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1105:financial times latin american markets (attn:philip marvin)

ex lionel martin (havana)-

notes on foreign debt from havana listening post ---

1985 - aug 15/85   WR 315

cuba gives a name to each year and some diplomats here are calling this +the year of the foreign debt (it had been officially named +year of the third communist party congress but that was postponed until next year).

it is not that cuba has a big foreign debt problem. its approximately 3.2 billion dollar debt to the west is being paid and rescheduled in part and its huge debt to the soviet union is not worrysome since cuba has been the beneficiary of moratoriums and reschedulings on easy terms.

the reason diplomats give for their suggestion is that cuban president fidel castro over the past months has been cruzading, energetically and almost obsessively according to the diplomats, for the cancellation of the 360 billion dollar foreign debt of latin american and caribbean nations. his expertese on the debt question is unquestioned as demonstrated in some fifty hours of speeches, interviews and press conferences. but his conclusion that the foreign debt is +unpayable...economically, politically and morally,+ and that is +a cancer that must be rooted out+ is not shared, at least publically, by most latin american and caribbean governments.

however, castro's siren song has attracted sympathy among many sectors of latin american and caribbean public opinion. castro himself admits that his p.r. campaign is aimed at +awakening all latin americans, all the people of the third world.+

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castro sees the debt issue as something that can +teach the people more about imperialism and explitation than ten expensive books.+ (correction aabove line +exploitation) but he has avoided all revolutionary phraseology and in fact calls for the unity of all latin american and caribbean nations in confronting the foreign debt.

when asked by a journalist about the issue he answered: i believe that cancelation of this debt and the establishment of a +new international economic order+ are much more important than two, three or four revolutions.+

the cuban president, who just turned fifty-nine, is aiming his darts at what he believes is the +aquilles heel+ of western finance. +they are involved in a series of contradictions that they cannot solves,+, he said recently.

some western diplomats here believe castro has purposely assumed an extreme position so as act as a gadfly ~~to~~ to force other latin american governments to take firmer stands and to encourage a broad.based anti-debt payment movement in ~~the~~ the region.

even those who insist that the payments on the debt must continue like the heads of state of the four recently elected presidents of argentina, uruguay, brazil and peru, have said that their nations must have some kind of respite from harsh terms of payment and domestic policies dicatated by the imf. (correction - delete four lines above the head of state of) the brazilian president said (aug 13) jose sarney said that latin american nations cannot pay their foreign debts with recessions, unemployment, hunger or democarcy (above line should read +debts at the expense of recessions, etc..)
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3 and final (martin/havana)

castro has suggested that the major power set aside twelves percent of their present military expenditures to help pay off the debt of need third world nations. according to his figures this would amount to about 300 billion dollars. he has warned that social chaos and revolution will be generated in latin american and caribbean nations unless social and economic conditions are improved. asked whether the cancellation would also apply to the soviet union, he indicated that it should.

the cuban president has been quick to address himself to charges that cancellation of the third world's debt would bring about the bankruptsy of the western financial and banking system. he said on august 3: +when they says that these forumulas will ruin the world fiancial system one must say +no, that is a lie.+ if the resources for solving the problem of the debt and the new economic order are taken from military expenditures, then no depositor will loose him money.+

in fact he says that by bolstering the econmomies of third world nations, their nr renewed buying power will generate greater trade with industrialised nations and thus improve the economic outlook for both.

castro, like the presidents of argentina, brazil, uruguay and peru, talk about a new international economic order. they seem to agree that concelation or a moratorium on the foriegn debt will not in itself solve the problems of underdevelopment. this new economic order,in their minds, means higher prices for their products, an end to the protectionists barriers erected by the developed nations and new loans at lower interest rates. brazilian president sarney said during his visit to montevideo this week +we need to grow, we need to create a new international economic order capable of generating prosperous times and new perspectives for our countries.+

one veteran western diplomat here comments: +despite castro's long term desire for socialist revolutions in latin america and the caribbean, his recent critique of the foreign debt problem doesn't differ much from that of many other latin american leaders. the only difference is, castro calls it cancelation and they call it long term moratoriums.+

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