

FIDEL CASTRO ON THE CURRENT SITUATION

“It is clear by now that America's friends fear it but do not appreciate it. Cuba is not in the least fearful of the enormous power of that nation, but it can appreciate its people.”

This speech by Commander in Chief Fidel Castro Ruz, President of the Republic of Cuba, on the present international situation, the economic and world crisis and its impact on Cuba, was presented on television on November 2, 2001

My fellow countrymen: At the opening of the Social Workers Training School in Santiago de Cuba on October 24, I said that in the coming days I would speak about the international economic situation and how it could affect our country, which was carrying out an unprecedented social development programme as it gradually recovered from the special period. I do not want to put that discussion off any longer. To characterise the current situation, one could say, by way of a very brief summary, that in the mid-1990s, when globalisation was extending around the planet, the United States, as the absolute masters of the international financial institutions and through its immense political, military and technological strength, achieved the most spectacular accumulation of wealth and power ever seen in history. But the world and capitalist society were entering into an entirely new phase. Only an insignificant part of economic operations were related to world production and trade. Every day three trillion dollars were involved in speculative operations including currencies and stocks. Stock prices on U.S. exchanges were rising like foam, often with no relation whatsoever to the actual profits and revenues of companies.

A number of myths were created: there would never be another crisis; the system could regulate itself, because it had created the mechanisms needed to advance and grow unimpeded. The creation of purely imaginary wealth reached such an extent that there were cases of stocks whose value increased 800 times in a period of only eight years, with an initial investment of 1000 dollars. It was like an enormous balloon that could inflate to infinity. As this virtual wealth was created it was invested, spent and wasted. Historical experience was completely ignored. The world's population had quadrupled in only 100 years. There were billions of human beings who neither participated in nor enjoyed this wealth in any way whatsoever. They supplied raw materials and cheap labour, but did not consume and could not be consumers. They did not constitute a market, nor the almost infinite sea fed by the immense river of products that flowed, in the midst of fierce competition, from factories that were ever more productive and created ever fewer jobs, based in a privileged and highly limited group of industrialised countries.

An elementary analysis was sufficient to comprehend that this situation was unsustainable. Nobody seemed to realise that any apparently insignificant occurrence in the economy of one region of the world could shake the entire structure of the world economy. The architects, specialists and administrators of the new international economic order, economists and politicians, look on as their fantasy falls to pieces, yet they barely understand that they have lost control of events. Other forces are in control now. On the one hand, those of the large and increasingly powerful and independent transnationals and, on the other, the stubborn realities are waiting for the world to truly change.

In July of 1997, the first major crisis of the globalised neoliberal world erupts. The tigers fall to pieces. Japan has still not managed to recover, and the world continues to suffer the consequences. In August of 1998 comes the so-called Russian crisis. Despite this country's insignificant contribution to the worldwide gross domestic product, barely 2%, the stock markets of the United States were badly shaken, dropping by hundreds of points in a matter of hours. In January of 1999, only five months later, the Brazilian crisis breaks out. An all-out joint effort by the G-7, IMF and World Bank was needed to prevent the crisis from spreading throughout South America and dealing a devastating blow to the U. S. stock

markets. This time, the inevitable has happened: the crisis began in the United States, almost imperceptibly at first. Beginning in mid-2000, the first symptoms began to be observed, with a sustained decrease in the rate of industrial production. In March of that year, the so-called high-tech NASDAQ index had already begun to drop. At the same time, the trade deficit showed an enormous growth, from 264.9 billion dollars in 1999 to 368.4 billion in 2000. In the second quarter of the year 2000, the gross domestic product registered growth of 5.7%; in the third quarter, it grew by only 1.3%. Industrial sector production began to fall in October of 2000. Nevertheless, at the end of the year 2000, opinions on the prospects and forecasts for the world economy were still rather optimistic. But reality soon reared its ugly head.

Since the beginning of 2001, the IMF, the World Bank, the Organisation for Economic Cooperation and Development (OECD) and the European Commission, along with private institutions, have been obliged to adjust their growth predictions downward in the various regions of the world for 2001. In May, the IMF forecast 3.2% worldwide growth in 2001. For the United States in particular, projected growth was 1.5%, and 2.4% for the eurozone. Japan was facing its fourth recession in 10 years, leading to a prediction of 0.5% negative growth for the same year. IMF Managing Director Horst Kohler, during a speech to the United Nations Economic and Social Council (ECOSOC) in Geneva, on July 16, 2001, stated, "Growth is slowing throughout the world. This may be uncomfortable for the advanced economies (the developed and wealthy countries), but it will be a further source of hardship for many emerging markets and developing countries (the poor and underdeveloped countries), and a real setback in the fight against world poverty." Production has dropped in the majority of the Southeast Asian countries, with the exception of China, and in Latin America, too. According to the World Bank, growth in Southeast Asia, which had begun to recover after its dramatic fall in 1997, would decline from 7.6% in 2000 to 4.5% this year, while Latin America's growth would be around 2%, one half of the growth registered in 2000.

Other institutions also made predictions. The Economist magazine estimated in April that world growth in 2001 would be only 2.7%, in contrast to the 4.6% growth registered in the year 2000, while world trade would grow by 3.5%, compared to the 13.4% growth in 2000. With regard to the eurozone, the OECD, in its quarterly report issued in early May of 2001, estimated that the European Union would experience growth of 2.6%, a figure 0.5% lower than its initial projection. On September 10, just one day before the events in New York and Washington, the IMF analysed the evolution of growth predictions for the world economy and for the economies of the United States, Europe and Japan. Its findings were as follows: World Economy - percentage of growth: Autumn 2000 4.2 March 2001 3.4 Spring 2001 3.2 September 2001 2.7 A progressive fall from 4.2 to 2.7 in less than a year. The United States: Autumn 2000 3.2 March 2001 1.7 Spring 2001 1.5 September 2001 1.5 More of the same, from 3.2 to 1.5 over the same time period. Japan: Autumn 2000 1.8 March 2001 1.0 Spring 2001 0.6 September 2001 0.2 The numbers speak for themselves. The Eurozone: Autumn 2000 3.4 March 2001 2.7 Spring 2001 2.4 September 2001 1.9 Without exception, the three major centres of the world economy saw their growth rates fall simultaneously, dropping to less than half of initial figures over the course of less than a year. In the case of Japan in particular, growth dropped to almost zero. The employment situation: At the end of the year 2000, the unemployment rate in the United States was only 3.9%. What happened in the year 2001? Unemployment rate (percentage): February 4.2 March 4.3 April 4.5 May 4.4 June 4.5 July 4.5 August 4.9 Although official statistics are not yet available, it is estimated that unemployment has now reached 5.1%, a rate that had not been registered in the United States for many years. Today, November 2, after this material had been drafted, the official figure was released: it is 5.4%. In just one month, 415 thousand jobs were lost.

The increase of the unemployment rate is irrefutable evidence of the deterioration that the U.S. economy had been suffering prior to the terrorist attacks. It should be kept in mind, as an important precedent, that over the last 50 years, when the unemployment rate has reached 5.1%, this has coincided with the beginning of a recession. Percentage of industrial capacity used in the United States in the year 2001: February 79.2 March 78.7 April 78.4 May 78.0 June 77.1 July 77.0 August 76.4 In August, industrial production fell by 0.6% as compared to July. Over the previous 12 months, industrial production had shrunk by around 5%. August was the 11th consecutive month of economic contraction. The figure registered in August is very close to the lowest level reached since 1983. Also registered in the month of August of 2001 was a budget deficit of 80 billion dollars. That same month, Democratic members of Congress were already pointing that predictions indicated that the government would have to use social security money to finance current expenditures. During the second quarter of 2001, U.S. imports shrank by 13.9 billion dollars, while the low level of trade activity in the rest of the world led to a 9.1 billion-dollar reduction in exports. Stock values on the main indexes have suffered the following decreases in 2001: Dow Jones 18.06% NASDAQ 66.42% Standard and Poor's (S&P) 28.48% This means the loss of trillions of dollars in less than a year. The Federal Reserve has lowered interest rates nine times in 2001. The goal in doing so is to lower the cost of money, boost consumer confidence and thus promote economic activity. This frantic frequency clearly reflects desperation. Europe: Industrial production in the European region experienced a sustained decline in the first quarter of the year 2001 that obliged companies to reduce staff, and this, in turn, reduced consumption, thus creating a vicious downward circle. Investment and consumption are depressed, aggravating the trend towards recession. The European Commissioner for Monetary Affairs has stated that the European economy will grow by only 1.5% this year. Meanwhile, the six most prestigious economic research institutes in Germany have predicted that their country's economy will grow by 0.7% this year and 1.3% next year, and announced that the German economy is on the verge of a recession. This will have a strong negative impact on the rest of Europe, given that Germany is considered the region's "economic motor." Japan: Japan's real gross domestic product in the first quarter of the year 2001 dropped more dramatically than expected, with a decrease of 0.2% as compared to predictions of 0.1%, followed by an additional 0.8% drop in the second quarter. The decrease in industrial production that began in March reached 11.7% by August. This phenomenon of six consecutive months of decline in industrial production has not been witnessed in the Japanese economy since the period from December of 1991 to May of 1992, and it places industrial production at the lowest level of the last seven years. This means an even worse crisis than the financial crisis of 1997-1998, according to Japanese analysts. Japan's trade surplus decreased 48% in July of this year. As a defensive measure, companies are cutting staff, leading to a rise in the unemployment rate, which reached an all-time high of 5% in August of this year, something never before seen in Japan. Latin America In August, the Economic Commission for Latin America and the Caribbean (ECLAC) reported that the region's economy would grow by only 2% in 2001, a mere half of the growth registered the previous year (4%). In so doing, it retracted its prior prediction, made in May, forecasting a GDP growth of between 2.7% and 3%. According to ECLAC, this is the result of the worldwide economic weakening and instability in a number of the region's key countries: Peru and Uruguay will experience no growth; Brazil has been affected by a scarcity of fuel supplies, which has hit its productive activity, and by an almost 40% devaluation of its currency this year; and Chile's economic reactivation has come to a halt. In the case of Mexico, a feeble economic growth of 0.13% is predicted for this year, and 1.74% for 2002. The government had originally forecast 4.5% growth in the gross domestic product for 2001, but it has downscaled that figure a number of times due to the slowdown in the world economy, and particularly that of the United States. ECLAC estimates that unemployment in the region will reach at least 8.5%.

There are people who calmly speak today about the "world economic crisis caused by the terrorist attacks that took place in the United States on September 11 and by the war against Afghanistan initiated on October 7." Such statements are completely baseless. What I have just outlined irrefutably proves this. The crisis was already breaking out, uncontrollably. Every week I receive a bulletin with the most important economic news gathered from the most prestigious and reliable public sources of information, or statements made by specialists and political leaders. I remember in particular the bulletin I received on September 8, 2001, exactly three days before the terrible tragedy in New York. It had been many years since I had read so much bad news about the prospects for the international economy in just one bulletin. Curiosity led me to look it over once again. I have chosen a number of reports from it, which read as follows: "Hitachi Ltd., Japan's biggest manufacturer of electronic products, announced that it will cut 14,700 jobs this year, or 4% of its staff, while preparing for a loss of over a billion dollars caused by the collapse of the high-tech sector." "Rival Japanese conglomerates Toshiba Corp., NEC Corp. and Fujitsu Ltd. have also announced that they plan to cut thousands of jobs." (CNN, 31/08/2001) "The president of the United States Federal Reserve said that the rise in housing prices, at the same time that the stock market has collapsed, is making it difficult for the central bank to diagnose the state of the country's economy. This divergence 'could have significant implications' for the country's economic growth, he declared. (The Wall Street Journal, 31/08/2001) "The U.S. Federal Reserve has warned in its latest report to the country's banking institutions that they have not reinforced their risk management systems to the extent demanded by the economic slowdown facing the international economy." (Spanish newspaper Cinco Días, 31/08/2001) "The European Commission admitted yesterday that the prediction for economic growth in the eurozone this year will be less than 2.5%. The monetary affairs commissioner, Pedro Solbes, who even noted that Brussels has "some doubts" about this figure, acknowledged this. The drop in rates by a quarter of a point, announced last week by the president of the European Central Bank (ECB), was accompanied by an explicit acknowledgement of an error in calculation. 'What we have underestimated is how long and severe the slowdown has turned out to be in the United States,' Duisenberg said. 'If I may say so, we, and also the United States authorities, have tended to be too optimistic regarding the duration and depth of the slowdown,' he said, recalling the opinions of Treasury Secretary Paul O'Neill. "The ECB's orientation difficulties are contained in this brief analysis, which comes a bit late after the gradual reduction from the 3.2% growth in the eurozone predicted in January to the 2% estimated in recent days." (Spanish newspaper Cinco Días, 31/08/2001) "The president of the United States acknowledged his concern over the persistent decline in U.S. economic activity and its repercussions on the labor market. I am aware of the problems being faced today by the families of workers affected by the economic crisis, but I am convinced that the economy will get back on its feet, he declared before a meeting of trade union groups. "With the economy on the brink of a recession, the president tried to convince U.S. workers that he was aware of their situation and that he is doing something to remedy it. The matter is complicated, given that the weakening of consumer confidence, the decline in financial markets and the lukewarm growth of the major world power have placed economic affairs at the top of the president's agenda." (Spanish newspaper Expansión, 04/09/2001)

Note that President Bush, who is not very partial to these subjects, made these declarations one week before September 11. "Growth is practically arrested in Latin America, according to first-quarter figures on the gross domestic product. "The balance for 2001 will show a new drop in per capita gross domestic product in the region, asserted the Banco Bilbao Vizcaya Argentaria in its latest report on Latin America. The bank has lowered its prediction of growth in this group of countries from an initial 3.9% down to 1%, a rate that fails to match population growth. "The reasons for this more pessimistic view are to be found in a world economic slowdown greater than estimated at the beginning of the year." "The feeble

growth of the main economies has translated into a heavy reduction in external demand and, as a result, in Latin American exports as well. "The Mexican economy has been the hardest hit by the consequences, given its high degree of dependence on industrial activity in the United States. Its growth this year will be limited to 0.2%, according to the bank, as compared with the 6.9% growth registered in 2000." (Spanish newspaper Cinco Días, 04/09/2001) "The number of layoffs announced in the United States has already surpassed one million so far this year, despite the fact that the pace of cutbacks was curbed in August. In all, U.S. companies announced plans to eliminate 140,0199 jobs that month, which was 32% less than the total for July, but over double the cuts registered in August of 2000. As a result, the sum total for the first eight months of the year reached 1,120,000 jobs eliminated, a number 83% greater than the total cuts in the year 2000. The telecommunications sector continues to be the hardest hit, with 19% of jobs in the sector eliminated so far this year." (Spanish newspaper Cinco Días, 05/09/2001) "The serious budgetary difficulties in Germany and Italy and less severe difficulties in Spain are joined by those of France, whose cash deficit rose by 16% in the first five months of the year." (Spanish newspaper Expansión, 05/09/2001) "German Minister of the Economy Werner Müüller admitted that growth in the gross domestic product of the German giant will not reach 1.5% this year. Up until now he had only admitted that growth would be 'under 2%'. Müüller's declarations will act as a further bucket of cold water for those who had predicted a swift recovery for the German economy." (Spanish newspaper Cinco Días, 05/09/2001) "While U.S. industry was beginning to give off positive signs of recovery, it is now the service sector that is responsible for throwing a new bucket of cold water on expectations. Activity in the service sector declined once again in August, according to figures from the National Association of Purchasing Managers. The monthly index of activity dropped from 48.9 points in July to 45.5 points in August, which represents the second consecutive month below the 50-point level, considered the dividing line between recession and growth. In August there was a sharp drop in new orders, indicating a serious decline in activity for the coming months. The figure far exceeded the predictions of analysts who expected a minimum reduction to 48 points at most." (Spanish newspaper Cinco Días, 06/09/2001) "According to figures from the International Monetary Fund, between 500 billion and a trillion and a half dollars a year - between 1.5% and 4.5% of worldwide gross domestic product - generated by illegal activities are laundered through the banking system." (Spanish newspaper El País, 06/09/2001) "The Central Bank of the United Kingdom recently cut its prediction for gross domestic product growth in 2001 to 2%, the lowest level since the recession in the early 90s." (Spanish newspaper Cinco Días, 06/09/2001) "Moody's, a rating agency specializing in risk assessment and considered a world leader in this area, warned yesterday of the possibility of lowering the rating of Japanese sovereign bonds." "Today the gross domestic product figure for the second quarter of the year will be announced, and analysts' predictions point to a drop of between 0.9% and 1%. If this is the case, the economy would technically enter a recession after a 0.2% fall in gross domestic product between January and March. The figure raises questions about the future of the world's second economy in the context of a slowdown heightened by the weakness of the United States." (Spanish newspaper Cinco Días, 07/09/2001)

As can be seen, the economic crisis is not a consequence of the September 11 attacks and the war against Afghanistan. Such claims could only be made out of total ignorance or an attempt to hide the real cause. The crisis is a consequence of the resounding and irreversible failure of an economic and political conception imposed on the world: neoliberalism and neoliberal globalisation. The terrorist attacks and the war did not give rise to the crisis, but they have considerably aggravated it. What had already been rapidly advancing was abruptly and untimely boosted even further.

Humanity must now confront three extremely serious problems, which feed off of one another: terrorism, the war and the economic crisis. The economic crisis also means the

aggravation of major problems that are far from being solved: poverty, hunger and disease, which kill tens of millions of people in the world every year; illiteracy, lack of education, unemployment, and the exploitation of millions of children through child labour and prostitution; the trafficking and consumption of drugs, which mobilises and absorbs hundreds of billions of dollars; money laundering; the lack of drinking water; the scarcity of housing, hospitals, communications, schools and educational facilities. The crucial rights of all human beings are affected. The crisis will have an especially negative impact on the struggle for sustainable development, the preservation of the environment and the protection of nature from the merciless destruction to which it is being subjected, and which is causing the poisoning of the waters and the atmosphere, the destruction of the ozone layer, deforestation, desertification, and the extinction of animals and plants. How could this possibly not be taken into the slightest account? There are nations and even entire regions on some continents that could be annihilated if terrifying plagues like AIDS are not urgently combated and defeated by humankind; and if terrorism, war and the economic crisis are not resolutely confronted. Now is the time when cooperation among all countries is needed more than ever before.

Although it is essential to return to this theme before I finish my presentation, I would first like to explain how the current international situation and the economic crisis are influencing and will undoubtedly continue to influence our own country. The economic crisis had already been affecting some of our main sources of convertible currency. The most direct immediate consequences: the price of sugar on the world market has fallen from 9 to 6.53 cents a pound; the price of nickel, another export line in which production had increased alongside a reduction in costs and fuel expenditures, dropped from 8.64 dollars to 4.715 dollars a ton; sales of tobacco, another of our most important export products, are declining in all markets. The crisis has also limited other exports of goods and services that were being developed, direct consequences of the terrorist attacks and the war unleashed. Despite the world economic crisis that was developing and the rise in airfares resulting from increased fuel costs, we had received a total of 1,304, 597 tourists as of August 31 this year. This represented growth of 7.8% in comparison with the same period last year, when 1,200,076 tourists were received. The number of visitors staying in tourism industry facilities grew by 11.3%. In September, the total number of visitors decreased, in only 20 days, by 9.9% in comparison with the same month last year. It is estimated that the decrease for the month of October will reach 14%. Varadero and the city of Havana, the country's two most important tourist destinations, are also the most affected. The goal of receiving a total of two million tourists was feasible, and the first million was reached three weeks earlier than last year, during the first quarter. Now the growth achieved will likely be only 3% to 6%. The blow dealt to the Caribbean after September 11 was even more severe. They depended more on tourism from the United States.

There have been other negative effects resulting from the causes mentioned above and from other causes aside from terrorism and the war: The possibility of obtaining credits has been reduced due to the reduction in our convertible currency income. We have financial obligations that must be met despite the reduction in convertible currency income. Cuba's foreign exchange bureaux (known by the acronym CADECA) felt an immediate effect as soon as the bombing started. To allow for a fuller understanding, I need to explain that during the most difficult moments of the special period, the depreciation of our currency, the Cuban peso, led the exchange rate to 150 pesos to the dollar. The measures adopted and the creation of the CADECAs improved the rate to 20 pesos to the dollar. This brought major benefits to the population: their money rose in value, and all the people were given access to stores operating in convertible currency. Over the course of more than five years, our country achieved an unprecedented feat, unique in the world: despite the blockade and the economic war, it managed to maintain a stable exchange rate for its currency, with minor fluctuations in one direction or the other. The bank always obtained a small difference

in its favour, because the CADECAs met with a greater supply of dollars for pesos than the supply of pesos for our convertible pesos [equivalent in value to U.S. dollars within Cuba]. The difference obtained was devoted entirely to acquiring raw materials sold in convertible currency in order to manufacture products for sale to the population in Cuban pesos, from French bread to brand-name beer, along with many other products. The national currency funds thus recovered served in turn to maintain the stability of the peso-dollar exchange rate. Then the situation was reversed: the supply of dollars decreased and the demand for convertible pesos increased. For 20 consecutive days, with the exception of three, the bank supplied more dollars than it received. The adverse balance reached almost four million dollars. The CADECAs operate on the principle of supply and demand; it can be no other way. As a result, the peso began to decline in value. At one point, the exchange rate reached 28 pesos to the convertible peso in a number of provinces. Three days ago it stabilised at 26 pesos to the convertible peso; convertible pesos are equivalent in value to U.S. dollars and can be immediately changed into U.S. dollars upon request. The peso, in these circumstances, lost 18.18% of its value. This is a situation that must be monitored closely. At the moment, the country should not take any risks with its convertible currency resources. It is our duty to inform our people, so that they may adopt the decisions they deem most advisable under any given circumstances. At times when the situation calls for the devaluation of the peso, they should not let themselves be influenced by the advice of speculators or by fear. It should not be forgotten that the Revolution, in such difficult conditions as those prevailing in 1994, succeeded in bringing about the decrease in the exchange rate from 150 pesos to the dollar to 20 to the dollar, and it kept this rate relatively stable for many years. The population has the possibility of making term deposits in pesos, which pay an interest rate of 7.5% annually, triple the interest paid on accounts in dollars, and 50% more than the interest paid on convertible pesos.

In the end, the Revolution will win this battle against the consequences of the international economic crisis as well, no matter how serious that crisis becomes, and its currency will eventually increase in value once again. The Revolution, with all its moral authority, guarantees all citizens: 1. That the CADECAs will not be closed 2. That all bank deposits, whether in regular Cuban pesos, convertible pesos or dollars, will be absolutely respected. 3. That the stores that sell goods in convertible currency, and to which everyone has access, to a greater or lesser extent, in accordance with their income in one currency or the other, will not be closed. 4. That the farmers' markets will remain open. 5. That the value of the Cuban peso will be resolutely defended. The prices of goods and services currently offered to the population at official prices, whether rationed or not, will not go up by a single cent. In accordance with this policy, the only prices that may vary are those in the farmers' markets, for obvious reasons, since they operate on the basis of supply and demand, and those in the state-run farmers markets, which should use the regular farmers' markets as a point of reference, but maintain lower prices, depending on the resources available to us. The prices in convertible currency stores may vary as well, as they always have. 6. The prices of the 700,000 Chinese television sets that will be distributed and sold to the population in national currency will be calculated at the exchange rate of 20 pesos to the dollar, as was previously established. They will be paid for in the instalments agreed upon, with no interest charges whatsoever.

We have not lived through ten years of the special period in vain. Today, of course, the main concern of our people and the planet as a whole is the preservation of peace, because without peace, the world would be headed towards a fatal abyss. And we will struggle for peace with the same courage, honour and dignity as we always have. We will confront the economic crisis successfully. No sacrifice intimidates us, not even the sacrifice of our lives. This is very well known. We have endured all manners of sacrifices for many years. Those who thought the Revolution would only last a matter of weeks now admire our heroic capacity to resist and move forward.

Many pages could be filled with accounts of the feats we have achieved. We need only mention a few: Before the special period, out of every peso invested, 80 cents were exploited, and that figure fell to 50 cents in 1994; today it stands at 91 cents. In 1994, it took approximately 12 days to build one hotel room; in 2000, the time was reduced to 2.2 days. The budget deficit has been maintained at less than 3% of the gross domestic product over the last five years, after reaching 33.5% in 1993. Labour productivity has increased by 19%. Almost 75% of the growth in the economy has resulted from this factor. The tourism sector has experienced an eight-fold increase in income and a fivefold increase in the number of tourists. This has been achieved by merely tripling the number of hotel rooms and doubling the number of workers. Oil production, which totalled 500,000 tons at the beginning of the special period, has now risen to the equivalent of 3.6 million tons, between oil and natural gas. We will not hesitate to invest in this area. Next year we will surpass the figure of four million tons. For each ton of Cuban oil and natural gas used in electrical power production and other industries, the country saves 60% of the price in convertible currency. Production levels today are the same or much higher in comparison with 1989 in sectors like tourism, manufacturing for the domestic convertible-currency market, electrical power generation, nickel, vegetable crops, citrus fruits, pharmaceuticals, cigars for export, and others. The same holds true for results in education, health care, culture, sports and science. The daily per capita calorie intake rose from 1948 calories in 1994 to 2578 last year, while the protein intake went from 47.7 grams to 68.3 grams in the same period. The average monthly salary, which was 185 pesos in 1994, should reach 242 pesos by the end of the year, while the average income, which includes monetary incentives and other forms of payment in kind, will reach 373 pesos. In the state-funded public sector, 82% of workers, or 1,091,200 workers in all, have received raises in their salaries. In the self-financing enterprise sector, 73.3% of workers, or 1,322,000 workers, are paid according to performance. Over 1.2 million workers are eligible for performance-based incentives in convertible Cuban pesos or their equivalent. The farmers' markets, from their emergence in 1994, reduced their prices by 84%. The state-run farmers markets, which now extend throughout the country, and charge lower average prices than the regular farmers' markets, have served to curb price increases in the latter. Unemployment, which rose to 8% in the worst years of the special period, was reduced to 5.4% in 2000. The differences among regions in this regard are a focus of special attention. In 1994 there were power cuts on 344 days, almost every day of the year, and 1.2 million MW of energy were not provided due to a power deficit; last year, there were power cuts on only 77 days, with 64,000 MW not provided. Residential power consumption grew by 16% in the last few years. That growth could have been 25% if the energy-saving program had not been implemented. There is greater protection of the environment today, with a decrease in all types of pollution (of the soil, water and air). Economic growth has not been achieved at the cost of destroying the environment, but instead has contributed to improving it, in line with sustainable development. The percentage of the population with access to drinking water rose from 82% to 94%, with over 1.2 million people benefiting from the construction of water supply systems in 2454 rural communities. Almost all of the country's water is chlorinated. A natural gas programme is underway, and since the end of 1998, it has benefited over a million people in 268,209 households, who can now cook with bottled gas instead of kerosene. The telephone expansion programme that began in 1999 has provided 146,750 new telephone lines so far. All public telephones have been changed to digital phones. In 1999, there were 11,860 public telephones, and that number had risen to 18,000 by the end of the year 2000. A further 4700 will be installed this year. Some 320,000 new homes have been built in the last five years, benefiting over 1.2 million people. Social security and social protection services have been guaranteed for the most vulnerable sectors. During these 10 years of the special period, over 17 billion pesos have been paid out in pensions.

There is no need for me to talk about the battle of ideas and the colossal social project that you all know about, which is leading us towards a much more fair and improved socialism, and towards the goal of becoming the most educated and cultured people in the world. Suffice it to say that it encompasses 70 programmes and hundreds of tasks, with several of the most important already completed. Some future dreams will have to wait, but these will be fulfilled. The most important investments have already been made, and were minimal. The fundamental role has been played and will continue to be played by the immense human capital of our people. Today we are politically more united and stronger than ever. We are much better prepared to confront this situation. Our social justice will allow us to protect all our people. There is greater organisation in our political and grassroots institutions, our state and our government. Our enterprise sector is improving; we have learned to produce with fewer resources, greater efficiency and greater discipline.

We are aware of what has been happening in the world to those who have renounced socialism and implemented neoliberal policies. We have a people who are steadily becoming ever more cultured, more conscientious, and better prepared in every sense. At the beginning of the special period, our socialist ideology had suffered a terrible blow. Today, the terrible blow has been dealt to the ideology of our adversary, through a profound economic and ideological crisis. I noted earlier that before concluding, I would return to the issue of terrorism, the war and the international economic crisis. Although we have made our stance known, I think it would be worthwhile to recall that on September 11, just hours after the events, and having expressed our total condemnation of the brutal attack and our sincere and selfless solidarity with the people of the United States - since we never asked for nor expected anything in return - we expressed a conviction that we continue to hold today, with more strength and certainty than ever: "None of the present problems of the world can be solved by force. [...] The international community should build a world conscience against terrorism. [...] Only the intelligent policy of seeking strength through consensus and the international public opinion can decidedly uproot this problem [...] this unimaginable event should serve to launch an international struggle against terrorism. [...] The world cannot be saved unless a path of international peace and cooperation is pursued." A week later, in San Antonio de los Baños, I declared on behalf of our people, "Whatever happens (that is to say, whether or not there is a war), the territory of Cuba will never be used for terrorist actions against the American people." I added something else: "We will do everything within our reach to prevent such actions against that people. Today we are expressing our solidarity while urging to peace and calmness. One day they will admit we were right." A week later, on September 29, at the Revolutionary Mass Rally held in Ciego de Avila, I continued to stress our points of view: "Nevertheless, no one should be misled into thinking that the peoples of the world, and a number of honest political leaders, will not react as soon as the war actions become a reality and their horrific images start to be seen. These will then take the place of the sad and shocking images of the events in New York at a time when forgetting them would bring irreparable damage on the spirit of solidarity with the American people that is today a primary element towards the eradication of terrorism, without the need to resort to a war of unpredictable consequences and avoiding the death of an incalculable number of innocents. "The first victims can already be seen. They are the millions trying to escape the war and the dying children with ghastly appearance whose images will move the world to pity without anyone being able to prevent their dissemination." The events that have been taking place make it increasingly clear how right we were. An editorial in Granma, the official newspaper of our Communist Party, published on October 8, just hours after the war had been unleashed, stated: "It is not a war against terrorism; [...] it is a war in favour of terrorism, since the military operations will make it more complicated and difficult to eradicate it. It is like pouring oil on the flame. "From now on, there will be a real avalanche of news about bombs, missiles, air strikes, the advance of armoured vehicles with troops of ethnic groups allied with the invaders, the dropping of

paratroops or the ground advance of elite forces of the attacking countries. Rather soon, there will be news about occupied cities, the capital included, and TV images of whatever censure permits or escapes control. The fight will be against the people of that country and not against the terrorists. There are no battalions or armies of terrorists. This is a sinister concept and an insidious method of struggle against a ghost."

After 26 days of relentless bombing, those who have been following events from day to day can see that what has happened up until now is exactly as we predicted. The war began inexorably. We knew that it was extremely unlikely, practically impossible, that it would not happen. Nevertheless, this has not led us, either before or after, to become discouraged or renounce our stance. We insisted that it was necessary to fight against terrorism and against the war. A spirit of revenge or hatred against America never led us. It was with sadness that I meditated on the mistake that, in my view, was being made but I never uttered an insult or a personal offence. I have often said to those involved in this battle of ideas that there is no need to personally offend anyone. I rather enumerate facts, avoid adjectives, and analyse with cool head and wage arguments. That preserves our moral authority and prevents anyone from questioning the strength and sincerity of our position. Presently, I am afraid that if the possibility existed to defeat terrorism without a war, through cooperation and with the unanimous support of all the international community leading to truly efficient measures and to the building of a strong moral conscience against terrorism, that possibility tends to fade away with every passing day. The worst would be to come to a point when it would no longer be possible to find a solution that way because I see it ever more clearly that it is absurd and impossible to try to resolve this through war. I try to imagine what was going through the minds of the American political and military strategists; maybe they thought that a colossal deployment of forces would crush the will of the Taliban; perhaps, they were hopeful that an initial devastating blow would attain that objective.

Everybody knows the estimates made by NATO during the war against Yugoslavia. The idea was that the objectives would be accomplished in 5 days, but almost 80 days passed and it had not happened. It is also a known fact that despite the extraordinary display of technology and means, the Serbian army was practically intact. The envoys of Russia and Finland had to weight heavily to "persuade" the adversary through diplomatic channels when the time had come to fight on the ground, something that the members of the coalition were not particularly fond of.

I do not share the view that the United States' main pursuit in Afghanistan was oil. I rather see it as part of a geo-strategic concept. No one would make such a mistake simply to go after oil, least of all a country with access to any oil in the world, including all the Russian oil and gas it wishes. It would be sufficient for the U.S. to invest, to buy and to pay. Based on its privileges, the United States can even purchase it by minting reserve bonds on a 30 years maturity span. That is how, throughout more than 80 years, it has bought products and services accounting for over 6.6 trillion dollars. Military actions in Afghanistan are fraught with dangers. That is an extremely troubled area where two large countries have fought several wars. There are profound national and religious antagonisms between them. The population of the disputed territory is mostly Islamic. As the tempers grow frail, a war might break out; and both countries have nuclear capability. That risk is as serious as the destabilisation of the Pakistani government by the war. That government is being placed in a highly complicated position. The Taliban emerged there, and they share the same Pashtun ethnicity with an undetermined number of Pakistanis, in fact, no less than 10 million; and I have chosen the most conservative figure among those that have been mentioned. They also share with fanatic passion the same religious beliefs.

The U.S. military are usually well versed in their trade. I have met some when, after

retirement, they have visited Cuba as scholars. They write books, tell stories and make political analyses. I was then not surprised by the information released by The New Yorker magazine of October 29 in the sense that there was a contingency plan to seize the Pakistani nuclear warheads, in case a radical group took over the government of that country. It was absolutely impossible for the American strategists to overlook that substantial risk. Every bomb dropped on Afghanistan, every picture of dead children or people dying or suffering from terrible wounds, tends to compound that risk. What is hard to imagine is the reaction of those responsible for protecting those weapons, to a plan that is by now of public domain as much as Chronicle of a death foretold by Gabriel García Márquez. I am not aware of something the U.S. Special Services should know only too well, that is, where and how those nuclear warheads are kept and the way in which they are protected. I try to imagine -and it is not easy-- how such an action could be conducted by elite troops. Perhaps, one day someone might tell how it could be done. But, still, I find it hard to imagine the political scenario in the aftermath of such an action when the fight would be against over 100 million additional Muslims. The U.S. government has denied the existence of such contingency plan. It was to be expected. It could not do otherwise. The most logical question that crosses my mind is whether the heads of governments and statesmen who are friends of the United States and have a longstanding political and practical experience did not see these potential dangers, and why they did not warn the United States and tried to persuade it.

Obviously, America's friends fear it but do not appreciate it. It is always difficult to try to guess when it comes to these issues. But, there is something of which I am absolutely certain: it would be sufficient if 20 or 30 thousand men used clever methods of irregular warfare, the same that the United States wants to use there, and that struggle could last 20 years. It is completely impossible to subdue the Afghan adversary in an irregular warfare on that country's ground with bombs and missiles, whatever the calibre and the power of these weapons. They have already been through the hardest psychological moments. They have lost everything: family, housing, and properties. They have absolutely nothing else they can lose. Nothing seems to indicate that they will surrender their weapons, even if their most notable leaders were killed. The use of tactical weapons, which some have suggested, would have the effect of multiplying by one hundred that mistake and with it unbearable criticism and universal isolation. Therefore, I have never believed that the leaders of that country have seriously considered such tactics, not even when they were most enraged.

These are simply my thoughts that I am expressing to you. I think the way to show solidarity with the American people that lost thousands of innocent lives, including those of children, youths and elders, men and women to the outrageous attack, is by frankly speaking out our minds. The sacrifice of those lives should not be in vain, but rather it should be useful to save many lives, to prove that thinking and conscience can be stronger than terror and death. We are not suggesting that any crime committed on Earth should be left unpunished, I simply do not have elements of judgement to accuse anyone in particular. But, if the culprits were those that the U.S. government is trying to punish and remove, there is no doubt that the way in which they are doing it will lead to the creation of altars where the alleged murderers will be worshiped as saints by millions of men and women. It would be better to build an enormous altar to Peace where Humankind can pay homage to all the innocent victims of blind terror and violence, be it an American or an Afghan child. This is said by somebody who considers himself an adversary of the United States' policies but not an enemy of that country, one who believes to have an idea of human history, psychology and justice.

Having come to this point there is only one more issue left to discuss. What is happening with the anthrax is absolutely incomprehensible. Real and sincere panic has been created. The stocks of medications to fight that bacterium are being depleted. Many people are

buying gas masks and other devices, some of which cost thousands of dollars. Extravagant behaviour can cause more damage than the disease. When there is an outbreak of any disease, whatever the cause, it is essential to warn the people and to provide information on the illness and the measures that should be taken to prevent it, diagnose it and fight it. Diseases are carried from one country to another in natural ways, that is, through people, animals, plants, food, insects, commercial products and a thousand other ways, without the need for anyone to produce them in laboratories. That is how it has been historically. That is the reason for so many public-health regulations. The chaos and the psychological reaction to anthrax have turned the American society into a hostage of those who want to hurt it, knowing beforehand that they will sow terror. On numerous occasions our country has had to face up to new diseases affecting people, plantations and herds, many of them deliberately introduced. No wonder our country has graduated 67,128 medical doctors and thousands of technicians in plant and animal health. Our people know what should be immediately done in such cases. No other country in the world compares with the United States in the number of research centres, laboratories and medications, or the capacity to produce them or purchase them, to fight that or any other disease. In the face of real or imaginary risk, either current or future, there is no other choice but to educate the people to cope with them. This is what the Cubans have done.

The causes that gave rise to panic should be analysed. Certainly, it could not be said that the United States is not in risk of terrorist actions. However, I do not believe that under the present circumstances of generalised alertness, and the measures taken, any group inside or outside America could come up with a coordinated action, organised in every detail for a long time, synchronised and executed with such precision as that of September 11. In my view the main risk may lie with individual actions, or actions carried out by very few people from inside or outside America that could cause lesser or greater damage. None can be underestimated. But as important as the preventive measures that should be taken to tackle such risks, or even more important, is to psychologically disarm the potential perpetrators. And these include those who might want to do it out of political extremism, vengeance or hatred, or a significant number of people who are frustrated, unstable or deranged who might feel tempted by the spectacular or by wishes to be the main actors of well-known events. They could drive the American people mad by sending mail with or without anthrax. Everything possible should be done to put an end to panic, extravaganza and chaos, then danger will be reduced. In Cuba we have also seen the arrival and circulation of letters and postcards with strange powders and other things. One hundred and sixteen of them were detected from 15 to 31 October. 72 were coming from abroad: 36 from the United States, 8 from Great Britain, 3 from Canada, 2 from the Check Republic, 2 from Spain, 2 from The Netherlands, 1 from Denmark, 1 from Chile and 1 from the Arab Emirates. Of these letters 25 were addressed to me. I thank the senders for their kindness. Our laboratory staffs are becoming real experts. Thirty-one originated within the country and circulated here, several were no more than bad jokes. Five were being sent from Cuba to other countries: 2 to the United States, 1 to Pakistan, 1 to Italy and 1 to Costa Rica. In eight cases it has not been possible to determine where they have come from. Out of the 116 letters that have been examined, except for 24 that are still under analysis, no biological agent has been found. Not one worker in our postal services, the offices in the Palace [of the Revolution] or the laboratories has been contaminated. We are all in good health. There was no sensationalism, no scandal, no alarm or panic. No one purchased gas masks or medications. I am telling you the story simply to illustrate what I said about how incomprehensible it is what has happened with the anthrax in America. Even if a bacterium had been introduced here, there would be no panic and everybody would know what to do. But, it would certainly be very difficult for a letter to go out from Cuba to another country carrying viruses or bacteria. We are pleased to know that the two letters addressed to the United States did not leave our country, neither did the others that were supposed to get to

other countries. And thus we will cooperate with every people in the world.

Our doctors and other specialists as well as our technicians, research centres and our modest experience will be available in the struggle against biological bio-terrorism and other forms of terror. It is clear by now that America's friends fear it but do not appreciate it. Cuba is not in the least fearful of the enormous power of that nation, but it can appreciate its people. Thank you, very much.