and strikes, which had been relatively rare in Jamaica, jumped to 61,000 man-days in 1976. Violent crime has risen steadily since 1972. The once-controlled drug trade has emerged again, further crippling the economy and

breeding corruption and violence. Despite a tough gun control program vigorously enforced by the government, private possession of firearms in Jamaica remains pervasive. After reaching a mid-1970's high of over \$1,200, per capita gross domestic product in Jamaica dropped to about \$1,100 in 1978.²

A few widely publicized incidents of violence in Jamaica added to the country's economic decline by scaring off tourists. In 1974, the country was dependent on tourism for 14 percent of its foreign exchange earnings. After a record 62 percent increase in tourist bookings from cruise ships in 1975, bookings fell sharply in 1976 and 1977. Total tourist bookings dropped 15 percent in 1976 and another 20 percent in 1977. Hotel occupancy rates fell to an alltime low of 30 percent during the same period.

To avoid further unemployment and loss of productive capacity, the Jamaican Government claims it had little choice but to assume ownership and management of numerous hotels and factories rather than see them close. This, however, increased demands upon government revenues and added to the impression at home and abroad that Jamaica was heading rapidly down the road to socialism. Some knowledgeable observers warned delegation members that the Manley government could move leftward once again if and when the economic situation improves.

POLITICAL RESPONSES AND RESULTS

In addition to such fiscal and monetary measures as tight import controls, currency devaluations, higher taxation, and wage and credit restraints, the Jamaican Government is counting on agricultural development, export expansion, and foreign aid and investment to help get Jamaica back on its feet.

In a meeting with the congressional delegation, Prime Minister Manley acknowledged that "there was some excessive rhetoric" during the early years of his government which discouraged investors and entrepreneurs. "But," he said, "we have tried to change the atmosphere for investment."

Recent Government statements have indeed been reassuring to the private sector. The Government has affirmed that it considers the private sector to have an important and continuing role in the Jamaican economy. It has guaranteed foreign investors the right to repatriate the full amount of all investments and profits. It has assured all investors that they will be permitted to earn a fair rate of return.

Finance Minister Eric Bell, and Minister of State for Planning, Richard Fletcher, stressed the need for new investment in a meeting with members of the congressional delegation.

Bell said, "The Government policy is positive, it encourages private investment." Jamaica, he said, wants more joint ventures, but recognizes "you have to show success" in order to attract foreign investment.

The Finance Minister said the country has begun to recognize it can develop a viable, mixed economy. "We are trying to build export

² It should be noted that this figure still exceeds the \$580 per capita GNP figure set by the Congress and the International Development Agency (IDA) for maximum financial assistance. U.S. Embassy officials in Jamaica estimate that 60 percent of the population are "poor" in terms of nutrition, housing, employment, education, and general living standards, most of them below the IDA per capita GNP poverty line.

growth to 20 percent of what we produce. The target is to produce 20 percent more each year," he stated.

On the balance of payments, he said: "We need \$1.1 billion for exchange this year. The estimate is \$950 to \$975 million. We're short \$150 million." Jamaica, he said, hopes to get donor countries (the United States, Canada, Norway, Venezuela, the Dutch and British) to develop program loans to make up the exchange shortfall. He suggested a meeting on the problem of U.S. assistance, noting that the Public Law 480 program was one of the best, particularly for getting food into the schools, and should be expanded. "I think we've got the beginning of working relations," Bell added.

On the question of where exports could be increased, the Finance Minister said "tourism and bauxite," adding that the greatest potential was in "nontraditional areas such as the garment industry." South Korea supplies material and capital to Jamaica to produce finished suits for the U.S. market, he informed the delegation.

Planning Minister Fletcher suggested sugar and rum. He said Jamaican sugar was sold in the United Kingdom and the United States, that they sold 500,000 tons in the 1960's, but sales have declined to 300,000 tons. In 1974, they joined the Common Market suppliers group, getting 15 cents a pound. Half of Jamaican sugar exports go to Europe.

"Now, we only get 7 to 8 cents a pound, which is less than the production cost. But sugar is a product we know how to produce," Fletcher said.

Finance Minister Bell said Jamaica has a 14.5 million-ton capacity for bauxite, but has had a declining share of the market since 1973. The Government has arranged with the European Community to help expand banana lands over the next 2 or 3 years, and hopes to expand the country's free trade zones from the present five warehouses to 50 warehouses by the end of 1979.

Both Prime Minister Manley and Minister of Foreign Affairs P. J. Patterson described Jamaica's relations with Cuba as based on a firm understanding of "noninterference in domestic policies." The Prime Minister noted that Cuban President Castro has been "meticulous" in his observance of this understanding and of Jamaican sovereignty, and expressed confidence that this would continue to be the case. Foreign Minister Patterson emphasized the differences between Cuban and Jamaican "political experiences," and said that Cuban assistance to Jamaica was limited to projects dealing with "shared problems such as malnutrition, illiteracy, and unemployment." Relations with Cuba, he noted, are consistent with Jamaica's "foreign policy of nonalignment which rejects any notion that a country is compelled to operate on a bipolar axis."

Prime Minister Manley and his Foreign Minister expressed full support for Cuba's activities in Africa. In addition, their government recently invited the Soviet Union to join in Jamaica's development efforts through a joint venture cement plant.

Cuba maintains an unusually large diplomatic mission in Kingston. The congressional delegation received reports of Cuban participation in development assistance projects in Jamaica, and exchanges of youth between the two countries. Cuba propaganda publications reportedly are confiscated in occasional Jamaican police raids on extreme radical groups loosely affiliated with the ruling People's

National Party (PNP), the opposition Jamaican Labor Party (JLP), or the small Communist Party. With the exception of Prime Minister Manley's personal guard (who was trained in Cuba), however, no evidence was obtained of any current Cuban involvement in Jamaican military or security programs. That fact, combined with the statements of top-level Jamaican officials and the fact that the Government exerts firm police pressure upon the most radical groups even within its own party, suggests that Cuban subversion or resort to Cuban-style government in Jamaica are unlikely. Concern was expressed, nevertheless, particularly by opposition leaders, about political indoctrination of Jamaican youth corps who visit Cuba to learn "development skills."

A careful World Bank study of Jamaica's economic problems concluded that a major cause particularly of high unemployment was a failure between 1962 and 1972 to invest adequately in the agricultural sector—the traditional source of a high proportion of Jamaican employment opportunities. The Government has recently confronted this problem by concentrating a major portion (about 36 percent) of its fixed investment program in the agricultural sector. This effort supplements earlier programs, some undertaken with the U.S. AID and international assistance, to increase acreage under cultivation and to assist small farmers through land-lease and self-help programs. One such project, which some members of the congressional delegation visited, is described in greater detail later in this report.

Prime Minister Manley has stressed the Government's efforts to maintain and improve the quality of life in Jamaica, while also describing Jamaica's serious economic problem and the need to resolve them in increasingly direct and realistic terms. His New Year's Day address, delivered shortly before the congressional delegation's arrival in Jamaica, summarizes these efforts and reflects the Government's new economic realism. It is reprinted in full as appendix A of this report.

While acknowledging the need for measures imposed by the International Monetary Fund in return for \$220 million in foreign currency loans over 3 years that began in May 1978, the Prime Minister criticized IMF preference for monetary controls over controls on imports. Monetary controls, he argued, are hardest on the poor because they reduce basic buying power. He noted, also, that shortage of foreign currencies within the IMF had delayed loans under the IMF program, causing added hardship for the Jamaican economy.

Despite his Government's program, his personal charisma, and a 1976 reelection victory that gave his party a commanding 47-to-13 seat majority in the popularly elected house of the Jamaican Parliament, Prime Minister Manley's current popularity appears extremely low. A public opinion poll conducted late in 1978 by pollster Carl Stone³ indicated that 29 percent of the Jamaican people would vote for the opposition JLP if new elections were held. Only 15 percent said they would now vote for Manley and his party.

One of the most hopeful signs the congressional study mission found that Jamaica may be able to survive its current troubles peacefully and without major social disruption is the strength of democratic, two-party traditions in the country, and the existence of a viable,

³ Carl Stone, professor at the University of West Indies; commentator for the independent Daily Gleaner newspaper, Kingston, Jamaica.

loyal opposition. The two major parties—the PNP and JLP—have alternated in power since 1952 when, under British tutelage, popular national elections were first instituted. Numerous small splinter parties, and occasional serious efforts to form major third parties, have consistently failed to achieve electoral success.

Against this background, recent announcement of the formation of the Communist-oriented Workers' Party of Jamaica would seem to pose no immediate threat to Jamaican political stability. Membership is reported to be extremely small, partly because both major parties are sufficiently broadly based to accommodate even rather extreme left-wing views. The major asset of the new party is the fact that it was founded by a capable and respected former PNP member—Trevor Munroe. Munroe, a professor of economics at the University of the West Indies, is said to be a charismatic figure potentially capable of attracting popular support. The congressional delegation was unable to meet with Munroe because he was visiting Cuba.

The leader of the opposition JLP Party, Edward Seaga, was likewise out of the country during the delegation's stay in Jamaica. He was touring the United States. Members of the delegation met, however, with JLP Party representatives, led by former Prime Minister and current head of Jamaica's largest trade union, Hugh Shearer. The delegation was favorably impressed with the opposition's expressed dedication to solving Jamaica's problems, and the concreteness of its "shadow" program. JLP Party representatives appealed to the congressional group for greater U.S. sensitivity to Jamaica's needs and problems, particularly in the area of trade and increased U.S. aid. A text of their statement of political views and positions on United States-Jamaican bilateral issues appears as appendix B of this report. Despite their strong concern about U.S. support for the Manley government, the JLP leaders opposed any U.S. aid cutoff because it would hurt those in Jamaica who most need it.

The next regularly scheduled election in Jamaica is in 1981. Despite the apparent weakness of the current government, there is no indication the opposition party will try to force general elections before that time. On the contrary, the JLP has been boycotting the electoral system by refusing to contest local and byelections until electoral reform is implemented, which the Manley government has now pledged to do.

Another sign of continuing social stability in the face of severe hardship in Jamaica is the fact that, to date, the powerful British style labor unions have refrained from organizing general strikes that would further weaken the country.

While the Jamaican economy can hardly yet be said to have "turned the corner," there are signs that, as a result of IMF assistance, it may have "bottomed out" and may now at least be stabilizing. International reserves declined in 1976 by \$63.1 million—a dramatic improvement in contrast to the \$268 million drawdown that occurred in 1976. Production and revenues from agriculture and mining have begun to increase after several years of decline. Tourist bookings for 1978 were up substantially over 1977. However, riots that occurred after the delegation visit may result in another downturn in tourism in the first part of 1979.

Most Jamaican and American business people with whom the congressional study mission discussed the situation were encouraged

by the Government's actions and assurances regarding the economy; largely in response to IMF reforms. At least two major British firms have recently made new investments in Jamaica. But most business officials were not yet ready to invest or reinvest, preferring still to "wait and see" what effects the Government's remedies will have and what additional signs of political and economic revival might emerge before risking added capital in Jamaica. Many said they are actively exploring foreign investments in other nations in the Caribbean and elsewhere while waiting for the climate in Jamaica to improve sufficiently to justify foreign investment expansion.

UNITED STATES-JAMAICAN RELATIONS

"We don't assume that you owe us anything," Prime Minister Manley told the congressional study mission, speaking of the developed countries in general and the United States in particular. He reminded the delegation, however, that Jamaica's economic problems are partly those of a smaller economy that is "structurally dependent" upon a dominant neighbor; namely, the United States. Jamaican officials were frank in expressing hope for increased U.S. assistance and access for Jamaican goods in U.S. markets.

In 1978, U.S. assistance to Jamaica—including security supporting assistance, Public Law 480, and the Peace Corps—was \$28.4 million. The United States also committed \$12 million to Jamaica through the Caribbean development facility, a cooperative regional program organized by the governments of the Caribbean nations.

U.S. private direct investment in Jamaica is estimated at between \$600 million and \$1 billion.

The IMF, the World Bank, and the Inter-American Development Bank are the major multilateral supporters of Jamaican development efforts. The IMF's 3-year commitment to Jamaica under its extended fund facility is \$250 million. Since 1977, the World Bank has invested over \$30 million, and the Inter-American Development Bank over \$20 million, in Jamaica. In 1977, the United Kingdom, Canada, West Germany, Netherlands, Venezuela, and Hungary provided technical and capital assistance, and special lines of credit, totaling \$68.5 million.

U.S. assistance to Jamaica is proposed to exceed \$30 million in fiscal year 1980, due primarily to a proposed increase in Public Law 480 credit to \$15 million.

A large proportion of U.S. AID loans and grants have been devoted in recent years to agricultural development, nutrition, and health care. Support is being provided to several "integrated rural development" projects organized by the Jamaican Government. Members of the study mission visited one such project located near Kellits, Jamaica. U.S. AID plans to provide \$15 million over the life of the \$26 million project (\$2 million in grants, the remainder in loans), which will benefit 4,000 rural farm families (about 25,000 persons). Such "integrated rural development" projects are also supported by World Bank, IADB, and UNDP assistance. Participating farmers are required to contribute 25 percent of the costs of soil conservation—a major element of the projects.

The delegation traveled to the project area in central Jamaica. A briefing was conducted in the home of A. C. McDonald, regional director of the Ministry of Agriculture.

Correction of soil erosion is a major goal of the project, which covers two watersheds (the Pindars River Basin and two meetings). Much of the activity since the project agreement was signed February 28, 1978, has been the preparation for terracing.

The major local crop is yams. By using improved techniques a yield of 12 tons per acre can be achieved—a 600-percent increase over current normal yields of 2 tons per acre. This could provide a 300-percent increase in farm incomes from yams.

The yams grow as big as 100 pounds, but have a shelf life of only a week. McDonald said if a way of prolonging shelf life could be found, "we would have enough food for the whole island, and there would be no starving." Freeze-dry methods are being investigated.

The delegation was told there is 80 inches of rain per year at an intense rate of 4 or 5 inches in a short period. Erosion is a major problem. If soil conservation methods are practiced, there is a loss of only 7 tons per year per acre, but a loss of upwards of 50 tons per year per acre without it.

A visit was made to the farm of Mr. Sam Minifield, which is considered a prime example of the development work being done. He grows bananas utilizing polyethelyn bags to protect the fruit from insects and bruising. The crop is shipped to the United Kingdom. He also grows oranges, tangerines and has cattle, pigs, and chickens for eggs.

Another major part of the Kellits project is forestation on about 5,000 acres and engineering projects, including river and stream control, dams, embankment protection, and 22 miles of feeder road construction.

The Jamaican Government will provide electricity for about 15,000 people in the two watersheds and expanded central water pumping facilities to serve an additional 25,000 persons. Over a 4-year period, 140 houses will be constructed.

Members of the delegation were impressed with the degree of success this particular project has had in reaching the rural poor.

Members of the congressional study mission also visited two small community development projects in Kingston. These projects are typical of those supported by U.S. AID under its special development activities program. A total of about \$50,000 per year is devoted to this program, which provides direct assistance to small self-help projects sponsored and organized by local community groups. U.S. AID grants are limited to \$6,000 per project, and the organizing group must contribute a matching amount as well as all labor associated with the project. U.S. AID funds are used only for startup costs of materials, equipment, and facilities, and may not be used to subsidize operations once the project is underway.

The particular projects visited by members of the study mission were a sandal, shoe, and leather goods industry in West Kingston run by the Dynamics Saints Youth Club in association with St. Anne's Roman Catholic school and parish, and a garment, textile, and craft shop in East Kingston run by the Mystic Revelation of Rastafari Cooperative Society and Cultural Center, a religious and cultural society.

Members of the delegation who visited these projects were, on the whole, favorably impressed. Both were located in extremely poor neighborhoods, and were providing jobs as well as needed goods di-

rectly to the people of those neighborhoods. The U.S. AID support to the projects, in the form of equipment and materials such as shoe lasts, leather, leathercraft tools, sewing machines, and cloth, was both visible to the community and being put to good use. Followup on both projects appeared to be thorough, both by U.S. AID officials and by Peace Corps volunteers working in the area. The integration of Peace Corps activity and such small U.S. AID supported community self-help projects seemed particularly desirable, and is a model that should be duplicated in other projects wherever possible.

Both of these projects, though relatively new, were already encountering difficulties in meeting operating expenses, as well as in obtaining needed raw materials. It is to be hoped, of course, that such projects would eventually become self-sustaining. It is unrealistic, however, to expect that projects with so little capital would quickly become self-supporting without some temporary operating subsidies. U.S. AID might usefully review its restriction prohibiting use of these funds for operating subsidies. Subsidization of operations for at least a limited period of time would seem essential to give such projects a reasonable chance of becoming self-sustaining, and to avoid raising community expectations through U.S. AID grants only to have them dashed by project failures due to inadequate ongoing support.

The congressional study mission also noted that many of the same paperwork and reporting requirements apply to these small grants as apply to much larger AID projects. Competitive bids, for example, are required for all equipment or facilities paid for with U.S. funds, and project organizers are required to maintain receipts and elaborate records of disposition of U.S. funds. These requirements seem excessive in view of the small size and limited skilled management of these projects, and may deter worthy groups from submitting applications. U.S. AID officials should review these requirements with an eye toward minimizing them.

Shortages of basic raw materials for community development projects such as those visited by members of the delegation seemed due partly to strict Jamaican import controls. The Jamaican Government should seek improved means of exempting such community self-help projects from import controls and complex import documentation procedures.

Jamaican officials raised several trade issues with the congressional study mission. They particularly appealed for reduction in U.S. tariffs on rum, of which Jamaica is a major producer. U.S. tariffs on Jamaican rum are about \$1.70 per gallon, while the tariff on most European spirits is only \$.50 per gallon and no tariff is levied against Puerto Rican and Virgin Island rum. This inequitable tariff arrangement, Jamaican officials argued, deprives them of an export market for their rum which is badly needed in their current economic crisis.

Jamaican officials also appealed for resolution of U.S. domestic sugar policy to restore confidence in the world sugar market. Their sugar, they noted, has faced high tariffs and fees since expiration in 1974 of the U.S. Sugar Act which provided preferential prices and protected market allocations for foreign suppliers. U.S. imposition since 1974 of tariffs to protect the domestic U.S. sugar industry, and delay in ratifying the International Sugar Agreement that would stabilize world prices and assure adequate markets for producers,

have seriously hurt Caribbean sugar exports. Exports of Jamaican sugar to the United States dropped from 264,000 long tons in 1973 to 217,000 long tons in 1977. This decline, combined with the decline of world sugar prices, has cost Jamaica substantial foreign exchange.

Jamaican emigration continues to be an important problem, both for Jamaica and the United States. Of the 84 Americans at the U.S. Embassy, 15 work on consular matters. It is a "high volume, high refusal" operation. In 1978, more than 34,000 Jamaicans were approved for entry into the United States, 20,000 of them on a temporary, nonimmigrant basis, and the remainder as permanent immigrants. More than twice that number sought visas to enter the United States, but were rejected. It is estimated that most of those who have come to the United States on nonimmigrant visas in the past have violated the terms of the visa by remaining in the United States, many permanently. Illicit entry, often achieved by illegally entering Puerto Rico and then going to the United States as a "Puerto Rican," is a serious problem. Consular officials estimate that 80-85 percent of the documents submitted with visa applications are fraudulent.

CUBA

Reports of several congressional visits to Cuba have provided a thorough description of many aspects of the Cuban political, social, and economic system under the Government of President Fidel Castro.¹ This congressional delegation visited several Cuban Government projects which have been fully described in these earlier reports, such as a secondary school, a Government agricultural center, and the Allamar housing project near Havana. Most of the delegation's brief visit, however, was devoted to discussions with American and Cuban officials, including President Castro.

President Castro's January 1, 1979, speech celebrating the 20th anniversary of his revolution, contained the harshest criticism of the United States from the Cuban leader in several years. (Excerpts from this speech are reprinted in appendix C of this report.) In a wide-ranging, 3-hour discussion with the delegation, Castro described his criticisms as "hard" but "not insulting." He observed that he had not criticized President Carter. But, he said, he has grown skeptical about improved relations with the United States, and felt he "must explain to the (Cuban) people that we're in for a long struggle."

He seemed resigned to the fact that the United States has failed to respond to Cuban initiatives to improve relations, and that President Carter's requirement that Cuba withdraw its troops from Africa means that normalization of relations is not imminent. Whereas Cuban officials have been willing in the past to take steps to improve relations, they now clearly consider they have done all they can and that it is now up to the United States to act.

Emphasizing that Cuba "wants détente," the President lamented that every time progress is made in Cuban-American relations, "something comes up—someone poisons the atmosphere." Cuba, he said, has made a series of gestures and responded to appeals from visitors from the United States, to which the United States has responded with "serious, irritating offenses" such as recent resumption of overflights of Cuba by SR-71 intelligence aircraft after such flights were terminated several years ago. This resumed overflight coincided, Castro noted, with "exceptional" naval maneuvers near Cuban waters about which Cuban authorities had not been notified, and "hysteria" in the United States over the presence of Soviet Mig-23's in Cuba which, he said, were "tactical defensive aircraft" being flown in Cuba with U.S. knowledge for 6 months before "someone chose to incite a problem" over them.

¹ See for example: "Toward Improved United States-Cuba Relations," report of a special study mission to Cuba, Feb. 10-15, 1977 (conducted by Hon. Jonathan B. Bingham); "United States Relations With Cuba," report of a special study mission to Cuba, Aug. 30-Sept. 3, 1975 (conducted by Hon. Stephen J. Solarz); "Cuba Study Mission: A Factfinding Survey," June 26-July 2, 1975 (conducted by Hon. Charles W. Whalen, Jr.); "United States-Cuban Perspectives—1975: Conversations on Major Issues With Cuban Officials," report of a study visit to Cuba, Sept. 18-Oct. 15, 1975 (by Barry Sklar, Congressional Research Service specialist in Latin American Affairs); "Delusions and Reality: The Future of United States-Cuba Relations," report to the Committee on Foreign Relations, U.S. Senate, by Senator Frank Church, on a trip to Cuba, Aug. 8-11, 1977; "United States and Cuba: A Propitious Moment," a report by Senators Javits and Pell, October 1975; "Cuban Realities: May 1975," a report by Senator George S. McGovern to the Committee on Foreign Relations, U.S. Senate. This list is incomplete and does not imply any endorsement of any views or recommendations contained in these publications.

Castro denied a suggestion voiced by Congressman Mathis that it might be the Soviet Union that is poisoning the climate for improved United States-Cuban relations. "I know the Soviets well," he said. "They have never interfered in our policy or encouraged any hostility toward the United States."

Speaking with particular emotion, the President recalled U.S. accusations that Cuban troops were involved in the Katangese invasion of Shaba Province (Zaire). He repeated his contention that Cuba was not in any way involved in or responsible for that invasion. Explaining in detail how Cuba had avoided "any type of commitment" to the Katangese despite the fact that they (the Katangese) had "fought with us in Angola," he said he felt particularly "betrayed" by "leaks from the U.S. Government to the press" of his confidential assurances of Cuban noninvolvement in Shaba to U.S. Interest Section Chief Lyle Lane.

These incidents, he concluded, "force us to speak sharply, to prepare ourselves for a longer struggle, and to conclude that the U.S. embargo will not be lifted." But, he added, it is "not that we want to be unfriendly."

On other specific issues raised by members of the delegation, President Castro had the following comments:

China.—Castro expressed concern that our normalization of relations with China may have been designed to counter the Soviet Union. He praised the Soviets, saying they are interested in peace and never interfere with Cuba's policies, nor encourage hostility toward the United States. In contrast, China is chauvinistic, aggressive, and expansionist: The Chinese want weapons from NATO, and nuclear powerplants from France and the United States. Moreover, China's foreign policy is unprincipled and therefore unstable. The Chinese preach one thing and the next day do another. Castro warned that, for these reasons, the United States may well have problems in the future with China.

The Horn of Africa.—Congressman Bingham asked Castro if Cuba has become involved in Eritrea. Emphatically stating that Cuba played no part in the Eritrea conflict, Castro launched into a lengthy review of the history of Cuba's involvement in Ethiopia. He claimed that the United States offered weapons to Somalia on July 15, 1977; barely a week later, Somali troops invaded Ethiopia. Ethiopia was then on the verge of collapse, but the U.S. press ignored the situation there. Cuba was asked to provide assistance, did so, and "is not ashamed of it at all." Castro argued that after repelling the Somali invasion, Ethiopia showed great restraint by not proceeding across the border into Somalia. He added that Somali troops did not withdraw voluntarily from Ogaden, as the Somalis claim, but were completely destroyed. Cuba would much prefer to send doctors instead of troops, Castro continued. As conditions requiring a Cuban troop presence disappear, Cuba will no longer have an interest in remaining. But the decision to withdraw, he emphasized, rests only with the two governments—Ethiopia and Cuba.

Southern Africa.—Castro expressed skepticism about the effectiveness of the OAU and other multilateral organizations. He recalled that the OAU had been unable to save Angola and did nothing for Ethiopia. Similarly, the OAS had not prevented the United States from going into the Dominican Republic, and the U.N. has been unable to achieve

a Namibian settlement or to wipe out apartheid. The only ones who can solve the Namibia problem, he said, are the Namibians themselves. (Castro offered no comment on Rhodesia.)

U.S. property claims.—Asked about compensation for U.S. property seized in the early days of the revolution, Castro responded, "I believe these questions should be discussed when the embargo is lifted." He said he thought mutual indemnification for the U.S. claims and Cuban counterclaims (for damages allegedly suffered from the embargo, the Bay of Pigs, and other anti-Castro actions) would be the best solution. "But, of course, I am willing to discuss this." He later reiterated that, unless the United States merely wants a "symbolic solution," mutual indemnification would be the best solution.

Jamaica.—Unlike the case of Haiti, where "only a change of government" can solve the problem of intense poverty, Castro commented, Prime Minister Manley is "really trying to solve Jamaica's serious difficulties." Cuba, he said, is helping to build six schools in Jamaica at a cost of about 15 million (Cuban) pesos. "This will not solve Jamaica's problems," Castro said, but it is a "gesture of friendship and help."

Drug traffic.—Cuba is "the country that has helped you the most" to stop traffic in narcotics to the United States, Castro said, yet we are sometimes accused of doing otherwise. "We've never been involved in drugs," he said firmly. "We're the only country where they (drug traffickers) don't want to land—ask the Mafia how many ships we've stopped, and what's happened to them." Congressman Gilman, a member of the Select Committee on Narcotics Abuse and Control, responded that the committee "knows very well what you've done" and "makes no charges against your government."

Sugar.—The United States and the European Community, Castro charged, are depressing world sugar prices by resorting to protective tariffs and delaying ratification of the International Sugar Agreement. "Such a large country—the United States—" he said, must "look outward" and "not be so selfish." Speaking as a member of the Committee on Agriculture, Congressman Nolan predicted that the Congress would resolve domestic disagreements concerning sugar and enact legislation, including endorsement of the international agreement, "perhaps by June."

World food production and nutrition.—In a dialog primarily with Congressman Nolan, Castro commented that "really, the United States is more powerful for your corn production than your atomic weapons," and questioned the "reasonableness" of the United States withholding 20 percent of its potential corn production in a world "starving for nutritious foods." Defending sugar against critics who say it is low in nutrition, Castro admitted that "we must, and can, defend sugar with solid arguments." It is a "great energy source," he said, which "doesn't cause cancer." Corn and soya, he continued, are "good for producing animal protein, and I don't argue against that." But developing societies, "particularly Africa," need sources of quick energy in addition to basic nutrition. For the rest of the world to consume high-energy foods at the U.S. level, he noted, would require a fivefold increase in the world production of such foods. He called the worldwide distribution of these foods "inappropriate" due to lack of purchasing power by the developing nations. He disputed claims that fruits and vegetables provide enough natural sugar in the human diet, and said he suspects sugar opponents such as Dr. Robert Atkins—

inventor of the low-sugar "Atkins diet"—of being "paid by the cattle interests."

U.S. trade embargo.—Castro attacked the embargo, calling it immoral and illogical. Congressman Bingham asked how Cuba might view a partial lifting of the embargo. Castro avoided a direct reply, instead restating his objections to the maintenance of the embargo. Similarly, he shed little light on how Cuba would view a lifting of the embargo only on medicines, noting only that such a move would be tactical and not a solution. He commented that the one-time offer of medicines made earlier by the United States was a "restricted" offer which Cuba had been unable to accept.

Some observers feel that Fidel Castro does not really want the U.S. embargo lifted because it provides him with an invaluable excuse for the shortages the Cuban people have to put up with. The delegation agrees that the embargo does provide such an excuse, but does not agree that Castro really wants to see it maintained. In our view, this is in part because he would like to be able to sell sugar, nickel, cigars, et cetera in the U.S. market, and to buy certain U.S. products, especially pharmaceuticals. However, he and his economic advisers probably recognize that disappearance of the embargo alone would not do much for the Cuban economy. The Minister of Trade, for example, said that, if the embargo were lifted, Cuba would need MFN tariff treatment in order to be able to compete in the U.S. market and would need credits in order to buy U.S. machinery and equipment. The delegation expressed to him the conviction that MFN and credits were highly unlikely to materialize in the near future. The Cubans must recognize that realistically this is so. Accordingly, it is probable that the Castro government does not put a very high economic value on the lifting of the embargo.

In our view, the principal reasons that Fidel Castro wants the embargo lifted are psychological and political. The psychological factor has to do with Castro's intense pride: He seems to feel demeaned by the continuation of the embargo; he frequently speaks of the embargo as discriminatory, noting especially that the United States does not now maintain an embargo against the two great Communist powers. The humiliating implication is that the U.S. embargo is maintained against Cuba because Cuba is a small, that is an unimportant, power. The delegation noted, however, that Cuba supports the Arab embargo of Israel, as does the Soviet Union, and itself embargoes South Africa.

Politically, it stands to reason that Cuba would like to normalize economic relations with the United States so as to be a bit less dependent on the U.S.S.R. Neither Castro nor his associates said this to us, but there is no doubt that Castro wants to be perceived by the world as independent of the Soviet Union. He wants very much to be a leader in the nonaligned world, and for that purpose he needs to refute the charge of Yugoslavia and others that Cuba is not really nonaligned.²

While we thus conclude that, on balance, the Castro government does want to have the embargo lifted, that does not mean that Cuba will pay a high price to achieve that objective. For Castro to give up his activities in Africa would be an unacceptable price. The same would be true even of a reduction in those activities, if such reduction were

² The organization of nonaligned nations, of which Castro is currently chairman, is scheduled to convene for its annual meeting in September of this year in Havana.

seen as having been made in response to U.S. pressure. Again we encounter the central fact of Fidel Castro's fierce pride.

The Cuban Minister of Foreign Trade, Marcelo Fernandez Font, generally paralleled President Castro's views on the U.S. embargo and potential trade. While equally critical of the embargo, however, his remarks were mostly factual and did not reflect President Castro's generally skeptical and pessimistic mood.

Cuban foreign trade, he informed the delegation, has more than quadrupled in recent years. Exports in 1977 were \$2.5 billion, the major items being sugar, nickel, and citrus. The Government has concluded however, that Cuban exports are "not sufficiently diversified," and is "evaluating some 75 new items as potential major exports."

Cuban imports are currently valued at about \$4.5 billion per year, about two-thirds from Socialist countries, and the remaining one-third from capitalist countries. Fuel accounts for some 38 percent of Cuban imports,³ capital goods 29 percent, consumer goods 21 percent, and the remainder spare parts.

Noting that Cuba now carries on substantial trade with foreign subsidiaries of U.S. firms, the Minister said the U.S. embargo was, nevertheless, "seriously harmful" to Cuba. Lifting of the embargo alone, he emphasized would not "normalize" trade between the two nations. Trade would be normal only when the two countries grant each other most-favored-nation (MFN) status, the United States makes Cuban products eligible for the generalized system of preferences (GSP), and financing is available to Cuba for the purchase of capital goods from the United States. The conditions the United States currently places upon these trade measures, he said, are regarded by Cuba as "totally arbitrary" and "discriminatory."

With the exception of sales of medicines, which Cuba would buy from the United States even if the rest of the embargo remained, the Minister expressed the "personal" view that a partial lifting of the U.S. embargo would be regarded by Cuba as a positive step toward improvement of United States-Cuban relations only if it permitted limited trade in both directions—a slightly more concrete and sympathetic attitude toward partial lifting of the embargo than that expressed by President Castro.

Like Castro, the Foreign Trade Minister urged resolution of U.S. domestic disputes over sugar policy and ratification of the international sugar agreement. He was even more critical of the role of the European Community in "undercutting" world sugar prices. "They insist upon exporting cheap sugar aside from any international agreement," he charged.

Asked by a member of the delegation why Cuba continues to provide sugar to the Soviet Union at "artificially low prices," the Minister argued that the price, which was set some years ago, is "artificial" only in terms of capitalist market levels. The price at which Cuba provides sugar to the Soviet Union, he contended, reflects its real value "in terms of what we receive in trade"—primarily oil.

Based upon new calculations, U.S. officials now estimate that the Soviet Union is assisting the Cuban economy at the rate of more than \$3 billion a year (\$8 to \$9 million a day). This revised figure which is dramatically higher than the \$1 to \$3 million estimates over the past

³ This figure does not correspond to U.S. Government assessments. The Department of Commerce estimates that 12 percent of Cuban imports were for fuel and related petroleum products in 1977.

several years, takes account of increasing differences between world prices of petroleum and sugar, and the values set for these items under annually revised Soviet-Cuban trade agreements. The figures include some outright technical and economic assistance from the Soviet Union, but do not include military assistance, for which no reliable figures are available. Some observers attribute this increase in part as a Soviet reward for Cuban activities in Africa.

President Castro, after a series of face-to-face meetings in Havana with leaders of the Cuban exile community, announced he would release some 4,000 Cubans who have been imprisoned for political crimes. The release of these prisoners began August 1, 1978, and releases are scheduled to continue at a rate of approximately 400 per month.

Prior to this commitment, the Cuban Government had agreed to allow individuals with both American and Cuban citizenship, or with close family ties to the United States, to emigrate if they so desired. Some of these individuals had also been imprisoned, but were released prior to August 1, 1978. They constitute a second group of potential emigres to the United States. To date, three planeloads of these dual nationals and their families have been permitted to leave Cuba for the United States. On November 28, 1978, the Attorney General announced allocation of 3,500 special immigrant positions to accommodate entry of these people and their immediate families into the United States.

The congressional study mission discussed the status of these programs with both American and Cuban officials. The delegation expressed the view to all Cuban officials with whom it met that the Cuban Government's announced decision to release Cuban political prisoners had been a welcomed and positive step, and that the additional step of releasing U.S. political prisoners from Cuban jails is essential for further improvement of United States-Cuban relations. Justice Minister Armando Torres, however, particularly emphasized that the release of U.S. and Cuban prisoners are entirely unrelated matters from the Cuban viewpoint.

There seemed to be particular difference of view about how long it would take American officials to process applications of individuals wishing to leave Cuba, and the degree to which Cuban officials would facilitate such processing by providing lists of released prisoners and details of their cases.

At the time of the congressional study mission's visit, the first 400 political prisoners had been released, and after a delay of several weeks American officials had received the first list of about 150 of those political prisoners and their families—a total of 367 people—who had indicated an interest in emigrating to the United States. U.S. officials informed the study mission that, with additional consular and immigration service personnel to be assigned to the U.S. interest section in Havana, they expected to be able to process such cases in 3-4 weeks at a rate sufficient to keep up with the announced plans of the Cuban Government to release 400 political prisoners per month.⁴

⁴ An additional 500 political prisoners were released in January, after the study mission departed Cuba. As of early March, only 167 prisoners and their families from the first group of 367 people had been completely processed and had actually emigrated to the United States. While 4 additional State Department consular officers have been added to the U.S. interest section in Havana, no Immigration and Naturalization Service officials have been permanently assigned there. U.S. processing of released prisoners and their dependents has, therefore, already fallen considerably behind the rate at which they have been released.

The ability of U.S. officials to process up to 400 prisoners and their families per month is necessary to avoid prolonging prisoners' sentences. The Cuban Government has announced it will release these prisoners only so long as other countries will take them in, arguing that Cuba cannot provide jobs and housing for all of them. Delays in processing of immigration applications could result in prisoners' being kept in prison beyond scheduled release dates until U.S. officials have had sufficient time to process previously released prisoners.

Processing of dual nationals and prisoners released before August 1, 1978, has taken U.S. officials much longer than the 3-4 week processing time projected under expedited U.S. procedures for political prisoners. This has led to charges by the Cuban Government, and the prospective emigrants themselves, that the United States is "dragging its feet" or "abandoning" these individuals. U.S. officials reported, however, that Cuban officials have been slow in providing lists of pre-August 1, 1978, released prisoners and dual nationals. U.S. officials assured the congressional study mission that they have not abandoned either group, and would work to process all applications as rapidly as possible with increased cooperation from Cuba.

U.S. officials in Havana had little information on how transportation would be arranged to enable released Cuban prisoners to travel to the United States once their applications are approved by U.S. immigration officials. Transportation is said to be being arranged by Cuban exile groups in the United States, but there had been no indication that flights had been chartered at the time of the study mission's visit. Lack of funds for such transportation may prove more of an impediment to release and emigration of political prisoners than processing of applications by U.S. immigration officials.

The Cuban Government has also announced that it will adopt a more liberal policy toward Cuban exiles wishing to visit their families in Cuba, and that this will be allowed, subject to limited availability of commercial air accommodations after January 15, 1979.

Cuban officials, including President Castro himself, confirmed this. Except in special hardship or emergency cases, however, visiting Cuban exiles will be expected to travel in groups. They will be housed in tourist hotel facilities, where their families would be permitted to visit them.

The Cuban Government's program of release of Cuban political prisoners does not include the six Americans still being held in Cuban prisons for alleged political crimes. The Cuban Government recognizes only four of these prisoners as Americans. The other two are dual-nationals who are regarded by the Cuban Government as Cuban nationals.

After an intense appeal by Congressman Gilman to President Castro for the release of these Americans, Castro refused, but did permit a delegation of the study mission to visit the four prisoners the Cubans recognize as Americans at Combinado East Prison near Havana. Congressmen Gilman, Lagomarsino, and Mathis, accompanied by two Foreign Affairs Committee staff and U.S. Interest Section Chief Lyle Lane, participated in this visit, which took place Sunday morning, January 7, 1979. A summary of the discussions held with each of the four men follows:

The group spent approximately 10 minutes each with prisoners Lawrence Lunt, Everett Jackson, Juan Tur, and Claudio Morales.

To each one, Congressman Gilman explained that the purpose of the visit was to demonstrate the interest and concern of Congress and the American people in the prisoners' welfare, and to assure them that efforts are continuing to obtain their release. He told them that the problem of their imprisonment had again been discussed the previous night with President Castro.

Lawrence Lunt expressed frustration that "hundreds" of Cuban political prisoners are now being released by Cuba and accepted by the United States without corresponding action to release American citizen prisoners. Lunt complained about the tiny prison cell, limited opportunities for outside exercise and sports, and the fact that he is not allowed to work even though he has agreed to participate in the prisoners' rehabilitation program—which the other three prisoners have not. On the other hand, Lunt said that present prison care is good, though medical facilities for special needs are very limited. He said there is no present mistreatment of prisoners although the mental stress of imprisonment is great. Lunt expressed appreciation for the regular U.S. Interest Section and Belgian Embassy visits, together with messages and reading material received. He said his own health is fairly good, but he appeared gaunt and strained. Lunt has served 14 years of a 30-year sentence.

Everett Jackson said that he was in reasonably good health but very frustrated by absence of letters and photographs from his family in recent years. Jackson said that unless the State Department publishes his statement of the circumstances surrounding his imprisonment in Cuba, he would refuse to return to the United States even if released and would wish deportation to the United Kingdom. The Congressmen stated that they are prepared to publish Jackson's statement.⁵ Jackson commented that he does not fully understand the new program for releasing Cuban political prisoners while American prisoners remain in jail, but said that he would not wish in any way to interfere with the freedom for others. Jackson has served 11 years of a 30-year sentence.

Juan Tur said that he has been in good health all his life but now (at age 62) he is not at all well. Within the past 2 weeks he had suffered from very high blood pressure and was hospitalized for 10 days. Tur commented that he thought his problem was the stress of hard prison life. He explained to the Congressmen that he is a "plantado," or an unreconciled one; he never accepts any favors or special treatment, reeducation programs, or work in prison. He emphasized that he hopes to be released, but not through any special concessions, and that he does not wish his situation to interfere in any way with U.S. official policy toward Cuba. Tur's wife and sister live in Havana and they visit him periodically at the prison. He expressed appreciation for U.S. Government interest in his case, and asked the Congressmen to inform President Carter of his great admiration for the President's human rights policy. Tur has served 15 years of a 30-year sentence.

Claudio Morales said that he felt "pretty good" except for trouble with his right arm which appeared to be immobile. He explained that

⁵ The statement to which Jackson refers is the one he made in his own defense at his trial. The trial was not attended by American officials, but was witnessed by an official of the Swiss Embassy which has formally represented U.S. interests in Cuba since the break in United States-Cuba relations. According to Jackson, this Swiss official took notes of Jackson's brief statement.

State Department records contain no transcript or summary of the trial. A search of Swiss Embassy records, however, produced a summary account of Jackson's trial written by the Swiss official who attended. This document appears as appendix D of this report with Jackson's permission and concurrence that it satisfies his demands.

he was hit by a guard with a hand pick in 1966 with consequent harm to his arm, spine, and legs. Morales complained about delays in medical treatment over the years and frequent changes of doctors because of which he has gone on periodic hunger strikes. He explained that he does not wish to write or receive letters from his family as long as he is in prison. He thanked the Congressmen and President Carter for their continued interest in his case. Morales has served 13 years of a 20-year sentence.

Both before and after these interviews the Congressmen discussed prison conditions with the prison director and other officials. They were told that while it is possible for prisoners to be discharged early for good behavior, there are no specific rules on the matter, which depends entirely on the Cuban Government's discretion. The Congressmen were also told that, in principal, all prisoners are allowed to work, although unfortunately at present there are not sufficient jobs and money to employ the four American prisoners. Prison officials explained that there is a regular system of evaluating the behavior of all prisoners, but refused to allow the Congressmen to see the American citizen prisoners' files. They were told that U.S. prisoners' behavior was "normal" or at least not "exceptionally bad." It was explained that prisoners are allowed to go outside in the fresh air two or three times a week.⁶ It was explained that foreign prisoners are normally segregated by nationality.

Upon departure, Congressman Gilman asked the prison director to assure necessary medical treatment for Tur and Morales, and to grant daily outdoors exercise privileges for all four prisoners. The director responded affirmatively to the first request and said that he would consider the second.

President Castro explained to the congressional delegation that the decision to release Cuban political prisoners was a gesture of reconciliation to the Cuban exile community, not to the Government of the United States. Release of the remaining American prisoners, therefore, was not appropriate as part of this program because no gesture to the American Government was appropriate "at this time." He noted that Cuba had made a series of gestures and concessions in response to appeals from visiting Americans, with little reciprocation from the United States, leaving release of the American prisoners as the only concession not yet granted.

The President repeated, however, his proposed "solution" to the problem of the imprisoned Americans. Emphasizing that he was not proposing an exchange, he urged the release of four Puerto Rican terrorists imprisoned in the United States since 1954.⁷ If the United

⁶ U.S. officials informed the delegation that, on the basis of previous visits with the American prisoners; it is their impression that foreign prisoners are, in fact, not permitted to work. In any case, three of the U.S. prisoners are "plantados" who refuse to work on principle. Prisoners are normally allowed outside in the prison patio 3 times a week for an hour and a half each, plus 3 times a week in prison corridors for the same period of time. Tur and Jackson share 1 cell at Combinado East. Morales and Lunt each share a cell with another prisoner. Cuban prisoners are generally housed 3 or 4 to a cell.

⁷ Three of the Puerto Ricans—Lolita Lebron, Rafael Concel Miranda, and Irving Flores, all in their fifties now—are serving 25- to 75-year terms in Federal prisons to which they were sentenced after being tried and convicted for their role in a shooting spree in the House of Representatives on March 1, 1954, in which 5 Members of Congress were wounded.

A fourth, Oscar Collaza, is serving a life sentence in the 1950 case in which another Puerto Rican and a White House policeman were killed in a gun battle in an attempt on the life of President Truman.

A fifth Puerto Rican nationalist involved in the 1954 incident, Andres Figueroa Cordero, was released on a grant of clemency by President Carter in 1977 because he was critically ill with lung cancer. The next day, an American political prisoner, Carmen Ruiz Mackowski, was released from a Cuban prison. Mr. Cordero has since died.

It should be noted that all of the prisoners remain in jail by choice, having refused parole. They contend that to have accepted parole would admit guilt.

States were to make such a gesture, he said, Cuba would make a similar gesture by releasing the remaining American political prisoners. He emphasized that some of the political prisoners he is now releasing were involved in assassination attempts upon him or his brother, so that it should be possible for the United States simply to "eliminate the sentences" of these Puerto Rican prisoners.

Castro rejected Representative Gilman's charge that Castro was using the remaining American prisoners as a "bargaining chip," rather than agreeing to take a "humanitarian action." That is why, he responded, "I am not proposing an exchange. There need be no negotiation or publicity. You've made an appeal and I've proposed a solution (release of the Puerto Rican prisoners from U.S. prisons)."

DOMINICAN REPUBLIC

Though the two countries face many of the same economic challenges, the atmosphere in the Dominican Republic was far more positive about economic stability and development than in Jamaica. Official and public optimism, which the congressional study mission came to share, was based on a noticeable sense of pride in the recent accession of a new government through democratic elections, and in the high caliber of people the new government has brought into office, particularly in the economic sphere.

The Dominican elections held in May of last year were the first such elections held in the country since 1966. The ruling Reformist Party, headed by Dr. Joaquin Balaguer, was turned out after 12 years in office, and the candidate of the opposition Dominican Revolutionary Party (DRP), Don Antonio Guzman, was elected President. Given the country's history of dictatorship (under General Rafael Lenidas Trujillo Molina from 1930 to 1961), and a succession of military interventions in politics during the 1960's, the elections were indeed a commendable achievement. It seems to have inspired many in the country to new confidence in their system and in prospects for economic growth and improved living standards for the general population.

U.S. officials in the Dominican Republic were uniformly enthusiastic about the country's prospects. U.S. AID officials told members of the delegation that the energy and commitment with which past and present Dominican officials were seeking to improve and implement development programs exceeded anything in their experience.

The delegation was particularly impressed with the desire of Dominican officials for increased foreign investment as part of their economic development plan, and the aggressive measures being taken to attract that investment. The Dominican Republic already has some \$550 million in American investment. To attract additional investment, the government has created free trade zones, and established liberal, profit remittance policies for investment in agriculture, mining, tourism, and industry. It has inspired confidence among potential foreign investors by maintaining clear, consistent, and favorable foreign investment policies.

The Government has particularly emphasized foreign investment in export-generating industries. In the mining sector, for example, an aggressive export promotion and foreign market information program led to establishment of a bauxite mining operation by Alcoa in 1957, a nickel mining operation by Falconbridge (a Canadian firm) in 1973, and a gold and silver mine by Rosario Dominicana (American controlled) in 1975. These investments alone have created more than 4,000 jobs and account for more than one-fourth of all the Dominican Republic's exports.

The Dominican Republic, under the Balaguer administration, experienced rapid economic growth in the period 1968 to 1974. The

country's gross domestic product during that period expanded at a real rate of 11 percent—among the highest in the world. Per capita income doubled, reaching \$720 by 1975. It is now about \$849. Much of the increase since 1975, however, is due to inflation.

During the prosperity buoyed by high world sugar prices, the government was able to devote considerable resources to developing the country's infrastructure with relatively little domestic or foreign borrowing. This removed a constraint on development and helped create an entrepreneurial middle class, particularly in the construction industry. The government also invested directly in the tourist and other key industries (including sugar, where it owns 60 percent of production), creating jobs and providing needed products and services which otherwise would have to be imported.

When energy costs began rising and sugar prices fell after 1974, the Dominican Republic's relatively light debt burden enabled it to withstand the shock better than most of its Caribbean neighbors. But the country was hardly unaffected. Indeed, the economy has slowed down dramatically since 1974, intensifying domestic political and economic problems.

Even the prosperity of the late 1960's and early 1970's masked severe and widespread poverty and unemployment in the Dominican Republic. Urban unemployment has remained at about 20 percent, and rural underemployment is estimated as high as 60 percent. Real growth in 1977 was less than 3 percent. Despite family-planning programs and efforts, population growth has remained high (over 3 percent per year).

Unemployment, particularly, poses a serious political problem for the new government. Several of the major industries which the government controls or in which it has major investments are losing money, putting an additional burden on the government's finances. All too often, jobs in these government-controlled industries have been filled on the basis of political patronage. Elimination of featherbedding would be helpful economically, but costly in political terms.

Similarly, the country's need for increased foreign investment poses a political problem for the new government. The Dominican public is understandably sensitive about possible excessive foreign influence, whether economic or political. The public pride that pervades the country in the wake of the recent elections also reflects strong public expectations of national autonomy, forcing the new government to walk a narrow line between attracting needed foreign assistance and investment, and avoiding even the appearance of coming under undue foreign influence.

So far, the new government has proceeded with cautious competence. It has pledged promotion of democratic institutions, economic development, and social justice. It has granted amnesty to more than 100 imprisoned or exiled for political reasons by the previous government. President Guzman has proposed legislation to strengthen habeas corpus and other civil rights protections, and promised prison reform. He has taken steps toward depoliticizing the military, and—despite the country's financial problems—to pay arrearages in debts to the United States, thus clearing the way for possible further U.S. assistance.

Political factionalism, both with the new ruling parties and among parties, remains a serious political and social problem. Labor unrest

and the activities of leftist political groups could discourage foreign investors, making the country's economic recovery more difficult. For these and other reasons, it is too early to tell how successful the new government will be in managing the country's problems and taking advantage of its great potential.

VIEWS OF OFFICIALS

In formal and informal discussions with members of the delegation, President Guzman's three top economic advisers, Secretary of Finance Manuel Jose Cabral Tavares, Central Bank Governor Eduardo Fernandez, and Secretary of Commerce and Industry Ramon Baez Romano, stressed the need for more equitable distribution of income through expanded employment.¹ This, in turn, they said, would stimulate demand in the economy, creating conditions favorable to increased foreign and domestic investment.

The most severe "structural problem" of the Dominican economy, they noted, is that the Dominican Republic must import the capital equipment and energy resources needed to increase domestic production. Even with expanded and diversified exports, however, they cannot generate sufficient foreign exchange for these imports. In addition, due to their middle-income status, they can no longer obtain concessional financing in the amounts needed to meet their capital and energy requirements. In short, balance-of-payments problems severely inhibit Dominican development. The balance-of-payments deficit in 1977 rose to over \$200 million, and is currently running at about \$100 million annually.

Some experts who have studied the Dominican economy have concluded that Dominican officials overemphasize expensive capital equipment as a means of increasing production, and should instead be encouraging labor-intensive industry in view of the plentiful supply and relatively low cost of labor in the Dominican Republic.

In any case, increased access for Dominican products in foreign markets is important as a partial solution to the Dominican Republic's balance-of-payments problem, and Dominican officials appealed to the delegation particularly for measures to increase access to U.S. markets for Dominican sugar.

The Dominican Republic has traditionally been one of the United States largest and most reliable suppliers of sugar, even at times in the past when prices elsewhere in the world exceeded the U.S. price. Dominican officials hold the current U.S. system of import tariffs and fees to protect and support domestic sugar production as partly responsible for current low world sugar prices. These low prices, and consequent exclusion of Dominican sugar from U.S. markets, has had serious impact on the Dominican economy. Sugar accounts for more than 15 percent of the country's gross domestic product even at current depressed sugar prices, and about one-third of foreign exchange earnings. Although the United States continues to be the major buyer of Dominican sugar, the volumes sold to the United States in recent years have been well below the 975,000 short tons supplied to the

¹ The delegation noted with interest that several of the government's top economic officials were recruited to their current positions in the new government from the Inter-American Development Bank (IADB). Too often, international financial institutions contribute to the "brain drain" from developing countries. This case, however, demonstrates the "brain drain" in reverse. That these officials have returned to their home country is a credit to them; to President Guzman, who chose them for leadership positions in his government; and to the IADB.

United States in 1974—the last year of the U.S. quota system. The tax imposed by the United States on sugar imports has reduced the annual volume of Dominican sugar exports to the United States to 700,000 to 750,000 short tons.

The Government has made great progress in reducing the proportion of foreign exchange earnings tied to the unpredictable world sugar market, a problem that still plagues Jamaica and Cuba. After 20 years under President Castro, Cuba still depends on sugar for more than 70 percent of its foreign exchange earnings.

Dominican officials urged reestablishment by the United States of a country-by-country allocation system which would afford the Dominican Republic and other traditional suppliers of sugar to the United States a protected market. While they support the concept of an International Sugar Agreement, they cite lack of participation by the European Economic Community and what they regard as an unfair export quota for the Dominican Republic under the proposed agreement as factors which will “mitigate against its early success” in stabilizing world sugar prices. An aide memoire on U.S. sugar policy prepared by the Government of the Dominican Republic and presented to the delegation appears as appendix E of this report.

Dominican officials repeated to the delegation the arguments made earlier by Jamaican officials for reduced U.S. tariffs on rum.

At a formal luncheon he hosted for the delegation at the Presidential Palace, President Guzman said he was pleased to have this delegation of U.S. Congressmen show interest in his country's fledgling democracy. He expressed hope that the delegation's visit would mark the start of an era of very close United States-Dominican ties, which would benefit both countries.

Electric generating capacity and basic energy supplies have been and continue to be major factors in both the Dominican Republic's balance-of-payments problem and the slowdown in production and economic growth. Inadequate investment in electric generating facilities in the early 1970's has left the country short of the electric capacity needed to expand industry. It is, of course, totally dependent for fossil fuels on foreign sources, draining its foreign exchange and contributing to its serious trade deficit.

In conjunction with American and other foreign firms, the new Government has embarked upon an active program of exploration for fossil fuel deposits, so far without positive results. With its mountainous terrain, the country has untapped sources of hydroelectric power which could be developed.

Implementation of the U.S. programs of assistance to developing countries for small-scale alternative energy projects has just begun. The delegation was impressed, however, with the potential for such projects in the Dominican Republic. Small, community-based hydroelectric plants, production of alcohol from sugar cane, and small-scale solar energy projects all seem promising in a country like the Dominican Republic, and U.S. AID officials should actively encourage such projects as part of the Dominican Government's total energy development efforts.

Congressman Wydler, a member of the delegation and of the House Committee on Science and Technology, noted a lack of centralized Government responsibility for energy development matters in the Dominican Republic and the other Caribbean nations visited. His separate report to the Science and Technology Committee

contains additional details about the Dominican Republic's energy system and needs, and concludes that solar applications are not looked upon favorably in the Caribbean region because of the heavy dependence in the area on sugar production and the apparent inadequacy of solar generating methods for producing the intense heat required in sugar production.²

U.S. ASSISTANCE

Since the beginning of U.S. foreign aid programs in 1946, the Dominican Republic has received over \$500 million in economic assistance from the United States, over \$150 million in Public Law 480 (food for peace) assistance, and over \$35 million in military grants and loans.

Levels of U.S. economic assistance to the Dominican Republic in the last few years have been uneven, ranging from less than \$1 million in 1977 to a projected high of more than \$22 million in fiscal year 1979 (grants and loans, excluding Public Law 480). The U.S. AID request for fiscal year 1980 is \$16.4 million—\$1.4 million in grants, the remainder in loans.

Voluntary agencies such as CARE, Church World Services, and Catholic Relief Services distribute food in the Dominican Republic under Public Law 480, title II. The value of this food assistance annually in recent years has ranged from nearly \$10 million in fiscal year 1977 to a proposed \$2.5 million for fiscal year 1980, averaging about \$7 million per year. A \$15 million line of long-term, concessional credit for purchase of U.S. agricultural commodities under Public Law 480, title I, was granted to the Dominican Republic this fiscal year (1979) after a request for \$42 million in credit. These are being used to purchase excess U.S. agricultural commodities such as corn, rice, and vegetable oils. Use of title I credits for agricultural purchases in fiscal 1980 is scheduled to decline to less than \$8 million, reflecting in part strong competition from other agricultural exporting nations, particularly for sales of vegetable oil and rice, and possibilities of advantageous bartering with neighboring islands for agricultural commodities.

AID's assistance in the Dominican Republic focuses on the rural poor, which comprise about 40 percent of the population with average annual incomes below about \$70.

Since 1962, the U.S. AID has made major grants and loans to the Dominican Development Foundation, and continues to support this nonprofit, self-help development organization which has made small agricultural loans to more than 60,000 families—about 8 percent of the entire population of the country. Through loans, the U.S. AID supports Dominican Government rural education and community health delivery, sanitation, and nutrition programs. The U.S. response to a serious outbreak in 1978 of swine fever in the country, that threatened to wipe out an important and growing agricultural industry and source of food, was a major loan to provide technical assistance to eradicate the disease. In 1980, among other projects, the U.S. AID plans to make some \$700,000 in grants to support agricultural planning and national energy assessments.

Some 100 Peace Corps volunteers are currently assigned in the Dominican Republic, many of them working in conjunction with AID-supported rural development projects.

² See "Oversight of Caribbean Energy Development," *op. cit.*

The delegation visited a major Dominican Government rural development project being conducted with U.S. assistance at Fondo Negro.

Members of the delegation were accompanied by Ambassador Yost, Secretary of Agriculture Hipolito Mejia, Secretary of State for Public Health and Social Welfare Dr. Jose Rodriguez Soldevilla, and Secretary of State of the Presidency Jose M. Hernandez.

The group traveled by helicopter west along the southern coast, noting an AID port modernization project for Santo Domingo. The group also inspected a new irrigation canal, which was finished 8 months ago and financed from current income without assistance.

At a meeting at Fondo Negro, a spokesman for the project reported that a 16-member group began the work 8 years ago by burning wood for charcoal. There are now 20 groups working in the area with an additional 7 groups clearing land and starting to work. Ten more groups are in the process of organizing.

Other government agencies, besides the Dominican Development Foundation (DDF), including the Water and Agriculture Ministries, cooperated to develop the area. The main crop is tomatoes. Marketing problems were discussed.

More than 1,000 acres are in production, which could be doubled with the water available. Requests were made to the government officials during the session for equipment, stores, a housing project, schools, bridge construction, and a clinic with a doctor. The Agriculture Secretary said plans were being made for the clinic project and a doctor.

Plans also include feeder roads and potable water. Officials said that aqueducts and wells would be constructed with AID loans.

The delegation visited a public health facility, where personnel are taught to recognize symptoms, since the hospital is 30 miles away. They keep records, give immunizations, and visit each household twice a month. In 1975, an AID loan was made to develop the project, matched by \$10 million from the Dominican Government.

A visit was made to a demonstration nutrition recuperation center, where 29 babies, mostly under the age of 5, were being treated for malnutrition. It takes 3 months of care in the center for babies to recover, during which the mothers learn proper feeding and hygiene. There are presently five such centers located in the Fondo Negro area.

The Agricultural Secretary told the delegation there is a problem of ignorance in solving the malnutrition problem. Although fruit is plentiful, there is a reluctance to eat it. That dates from the time when slaves were told that fruit was bad for their health. There is no consumption of fish, although it is abundant and the cost almost nil, the Agricultural Secretary said.

The delegation visited an agricultural training center, which has been operating for 2 years. There are five such centers in the country. A total of 730 trainees have gone through to date, with 83 taking the courses at present.

A few members of the delegation visited the Rosario gold and silver mine, the largest source of gold production in the Western Hemisphere. The open-pit mine, located about 100 miles northwest of Santo Domingo near Cotui, is owned and managed by an American firm, Rosario Resources Corp., in partnership with the Dominican Government and local private investors. About 10 percent of the American

firm's investment of more than \$50-million in the project is insured against political risk by the U.S. Overseas Private Investment Corporation (OPIC).

Members of the delegation who visited the site of this massive mining operation were favorably impressed with its local impact. It employs more than 500 Dominicans, including many in responsible management positions. While there continues to be intense poverty in the region, the mine has obviously brought increased prosperity to a major portion of the local population. No open-pit mining site is beautiful. The Rosario project, however, seemed ecologically sound. As required by its agreement with the Dominican Government, the company is gradually covering and reforesting areas that have been stripped, and taking reasonable measures to minimize air and water pollution.

With the rapid rise in world gold prices, this mining venture has become exceedingly profitable. A large portion of the profits already go to the Government of the Dominican Republic. Nevertheless, the Government has indicated its desire to renegotiate the terms of its agreement with Rosario to increase its share of the profits in light of record high gold prices. At the time of the delegation's visit, both the Government and the company had put forward contract revision proposals, but were said to be far from agreement on precise new terms.

The Dominican Government's desire to maximize its share of this project is understandable. It has proceeded with restraint and without any official threat of expropriation. However, its readiness to set aside a valid contract and to raise the spectre, at least, of creeping expropriation can only hurt its efforts to attract additional foreign investment.

Another development project visited by some delegation members was Radio Santa Maria, a 10-kilowatt educational and cultural radio station located in the town of La Vega, broadcasting primarily to subsistence farmers in the Yuna River Basin development area of the central part of the country.

Founded several years ago by the Bishop of La Vega and now managed by Father Antonio Cabeza, the station serves as the "people's station," broadcasting public service and commercial programs in a lively format. Home-study courses on literacy, health care, and farming methods and information are the heart of its programming.

A UNESCO evaluation of the station and its educational program reported that 80 percent of the farmers in the station's listening area identified Radio Santa Maria as the station they listen to most out of the more than 50 stations operating in the area. Because of its popularity, the station has little trouble attracting paid advertising, which it broadcasts to cover a major portion of its operating costs. About \$100,000 of its \$250,000 a year budget comes from small donations from the rural families enrolled in its home-study courses.

Housed in a new building constructed with assistance from the Government of West Germany, Radio Santa Maria impressed the visiting delegation as a model foreign assistance project having major social impact at low cost. About 15 full-time paid staff operate the station and its ancillary programs, with several hundred part-time employees and volunteers performing followup work with listeners and enrollees in the field. The facility includes graphic design and printing shops, where the station publishes its own educational materials.

In a brief visit, members of the delegation were unable to assess the quality of the programming, particularly as to any political or social bias. Father Cabeza assured the visiting delegation that the station, despite its attractiveness as a target for political influence, remains independent of any political party or social cause other than improving the quality of rural life.

Radio Santa Maria had applied under the U.S. aid program for assistance from the United States in the form of a new, more reliable transmitter. Since the transmitter would be purchased in the United States, and given the apparent high quality and impact of Radio Santa Maria, it is difficult to imagine a better use of the relatively small amount of U.S. aid funds required.

Finally, some members of the delegation visited the Salesian Agricultural Vocation School near La Vega. Founded with the help of seed money from the U.S. aid program in the 1950's, the school has received no U.S. aid since. It consists of an impressive campus, including a working farm, on which are taught agricultural skills at a secondary school and junior college level to several hundred students, most of them sons of small farm owners or tenant farmers who plan careers in farming.

In discussion with staff of the delegation, U.S. AID officials in Santo Domingo acknowledged some problems with delivery of Public Law 480 title II food assistance. The private agencies which distribute this food have resisted policy guidelines calling for the integration of food distribution with other services needed by the recipients of the food, such as nutritional instruction, basic maternal and infant health care, and so forth. Private agency distribution has continued to be limited, in many cases, simply to food handouts.

Similarly, U.S. officials acknowledged that there is probably some bartering and selling of title II food by the recipients. They noted, however, that food is traditionally a form of currency among the poor of the Dominican Republic, and bartering food for other needed items provides much the same benefits to the poor as consuming it directly, particularly since it is often bartered for a variety of other food items.

With respect to food purchased by the Dominican Government with Public Law 480 title I credits, U.S. officials defended the handling of the program in the Dominican Republic against charges that, in some countries, such food purchases tend to compete with local food production and discourage local agricultural self-sufficiency, and that governments sometimes engage in profiteering by selling or reselling the food at prices much higher than those charged for it by the United States. The Dominican Government, U.S. officials noted, has generally purchased commodities that it is not possible efficiently to produce locally, and has taken efforts to time the release of these commodities onto the market so as not to undercut markets for local commodities. They said there has been no evidence of profiteering on U.S. agricultural products, noting that official price controls exist on many of the items.

U.S. NAVAL BASE, GUANTANAMO

During its brief stopover at the U.S. Naval Base at Guantanamo, the delegation received a classified briefing on Cuban and Soviet military capabilities and activities in the Caribbean region, visited base facilities, and observed the perimeter separating the base from Cuban-controlled territory.

Officials informed the delegation that the base now functions principally as a location for naval training exercises, for which the adjacent waters are particularly well suited. They confirmed that, while President Castro continues to regard the Guantanamo base as an illegal and unwelcome U.S. presence on Cuban soil, return of the land and harbor occupied by the base to Cuban control appears to be relatively low on the list of official Cuban priorities with respect to issues to be settled with the United States. The U.S. agreement with Cuba with respect to Guantanamo has no expiration date.

Hostile incidents such as stonings and demonstrations by Cubans along the base perimeter have occurred less and less often since 1975 (when Secretary of State Kissinger began exploring possible normalization of relations with Cuba). The perimeter is now generally peaceful.

The north gate of the base leading into Cuban territory, once used daily by thousands of Cubans who worked in the base, is now used by only about 30 Cuban workers. The Castro government permitted Cubans employed on the base prior to the revolution to continue working there, but has not permitted new workers to take the places of those who have retired. The remaining Cuban workers are reported to be thoroughly searched each day when entering and leaving the base, and are required immediately to convert the U.S. currency they receive to Cuban currency, but are not otherwise harassed. Workers have been recruited from other Caribbean islands, particularly Jamaica, to fill jobs previously held by Cubans.

Base officials reported increasing incidents of small boats overloaded with emigrants from Haiti and other Caribbean nations seeking refuge at Guantanamo or requiring rescue at sea in nearby waters. Base policy is to provide temporary refuge and care for such "boat people" until instructions can be obtained from State Department and U.S. Immigration officials as to their status. Generally, they are returned to their home country.

The military exercises about which President Castro complained in his January 1, 1979, speech were not under the command of Guantanamo base officials, those officials told the delegation. That exercise took place in waters generally to the north and west of the island, while most Guantanamo-supervised exercises occur south of the island. Base officials noted that they take care, in effect, to notify Cuba of exercises by broadcasting details of such exercises over the base radio which is, of course, monitored by Cuba.

Base officials confirmed President Castro's claim in his conversation with the delegation that Cuban officials had recently released after

only brief detainment an American sailor who missed the entrance to Guantanamo harbor and sailed mistakenly into a nearby Cuban port.

Morale on the base seemed good. Reenlistment and requests for assignment and reassignment to Guantanamo are relatively high. Several flights weekly from the base to neighboring islands and to Florida provide opportunities for rest and recreation for base personnel. The base water supply is now adequate, despite the cutoff in the mid-1960's of the water line from Cuban territory. Fresh water is now supplied by a small desalinization plant.¹

¹ See "Oversight of Caribbean Energy Development," op. cit.

APPENDIX A

NEW YEAR'S MESSAGE FROM JAMAICAN PRIME MINISTER, HON. MICHAEL MANLEY, JANUARY 1, 1979, KINGSTON, JAMAICA

To say that 1978 was one of the toughest years through which the Jamaican people have had to pass is true; in fact, it is obvious. The sharp rise in prices, tragic cases of layoffs in industries, and the continuing problems of unemployment and poverty have all combined to make the year a painful and a testing experience. In contrast to the rapid social and democratic gains of the earlier years of the administration, this year must have seemed to many people a time of reversal.

As a result of all this, everybody is asking themselves the same question today: What can I expect, what can we all expect in 1979? Before we attempt to answer this question, it is important that we take a little time to learn some of the lessons of 1978.

One of the biggest dangers about a year like 1978, quite apart from the suffering it causes, is that it creates confusion in people's minds. The line between cause and effect becomes blurred. This is dangerous. If we do not know what causes our difficulties, it may be impossible to act effectively to deal with our problems.

I will give you an example of what I mean. There are people in Jamaica who really believe that the IMF is the cause of our present difficulties. This is not so.

Actually, the presence of the IMF is an indication of how bad the problems are. Our difficulties begin with the fact that despite the rapid progress of recent years, we remain an underdeveloped country with underdeveloped productive forces, lacking the social and economic organization necessary to combat successfully the disastrous effects of world inflation, including oil prices which began in 1973 and continue even to the present time.

In addition, some of the elements of Jamaican society reacted to the inevitable, just and overdue program of change in recent years, by migrating not only with their skills but substantial amounts of money. This led to the contraction of business activities, thus hurting the economy even more.

Added to these causes was the difficulty which the Government faced in managing the economy, and our financial resources, at a time of unprecedented strain; at a time when nothing in our experience or the state of our institutions had prepared a country like Jamaica for the economic chaos which was let loose on the world from 1973 onward.

All that is history. But we must never lose sight of it, if we are to understand what we face now and what we must do.

First, we must mobilize this country to produce as never before. And more and more of that production has to be directed to exports, because only exports can earn us the massive quantities of foreign exchange which we need at this time if the country is to have a chance and if its people are to have an increasingly better life in the future. Because of this foreign exchange need, it is idle to pretend that we have had to devalue our currency because of the IMF. We may argue with them about how much the devaluation should be, but with or without them, we must make our exports competitive, and this means two things:

First, our cost of production has to be kept in line with that of our competitors abroad. If our cost of production gets out of line, we have to make the adjustment in the value of our currency or nobody will buy our exports.

These are very hard facts for everybody to live with and these are very hard facts for us to learn. But the sooner we learn them, learn to live with them and learn to deal with what they imply, the better for all of us.

Second, our country has to reach new levels of discipline and efficiency. The Government recognizes its responsibility to give a positive lead in this direction. However, it is important that every member of the national community recognize that these values have to come from within each person, and are reflections of individual attitudes and levels of maturity. But we must understand clearly

that indiscipline and inefficiency have a price. And the price is less progress, lower levels of living, lower standards, and less satisfaction for everybody.

Another area of confusion that I have noticed in 1978 arises out of the question: Where are we going?

Some people feel that because times are hard this means that we have changed or are changing direction. This is not so. Times are hard because of the effects of all the economic problems which have been building up since 1973 and from before, and which are caused precisely for the reasons which I gave earlier. These problems create pressures on the people. These pressures are felt in terms of unemployment, rising prices and continuing poverty. But if you stop and think for a moment you will see that the great gains of recent years are still in place.

The minimum wage law is there. It has not been repealed. All the laws which give the workers new status and new protection with their severance pay; their right to reinstatement in case of wrongful dismissal; their right to compensation; their right to recognition of their trade union; their right to equality of opportunity and pay for women; and the rights of children who used to be called bastards. The list is almost unending. All these rights which marked one of the greatest periods of social advance for the workers, for the poor, and for the people at large in all the history of our country, remain intact. Nothing has been abandoned.

Our land reform program is continuing as fast as our financial and managerial resources permit. We do not go faster only because we dare not put people on the land without proper financial and administrative arrangements to support them. If we do, the last stage would be worse than the first.

If you take another aspect, the Government carried out a tremendous reorganization of our hotel industry, our sugarlands, our foreign-owned sugar factories, our relations with the bauxite industry, and our control over public utilities—all of this is intact. What is more, our reorganization and management of these state enterprises in the new situation continues to improve. Our tourist industry is an important example. There is no change of direction.

What is needed now is to mobilize the will of the country, its institutions, and its people to get the economy moving, knowing we will not be able to feel the improvement in our material condition until the country is firmly and securely on a path of economic expansion.

The group that has had it perhaps the hardest of all in the last couple of years is the youth. It is they who have been subject to the greatest problem of confusion and despair. When the economy is not growing, it is they who have it hardest to find a place, because no new places are being created. Therefore, the expansion of the economy is critical if the youth are to find a place. In the meantime, we are deliberately slanting the new organizations such as community enterprise organizations and pioneer farms toward youth precisely because these are new areas of opportunity calling for a willingness to attempt new forms of production relationships. Therefore, my appeal to the youth is not to retreat into the destructiveness of anarchist attitudes but to maintain their faith and prepare themselves for the new opportunities that will come in time, but which will demand higher levels of discipline and participation than anything in our previous national experience.

Another area of continuing commitment is the deepening of the democratic process. Worker participation is one aspect of this and we are going forward with this as fast as workers, management, and unions are ready to build the new institutions and accept new levels of responsibility. Another important aspect of this process is community councils, and we will be going forward in 1979 to establish councils as rapidly as communities are mobilized to work and solve problems on a cooperative basis.

We are very glad that electoral reform has at last been the subject of agreement, and we can now look forward to its introduction along with other important elements of constitutional reform. And it is our hope that the opposition will cooperate with us to make electoral reform a truly meaningful exercise, going beyond the registration of voters and things of that kind to equally vital questions such as how elections are to be funded to insure that money does not play an undue part in the elections of the future.

Where the economy is concerned, we have always made it clear that our democratic Socialist philosophy contemplated a full and dynamic role for the private sector in an economic mix that would have clearly defined roles for the public sector, private sector and cooperative sector.

In 1979 we will be going forward to make sure that the public sector, including, of course, the Government, is run as efficiently as possible. We will be working to eliminate waste and economize wherever possible. In this process, certain jobs

will become redundant, but we will do our best to give workers fair notice and to have those affected reabsorbed, whenever possible, in other parts of the economy where there are often shortages of skilled manpower. Where we can tackle re-training, we will attempt this also.

As far as the private sector is concerned, we are particularly happy about the evidence that there are real plans for expansion by many firms for 1979. We will continue to work closely with business groups including the small-business sector which we believe has been making a dynamic contribution, and which plays such an important part in participation within the private sector on a wider and wider basis.

We are continuing to note with pride the positive and dynamic approach of the exporters group, and we will be introducing the important Exporters Credit Facility in 1979, to help all people with serious export intentions to make a success of their efforts during the year.

We take note of the fact that domestic agriculture has been going from strength to strength with another year of positive growth behind us and prospects for this to continue in 1979. We have worked tremendously hard during 1978, in cooperation with the traditional export agricultural sectors to help prepare them for a good year in 1979; and in the field of cooperatives, we will be making every effort to put the existing cooperatives on a sounder basis and to start a serious national effort out in the field with community enterprises and pioneer farms—the two important new elements in the cooperative drive in the course of this year.

I want to sound a final note of warning. Everyone in Jamaica expresses concern for the poor, but some people do not act in a manner that is consistent with the concern that they express. We still have profiteers in the distributive sector of the economy, whose ruthless behavior spoils the good name and the honest efforts of the majority of distributors who try to earn an honest living while giving good service to their customers. We must unite to deal with the ruthless ones.

But there are others who hurt the chances of the poor, perhaps without even knowing that they do so. When workers who have a job, have a union, and have an income, use their power beyond a reasonable point to get more money for themselves, they often do so at the expense of the poor. For example, if the Government wage bill is forced beyond a certain point, it can only be paid for by taking something else out of the budget. This will probably mean either laying off more people than might otherwise be the case, or abandoning the programs which are vital to the survival of the poor. We cannot have it both ways. Therefore, when one asks for restraint in wages, it is not because there is some mean desire to stop people from having more, but because all the factors have to be remembered and balanced. Equally, if workers in the private sector force wages to the point where our production costs get out of line, the country will have no choice but to restore the competitive position of our exports, and the only way in which this can be done is by devaluing the currency. When you devalue the currency, it is the poor who take a serious blow. Once again, there has to be reason and balance in what we do.

Of course, we understand that workers will experience more hardships this year. There will be more price increases in 1979 and nothing anybody can do can stop it. Oil prices are up again. World inflation has not stopped. The U.S. dollar continues to be unstable. There is a limit to how much our subsidy program can do. Therefore, prices will have to rise again, but you can be sure that we will do everything in our power to keep these rises as small as possible.

I hope that 1979 is going to be a year in which there is great cooperation between the people and the security forces in the struggle against crime. While we call on the security forces to be just and responsible in their dealings with the public, so must the public realize that the security forces operate at high levels of exposure and danger—their lives are on the line for all of us. Cooperation is a two-way street. We must cooperate with the security forces personally, in our neighborhoods, in our communities, and through bodies like the Home Guard.

Nobody can predict what the year will hold. What we can say is that we ourselves play a big part in making a year what it is. 1979 is bound to be a tough year, calling for struggle, for sacrifice, for unity, for discipline and above all for patriotism. To the extent that we are capable of all of these things, we will decide whether 1979 will be a year in which economic recovery begins or whether it will be a year in which we are just able to hold our own. But if we are capable of sense and maturity and if we all play our part and do our best, I know that it can be a year in which serious economic recovery can begin.

So why don't we all just get on with the job.

God's blessings and Happy New Year to all of you.

APPENDIX B

MESSAGE FROM OPPOSITION JAMAICAN LABOR PARTY LEADERS TO U.S. CONGRESSIONAL DELEGATION

In your discussion with the Government, private organizations, and, we hope, ordinary citizens, we are sure that you will be taking the opportunity to find out as much as possible about the social and economic conditions which exist in our country. You will find that Jamaica, like other developing countries with which you are familiar, has been experiencing a number of grave political problems. Some of our problems arise from internal political factors which the people of Jamaica, themselves, are capable of dealing with. Some of our problems, however, will require measures far greater than we alone can provide. It is our hope that your visit will provide the U.S. Congress with a clearer understanding of the dilemma which confronts Jamaica and other developing nations in the Caribbean and will result in a more responsible approach on the part of the U.S. Government to the problems of the development in the region.

The Jamaica Labour Party is particularly interested in the strong emphasis being placed by the American administration and supported by both the Congress and Senate on the matter of human rights. We, ourselves, are pursuing a relentless struggle in the defense of human rights in Jamaica. You will no doubt have been briefed on the vigorous campaign which we have waged to secure reforms to the electoral system and which has resulted in an agreement with the Government which will minimize the possibility of a recurrence of irregularities which characterized the last general elections. We are continuing the struggle to secure a fair and equitable basis for the distribution of scarce government benefits such as jobs, houses, and social security benefits to which thousands of our supporters are deliberately denied access. We are intensifying our efforts to secure a fair and impartial administration of the security forces so as to insure that they will not in the future be manipulated for political motives. We are seeking to secure an end to the political domination of the media which is now almost entirely government-owned and government-controlled. In addition, we are fighting to secure integrity in the expenditure of public funds and to put an end to the practice of public funds being used to maintain a political regime.

In addition to our special interest in the stand being taken by the United States on human rights, we are particularly concerned about the policies of the United States insofar as they affect the economic and social development of Jamaica and other Caribbean territories.

In October 1977 the party leader, Mr. Edward Seaga, while on a visit to Washington, had the opportunity of addressing a group of Congressmen and congressional aides. In that address he dealt with a wide range of subjects affecting the Caribbean region and the need for a revision of the development strategy being pursued in the region by the United States. Mr. Seaga also gave a detailed and factual account of the economic and political situation in Jamaica and the rest of the Caribbean and suggested new initiatives which the United States could pursue to preserve stability, promote growth, and protect human rights in the region.

Principal among these is the need to recognize the Caribbean region, which is comprised of an increasing number of independent nations as a distinct and separate group within the Western Hemisphere with peculiar problems requiring special treatment. Arising from this is the need for the United States to develop a specific policy toward the Caribbean region geared toward tackling the problems which are peculiar to the countries of the region.

In accordance with this, we wish to take the opportunity to make a number of specific proposals aimed at tackling critical areas of the need in Jamaica and the Caribbean as a whole:

- (1) We propose that consideration be given to the expansion of employment programmes which recruit workers from the region. We refer, of course, to schemes such as the farm workers program but we also urge that greater facilities be provided for the employment in the United States of other categories of workers including household and clerical;

(2) We propose that a significantly greater effort be made on the part of the United States, through your program, to assist in the crucial area of human resource development, particularly in the areas of vocational training, the development of engineering and specialist skills, the training of social workers and in the field of scientific and technological research and development. Too much emphasis cannot be placed on this area of need in a developing country such as ours;

(3) We seek your assistance in securing for goods produced by Caribbean countries exemption from the regulations and the prohibitive duties that are used as part of the protectionist policy of the United States. We specifically need access to the U.S. markets for our primary products and semimanufactured goods at reasonable prices so as to assist us to develop viable agricultural and industrial sectors and thereby provide the economic basis on which the quality of life for our people can be improved;

We specifically urge that you support our call for a restoration of the sugar quota system so that sugar producers in the region can secure profitable markets, earn much needed foreign exchange, and insure the livelihoods of the thousands whose future depend on the sugar industry.

We also seek a reduction of the crippling duty imposed by the United States on items such as aluminum and rum which have the effect of shutting us out of the U.S. market, on which, for reasons of proximity and traditional relationships, we continue to depend;

(4) Finally, we propose a revision of the U.S. taxation policies so as to provide incentives to U.S. investors to invest in developing countries on mutually acceptable terms. We also propose that facilities for travel and the purchase of goods by U.S. citizens be expanded to assist in the development of the tourist industry on which we depend for foreign exchange and employment.

We put forward these proposals to you on the basis that the United States must have not only a special interest but a special responsibility in the Caribbean region to assist by way of trade, training opportunities, and employment, the development and stability of the people of the Caribbean region of which we are a part.

It is our hope that when you leave our island, you will take with you not only the warmth of our winter sun but also a clearer understanding of our problems and our needs and that you will leave with us a commitment to use your high office to assist in the search for those solutions which are in the mutual interest of both our peoples.

APPENDIX C

TRANSLATED PORTIONS OF FIDEL CASTRO'S JANUARY 1 SPEECH

Tens of thousands of dead as a result of repression in Nicaragua, El Salvador, Haiti, Chile, Uruguay, Paraguay, Brazil and other nations is the macabre fruit of the regimes conceived and adopted by the United States. Tens of millions of dead by malnutrition, curable sickness, misery, poor health, and social abandonment are the result of imperialist domination over this Hemisphere in the twenty years of life of the Cuban Revolution.

Who has told the United States that the people of Latin America cannot choose socialism? Who has given them this role of gendarme and tutor of our destinies? Why do we have to take as a model a capitalist society which exploits alien sweat, which discriminates against blacks, exterminates Indians, looks down on Mexicans, Puerto Ricans, and other Latins, which makes women prostitutes and sexually exploits children; a society of vice, alienation and crime? Who can obligate us to live eternally in an egotistical, merciless system condemned by history?

Why was the ire of imperialism unleashed against us? It was evident that Yankee imperialism considered itself absolute master of this hemisphere and that no people of Latin America and the Caribbean had the right to choose any economic, political and social system other than their (the Yankees') pitiless underdeveloped and neo-colonized capitalism offered to us Latin Americans, their rotten and hypocritical pseudo-democracy or the feudal oligarchy or satrapy of the Somoza, Duvalier, Stroessner type or the prescription of fascism applied to Chile, Uruguay and other unfortunate peoples of this hemisphere.

As a product of its brutal hostility and aggressive policy against the Cuban Revolution not even a simple medicine to relieve human pain or save a life could be acquired by our country in the United States for almost the last twenty years, nor could a single ounce of our sugar be exported to that market. History will consign to eternal shame those who implanted and those who maintain this criminal effort of suffocation and economic genocide against our people.

Isn't it really marvelous to be able to proclaim today that two decades ago we liberated ourselves from the hell of that (Yankee) domination? * * * Won't the day be near when other peoples also throw off the yoke? Aren't we capable of resisting another twenty years, or many times twenty as necessary, without yielding. Of course, not in this Hemisphere nor in Africa are we (even) thinking about yielding. The United States insists on maintaining its criminal embargo as an instrument of pressure and demands on Cuba. But Cuba can't be pressured, intimidated, bribed, or bought. Cuba is not China or Egypt.

China sold the Revolution for Taiwan and the technology of the West; Cuba will never change one of its principles for Guantanamo base nor for all the gold of the imperialist countries put together.

Cuba is not opposed to commercial relations, and even normal diplomatic relations, with the United States. We sincerely think that the necessity of peace and coexistence between different social systems, cited by Lenin in the first days of the revolution, is vital today more than ever for human survival. This is an essential principle of socialism, without it implying the imperialist right to intervene and suppress the revolutionary movement of any country of the world. The United States should unconditionally suspend its economic blockade on Cuba because it constitutes an uncivilized, arbitrary, discriminatory, hostile, and aggressive policy. The United States should renounce its crude strategy of using the blockade as an instrument of negotiation with Cuba, because we will never accept this. The very fact that the United States carries on commerce with the

immense majority of the Socialist countries and seeks to maintain this measure (the embargo) against our country constitutes a profound political immorality, a perfect proof of the infinite hypocrisy contained in their (U.S.) hollow rhetoric on human rights, and unequivocally shows their (U.S.) disregard for the right of self-determination of peoples in this Hemisphere.

To the great fatherland of Lenin, to its Revolution, to its generous and heroic people, to its internationalist policy, never altered in 61 years of glorious history we should express, in the first place, our deep thanks on a day like today. * * * If we have emerged victorious, if today our people have a revolution, a fatherland, and life, despite confronting an enemy so cruel and powerful for twenty years, it is due not only to our heroic and firm struggle, but also very much to that brave people that extended its friendly hand in crucial moments of the Revolution. Others can bite the hand from which they received and took generous assistance. Cuba, its sons of today and tomorrow, will recognize and eternally thank what the Soviet Union has meant for our people.

APPENDIX D

REPORT FROM THE SERVICE OF FOREIGN INTERESTS, EMBASSY OF SWITZERLAND IN CUBA, CONCERNING THE APRIL 29, 1969 TRIAL AGAINST EVERETT D. JACKSON, AMERICAN CITIZEN

On the 29th of April, 1969, at 1400 hours, the trial against Everett D. Jackson took place in the Revolutionary Court Nr. 1 at La Cabaña Fortress in Havana. The court was composed of the following persons: the President and two judges, the public prosecutor, the counsel for the defense, two actuaries, one interpreter, Mr. Karl Hunziker, accompanied by an Attaché from the Ministry of Foreign Relations, was present at the trial as representative of the Embassy of Switzerland.

The accused, dressed in a blue uniform, gave the impression of being in good physical condition and perfect health.

At the beginning of the trial, the charges against the accused were read and immediately translated into English by the interpreter who, during the rest of the trial, did an excellent work of translation. Thereafter, the accused was questioned personally by the public prosecutor, said questions being put fairly. Jackson declared himself not guilty, according to the charges read against him and asserted that he had come to Cuba only for photographic and journalistic purposes, to photograph concentration camps, which—he believed—existed for counter-revolutionaries. The public prosecutor retorted that, supposing he had come only to fulfill the above mission, for what purpose had he brought along arms and ammunition. Jackson replied that they were to be used for self-defense and hunting purposes. The accused acknowledged that Cuba is an independent country and admitted having violated Cuba's airspace. To the question of the public prosecutor that with what right he came to Cuba without permission, Jackson answered in an excited tone of voice: "With the same right that Cubans—without consent of the competent Bolivian authorities—carry on guerilla warfare in Bolivia." The statement of the public prosecutor that Cubans in Bolivia are fighting for a noble ideal, while he (Jackson) came to Cuba with treacherous intentions, visibly shocked the accused. In the ensuing exchange of questions and answers, Jackson contradicted himself so often, that finally his assertions turned out to be questionable. His thesis lost credibility, when upon being questioned as to how, after fulfilling his mission, he would have returned to the USA, he answered, that he was to be picked up at a chosen place and at an appointed time. However, he didn't reveal the secret as to by whom he was to be picked up. Jackson confessed furthermore to have contacted counter-revolutionary elements, although he refused to disclose any names. As the public prosecutor asked him whether, should he be freed, would he undertake then a similar mission again, Jackson replied affirmatively and added that he would carry out another mission of that type tomorrow, although not in Cuba but in another communist country instead. Jackson, who, according to his own statements, picked up Cuban refugees in Camarioca with a boat in the year 1965 and later on supposedly spent three months with the guerillas in Guatemala, lost control of his nerves when the public prosecutor wanted to know, in which camp he had received his so efficient training. His self-control lost, Jackson shouted: "These questions are ridiculous".

During the testimony of the public prosecutor, which was more or less a repetition of the charges already read, the accused let himself be heard by often clearing his throat loudly. The public prosecutor requested the Court to condemn Jackson to 30 years imprisonment for his counter-revolutionary activities.

Dr. Homero Sobrino, our Embassy's attorney who undertook the defense, withdrew somewhat after the beginning of his brilliantly carried out plea for the

accused in view of the aggressive attitude of his client. He then let it be understood that Jackson, regardless what his plans were, never was able to accomplish his aim. Besides the fact of his having violated the Cuban air-space and being in possession of arms, which acts are illegal, it was not proven that he committed any other crime. The accusations raised against his client of counter-revolutionary activities are merely suppositions of the prosecution as there does not exist any proof to the contrary. The counsel finally requested the Court to be lenient with Jackson for his actions.

Concluding, the accused said literally: "I am an anti-communist and you are communists. Between the two ideologies there is a line and I crossed this line".

The proceedings lasted 2½ hours. The penalty is to be decided by the Court in secret session within a couple of days. Due to the lack of respect of Mr. Jackson towards the public prosecutor, the penalty to be imposed will probably not be favourable to the accused.

HAVANA, April 30, 1969.

APPENDIX E

AIDE MEMOIRE ON UNITED STATES SUGAR POLICY AND THE DOMINICAN REPUBLIC, ISSUED BY THE INTERNATIONAL SUGAR POLICY COMMISSION OF THE DOMINICAN REPUBLIC, JANUARY 10, 1979

United States sugar imports account for about 30 percent of trade in the free market. Therefore, U.S. sugar policy is a major factor influencing market conditions.

On the other hand, of all sugar exporting countries, the Dominican Republic is the most dependent on free market conditions, due to the high relative importance of sugar in the national economy, and because virtually all of its sugar production must be placed in that market.

Due to this fact, a universal policy of uniformly applied measures, such as the current U.S. tariff based policy tends, on the contrary, to act selectively, bearing down with the greatest relative weight on the Dominican Republic.

BACKGROUND

The United States relies on foreign supplies for about 45 percent of its total sugar requirements. Since the early 1960's the Dominican Republic has maintained its position as a major supplier of U.S. sugar needs—in recent years the largest foreign source, accounting for as much as 20 percent of imports—despite the fact that on occasion it might have achieved higher prices by exporting to other markets.

There are logical and mutually convenient reasons for this. The Dominican Republic is the off-shore source closest to major east-coast markets. The country enjoys a climate which is favorable for the growing of sugar cane; our industry is geared primarily for export—approximately 85 percent of production is destined to foreign markets—and can be counted upon as a reliable supplier in times of global shortage; while the U.S. market has in the past afforded the advantage of stable prices.

The industry, 60 percent of which is owned and operated by the Dominican government, is the greatest employer of labor and capital of any sector of the national economy, and even at presently depressed prices generates 15 percent of GNP.

Furthermore, the scale limitations of the Dominican economy make it highly dependent on external trade.

In 1977, sugar industry exports provided \$248 million or 32 percent of total export earnings of \$778 million. Reciprocally, Dominican imports that year of essential foodstuffs, consumer durables, machinery and other capital goods from the United States, worth \$374 million, accounted for about 44 percent of its imports from all sources. The Dominican Republic is still the major trading partner of the United States in the Caribbean, notwithstanding the decline that has occurred in trade between the two countries since 1975 due to the reasons cited below.

THE CURRENT SITUATION

Since the expiration of the U.S. Sugar Act in 1974 and the resulting termination of the country-by-country allocation system which afforded the Dominican Republic access to a protected market, our country has been caught between the opposing forces of a descending sugar price (down currently to about 8 cents from approximately 29 cents per pound in 1974) and of the increasing one it must pay for petroleum purchases (now 5 times higher than the \$40 million spent prior to 1974), as well as the admittedly lesser but still grievous inflation affecting all imports of manufactured products.

Present U.S. policy of relying on import tariffs and fees to protect its domestic sugar industry, which coincidentally would make sugar imports from the Dominican Republic yield some \$120 million annually in taxes to the U.S. Treasury, aggravates the aforementioned situation by creating a downward pressure on free market sugar prices.

These circumstances adversely affect also the export trade of the United States with the Dominican Republic, which has declined by 17 percent since 1975.

In the long run, the stabilization of world sugar trade may be achieved with the aid of the recently adopted International Sugar Agreement (ISA). Nevertheless, certain factors mitigate against its early success, not least of which is the lack of participation by the European Economic Community whose highly subsidized surpluses continue to be dumped on the market without restriction. In these circumstances, it is highly improbable that the Dominican economy and its sugar industry could withstand the doubly disruptive effect of a curtailed volume of exports in compliance with ISA quota limitations and low prices.

The Dominican Republic is threatened, therefore, with the prospect of a catastrophic recession and the collapse of an industry which is both the backbone of its economy and an efficient provider of U.S. needs, unless corrective action is forthcoming.

CONCLUSIONS

Theoretically, the United States has several policy options for stabilizing domestic sugar prices within levels that represent a consensus of domestic producer and consumer interests. Of these, the tariff approach is at its best a very fallible method of guaranteeing a minimum level which, furthermore, affords the consumer absolutely no protection against inordinate price rises. The alternatives, which involve either individual country import quotas in lieu of fees and duties, or tax-exempt quotas, seem the more appropriate means of securing adequate market conditions for the U.S. domestic sugar industry, while extending a protective umbrella to foreign sources of supply, such as the Dominican Republic, which are important to the orderly procurement of U.S. sugar import requirements, and which in order to conserve their preferential status would have to respond quid-pro-quo to U.S. needs in times of world scarcity, thereby extending to the U.S. consumer a measure of defense against excessively high prices.

Dr. MANUEL JOSE CABRAL T., *Secretary of State for Finance, Chairman.*

Lic. SECUNDINO GIL MORALES, *Executive Director of the Dominican Sugar Institute.*

Dr. PEDRO PADILLA T., *Undersecretary of State for Foreign Relations.*

Ing. MANUEL GOMEZ PIETERZ, *Director of the Dominican Center for Promotion of Exports.*

Ing. FELIPE J. VICINI, *Member of the Dominican Sugar Institute.*

APPENDIX F

SCHEDULE OF OFFICIAL MEETINGS ¹

JAMAICA

Tuesday, January 2, 1979:

4-6 p.m.—Briefing by U.S. Embassy country team officers.

7-9 p.m.—Dinner-meeting with U.S. business representatives.

Wednesday, January 3, 1979:

9-11 a.m.—Meeting with Minister of Finance, Eric Bell, and Minister of State for Planning, Richard Fletcher.

11-12 a.m.—Meeting with Minister of Foreign Affairs and Trade and Deputy Prime Minister P. J. Patterson.

12-2 p.m.—Lunch meeting with Jamaican business representatives.

2:30-4 p.m.—Meeting with Prime Minister Michael Manley.

4:30-6 p.m.—Meeting with opposition (Jamaica Labor Party) leaders.

CUBA

Friday, January 5, 1979:

10-12 a.m.—Meeting, briefing with Vice President Jose Ramon Fernandez.

12-2 p.m.—Lunch-meeting with Minister of Agriculture.

4-6 p.m.—Briefing by U.S. interest section country team officers.

Saturday, January 6, 1979:

9-10:30 a.m.—Meeting with Minister of Justice Armando Torres.

11-2 p.m.—Meeting with Foreign Trade Minister Marcelo Fernandez Font.

10 p.m.-1 a.m.—(sic) Meeting with President Fidel Castro.

DOMINICAN REPUBLIC

Sunday, January 7, 1979:

6-8 p.m.—Briefing by U.S. Embassy country team officers.

Monday, January 8, 1979:

12-2 p.m.—Lunch-meeting with Agriculture Secretary Mejia.

Wednesday, January 10, 1979:

11-12 a.m.—Meeting with Foreign Secretary Jimenez.

12-1 p.m.—Meeting with Secretary of Finance Cabral, Central Bank Governor Fernandez, Technical Secretary to the President Espailat, and other economic officials.

1-3 p.m.—Lunch-meeting with President Guzman.

¹ Does not include field visits and numerous informal meetings and discussions conducted by the delegation and by individual participants in the delegation.