

Last year, many apologists for the Castro dictatorship argued the Cuba's economy was rebounding and that the dictator had survived his latest economic crisis. The following analysis by University of Pittsburgh economist and Cuba specialist Carmelo Mesa-Lago clearly illustrates the fallacy of these optimistic predictions.

The truth is that with each passing day, Cuba's economy worsens and Castro's brutal oppression of the Cuban people increases.

CUBA'S ECONOMIC RECOVERY, HOW GOOD ARE THOSE 1995 PREDICTIONS?
(By Carmelo Mesa-Lago)

Judging from Fidel Castro's pronouncements and recent CNN coverage, Havana's recovery is already on its way. "Trust but verify" is the old Russian proverb; and to assess the situation Freedom House sent its Latin American specialist, Douglas Payne to Cuba in late April. His appraisal appears here, together with an article by the dean of Cuban economic analysts, Professor Carmelo Mesa-Lago.

Dr. Mesa-Lago advises caution. "Statistical series were halted in 1989," he says. Adding: "... an economy that has declined by one-half in five years could eventually bottom out and show signs of improvement, but unless a vigorous growth rate occurs it will take decades to recover to the previous economic level." According to him, "even a modest growth rate of two percent (one percent per capita) will be difficult to achieve in 1995." His article follows.

Most Cuban and foreign economists agree that the island's national product declined by one half in 1990-1993, but there is no consensus on whether the economic deterioration was halted in 1994 and a recovery will occur in 1995. Carlos Lage, vice president of the State Council, declared to Granma January 25 that the economy had bottomed out in mid-1994. Three days later (at an international economic forum held in Switzerland) he reported to a group of potential foreign investors that the growth rate in 1994 was 0.7 percent. Furthermore, Alfonso Casanova, director of the Center of Economic Research at the University of Havana, predicted last February a two percent rate of growth for 1995.

Optimistic, but ultimately erroneous forecasts of Cuba's economic recovery have been common in recent years. For instance, early in 1993, Andrew Zimbalist (Smith College) and Pedro Monreal (CEA-Havana) predicted a growth rate of 0.4 percent that year; later in 1993 Zimbalist changes his estimate to a decline of 10 to 15 percent, while Monreal postponed the elusive recovery to 1994 or thereafter. Jose Luis Rodriguez, Cuba's minister of finance, and Raul Talarid, the vice-minister of foreign investment, assured at the end of 1994 and the beginning of 1995 that the economy had bottomed out in 1993 and that some "signs" of recovery were present in 1994. Even more cautious were Osvaldo Martinez, the minister of Economics and Planning, and Julio Carranza, the deputy director of CEA, who, respectively, foresaw either stagnation or slowdown in the rate of decline in 1994 and "modest possibilities" of recovery in 1995.

The growth forecasts have been based on the following arguments: the end of the recession in 18 out of 21 industries; cuts in the monetary hangover, state subsidies and the fiscal deficit; higher prices for sugar and nickel in the world market; greater foreign investment, and a growing number of tourists and hard-currency revenue in that industry.

And yet some of the forecasters have candidly pinpointed persisting problems and obstacles to the recovery, such as:

1) inability to increase sugar and agricultural output.

2) a significant labor surplus maintained through huge state subsidies to two-thirds of non-profitable enterprises.

3) insufficient export revenue which precluded buying imports needs to expand both domestic production and exports.

4) not enough foreign investment in spite of the acceleration reported in 1993-94.

Members of the Cuban Association of Independent Economists, located in Havana, have argued that continuous stagnation or decline is due to the slow and piece-meal implementation of timid market-oriented reforms; according to them, the reduction in the monetary hangover has not generated an increase in output.

Three notes of caution are important in the assessment of the previous forecasts of growth.

First, today it is extremely difficult to measure Cuba's national product, because the state sector is shrinking while the informal-private sector is expanding and the value of goods and service generated by the latter is unknown. (For instance, only 170,000 self-employed workers have registered, thus the value of their output can be measured, but possible 500,000 or more are working without registration and the government does not have any idea of the value of their output.)

Second, statistical series were halted in 1989 and subsequent data collection has been harmed by the virtual demise of central planning. If official growth rates were difficult to check before the crisis, the situation is worse now.

Third, an economy that has declined by one-half in five years could eventually bottom out and show signs of improvement, but unless a vigorous growth rate occurs it will take decades to recover the previous economic level.

In my opinion, even a modest growth rate of two percent (one percent per capita) will be difficult to achieve in 1995 for several reasons. The 1995 sugar harvest is officially expected at best to reach 3.5 million tons. A compensatory factor could be the increasing world market price of sugar in 1994 and early 1995, largely boosted by the sharp decline in Cuban exports since 1993; but such prices are leveling off as other sugar producing nations have increased their exports.

A more difficult problem is the 500,000 tons of the 1995 sugar harvest that Cuba has mortgaged to finance last year's imports of Russian oil. In addition, Cuba was 500,000 tons of sugar short in committed exports to China in 1994, vital for the import of rice, bicycles and other Chinese products. This will cut availability of sugar for new exports. The actual availability of sugar for export in 1995 should be from 2 to 2.5 million tons.

Minister of Agriculture Alfredo Jordan has acknowledged that the new cooperatives (UBPC) that replaced most state farms in 1993-94 are not efficient and have failed to increase both sugar and non-sugar agricultural output. He has reported a decline of 36 percent in the production of grains, fruits, vegetables and tubers in 1992-94. Tobacco leaf production decreased 57 percent in 1989-93 and torrential rains harmed the 1995 crop in Pinar del Rio province. Jordan announced an increase of cattle heads to 4.5 million in 1994, but this actually was an eight percent decline in relation to the 4.9 million head officially reported in 1989.

Nickel output reached a peak of 46,000 tons in 1989 and declined to 33,349 in 1991 due to the obsolete technology of the Soviet-made plant in Punta Gorda, problems in the old U.S.-made plants, and lack of world demand. In spite of Canadian investment, nickel output in 1994 declined, although Cuba is hoping for improvement this year. (See *Cubanews*, April 1995)

In 1994, the number of tourists reached a record of 630,000 and generated \$850 million in revenue, but actual profit was only \$255 million because of the high costs of imports required to cater to tourists. Even as the number of tourists increase in 1995 at the previous pace, the target of 1.5 million tourists will not be met and profits will not exceed \$300 million.

Cumulative foreign investment reached \$1.5 billion in 1990-94, an annual average of \$300 million, equal to 5-6 percent of the \$5-6 billion in annual Soviet aid received by Cuba in the 1980s.

These negative factors will affect foreign investment:

1) the Mexican crisis, which has led to the cancellation or suspension of some Mexican investment projects.

2) the withdrawal of Total, the pioneer French corporation, after two years of unsuccessful oil exploration.

3) the ranking of Cuba as the worst among 167 countries in terms of risk for foreign investment by Euromoney in 1994.

4) the potential enactment of a Republican-endorsed bill to penalize foreign investors in U.S. property confiscated by Cuba in 1959-60.

The value of Cuban exports declined from \$6 billion in 1985 to \$1.8 billion in 1994. Carranza and Monreal forecasted in 1993 exports for \$4-5 billion for 1995, while the government prediction was even higher. But Casanova's estimate for 1995 exports is \$1.5 billion and Talarid acknowledged that "only \$4 billion" more were needed to finance the necessary imports. The 1995 combined hard-currency revenue from exports, tourism and investment can be estimated at \$2.5 billion, 78 percent less than the corresponding figure for 1989.

All the evidence summarized above suggests that the Cuban economy will either stagnate or continue its deterioration in 1995, although at a lower rate of decline. Cuban figures showing a growth rate for 1995 will have to be backed by hard data in order to be credible.

TRIBUTE TO W. LINDSAY LLOYD

HON. RANDY "DUKE" CUNNINGHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 4, 1995

Mr. CUNNINGHAM. Mr. Speaker, I rise today to pay tribute to Mr. W. Lindsay Lloyd, my legislative director, who departs my staff today for a position overseas with the International Republican Institute.

Mr. Lloyd, a native of La Jolla, CA, previously worked for Representative DUNCAN HUNTER, the House Republican Research Committee, and the Jack Kemp for President campaign, before joining my staff as legislative director upon my January 1991 swearing-in. In his relations with Members, staff, constituents, and parties interested in his chief legislative area of defense, Mr. Lloyd built and cultivated a reputation for steadfast and reliable work, vigorous and dispassionate analysis, reliability, responsiveness, and integrity. At all times, he served the American people and this Member with honor.

My staff and I will miss him and his diligence on behalf of the people of San Diego County. Within the next month, he will travel to Bratislava, Slovakia, to train the citizens of that new Central European nation in the techniques and process of representative democracy. I am confident in his success.

Member often feel ambivalent about having excellent staff leave. We miss their contribution to our work. But we also enjoy watching them grow and prosper elsewhere, always in the knowledge that we knew them way back when.

Mr. Lloyd's family is very proud of him. So am I. May God bless him and guide him on his way. And may the permanent RECORD of the Congress of the United States state that Mr. Lloyd served his country with distinction as a member of the staff of the House of Representatives.

REVISING ELECTION PROCEDURES

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Friday, August 4, 1995

Mr. UNDERWOOD. Mr. Speaker, today I am being joined by my colleagues from American Samoa and the Virgin Islands in introducing legislation that will revise the election procedures of delegates to Congress from the territories. The bill will repeal the requirement for a separate ballot for elections of delegates from the territories. However, this bill does not distinctly require a single ballot for every election. By amending 48 U.S.C. 1712(a) and 48 U.S.C. 1732(a), an option to either elect their Washington delegates either via single or separate ballot is granted to territorial election commissions.

The provision for Guam and the Virgin Islands was approved in 1972 and the one pertaining to Samoa passed in 1978. Roughly two decades after their respective implementations, these sections of the U.S. Code have somehow become outdated. My colleagues, Mr. FALOMAVAEGA and Mr. FRAZER from the Virgin Islands, agree with me that taking this route would be the most feasible, logical, and timely approach for this type of situation.

According to Henry Torres, the executive director of the Guam Election Commission, the commission recently acquired access to an AIS 315 Scanner, a computerized tabulation machine that could efficiently recorded votes printed on both sides of a ballot. The utilization a single ballot promises to save the commission thousands of dollars every election in overtime, programming, printing, postage and handline, and paper costs. The only thing stopping them is a phrase in 48 U.S.C. 1712(a) that reads, by separate ballot.

Two decades worth of technological advances have brought about means that now enable us to perform tasks with increased efficiency and lower costs. This motion to repeal the separate ballot requirement for delegate votes stands to take advantage of these advances. I ask my colleagues to support this bill that is designed to take territorial election procedures into the 21st century.

TRIBUTE TO ED NIEDERMAIER

HON. JOHN BRYANT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 4, 1995

Mr. BRYANT. Mr. Speaker, I call this body's attention to the anniversary of the birth of one

of the truly distinguished residents of the Fifth Congressional District of Texas. July 5, marks the 100 anniversary of the birth of Mr. Ed Niedermaier, who was born during the second term of Grover Cleveland's Presidency of these United States and who has lived to see the administration of 19 of our 42 heads of state.

As remarkable as that is, it is one of the lesser feats of this man who left home as a teenage boy to serve in the Army in what was then referred to as the Great War.

Ed Niedermaier returned home a man and we in Dallas and Texas have been most fortunate that thanks to the love of a young lady, Mr. Niedermaier chose to live a large portion of his life among us.

This first-generation American was called into the Army on February 22, 1918, first as an infantryman, later transferring to the 55th Corps of Engineers while stationed at Chateauroux, 75 miles southwest of Paris.

Back home from the war to end all wars, Mr. Niedermaier moved to Oklahoma City, married and began raising a family of three children. Tragedy struck in 1939 with the death of his wife. But Ed Niedermaier persisted and raised all three.

Three fine children, he told interviewers at his home at the Buckner Baptist Village in Southeast Dallas. When World War II came along, I was obligated to take care of my children, so I didn't join the service. A 45-year-old widowed father of three wouldn't have been expected to fight for his country—for a second time in 23 years—but Ed Niedermaier would have expected that of himself, and he would have again gone to the defense of our Nation if not for being the sole provider for his family of three growing youngsters.

But his involvement in civic and patriotic projects never waned. Ed Niedermaier became commander of the Oklahoma City chapter of the Veterans of World War I and held that position until 1966.

He might still be the Oklahoma City commander today, except for a chance meeting in 1966. While attending a regional meeting in Duncan, OK, he met the widow of one of his fellow World War I soldiers. Eight months later he was married to Louise and they were sharing a home in Dallas—with one proviso:

Louise said she would marry me if, after she retired, I agreed to move to Buckner Retirement Village where she had lots of friends.

After living in their home in Dallas for 17 years, they have been together in their retirement home the last 12.

"So many older fellers just sit around and let their minds go," Mr. Niedermaier told Mike Slaughter in an interview for the Buckner Today magazine. "I don't want my mind to leave because I might not be able to find it again, so I stay active."

Ed Niedermaier has been active for a century now, all to the good of his family, friends, neighbors and country. He said, "There are three principles which I live by—faith in God, love of my country, and service to my fellow man."

I think it is safe to say that everyone in our country who knows Ed and Louise Niedermaier, or knows of their work and life together, join in wishing him a happy 100th birthday and expressing thanks for a century that has made these United States a better home for us all.

THE RAIL INFRASTRUCTURE PRESERVATION ACT

HON. BOB CLEMENT

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, August 4, 1995

Mr. CLEMENT. Mr. Speaker, I rise today to introduce the Rail Infrastructure Preservation Act of 1995 a bill to reauthorize a small assistance program for short line and regional railroads that serve local and rural America. These railroads have become a critical factor in whether smaller communities and smaller shippers have access to the national rail system and the economic future that such access ensures.

The Rail Infrastructure Preservation Act will reauthorize the local rail freight assistance program at a \$25 million per year level. This program provides matching fund grants, through the States, to short line and regional railroads. The funds are used primarily for rehabilitation of track and bridge structures that these smaller carriers inherited from the major railroads which sold them the properties. In most cases the grants are one-time events and represent the seed money that the small carriers need to achieve safe and efficient operating conditions.

In addition, the legislation will clarify that the local rail assistance program can be used to assist small railroads restore facilities destroyed in a major natural disaster, such as the 1993 floods in the Mississippi and Missouri River valleys. It also includes technical revisions to the section 511 loan guarantee program, that is currently authorized, in order to make these funds more accessible to small carriers. Together both programs, LRFA grants and section 511 loan guarantees, will continue to ensure a growing and efficient feeder line railroad system in all States.

I am pleased to note that the Senate Committee on Commerce, Science and Transportation, in a strong bipartisan vote—17 to 2—on July 20, reported out a bill—S. 920—to reauthorize LRFA grants and modify the loan guarantee provisions as reflected in my bill. The bipartisan support demonstrated in the Senate illustrates the widespread value of this modest program throughout the States. My own State of Tennessee has nine short line railroads operating over tracks which otherwise would have been abandoned.

I urge my colleagues to review the Rail Infrastructure Preservation Act of 1995 and consider supporting it when it is considered in the House of Representatives.

DEPARTMENT OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1996

SPEECH OF

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 2, 1995

The House in Committee of the Whole House on the State of the Union and under consideration the bill (H.R. 2127 making appropriations for the Departments of Labor,