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These would be the political reasons for concern. But as regards the labor movement, the CUT believes that - "towards labor and unions, the plan seeks to stem the growing tide of labor and union struggles and to undermine the victories achieved through mobilizations and strikes." In this vein, the objective is to "create the necessary economic and political conditions to adjust the Brazilian economy to the needs of the world market," and to "accelerate the necessary mechanisms to be able to meet interest payments on the foreign debt." The ambassador disagrees, and says emphatically: "The plan is internal. It is not geared towards paying the debt."

**DOES THE PLAN HAVE A FUTURE?**

Thus far the results are obvious, and superior to those of other similar plans which also sought the same "zero-inflation" goal. In Peru, for example, inflation reached 43.8% in the four months after their plan was put into effect; in Argentina the rate was 14.23% and the country was forced to devalue its currency by 30.5%.

The situation has evolved differently in Brazil, despite all the bad omens.

In a first, overall assesment of the plan delivered on April 14, Sarney recognized that in social terms, "we are in the same group with African and Asian countries, and this situation cannot continue because it is a terrible illness of our society." His diagnosis is supported by irrefutable figures that appear in a report prepared by Brazilian political science professor Helio Jaguaribe: over half of Brazil's 138 million people live in poverty; the current unemployment rate is close to 25%, even if the government only admits to 4%; illiteracy stands at 30%; half of the population receives only 14% of the national wealth, while 5% own 33% of the nation's income, and this is one of the

most notorious rates of inequality in the world.

Unlike the more traditional medicine, this unorthodox shock treatment has produced results. The government is confident that the inequalities in Brazilian society will gradually be resolved thanks to this effort. The official outlook is that the economy will continue to perform strongly, that the trade surplus for 1986 will reach \$14 billion and that for the first time in many years the balance of payments will be in the black. The GNP will increase 4.5%, although economic growth will be lower than in 1985.

For its part, the opposition Worker's Central is less optimistic, and believes the government will be hard pressed to control inflation for much longer. The CUT expects to see further strikes and mobilizations in favor of worker's demands, just as soon as the population realizes that the Cruzado Plan is just a mirage. Or as the Worker's Party leader Luis Ignacio da Silva, "Lula," says: "The Cruzado Plan doesn't resolve the problems, it just puts a freeze on them." Time will tell.★

Enrique Vargas Anaya

**Rediscovering Democracy in Uruguay**

*President Sanguinetti's visit to Mexico draws attention to the achievements and challenges of democracy after years of military dictatorship*

**FROM TRANSITION TO CHALLENGES**

Democracy has won the day in Uruguay, and a new course is being set. With



President Sanguinetti at the National Palace.

Photo by Rogelio Cuellar.



Julio María Sanguinetti heading the new government, after twelve years of dictatorship, the Uruguayan people must now face one of the worst economic crises in the country's history.

The military junta that seized power in September 1973 left an extremely difficult situation in its wake: increasing unemployment, deep economic recession, an annual inflation rate of at least 59% and increasing social unrest due to the loss of real wage value. The external situation looks no better: Uruguay faces both a foreign debt of close to \$6 billion and the consequences of the country's international isolation following the establishment of the *de facto* government.

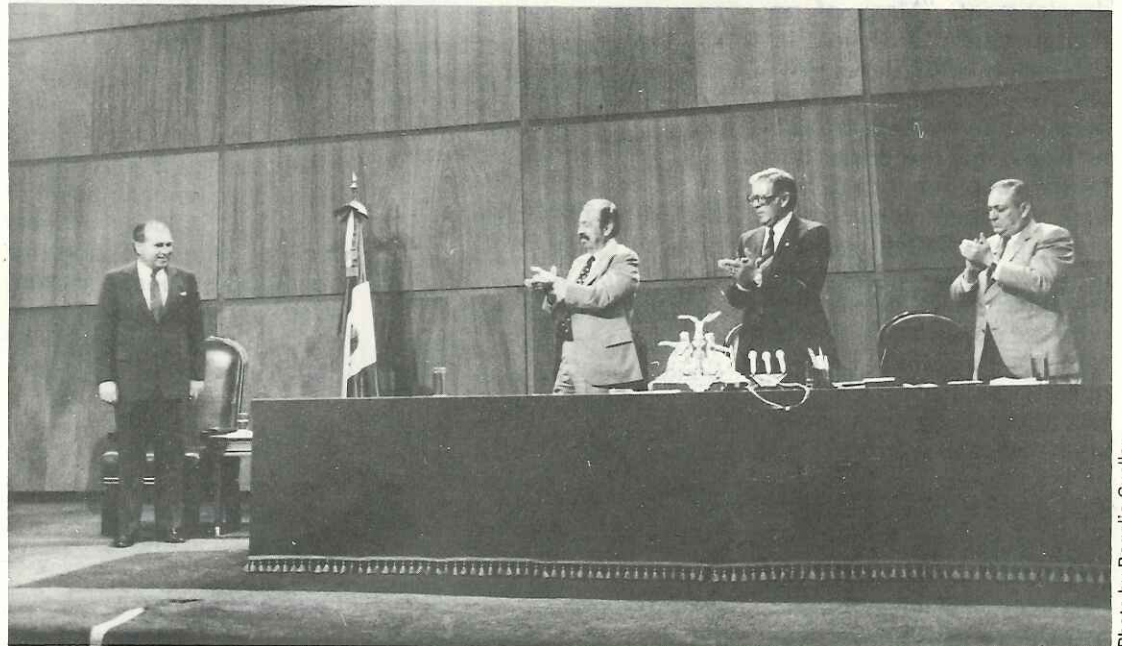
The path is a difficult one. Since taking office in March 1985, President Sanguinetti has often referred to the gravity of the Uruguayan crisis. In a country that must dedicate 50% of its export earnings to pay the interest on its foreign debt, and where 90% of those who are retired or living on pensions receive a monthly income of less than \$50, the challenges take on a social and political character. It is necessary to negotiate with the labor movement, to restore political rights to all sectors of society and to deal with the widespread demand for a clear definition of the army's new role within the state.

With the removal of the armed forces from power a broad consensus was formed within the more advanced sectors of society concerning the need to open up political spaces, in the hopes of restoring democracy. The coming together of the country's four main political forces—The Colorado Party, the National Party, the Broad Front and the Civic Union—to form a strategic front against the military regime, is widely regarded as one of the most memorable political developments in the country's political history.

## FROM CHALLENGES TO CONCERTED STEPS FORWARD

The new government's most important challenge is, first of all, the economic situation; the political situation comes second. It must deal with the economic crisis and with an all but inevitable renegotiation of the foreign debt. As for the political situation, the new ad-

This process requires the active involvement of the different social sectors within an institutional framework. "We believe that systematic opposition, or a situation of intense confrontation between political parties, could undermine our democracy. We believe in a policy of harmonizing and building consensus. We have carried out every possible effort to arrive at all



Sanguinetti visits the Mexican Congress.

ministration will have to deal with problems such as an amnesty or trials of those responsible for the repression during the dictatorship, something which has yet to be resolved.

Because of the strategic nature of the convergence of forces during the last years of military rule, the greatest challenge of all is, no doubt, the search for consensus around the main issues. The fact that this must be done without undermining the government's objectives, the newly acquired political stability or the country's still precarious democracy, constitutes an additional challenge.

This is the context within which President Sanguinetti conceived the consensus-building process as a means of exercising state power.

feasible points of coincidence...", stated Mr. Sanguinetti shortly after the 1984 elections.

Nonetheless, this drive towards unity has been questioned by important sectors of society, such as the influential Broad Front, a coalition of left and Christian Democrat parties that unified back in 1970, and which is headed by Wilson Ferreira.

A well-known Uruguayan theater director who has lived in Mexico since 1976, Blas Braidot, believes Uruguay is going through a political transition in which the dictatorship's apparatus is still in place, and in which the labor and grassroots movements are increasingly active. According to Braidot, the government has "the option of relying completely on



the broad, popular sectors, and gaining their support through political and economic measures that favor democracy and satisfy the people's basic needs."

48 Daniel Turner is a Uruguayan mechanic who came to Mexico at about the same time Braidot did. He believes that not enough is being done to pull the country out of the crisis and get it back on the track toward growth and development. "Many of us (Uruguayans) are not in agreement with (the president's economic policy) because the workers are not to blame for the crisis, nor for the coup, nor for the fact that the country has been mortgaged. Certain groups or sectors may agree with the government concerning political issues such as the National Pact, but there is no basic agreement over the way the country's resources are being dealt with."

### A COMPROMISING OBLIGATION

Uruguay's foreign debt is over \$5.5 billion, roughly equal to 90% of the country's gross national product. At the time President Sanguinetti took office, each Uruguayan owed \$1,800 to international banks and financial institutions. A technical commission, composed of specialists from the different political parties, reported the following conclusion: "The resolution of all other economic and financial problems, as well as the country's future social and political evolution, will depend mostly on the solution to the problem of the debt."

In the same vein, and along with other social and political sectors, the specialists agreed that "unless we want to reach socially intolerable living conditions, that would threaten both our image abroad and our internal political stability, Uruguay must defer the payment (of its foreign debt) and should subject interest payments to

the evolution of the country's economy and to its surplus-generating capacity."

Inflation and social unrest have been unleashed by the high rate of unemployment, above 14%, the drastic fall in the real value of wages, and the dramatically high debt level in the business sector which is now over \$3 billion. Sanguinetti's response to the waves of strikes and protests called by the Inter-Union Worker's Plenary (PIT-CNT), the country's most important labor federation, has been to prudently maintain the course of his government's economic policy.

### RECOVERING A TRADITION

Despite the dissent, most of the population seems to agree with and support Sanguinetti's foreign policy. He has opened the country to the world again, thus stilling the echos of the military regime's isolation.

Blas Braidot illustrates this point: "So far the new government's attitude toward our international relations is a positive one, even taking into account the conflictive times and despite tremendous pressure, like the barriers against Contadora. I am proud that Uruguay's foreign policy seeks its basic alliances with other Latin American countries, which is what it should strengthen."

Two fundamental ideas underline Mr. Sanguinetti's foreign policy: Latin American integration, and a new emphasis on relations with Third World countries. Thus, the new energy in Uruguay's international policy has led it to join the Contadora Support Group and the Civil Observation Committee of the Panama Declaration, which concerns armaments and military maneuvers in Central America. Sanguinetti has repeatedly voiced his support for the Cartagena Concensus, which refers to the economic recovery and

transfer of resources toward developing countries. Along with five other Latin American nations, Uruguay subscribed the Montevideo Declaration, a proposal to strengthen and intensify economic ties among the countries of the region.

President Sanguinetti recently carried out a two-week tour covering Spain, Egypt, Israel, Mexico and Costa Rica. His aim was to draw up technical and economic agreements, and to further develop economic ties with those countries.

The new government's foreign policy is determined by an independent point of view that includes aspects such as direct support for Contadora's peace-seeking efforts in Central America, reestablishment of diplomatic relations with Cuba, the reacknowledgment of existing ties with Nicaragua, and the promotion of mutual interest policies with Argentina and Brazil, among others.

### PARALLEL PATHS

During his official two-day visit to Mexico, Mr. Sanguinetti met with President Miguel de la Madrid, with congressional leaders and with businessmen. The issues dealt with ranged through the Central American crisis, problems stemming from Latin America's foreign debt, and the current situation in the world oil market. Above all, his purpose was to increase commercial, political and financial ties with Mexico.

Sanguinetti's was the first visit ever by a Uruguayan president to Mexico, despite the fact that diplomatic ties have existed for 148 years. During his stay in our country, Sanguinetti defined the foreign debt as a political problem that needs to be reviewed in its true context. Both heads of state expressed their support for the pacifist stance of the Group of Six constituted in New Delhi last year (Mexico is a member of the group, along



with India, Argentina, Greece, Sweden and Tanzania.) Both presidents also praised the agreements reached in the Latin American Parliament, as expressed in the Montevideo Declaration, which state the regional consensus concerning the foreign debt.

The Uruguayan president's visit to our country also opened the way for several short-term commitments, such as the reactivation of the Confederation of Latin American Political Parties (COPPAL) and the agreement to set up a system of Latin American institutions to further unity among the peoples of the region.

After little over a year in of-

fice, Julio María Sanguinetti faces what are perhaps the most serious challenges in the country's history. Social unrest over current economic policy, together with the labor movement's mature attitude, are complemented by an irreproachable, foreign policy of broad scope.

The same strong democratic spirit the Uruguayan people showed during their struggle against the dictatorship, could be, as is currently the case with the country's foreign policy, the source of unity both of ideas and practice, for the solution of the problems facing the nation.★

Ernesto Rojas

at housewives who suffered the effects of the international economic boycott set up by governments opposed to Salvador Allende.

The Popular Unity government (Unidad Popular) published literary classics through Quimantú. Shakespeare, Dostoyevsky, Dickens, to mention but a few, were read during work-breaks in factories, in school and at home. At the time, Chile had a population of 10 million. By 1973 Quimantú had sold some 10 million books, an impressive record that surpassed even some of the developed countries.

"The military junta took over Quimantú after the coup; they burned its books and we were all dismissed from our jobs. We never returned. Now the government publishes nothing," says Ximena, "and publishing activity died a natural death. The country's economic situation is so bad that people don't even have enough

## A Chilean Exile's Difficult Odyssey

**Government atrocities and massive protests mark the slow decline of a fascist dictatorship**

Chile, one of the two South American countries still under military dictatorship, is changing. It is almost 13 years since terror and anxiety became the only possible way of life for Chileans. Today, thousands of men and women are protesting in the streets in search of a dream that has not vanished despite the state of siege: the return to democracy.

The military today are forced to face their own doings: economic bankruptcy, misery, prostitution, illiteracy and the loss without trace of what was once a sovereign and democratic country. The grassroots opposition not

only has the strength to survive the repression and imprisonment of its leaders, it also finds new forms of struggle and expression. Not even the state of exception is capable of imposing total silence on the press, and political parties are unifying against the regime that overthrew constitutional president Salvador Allende.

"When I returned, Chile was no longer the country I had known." Exiled in Mexico for ten years, Ximena Ortúzar returned to her country in October of 1983. Ximena had been one of the most enthusiastic young television journalists, and was part of the editorial board of the state-owned publishing firm, Quimantú (sun of wisdom.) She was also a reporter for the magazine *Paloma*, aimed

Despite repression, the opposition paper, *Fortín Mapocho* resists.