

Study by U.N. Commission**Cuban Woes Laid to**

By Bert Quint

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MEXICO CITY—A picture of a Cuban economy—not so good as Communists paint it, nor so bad as anti-Communists do—has been presented by the United Nations Economic Commission for Latin America.

The commission, known in Latin America as the CEPAL (for its Spanish initials), has included a highly detailed chapter on Cuba in its economic study of Latin America for 1963, which was not published until near the end of 1964.

The study explains that Cuba is in an era of transition from a capitalistic economic system supported principally by trade with the United States to a socialist system based on trade with the Communist world.

Transition Problems

This transition has caused many problems: a shortage of technical and administrative personnel aggravated by the flight to exile of skilled workmen, difficulties in maintaining or increasing the supply of raw materials and manufactured parts from abroad, and the instability

common to any change-over to a new form of economic organization.

Making matters worse is the fact that more money—needed for the development of industry and agriculture—is being dedicated to military purposes.

Agriculture has suffered most, according to the CEPAL report, because of a process of trial and error in experimenting with new systems.

For example, for a while sugar, traditional mainstay of the Cuban economy, was neglected in an effort at diversification. This caused a 30 per cent drop in sugar pro-

Economic Transition

duction and a severe loss of foreign exchange. Now the Cubans are concentrating on their cane crops again.

Trade with the United States, Latin America, Canada and Western Europe was cut drastically. However, in the case of Western Europe, it started coming up again in 1963 and began to grow with Japan, Egypt and Morocco.

80 Pct. with Reds

Nevertheless, 80 per cent of Cuba's trade now is with the Communist nations. The Soviet Union accounts for 42 per cent of Cuba's exports

and more than 50 per cent of its imports. Communist China and Czechoslovakia are Cuba's next-best market and suppliers.

Because of the closing of most of the traditional markets, because of the drop in sugar sales, and because of reduced world sugar prices, Cuba's balance of trade has suffered seriously. Exports decreased from \$807.7 million in 1957, to \$520.9 million in 1962 and an estimated \$500 million in 1963. The balance of trade deficit from 1959 through 1963 totaled \$550 million.

To make up for the export

slump, the Soviet Union has practically had to support Cuba. From 1959 to 1963, Cuba borrowed about \$700 million, most of it from the U.S.S.R.

The CEPAL found that the Castro government has achieved progress in some fields. The most dynamic has been in manufacturing (textile, leather goods, petrochemicals, and the metallurgical and mechanical industries), thanks to increased efficiency and modernization. Production rose by 23 per cent between 1961 and 1963.

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