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TO : THE DEPARTMENT OF STATE, WASHINGTON.

April 29, 1955
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SUBJECT: Economic and Financial Review, First Quarter of 1955 1 IN-7050-4
With Appendix: Economic and Financial Reappraisal of 1954 ARMY-4 NAVY-3
AIR-4 XMB-3 USIA-1000-2

Introduction and Summary:

Cuba returned to constitutional government during the first quarter of 1955 with the convening of Congress, the inauguration of President BATISTA, and the reorganization of the Administration. In his "state of the Republic" message to Congress, the President appropriately placed principal emphasis on Cuba's economic problems and called for national unity behind the government's programs to reduce unemployment and increase production in areas other than sugar. Even more important than the lift given the economy by the return to political normalcy, was the stimulus provided by a marked increase during the quarter of sugar sales on the world market. Despite this temporary improvement, uncertainty as to the future of Cuba's all-important sugar exports, particularly to the United States, continued to weigh heavily on the economy and one of the first acts of the new Congress was the unanimous adoption of a Resolution supporting the Administration's efforts to promote export markets and, especially, to protect Cuba's sugar marketing position in the United States.

Reflecting the seasonal impetus of the sugar harvest and also a slight relative increase in national income, domestic trade and production volumes generally were at satisfactory levels during the quarter under review. Stimulated by the National Bank and the government's public investment program, the monetary and credit expansion which has been under way since the latter part of last year continued and further improvement was made in the field of budgetary operations. Despite weakening of the booms in private construction and rice growing, factors playing significant roles in halting during 1954 the serious economic contraction which had been under way since 1952, the general economic outlook now seems for the present year to be somewhat better than last. The long-term outlook remains clouded by the uncertain sugar situation. Enactment by the United States of new legislation seriously harmful to Cuba's interests could upset the present equilibrium and send the economic cycle downward once again, with the inevitable adverse effects on our important exports to the Cuban market.

1/ The present despatch, delayed in preparation, supplements Embassy Report of April 14, 1955.

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GENERAL ECONOMIC FACTORS:

On a seasonally adjusted basis, the Cuban national income during the first quarter of 1955 is estimated to have been at an annual rate approaching 1,800 million pesos, moderately above that of the corresponding period last year. It now appears that the general economic contraction which started in mid-1952 was halted during late 1954 and that a modest and perhaps temporary recovery movement has been under way for the past few months.

On the basis of social security payments, wage volume in Habana Province, the heart of the Cuban economy, were more than ten percent higher during the first quarter of 1955 than in the same period last year. Incomplete reports from the other provinces indicate that wage volumes were about the same as last year. With the sugar harvest season at its peak during the period under review, unemployment decreased seasonally by more than 50 percent to a hard core level which is currently estimated by the Bureau of Labor Statistics to be between 300,000 and 400,000 workers.

The National Economic Council's index of wholesale prices for major consumption items moved downward from 91.3 to 91.1 /1 from December to March, continuing the trend of the past two and a half years but at a reduced rate. During this period of declining prices, the gains made pricewise by the economy have just about offset population growth leaving the changes in national income reflecting directly the changes in per capita real income.

AGRICULTURE:

Production of the 1955 sugar crop of 4,400,000 Spanish long tons, representing a cutback of over seven percent from 1954, was initiated early in January and the harvest was still in full sway as the quarter ended. Grinding of the regular crop for 1955 will be virtually completed by May 1, with many mills finishing well before that date. An additional three weeks or so of activity in part of the sugar industry will follow the regular crop season as some of the surplus cane is processed into hi-test molasses on a non-profit and reduced-wage basis in order to clear the fields and to provide additional employment. By the middle part of the second quarter of 1955 the harvest will be completed and the depressive effect of the long "dead season" will again come to bear on the Cuban economy.

The situation with respect to sales of Cuban sugar in markets other than the United States, which had been so discouraging throughout 1954, brightened considerably during early 1955 as the result of unexpected sales totalling 350,000 tons to the Soviet Union and smaller but significantly increased sales in other areas. Thanks largely to poor crop conditions last year in the Ukraine and Central Europe, the planned marketing of Cuba's 1955 sugar production now appears assured. The psychological boost given the Cuban economy by this fortuitous turn of events has undoubtedly played an important part in the current, moderate upswing of the business cycle. Unless Cuba's position in the United States sugar market is harmed

1/ August, 1952 = 100

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by new legislation, competent observers feel that the breathing spell which the Cuban economy is to enjoy during 1955 as a result of this improved sugar marketing situation may permit a further, moderate cutback in sugar production next year, if necessary, without seriously disturbing the equilibrium of the economy.

The expansion of Cuba's rice production, one of the important counter-deflationary factors during the past two years, appears to have about run its course and little further growth is expected during the next year or two. Because of the cool winter, the recent rice harvest was not satisfactory and official financing for rice production will in the future be limited to one crop a year to be harvested during the summer and fall months. Despite the relatively cold and unusually dry winter, production of other crops has been generally satisfactory. Cuba's important cattle industry continues to expand and promises well for the future, although a temporary shortage of dairy products caused by the dry winter is currently requiring extraordinary butter imports.

TRADE, INDUSTRY, and TRANSPORTATION:

Reflecting the moderate increase in national income and increased public confidence in the economy, merchandise trade during the first quarter of 1955 was rather better than had been expected at a level five to ten percent above that of the corresponding period last year. Sales in most lines were up nicely with automobile sales leading the field. Inventory accumulation reportedly slowed somewhat at the end of the quarter, as is usual in anticipation of the relatively slack period which will follow the completion of the sugar harvest. Manufacturing production continued at generally satisfactory levels but there were some persistent areas of weakness, notably in textiles.

Cuba's infant petroleum industry continued to expand during the quarter and drilling activity was at record-high levels. Six new wells were brought in at Jatibonico, the major center so far of the new petroleum boom, to double the number of producing wells in that area. One of these new wells yields about 700 barrels a day and is the largest producer yet to be developed in Cuba. Two wells producing higher gravity crude were brought in near Habana to add further promise of future developments which could be of major significance to the Cuban economy. The mining industry as a whole continued to be somewhat depressed with iron ore production still suspended and manganese output at an unsatisfactory level despite some increase in effective demand from the United States resulting from our higher rates of steel production.

The boom in private construction activity, which provided a much-needed support to the economy during 1954, has clearly passed its peak. The volume of building permits issued in Habana, where the boom has been concentrated, was fairly high during the first quarter of 1955, stimulated by the Cuban private investors continued preference for real-estate investment and by the financing facilities provided through the F.H.A., but the effective demand for new office space and apartments is weakening. A shift

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of private construction activity to low-cost, single-unit houses may cushion the fall but a marked decline in the tempo of private construction during the remainder of 1955 seems inevitable. Public works activity, financed largely by government bonds, was permitted to slow during the period under review as the sugar harvest took up most of the slack in the economy. Activity in this field is planned to be resumed on a large scale before mid-year. In addition to regular public works funds, about 27 million pesos from the first 100 million increment under the government's 350-million, four-year "Economic and Social Development Plan" have already been allocated to specific public works projects.

Outbound cargo shipments increased substantially during early 1955 with the improvement in sugar sales on the world market and the volume of inbound cargo was about the same as last year, demonstrating the sustained effective demand for imports. Internal carloadings were off slightly for the quarter, as compared to the corresponding period of 1954. New legislation designed to better regulate the trucking industry and to improve the competitive position of the railroads was enacted in January but the railroads remain a sick element in the economy. Efforts of the Consolidated Railways, which serve the eastern half of Cuba, to reduce losses by dismissing or retiring surplus personnel are still suspended pending the special investigation report of the government's General Accounting Office.

LABOR:

A major gain was made by Cuban labor organizations in early 1955 with the establishment by a series of governmental decrees of a compulsory one percent checkoff system in major sectors of the transportation, manufacturing, and commercial and service industries. The checkoff is levied against wage and salary payments to all workers in the prescribed industries, regardless of whether they are union members or not. The proceeds of this compulsory checkoff are allocated, in designated shares, to the Cuban Labor Confederation, the national industrial federations, and the local unions. Vigorous protests against the new system are being registered by the industrial and commercial associations but most observers feel that no significant modification is probable. The revenue provided to the labor organizations is relatively substantial and will be of importance in strengthening their position in the economy.

To some extent, the granting of the compulsory checkoff was probably intended by the government to compensate organized labor for losses entailed in the conditions decreed for the 1955 sugar crop. Wage payments for the current harvest were reduced over seven percent from 1954 rates and the additional "superproduction" benefit was curtailed. Further, labor was forced to accept bulk loading of sugar, which it had fought successfully for years, but only with provisos which protect the jobs of workers at loading points.

FINANCE:

Under the seasonal influence of the sugar industry, Cuba's international

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reserve position normally improves during the first and second quarters of each year but the gain during the first three months of 1955 was even greater than might have been expected thanks to the mentioned improvement in sugar sales on the world market. The international reserve holdings of the National Bank increased during this period from 467 to 509 million dollars, a March 31 level which was less than 3 percent below that of a year previously. The internal monetary expansion which has been under way more or less regularly since the third quarter of last year continued during the period under review with the volume of paper currency in circulation increasing about two percent to 431 millions. Largely because of the strengthening of the State's deposits but reflecting also increased reserve deposits by private banks, the National Bank's reserve liable deposits increased from 225 to 275 millions. Despite the large increase in reserve holdings during the quarter, this upward movement in deposit items plus the expansion of peso notes in circulation left the official reserve ratio virtually unchanged at 72 percent as compared to 79 percent a year previously.

Internal credit creation by the National Bank, expansion of which during the latter part of 1954 assisted in halting the economic contraction, continued to expand during early 1955 but at a reduced rate. Rediscount and other credits to associated banks increased 20 millions to a March 31 total of 67 million pesos. Direct advances to the State increased moderately as did investments for account of the State (i.e., special purchases of public securities with funds deposited by the State) but the National Bank's portfolio holdings of public bonds were reduced by about a third to a level of less than 16 millions, reflecting a somewhat stronger internal bond market. Grouping these various internal credit elements together, the net expansion made by the National Bank during the quarter was from 124 to 139 million pesos. It is the apparent intent of the National Bank to further this expansionary policy during the remainder of the year and the present moderate tempo of expansion will probably increase by mid-year.

Along with the increase in paper money in circulation, the volume of private demand deposits also increased moderately during the quarter to expand the active privately held money supply by about three percent over the period. To some extent this expansion is seasonal but it also reflects the expansionary policy of the National Bank. Total deposits in commercial banks increased by about four percent during the period under review to a level of 733 millions and the volume of loans outstanding increased by almost six percent to 437 millions. With March clearings in Habana the highest in Cuba's history at 429 millions, exclusive of official transactions, the total volume for the quarter was 1,052 millions, a volume almost twelve percent above the same period last year and the second largest quarterly volume ever recorded. Draft collections continued to be generally satisfactory but a slight slowdown, relative to 1954 experience, was noted during the quarter with respect to domestic transactions.

The encouraging improvement in budgetary receipts noted during late 1954, after more than two years of more or less steady deterioration, became even more marked during the first quarter of 1955. Official information on current budgetary operations is still not being made public but data

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provided in confidence indicate that budgetary receipts of almost 85 million pesos for the quarter, five percent above the same period last year, exceeded quarterly budgetary expenditures by roughly seven millions to reduce the accumulated deficit for fiscal 1954-1955 to about five millions. After April, collections will decline seasonally and a further deficit is anticipated for the final quarter of the fiscal year but the total deficit for 1954-1955 will apparently not exceed 20 millions and may be as low as 12 millions. Compared to the previous fiscal year's deficit, reported in confidence to have been determined by the Finance Ministry at 33 millions, a deficit of the order indicated for the present year represents significant improvement. To an important degree, the recent improvement in revenue collections reflects the moderate rise in national income but measures taken during 1954 to improve fiscal administration and to curtail corruption have also played a significant part. It should be stressed that the improvement in budgetary operations, relative to last year, has been accomplished without significant curtailment of government expenditures and without important tax increases. A "controlable deficit" policy has deliberately been employed by the government as an anti-deflationary weapon and indications are that it will be continued at least into fiscal 1955-1956.

An important development of the past quarter was the enactment of a law converting the Economic and Social Development Fund, executive agency for the government's 350-million, four-year public investment plan, into a bank (BANDES) with full capacity to engage in credit and discount operations, to accept deposits, etc. Temporarily at least, BANDES is to be directed by the President and the Board of the National Bank, creating a possibly dangerous situation with the central bank of issue and deposit, inherently a conservative institution, directly involved in this large scale and rather radical public investment program. To further expand the internal market for public securities, and thus to ease financing of this development program, the BANDES law authorized the private banks to hold up to 40 percent of their centralized reserve deposits in public bonds instead of entirely in cash, a move which will inevitably weaken the National Bank's international reserve position.

Further, and perhaps most serious of all, the same law authorized the establishment of exchange or trade controls if necessary to the development program or to protect the balance of payments. Previously, such controls were authorized only if the balance of payments situation threatened to exhaust the international reserves. Informed observers are seriously concerned that the government's public investment program and other expansionary measures may be carrying Cuba to the abyss of exchange control, although the danger is considered less immediate now than it did before the sugar marketing situation improved. Comments made by informed officials indicate that there is now little probability of exchange control being established any time soon but that import restrictions in some form may be utilized should Cuba's export position take a serious turn for the worse. Insofar as possible, our policy should be to strongly discourage Cuba from adopting controls on imports or exchange as they would without doubt place a major handicap on our important export trade to this market. In this connection, the great importance of our not seriously harming Cuba's position in the

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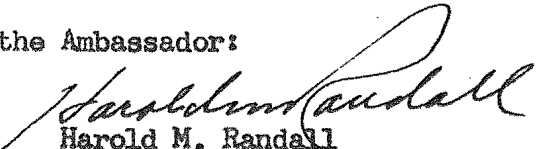
United States sugar market should be emphasized.

Another development of early 1955 which may have important effects on the future of the Cuban economy, was the enactment of legislation setting the stage for a complete revision and modernization of Cuba's customs tariff system. This "customs reform" program, which will probably evolve slowly over a protracted period, will apparently be heavily slanted toward the promotion and protection of industrial development through such tariff adjustments as are possible under Cuba's international commitments.

OUTLOOK:

The general outlook for the Cuban economy in 1955 now appears brighter than it did at the end of 1954. The considerable improvement in sugar sales to markets other than the United States has given a decided lift to the economy and the return to constitutional government has had a salutary effect on business confidence. Indications of a slight increase in national income during the first few months of 1955 provide basis for a prediction that this year will in general be better than last, although shadowed by the fading boom in private construction and by unfavorable prospects for further expansion of the rice industry. While 1955 may provide a breathing spell for the hard-pressed Cuban economy, no major recovery seems possible, barring unforeseen developments such as the outbreak of war or sensational developments in Cuba's infant petroleum industry. Beyond 1955, the outlook remains clouded by uncertainties as to the all-important sugar marketing situation, both in respect to the United States and to the world market.

For the Ambassador:


Harold M. Randall
Counselor of Embassy
for Economic Affairs

Enclosure:
Appendix. 

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APPENDIXEconomic and Financial Reappraisal of 1954Introduction:

Viewed in retrospect, it now appears that the serious contraction of the Cuban economy which had been under way since mid-1952 was brought to a halt during the latter part of 1954 and that a modest recovery was started by the end of the year. The depressive effect of the 1954 curtailment of sugar production, relatively moderate compared to the severe cutback of the previous year, was compensated by a number of internal expansive factors, reflecting both private and public investment. Monetary deflation was avoided as the downward pressure on the means of payment supply engendered by a substantial reduction in sugar exports was more than offset by internal credit expansion, promoted by the National Bank at moderate cost to Cuba's international reserve position. The political climate, disturbed since General BATISTA seized power in March, 1952, improved markedly during late 1954 as national elections legitimized the Batista regime and set the stage for a return to constitutional government, with favorable effects on business confidence.

The Economy in General:

Cuba's gross national product and national income during 1954 were at levels roughly comparable to those of the previous year, with national income for 1954 provisionally estimated at 1,725 million pesos. Prices in general continued to move downward moderately and living costs for low and middle-income families, whose expenditures for food represent a major part of total costs, appear to have decreased about three percent over the year. This decline in living costs offset population growth leaving per capita real income approximately unchanged. Cuba's serious unemployment problem persisted during 1954 but does not appear to have worsened. The best available official estimates indicate that permanently unemployed workers averaged about 300,000 during 1954, almost one-eighth of the labor force. In addition, seasonal or partial unemployment, largely in the sugar industry, affected another 500,000 workers.

The major depressive factor operating on the Cuban economy during 1954 was the necessary restriction of sugar production to 4.75 million Spanish long tons, a level five percent below 1953 and 32 percent below 1952. The estimated loss in gross national product of 120 millions, relative to the previous year, deriving from reduced sugar output was partially compensated by the special production on a non-profit, reduced-wage basis of denatured, hi-test molasses which through the multiplier effect added perhaps 35 millions to GNP.

Except for the sugar industry, the private economy operated at generally satisfactory production and trade levels during 1954, allowing for the usual seasonal variations, and substantial gains were made in some important sectors. Deserving first mention as an expansionary factor was the

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boom in private construction activity which during 1954 increased by about 20 percent to reach an investment level for the year of almost 100 millions. The Cuban private investor's continued preference for real estate was a major factor in this boom with the financing facilities provided by the Government's recently-established F.H.A. also playing a significant role. In the agricultural field, rice production increased by about 20 percent to provide a significant lift to the economy and expansion of note was also made in the important livestock industry and in tobacco, coffee, corn and some miscellaneous food crops. A frothy, small-scale boom in petroleum was initiated during 1954 following the discovery of Cuba's first sedimentary oil deposits, giving rise to hopes of future major developments, but other areas of the minerals field were spotty with fairly satisfactory production levels in nickel and copper offset by reductions in manganese, as stock-piling purchases by the United States were suspended, and in iron ore. Except for depressed sectors of the textile and clothing industries, manufacturing production volumes were at healthy levels during most of 1954. Sales of merchandise revived nicely toward the end of the year and trade volume during 1954 was approximately comparable to the previous year, indicating a fairly well sustained consumption level. Reversing the trend started in 1952, commercial and manufacturing inventories appear to have leveled off during 1954.

Supplementing in important degree the above-mentioned expansionary elements supporting the Cuban economy during 1954, was the intensified public works program financed by bond issues. The volume of public investment in this field, concentrated on highway, street, public building and port construction activities, was roughly doubled during the year to a total of nearly 60 million pesos. Like the private construction boom, these expanded public works activities were largely in and near Habana, partly for political reasons, and consequently the Habana area prospered during 1954 relative to the rest of the country. A significantly anti-deflationary influence was also exercised in the economy by the government's deficit policy with respect to budgetary operations, which preserved virtually intact the purchasing power of Cuban officialdom. The government pay roll is second in the Cuban economy only to that of the sugar industry.

Because of an increase of about 500,000 tons in sugar stocks during 1954 and because of the high rate of investment in construction activities, gross capital formation for the year was somewhat greater than normal. Disregarding the sugar factor as being a dubious asset, capital growth during the past year appears to have been considerably less than desirable for the underdeveloped Cuban economy. Indications were made, however, of some relative improvement in this situation with major new investments started or projected in electric power, water supply, petroleum refining, nickel mining, tourist hotels, and cement. Prospects for increased and more productive private investment, both domestic and foreign, would have been considerably brighter had the government made necessary changes in labor policy and practices. Although the enactment of investment-stimulating labor reforms appeared probable during early 1954, the year ended without significant accomplishment in this field.

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Money and Banking:

Essentially because of depressed sugar sales to markets other than the United States, resulting from increased world production during 1953-54, Cuba's exports during 1954 were about 100 million pesos or 15 percent below the previous year. As imports remained at the 1953 level, Cuba's favorable trade balance deteriorated by this 100 millions creating an unfavorable payments balance for 1954 which probably exceeded 50 millions. Under the pressure of this unfavorable turn in the balance of payments, Cuba's official international reserves held through the National Bank decreased by about 26 million dollars during 1954 to a year-end level of 468 millions. The remainder of the payments deficit was apparently absorbed largely by net reduction in private dollar assets.

Reflecting the expansionary policies of the government and the National Bank, the volume of peso notes in circulation increased moderately, particularly during the closing months of 1954, with the volume at the end of the year up about two percent. The reserve-liable deposits in the National Bank increased even more over the year, moving upward about 14 percent to 225 millions. As a result of these liability increases and the decline in the international reserves, the official reserve ratio was reduced from 80 to 72 percent over 1954. Despite the psychological demand in the Cuban economy for a high reserve ratio and the sensitivity to any downward movement, a situation reflecting the uncertainties of an essentially one-crop, export economy and the relatively brief history of the independent Cuban monetary system, there was no significant flight of private capital during 1954.

Except for emergency support in financing sugar stocks and some direct advances to the State to handle budgetary difficulties, the National Bank followed a generally passive monetary policy from 1952 to mid-year 1954, allowing the economic contraction to carry the economy to what may be considered a fairly normal level of operations compared to the 1951-52 boom period. Since last July, countering the depressive effect of the unfavorable payments balance, the National Bank has employed an active policy of credit expansion with net internal credit creation more than doubling during the last five months of 1954 to a level of 124 million pesos. About a quarter of this increase represented an expansion of discounts and credits to private banking with the remaining and much greater share representing advances to the State and direct or indirect purchases of public securities.

In addition to this internal credit expansion, the National Bank became increasingly active during 1954 in other expansionary fields in support of the government's anti-deflationary program. Assistance was lent the official Agricultural and Industrial Development Bank (BANFAIC) in its significantly increased operations supplying credit, not available commercially, to agriculture and industry. The Cuban Foreign Trade Bank was established during mid-1954, under National Bank auspices, to promote exports, particularly sugar exports to relatively soft currency countries through bilateral arrangements including barter. More important, the government during late 1954 initiated a 350-million, four-year "Economic

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and Social Development Program", financed by public bonds and aimed somewhat vaguely at increasing employment through diversifying and expanding production 1/, which is being administered by the National Bank. This relatively large and radical public investment program, productive aspects of which remain uncertain, gives rise to serious concern as to the possible advent of trade or exchange controls in Cuba. The direct involvement in this dubiously beneficial program of the National Bank, inherently conservative as the central bank of issue and deposit, and its emerging role as financial magician for the Government do not augur well for future monetary stability.

In line with the credit expansion promoted by the National Bank, commercial bank credit expanded during late 1954 and loans outstanding at the end of the year were about 10 percent above the end of 1953. In comparison, the total volume of private deposits remained virtually unchanged but transfers to savings accounts, encouraged by more widespread granting of a two percent interest rate on such deposits, reduced slightly the level of checking deposits. This adjustment, perhaps more technical than real in nature, mitigated the monetary expansion deriving from increased peso note circulation leaving the active supply of privately held money up only about one percent for the year. Debits to demand deposits and bank clearings increased five and six percent respectively over 1953 indicating some improvement in business transaction volume but, although valuable for analysing short-term trends, some caution must be employed in using these data for longer-term analysis because of what appears to be a marked secular trend toward increased use of modern banking facilities by the Cuban private economy.

Fiscal Policy and Operations:

During 1954, the government continued a deficit policy in budgetary operations primarily for its anti-deflationary effect but also with a view to the loyal support of the Cuban bureaucracy and Armed Forces in the November general elections. Tax rates were left substantially unchanged while efforts were intensified to increase collections through more efficient administration and through curtailment of corruption. A marked improvement in budgetary operations was apparent during the closing months of the year, indicating that these efforts were meeting with significant success.

Because of the relatively depressed level of collections during the first half of the year, total budgetary receipts for 1954 were about three percent below the previous year, with allowance made for changes during the year in budgetary accounting. Reflecting moderate downward adjustments in official salaries and administrative costs, total budgetary expenditures appear to have been reduced about six percent leaving a deficit for calendar 1954 of roughly 25 million pesos as compared to a 35-million-peso deficit the previous year. Part of this 1954 deficit was financed through the issue of one-year, interest-free, discountable tax anticipation certificates and a small increment was managed through a net increase in Treasury Note sales to the National Bank. A substantial portion remains unliquidated in the form of accounts outstanding with the State's suppliers and contractors.

Primarily because of new public bond issues to finance the special public

1/ See D-195, Aug. 20, 1954 and subsequent reports on this subject.

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works and development programs and secondarily because of the financing arranged for the budgetary deficit, including a holdover from budgetary operations during 1953, the formal public debt increased during 1954 from 292 to 396 millions. Considerably more important than this substantial increase in public debt during the past year is the already projected increase during the next three or four years which will carry the formal debt level to more than 900 millions if the government's announced plans for the Development Program, for regularization of the floating debt, and for rehabilitation of the Treasury custodial accounts dissipated during the pre-Batista era are carried into effect. At its present level, the cost of servicing and amortizing the public debt represents about nine percent of budgetary receipts and 1.6 percent of national income. Allowing for lower interest rates and longer amortization periods and assuming moderate increases in revenues and national income, the projected debt increase would approximately double the effective burden on the government and the economy. Respected financial commentators demonstrated considerable concern during 1954 that public debt expansion would lead to inflation and endanger monetary stability but the government publicly discounted such dangers, insisting that public debt growth was essential to the support and development of the economy.

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