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## OPERATIONAL AND SOURCE COVER SHEET

| FROM: Habana  | REPORT NO.: HAR-2130   |
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| D / A.  | _  |
| REPORT MADE BY: Nelson L. Raymock/pre   | NUARER FACES: 2  |
| REPORT APPROVED BY: Woodrow C. Olien  | NUMBER ENCLOSURES: None  |
| DATE OF REPORT: 21 August 1959  | REFERENCES: None   |
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| Orolly to: 1 - Legal Attaché<br>2 - Filos   | 91.33 W  |
|   | Field File No. 6-0-120   |
| SOURCE CRYPIONYM:   | KRYPTON: Yes No  |
| See Comments below  |  |
| SOURCE, OPERATIONAL DATA, AND COMMENTS:   |  |
| SUBJECT: Cuban Economic Crisis  |  |
| CPERATIONAL COMENTS 1 75  | 08   |
| in the future. He says that CASTRO is ruth determination to do something, i.e., agrarifriends, his family, his koney, and his for | tostating details which he can and will use hless, and that nothing can stop him in his lan reform, and that he will sacrifice his rtune to accomplish his purpose.  Ion in Cuba, the source said that he cannot lais—refusing to let the writer use his |
| the advisor who warned CASTRO in rarageource.   | graph one of the attached report was the   |
| As a possible reference to this report two, see HAVA-2526. This - 3/400, 583  | t and particularly to field comment number   |
| nis information from the  | Commant No. 2 was AMPACK-1 who obtained  |
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|   | 201-251853   |
| FORM #2 51-59 PREMIOUS EDITIONS MAY BE LISTED TO PER  |  |

## FIELD INFORMATION REPORT

EVALUATION OF SHURCE. A Conclusive reliable. E. Usually reliable. C. Farry reliable. O hot usually reports. E. Not reliable. "Applied to sources of doublind booksity or loyally, regardless of their competence). In Periodity, cannot be judged. (Applied to untersted or to multipleatity tested sources).

PPP#4/STC OF CONTEME: 1: Confirmed by other independent and religible sources: 2: Probably true: 3: Possibly true: 4: Doubtful: 5: Probably felse: 6: Cannot be judged: Documentary, Basid on original document.

## C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY Cuba

REPORT NO.

HTH-2130

SUBJECT Cuban Leonomie Crisis

DATE OF REPORT

21 August 1959

NO. OF PAGES

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REFERENCES

None

DATE OF

INFO.

July-August 1959

PLACE &

Cuba, Habana (20 August 1959)

SOURCE EVALUATIONS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE. NOTE FOREGOING EXPLANATION.

SOURCE:

Cuban Government Official (F).

Appraisal of Content: 3

- 1. Contrary to the reports which are issued by the Cuban Government, the financial status of the Cuban economy is rapidly deteriorating and becoming a serious problem. During July 1959 an advisor to Prime Minister Fidel CASTRO Rus, warned him to proceed more allowly with the agrarian reform, because the Cuban treasury was running short of funds. It was pointed out that 57 sugar mills were bankrupt and had not paid the plantation owners for the 1959 sugar crop. CASTRO was told that if the reckless confiscation of agricultural properties continued, the Cuban Government would become obligated to assume even more debts in order to alleviate the hunger of farm workers. I
- 2. Another drain on the economy is government subsidies. For example, the Banco de Desarrollo Economico y Social (BANDES, Social and Economic Development Bank) controls about U. S. \$400 million in properties and investments such as the Compania Cubana de Aviacion (Cuban Airline Company). The companies have been caught in the present contraction of capital and cannot survive without government subsidies. The subsidies paid by BANDES amount to U. S. \$8 million a month, and this is only one exemple of the many payments which are draining the Cuban treasury.2

## Field Comments.

1. From the reports which have been received it appears that there is growing unemployment of farm workers. This is the "dead season"—the period between sugar came harvests—but it is reported that most plantation owners and ranchers are fearful of confiscation of their properties for the agrarian-reform program, and consequently are doing very little in the way of maintenance work. The latter provided at least a marginal field of employment, and this is now denied to the agricultural workers. However, In spite of this warning, the agrarian reform program has not been allowed. In fact, it seems to have been intensified.

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2. The source thought that nothing could stop CASTRO in his determination to proceed with the agrarian reform program as fast as possible. Since the piggest obstacle to carrying out this program is the lack of money, the bource was of the opinion that CASTRO would do anything to obtain this money and might even confiscate bank accounts and moneys and negotiable instruments held in safety deposit bases. Carrying this one step further, the source thought such confiscatory tactics could only be a temporary saving device and that eventually it would be necessary for CASTRO to obtain a large loan from another country. He speculated that this would mean either the United States or the Soviet Union, and feared that if it were the lattery it would mean the end of friendly relations with the United States. In respect to CASTRO's possible need for a loan, another, fairly reliable, source reported on 18 August 1959 that CASTRO was trying to obtain a No.000,000-peso loan from local banks.

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