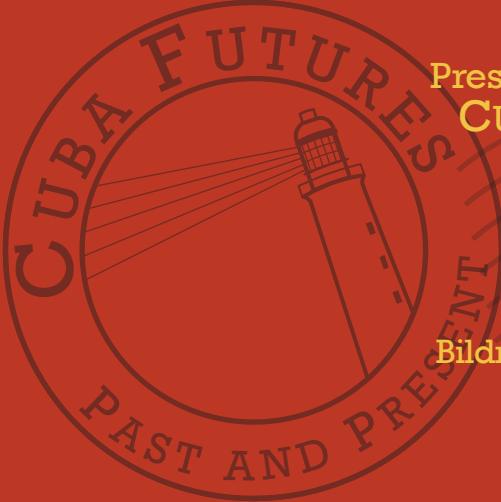


POLITICAL ECONOMY

of CHANGE in CUBA



Presented at the International Symposium
CUBA FUTURES: PAST AND PRESENT
March 31 - April 2, 2011



The Cuba Project
Bildner Center for Western Hemisphere Studies
The Graduate Center, CUNY

POLITICAL ECONOMY OF CHANGE IN CUBA

Bildner Center for Western Hemisphere Studies

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Table of Contents

<i>List of Figures</i>	<i>v</i>
<i>List of Tables</i>	<i>vii</i>
<i>Preface</i>	<i>xi</i>
<i>1 La actualización del modelo económico cubano</i> <i>Omar Everleny Pérez Villanueva</i>	<i>1</i>
<i>2 Las restricciones de divisas en la economía cubana, 2010</i> <i>Pavel Vidal Alejandro</i>	<i>19</i>
<i>3 New Forms of Enterprise in Cuba's Changing Economy</i> <i>Camila Piñeiro Harnecker</i>	<i>43</i>
<i>4 Valoración del impacto de las medidas más recientes en los resultados de la agricultura en Cuba</i> <i>Armando Nova González</i>	<i>63</i>
<i>5 Las nuevas transformaciones en la agricultura cubana: éxitos y desafíos</i> <i>Reynaldo Jiménez Guethón</i>	<i>81</i>
<i>6 Cuba y el turismo norteamericano. Análisis de potencialidades y de impactos en la región caribeña</i> <i>Gerardo González Núñez and Roberto Orro Fernández</i>	<i>95</i>

<i>7 Tourism in Cuba: Barriers to Economic Growth and Development</i>	
<i>Hilary Becker</i>	117
<i>8 Cuba: A Services-Centered Survival and Development Pattern</i>	
<i>Alberto Gabriele</i>	133
<i>9 Theoretical Foundations of a Future Privatization in Cuba: The Property and Ownership Paradigm</i>	
<i>Frank-Christian Hansel</i>	155
<i>10 Globalization and the Socialist Multinational: Cuba and ALBA's Grannanational Projects at the Intersection of Business and Human Rights</i>	
<i>Larry Catá Backer</i>	183

Figures

- Gráfico 1-1. Tasa de crecimiento anual del producto interno bruto a precios constantes de 1997 (%) 5
- Gráfico 1-2. Estructura del producto interno bruto en % 6
- Gráfico 1-3. Aporte de la agricultura y la industria manufacturera incluyendo la azucarera al PIB en millones de pesos a precios constantes de 1997. 6
- Gráfico 1-5. Incumplimiento del plan de inversiones anual en % 7
- Gráfico 1-4. Relación de los fondos básicos puestos en explotación por peso de inversión en pesos. 7
- Gráfico 1-6. Tasa anual de crecimiento de la población (por mil habitantes) 8
- Gráfico 1-7. Población cubana de más de 60 años de edad en relación al total en porcientos. Real hasta 2009 y estimado 2015 y 2020 9
- Gráfico 1-8. Tasa de crecimiento anual de los indicadores de productividad del trabajo y salario medio mensual en %. Periodo 2000 al 2010. 9
- Gráfico 1-9. Ocupados en la actividad económica. Miles de trabajadores. 10
- Gráfico 1-10. Viviendas terminadas 2000-2010 en unidades. 11
- Gráfico 1-11. Exportaciones e importaciones de bienes. 2000-2010. En millones de pesos 12

- Gráfico 1-12. Exportaciones e importaciones de bienes y servicios (2000-2010). En millones de pesos 13
- Gráfico 3-1. Exportaciones de bienes y servicios, 2004-2010 45
- Gráfico 3-2. Balance externo de bienes, servicios y total, 2004-2010 47
- Gráfico 3-3. Exportaciones de bienes por sectores, 2004-2009 48
- Gráfico 3-4. Deuda externa total, 2000-2010 50
- Gráfico 3-5. El crecimiento del PIB y las restricciones de divisas, 2000-2010 51
- Gráfico 3-6. Balance fiscal, 2000-2011 58
- Gráfico 3-7. Balance externo de bienes y servicios 60
- Figure 4-1. Evolution of non-state employment (1981-2010) 69
- Figure 4-2. Estimates of the increase in non-state employment 70
- Figure 4-3. Distribution of new business licenses by type of activity 72
- Gráfico 7-1. Principales países emisores de turistas a Cuba (2008) 121
- Gráfico 7-2. Cantidad de hoteles en Cuba 122
- Figure 8-1. 8 Poles of Cuban tourism development 145
- Figure 8-2. Process for sustainable tourism in tourist destinations (ACS) 150
- Figure 8-3. Proposal for new Ministry of Small Business Enterprise 151

Tables

- Table 2-1. Output 25
- Table 2-2. Domestic demand (% growth) 26
- Table 2-3. Export earnings 27
- Table 2-4. Import capacity and composition (\$ bn) 28
- Table 2-5. Two year forecast 29
- Table 2-6. Five year forecast 35
- Table 2-7. GDP per capita/averages, PPP US\$ 42
- Cuadro 3-1. Deuda externa activa en 2007 49
- Cuadro 3-2. Causas de la crisis financiera cubana 56
- Cuadro 5-1. Formas de tenencia de la tierra (%) 92
- Cuadro 5-2. Principales producciones agrícolas 101
- Cuadro 5-3. Producción agrícola 2002-2009 (Miles de qqs) 101
- Cuadro 5-4. Producción ganadera 2001-2009 102
- Cuadro 5-5. Dinámica de las importaciones 2002-2008 (MUSD) 103
- Cuadro 7-1. Estadísticas seleccionadas de los polos turísticos (2008) 123
- Cuadro 7-2. Estimados del número de turistas provenientes de los mercados tradicionales (miles de turistas) 125
- Cuadro 7-3. Estimaciones de los turistas norteamericanos que Cuba podría recibir 128

- Cuadro 7-4. Turistas norteamericanos al Caribe por destinos (miles) 132
- Cuadro 7-5. Estimados de turistas norteamericanos al Caribe según tendencia 2000-2008 (miles) 133
- Cuadro 7-7. Proporciones de turistas norteamericanos por destinos 134
- Cuadro 7-8. Pérdida estimada de turistas norteamericanos por destinos (miles de turistas) 134
- Cuadro 7-6. Estimados Ajustados de Turistas Norteamericanos al Caribe (miles) 134
- Cuadro 7-9. Pérdida estimada de turistas norteamericanos por destinos (miles de turistas) 135
- Cuadro 7-10. Pérdida estimada de turistas norteamericanos por destinos (miles de turistas) 135
- Cuadro 7-11. Pérdida estimada de turistas norteamericanos por destinos (miles de turistas) 135
- Table 9-1. GDP Structure, 2000-2009 159

Preface

The dynamics of contemporary Cuba—the politics, culture, economy, and the people—were the focus of the three-day international symposium, *Cuba Futures: Past and Present* (organized by the Bildner Center at The Graduate Center, CUNY). As one of the largest and most dynamic conferences on Cuba to date, the *Cuba Futures* symposium drew the attention of specialists from all parts of the world. Nearly 600 individuals attended the 57 panels and plenary sessions over the course of three days.

Over 240 panelists from the US, Cuba, Britain, Spain, Germany, France, Canada, and other countries combined perspectives from various fields including social sciences, economics, arts and humanities. They provided in-depth treatment of a wide range of topics, including US-Cuba relations, healthcare, the history and legacy of the Cuban revolution, the increasingly complex Cuban diasporas, cinema, music, literature, and cultural institutions, the visual and performing arts, religion, the role of intellectuals, urban spaces, civil society, democracy, the impact of the Internet and technology, social development, non-governmental organizations, Afro-Cuban cultural movements, gender and sexuality, tourism, and race and ethnicity. The conference also discussed Cuba's links to the rest of the world.

The conference was organized by Bildner Center director Mauricio A. Font and the *Cuba Futures* organizing committee, consisting of a growing number of Cuba specialists at the City University of New York, with support from the Bildner Center staff. Since 1997, The Cuba Project has been organizing related conferences creating a space for sustained dialogue on contemporary issues of Cuban society. The papers in this volume were

presented during the Cuba Futures conference and focus on recent economic reform in Cuba.

1 La actualización del modelo económico cubano

Omar Everleny Pérez Villanueva¹

No cabe duda que las transformaciones en curso en la economía cubana, están enmarcadas en los límites del modelo de desarrollo económico socialista cubano, pero cuales son algunas de las claves de ese modelo?

1. Protagonismo estatal en la economía.
2. Regulación y Dirección de la economía, donde el PLAN juega un papel importante.
3. Liderazgo y protagonismo político.
4. Mantención de los logros sociales alcanzados.
5. Marco ideológico basado en el tipo de relación Cuba USA.

1. Omar Everleny Perez Villanueva es Profesor Titular en el Centro de Estudios de la Economía Cubana de la Universidad de la Habana. Es un economista con 25 years de experiencia en la investigación económica y en la docencia en los campos del desarrollo económico, incluyendo los estudios sobre el efecto de la inversión extranjera directa en economías en desarrollo, con énfasis en Cuba y en el Caribe. Recientemente está incursionando en las temáticas de estudios comparados de China y Viet Nam con Cuba. Ha impartido conferencias en distintas universidades de Europa, Asia y América. Es autor de diferentes publicaciones donde sobresale *Cuban Economy at the Start of the Twenty First Century* junto a Jorge Domínguez y Lorena Barbería, Harvard University (2004), *Reflexiones sobre la economía cubana*, Editorial Ciencias Sociales, la Habana.(2006) y *Miradas a la economía cubana* (2009).

Las máximas autoridades cubanas han repetido en los últimos tres años que los problemas estructurales necesariamente deben resolverse en el menor plazo posible, ya que lastran cualquier perspectiva de desarrollo, lo cual es muy cierto.

Estos problemas estructurales en la economía, han sido debatidos con fuerza al menos en el ámbito académico en los últimos 15 años, donde se destacan la escasez de divisas, las distorsiones del sistema de precios relativos derivadas del tipo de cambio oficial sobrevaluado, la ausencia de convertibilidad, la dualidad monetaria, los mercados segmentados, el magro desempeño de la economía real especialmente la industria azucarera, y la agricultura y los problemas de eficiencia de las entidades públicas que se analizaran posteriormente.

Estos problemas estructurales son los que han incidido en el deterioro de la mayoría de los indicadores económicos del país, entre ellos la pérdida de dinamismo de las exportaciones, las inversiones y, en definitiva, en el Producto Interno Bruto y que algunos de ellos pudieran ser:

- La expansión de los servicios, especialmente los profesionales, mientras que la agricultura y la industria se mantienen rezagadas.
- Poca diversidad del comercio exterior; donde el equilibrio de la balanza de pagos recae en la exportación de servicios profesionales, especialmente personal de salud, cuyo efecto de arrastre al resto de la economía es aún bajo.
- Baja productividad en gran parte del sector empresarial estatal (no se han llevado a cabo reformas estructurales suficientes para cambiar tal situación).
- Baja eficiencia económica en general, con altos consumos tanto de energéticos como de otros materiales.
- Elevada distorsión en la relación consumo-acumulación e ingresos-consumo.
- Tendencia demográfica preocupante, típica de países con mayor desarrollo relativo.

Estos problemas están interrelacionados, y se despliegan en una economía con un mercado interno pequeño, extremadamente dependiente de las importaciones, y que tiene que lidiar con un bloqueo económico por parte de Estados Unidos.

Pero el tiempo transcurrido en el decursar del proyecto socialista, más el análisis de las experiencias de otros países socialistas asiáticos, colocan al estado cubano ante la imperiosa necesidad de actualizar su modelo económico, donde el mercado deba tener un papel cada vez más creciente en

la economía cubana, aunque se manifieste que prevalecerá la planificación y no el mercado.

Es decir se presenta la necesidad de la realización de los cambios en la estructura económica de Cuba, aunque no deberá ser cualquier cambio, al menos en el mediano plazo, sino aquellos que permitan desplazarse hacia sectores de mayor productividad o de mayor valor agregado.

Las propias autoridades cubanas han reflexionado sobre la situación actual de la economía cubana y han planteado la necesidad de realizar esas transformaciones estructurales en el país. Y ya se reconoce que el estado puede ceder actividades que no le son estratégicas, y que sean capaces de absorber la gran cantidad de trabajadores que quedarán disponibles en los próximos años, en la nueva reorganización en curso en las empresas y en las unidades presupuestadas, donde las cifras de personas a reubicar estaría en el entorno de 1 a 1.3 millones de trabajadores en un primer periodo, aunque el primer periodo tiene un primer momento en el año 2011 donde quedarían disponibles unos 500 000 trabajadores estatales.

El llamado a la actualización del modelo económico cubano ya presentado, hizo necesario la convocatoria al Congreso del Partido (Sexto Congreso) aplazado desde hace más de 13 años por distintas coyunturas, y para lo cual se elaboró el documento “Proyecto de Lineamientos de la política económica y social” en el cual se valora los factores externos e internos presentes en la actualidad y que afectan la economía cubana, entre los que mencionan los lineamientos y los que este autor agrega estarían los siguientes.

Dentro de los externos sobresalen²

- Entorno internacional caracterizado por la crisis capitalista actual, especialmente las financieros, energética, alimentaria, entre otros.
- Deterioro de los términos de intercambio para un grupo de países subdesarrollados.
- Dificultades con los financiamientos externos en condiciones blandas.
- Caso particular de la persistencia del bloqueo de USA a Cuba.
- Incremento de fenómenos meteorológicos adversos, huracanes, terremotos, etc. En el caso de Cuba significó más de 20 564 millones de dólares en pérdidas desde 1998.

2. Proyecto de Lineamientos de la política económica y social. 1 de noviembre del 2010. Documento a ser.

En los internos ha estado presente la ineficiencia económica y el deterioro de un número significativo de indicadores, entre ellos.

Bajos crecimientos económicos, especialmente en la industria y la agricultura.

- Baja eficiencia en las inversiones y deterioro de otros indicadores.
- Descapitalización de la base productiva e infraestructura.
- Envejecimiento y estancamiento en el crecimiento poblacional.
- Inadecuada relación ingreso de los trabajadores con los elevados precios de los bienes y servicios tanto en los mercados de libre formación como en los mercados estatales en divisas y en pesos liberados.
- No relación de la productividad del trabajo con el incremento del salario medio mensual.
- Exceso de centralización económica.
- Elevadas prohibiciones a la sociedad, por ejemplo para la adquisición de determinados bienes y servicios.
- Bajo nivel de construcciones de viviendas.
- Déficit financiero externo e interno de la economía.

Es factible entonces el análisis de algunos de estos indicadores para comprender la sagacidad y la necesidad del gobierno cubano de emprender la actualización de su modelo, en el plazo más breve y viable posible, aunque las autoridades deben estar consciente de la resistencia al cambio que deberá enfrentarse en este inicio, tanto de dirigentes actuales como de la población, acostumbrados a un estado más paternalista, interesado más en los gastos que en los ingresos al estado.

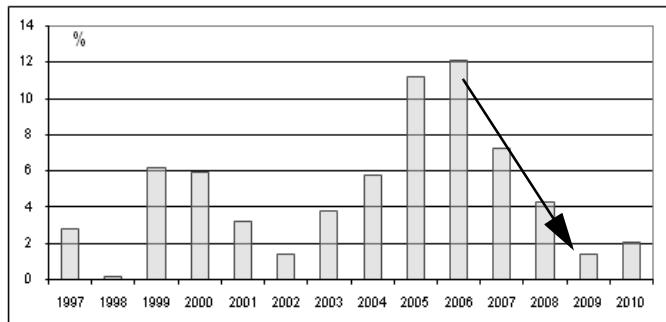
Como que en los factores internos, son los que el gobierno puede incidir, es necesario entonces realizar un diagnóstico económico de la situación actual, en aras de proponer las alternativas a seguir en cada variable.

a) Evolución del PIB.

La economía cubana ha frenado en el 2010 la desaceleración del ritmo de crecimiento económico de los últimos años, a pesar de que la tasa de crecimiento entre el período 2000 al 2006, resultó significativa ya que alcanzó un promedio anual del 6,2% del Producto Interno Bruto (PIB) a precios constantes de 1997, pero aún son ritmos bajos de acuerdo a las potencialidades no explotadas de la llamada “economía real” como es la industria y la agri-

cultura, y a las necesidades acumuladas tanto por la población como el gobierno.

Gráfico 1-1. Tasa de crecimiento anual del producto interno bruto a precios constantes de 1997 (%)



Fuente: Oficina Nacional de Estadística. Anuarios Estadísticos de Cuba y Panorama Económico y Social. Cuba 2010. La Habana.

b) Estructura del PIB.

En la estructura del PIB (Fig. 2) se manifiesta una tendencia a la reducción del peso relativo en la composición del PIB de los sectores de bienes (agricultura, industria), y de servicios básicos como la construcción y transporte y se destaca un incremento importante de los “otros servicios” especialmente por la salud, el comercio, entre otros, donde en general los servicios aportaron al PIB el 80% en el 2010.

Entonces habría que reflexionar si es posible emprender un proceso de desarrollo sobre la base de crecer en sectores de servicio de baja productividad, como es el caso de la salud, comercio, educación, entre otros.

Aunque los lineamientos indican las áreas en los que el país debería priorizar el crecimiento económico, aún no está muy bien identificado, cuales son los sectores que repuntarían ese despegue económico al futuro.

El gráfico 3 muestra que el sector real de la economía como la industria y la agricultura tienen un papel muy débil en el aporte al crecimiento del PIB, incluso en los 3 últimos años sus desempeños muestra estancamiento.

c) Baja eficiencia en las inversiones.

Gráfico 1-2. Estructura del producto interno bruto en %

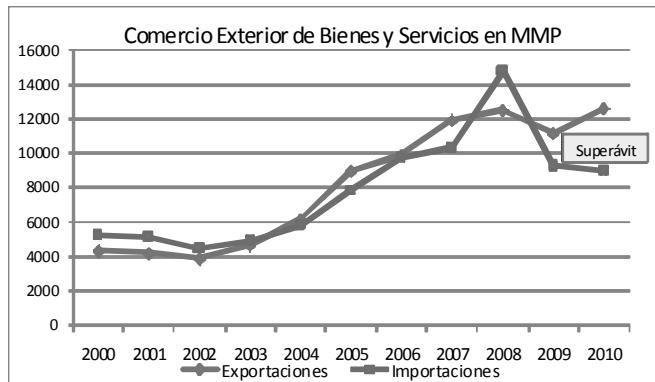
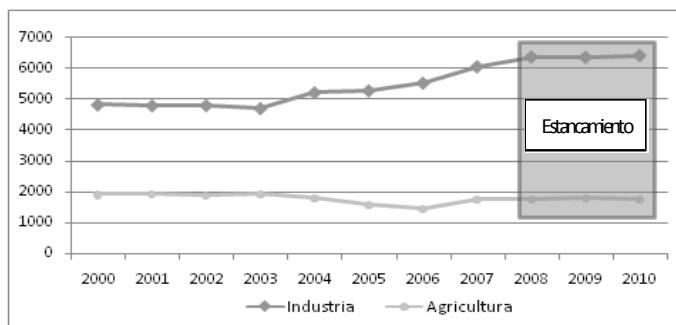


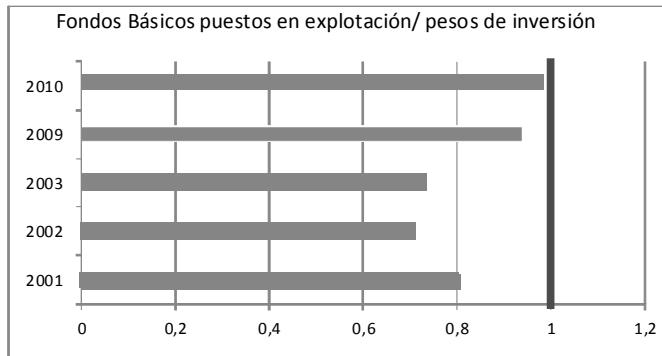
Gráfico 1-3. Aporte de la agricultura y la industria manufacturera incluyendo la azucarera al PIB en millones de pesos a precios constantes de 1997.



El gráfico 1-4 nos indica que a partir del 2001, aunque en años anteriores también, se produjo una fuerte inmovilización de recursos financieros, ya que se puso menos inversiones de alta que las que se encontraban en proceso. Es decir lo ideal es por encima de 1.

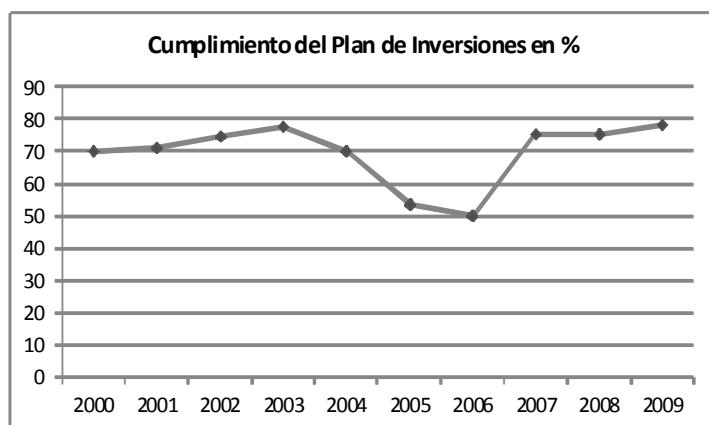
Por otro en el gráfico 1-5 se muestra también que desde el año 2000 hasta el 2009 el plan de inversiones aprobado nunca fue cumplido, lo que demuestra o una inadecuada elaboración del plan, junto a un bajo interés de los ejecutores de obras, o una falta de materiales de construcción o de equipos significativo, y esto es derivado de no contar con el financiamiento externo

Gráfico 1-4. Relación de los fondos básicos puestos en explotación por peso de inversión en pesos.



que debían buscar los inversionistas, lo que evidentemente da como resultado una inmovilización de recursos materiales y financieros al país, es decir el estado pierde recursos financieros y oportunidades por esos incumplimientos, en conclusión que aún existe mucho voluntarismo en este tema de las inversiones.

Gráfico 1-5. Incumplimiento del plan de inversiones anual en %



Este acápite nos lleva a la interrogante, de hasta donde era posible seguir extendiendo en el tiempo, un modelo de crecimiento extensivo, que lleva casi

50 años?. Aunque debe recordarse que hasta 1990, no se reflejaba tan dramáticamente el crecimiento extensivo, aunque los indicadores económicos si lo mostraban, por las relaciones generosas que nos ofrecía el antiguo campo socialista, especialmente la URSS.

d) Envejecimiento y bajo crecimiento de la población.

Gráfico 1-6. Tasa anual de crecimiento de la población (por mil habitantes)



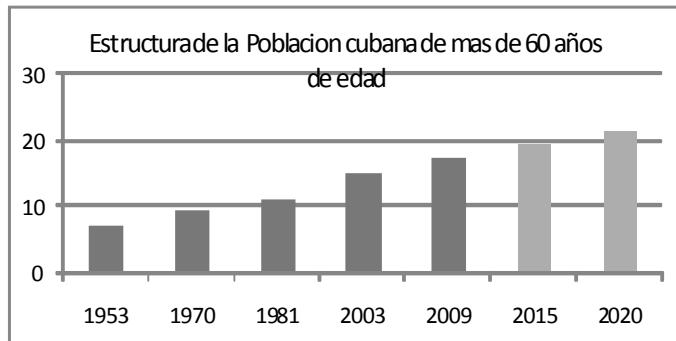
Como resultado esencial de la baja fecundidad en las mujeres cubanas, se va reduciendo el porcentaje de la población de 0 a 14 años, y se incrementa el de 60 y más años, así unos 1,9 millones de personas en Cuba tenían entre 0 y 14 años en el 2009, pero también 1.9 millones de personas tenían 60 y más años.

El envejecimiento de la población se coloca como el efecto más neurálgico de la transición demográfica en el país, en especial por la preparación que exige de todas las instituciones y miembros de la sociedad para enfrentarlo. La primera etapa del envejecimiento en Cuba se sitúa a inicios de la década del 70, y a finales de esta década ya en la población cubana había caído la tasa bruta de reproducción por debajo del nivel de reemplazo, y el de la población de 60 años y más superaba el 10. En el 2010, el envejecimiento de la población se sitúa en 17.4 por ciento.

e) Desfavorable relación del crecimiento de la productividad y del salario medio.

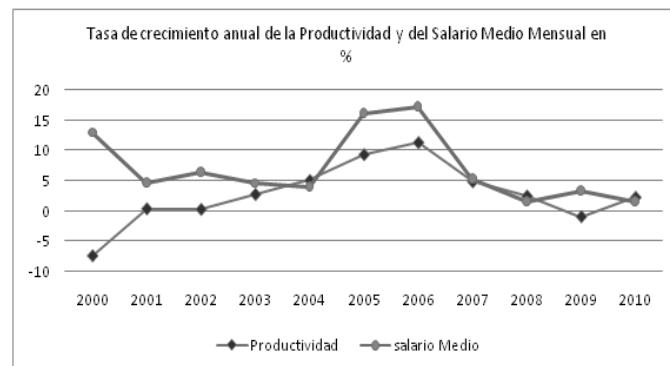
Evidentemente en un país donde exista “Plantillas Infladas” o un subempleo de más de 1000000 de trabajadores, es posible pensar que esa relación

Gráfico 1-7. Población cubana de más de 60 años de edad en relación al total en porcientos. Real hasta 2009 y estimado 2015 y 2020



Fuente: Elaborado en base a los datos de la Oficina Nacional de Estadísticas. Anuario Estadístico de Cuba. La Habana.

Gráfico 1-8. Tasa de crecimiento anual de los indicadores de productividad del trabajo y salario medio mensual en %. Periodo 2000 al 2010.



Fuente: Elaborado en base a los datos de la Oficina Nacional de Estadísticas. Anuario Estadístico de Cuba. La Habana.

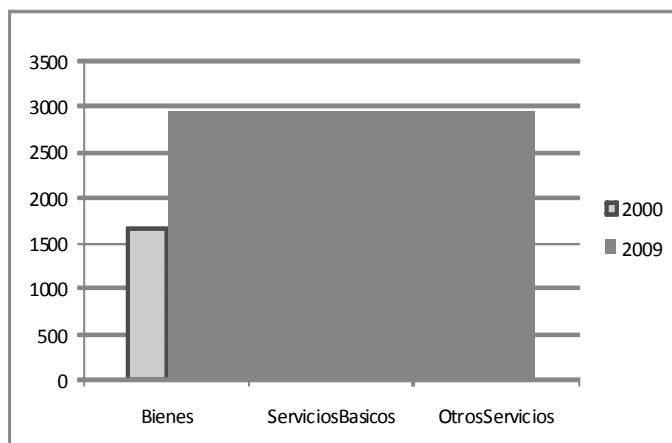
nunca fuera favorable, tema este que deberá el estado resolverlo en los próximos 2 años.

Cuando se analiza la estructura del empleo sectorial, lo que se evidencia claramente y muy relacionado con el gráfico 2, es que donde habría mayores posibilidades de dejar trabajadores disponibles es en el llamado “Otros servi-

cios” que es donde fueron aumentando los empleos en los últimos años, a la vez que disminuían los ocupados en el sector de bienes.

A partir del 2010, el gobierno ha venido acelerando el análisis de los empleos que pudieran quedar disponibles, y que se generaron en los sectores salud, educación, administración pública, entre otros, a partir de los programas asociados a la “Batalla de Ideas”.

Gráfico 1-9. Ocupados en la actividad económica. Miles de trabajadores.



Fuente: Oficina Nacional de Estadística. Anuarios Estadísticos de Cuba. La Habana.

f) Viviendas terminadas por años.

En el 2006 se puso en marcha en Cuba un programa Especial para la construcción, conservación y rehabilitación del fondo habitacional, donde se determinó la construcción de cien mil viviendas por año a partir de 2006. Programa que solo se cumplió ese año, fundamentalmente, por la existencia de un elevado fondo habitacional pendiente de pequeñas acciones para la terminación desde el comienzo del Periodo Especial, y por la prioridad de la tarea de ese año.

La política actual ha estado encaminada a favorecer la construcción de viviendas por esfuerzo propio, donde la Resolución No 40/2010 del Instituto de la Vivienda, publicada en la Gaceta Oficial de la República de Cuba, el 17 de febrero del 2010, permite incentivar la construcción de viviendas

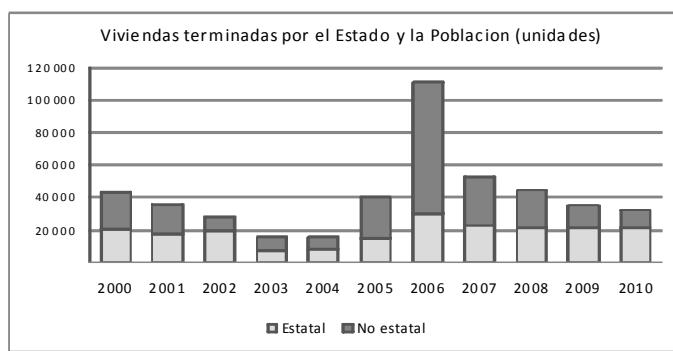
por esfuerzo propio a través de la facilidad del otorgamiento de licencias de la construcción.

En esa resolución quedó redactado la “Disposición Especial Tercera” donde se faculta a las unidades municipales inversionistas de la Vivienda para aprobar sin previa selección, las solicitudes de licencias de construcción por personas naturales para obras nuevas, ampliaciones, remodelaciones, rehabilitaciones, divisiones y unificaciones exigiéndose solamente la titularidad del terreno o derecho de uso de azotea.

Esta resolución da apertura a las entregas de licencias de obras a personas que por esfuerzo propio soliciten:³

- Hacer acciones constructivas en viviendas en mal estado técnico para reponer partes de la vivienda o su reposición completa.
- Ampliaciones dentro de los límites de propiedad.
- Construir en obras pendientes de terminación que fueron legalizadas o convalidadas.
- Para hacer acciones constructivas con el objetivo de realizar desgloses, cambios de conceptos para convertir locales en usufructo en viviendas apropiadas.
- Construir nuevas viviendas a personas propietarias de terrenos o de azotea.

Gráfico 1-10. Viviendas terminadas 2000-2010 en unidades.

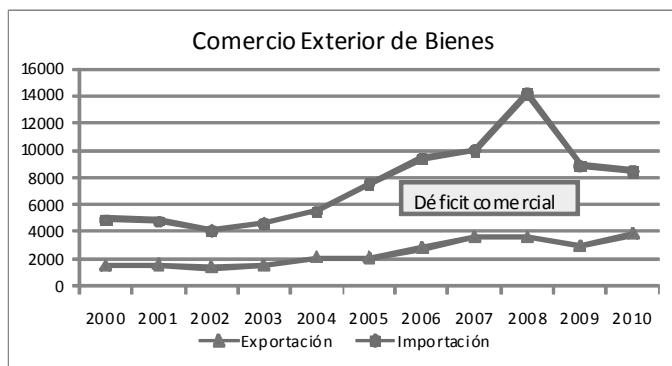


g) Comercio exterior de bienes.

3. Instituto de la Vivienda. Indicación metodológica No 10, Vicepresidencia Primera. 6 de abril del 2010. La Habana, Cuba.

El desbalance comercial de bienes sigue tipificando el desempeño del comercio exterior cubano en la última década. Donde las exportaciones no crecen con el dinamismo necesario por la caída de producciones como el azúcar, el estancamiento de producciones mineras como el níquel, caída de exportaciones de mariscos, cítricos, entre otros y donde las importaciones son aún muy altas, a pesar de la política oficial de contracción de las mismas.

Gráfico 1-11. Exportaciones e importaciones de bienes. 2000-2010. En millones de pesos



Derivado del elevado incremento de las importaciones que se efectuaron en el 2008, sumado a otros compromisos anteriores, el país ha estado sometido a una elevada tensión en su balanza de pagos, ya que se llegó incluso a utilizar las retenciones de pagos al exterior con fuerza sobre todo en el 2009. Eso también implico que la carga de la deuda se haya incrementado extraordinariamente, tanto en su relación con las exportaciones de bienes e incluso con la de exportaciones de bienes y servicios juntas.

h) Comercio exterior de bienes y servicios.

El sector de los servicios se mantiene como el primer sector generador de ingresos a partir del 2004, ocurriendo cambios cualitativos importantes, pues los servicios intensivos en conocimiento han desplazado al sector turístico como máximo generador de ingresos.

El gráfico siguiente avala el criterio anterior, dado que ya mas del 50 % de las exportaciones de servicios, corresponden a servicios médicos, y a la vez

estas exportaciones de servicios, son los que contribuyeron a que sea superavitaria la balanza comercial de bienes y servicios en el 2009 y 2010.

Gráfico 1-12. Exportaciones e importaciones de bienes y servicios (2000-2010). En millones de pesos



El gobierno y el Partido cubano en un ejercicio de pragmatismo, y ante la disyuntiva de frenar el deterioro de los indicadores, lanzó la convocatoria a su Sexto Congreso, expresada en los lineamientos económicos y sociales sometidos a debate popular.

Las principales propuestas y ajustes refrendadas en el documento son las siguientes:

- Ajuste de gastos (educación, salud, deporte, cultura).
- Ajuste del empleo en el sector estatal, vía eliminación de plantillas infladas.
- Entrega en usufructo de tierras ociosas.
- Reorganización del aparato estatal, ministerios y grandes empresas del Estado.
- Incentivos al empleo No estatal, como el relanzamiento del trabajo por cuenta propia con un nuevo listado.
- Propuestas de creación de cooperativas no agrícolas.
- Posibilidad de contratación de fuerza de trabajo.
- Propuestas de eliminación de prohibiciones entre ellas compra venta de viviendas, otros bienes y servicios, etc.
- Mayor autonomía empresarial.
- Igualdad de oportunidades para todos pero no "Igualitarismo".
- Búsqueda de autosuficiencia alimentaria e eliminación gradual del racionamiento.

- Posibilidad de arrendamiento de instalaciones estatales, entre ellas las de gastronomía.
- Separación de las funciones estatales y empresariales.
- Actualización de la política tributaria.
- Estrategias de reordenamiento del pago de deudas externas.
- Promoción de creación de Zonas Especiales de Desarrollo.

En este interés de la actualización del modelo cubano, sería viable el reanálisis de las llamadas Pequeñas y Medianas empresas (PYMES), cuya eventual implementación se previó a mediados de los 90 del pasado siglo, en un proceso que quedó interrumpido por diversos factores, especialmente a partir de las presiones desde el exterior (sección 112 de la ley Helms Burton).

Mucho se ha comentado que las PYMES no son la panacea para el desarrollo económico, pero sin tratar de minimizar los nuevos conflictos que la misma genera, si deberían estudiarse los beneficios que podrían derivarse de su fomento.

Las mismas caben dentro de las propuestas de expansión del trabajo por cuenta propia que se propusieron en la Asamblea Nacional del Poder Popular, de agosto del 2010, refrendadas en documentos posteriores y publicadas en la Gaceta Oficial de la República de Cuba en la extraordinaria Especial No 11 y 12, del 1 y 8 de octubre del 2010.

Cuales pudieran ser algunas de sus ventajas?

1. Alternativas de empleo, tan necesarios en la actualidad.
2. Mejoramiento del nivel de vida e incremento del ingreso de sus integrantes.
3. Descentralización de ciertas producciones y servicios.
4. Incremento de la oferta de bienes y servicios.

Lo interesante es que ese término no es derivado de la coyuntura que atraviesa la economía cubana, es una tendencia mundial que se está imponiendo de estructurar la producción sobre la base de pequeñas y medianas empresas, que son de mucha flexibilidad, de alto nivel de calificación de fuerza de trabajo (es uno de los mayores acervos con que cuenta Cuba en estos momentos) y además resultan muy competitivas.

Es cierto que en la actualidad se analiza por parte del gobierno cubano la necesidad de implementar algunas de las variantes de las llamadas PYMES,

especialmente las llamadas cooperativas por la socialización de la producción y los beneficios que la misma trae consigo.

Pero también pueden estudiarse otras formas como las empresas que pudieran estar formadas por trabajadores por cuenta propia y el estado, o trabajadores individuales y las cooperativas.

Es de todos conocido que muchas de estas actividades o asociaciones existen, de lo que se trata es de hacer explícita y abierta esta relación laboral, fijando las responsabilidades sociales que correspondan, y ordenando y controlando estas actividades por parte del Estado.

Existe un grupo de actividades que fueron propuestos en una ocasión pero que no aparecieron en el reglamento vigente de actividades por cuenta propia que se aprobó a mediados de los 90's, otras que funcionaron y desaparecieron posteriormente, que sería viable su rescate en esta actualización del modelo.

Además dada la alta calificación de la fuerza de trabajo y que existe un alto por ciento de jóvenes que no trabajan, se debería estudiar el tipo de empresas que tengan un mayor uso del conocimiento, lo que evita la descalificación de esa fuerza de trabajo que tiende a emigrar hacia otros trabajos donde se obtienen mejores ingresos, pero el nivel de calificación del puesto es más bajo que su preparación, y en el caso extremo están emigrando hacia el exterior. Ellos podrían ser del tipo de Consultorías, Auditorias, Arquitectura, Diseñador, y otros que incluso vengan propuestos por los propios ciudadanos.

Este nuevo proceso debe superar las insuficiencias que fueron lastrando el papel de los trabajadores por cuenta propia en el pasado entre ellas las dificultades con las compras de sus insumos, la política fiscal contractiva, los mecanismos casi inexistentes de ayuda financiera (microcréditos), falta de controles estatales, reglamento de subcontratación de fuerza de trabajo, por solo citar los más importantes.

Muchos coinciden en la necesidad de incrementar la oferta de bienes y servicios en Cuba, que conlleve a un incremento del nivel de vida de la población en general, no de un sector en particular, pero esto no se logra por los obstáculos que le impone a las fuerzas productivas una política económica que no hace una utilización intensiva de sus activos disponibles,

llámese fuerza laboral altamente escolarizada, pero también de sus equipamientos, edificaciones, tierras, aguas, minerales, entre otros.

La experiencia de China y de Viet Nam pudiera estar presente en este proceso, ya que en Cuba se ha reflexionado mucho acerca de la economía, la sociedad, la política y la ideología y este caso forma parte de las discusiones más generales que se hacen en Cuba respecto al socialismo contemporáneo, dado el hecho de que el socialismo ha sido el marco de referencia existente para las transformaciones emprendidas en Cuba desde el quiebre del “socialismo real” en Europa y obviamente China y Viet Nam son países socialistas (noción que para algunos es discutible) y que es un “pedazo de geografía” (y de la humanidad) lo suficientemente notable como para que sea observable, y por tanto tenido en cuenta en cualquier posible discusión sobre el futuro del socialismo.

Uno de los ámbitos principales de la atención que le prestan un grupo de economistas cubanos a la experiencia china, probablemente el encuadre más apto sería el del interés por el caso de la reforma económica de mercado más vasta y radical, emprendida por un Partido Comunista en el poder, que ha sido muy exitosa en el plano económico, relativamente extendida y beneficiosa (aunque polémica y contradictoria) en lo social, y legitimadora en lo político. Pudiera argumentarse que Vietnam es otro caso similar, y probablemente lo sea, aunque de una parte la reforma china parece haber sido más radical en términos de transformación de las estructuras económicas tradicionales socialistas, y de la otra, el éxito económico de China es más diverso y espectacular al menos por el momento.

China siempre ofrece una imagen económica limitada a unas pocas dimensiones: altísimo crecimiento económico, un magneto para la inversión extranjera, y una formidable capacidad exportadora. Sin embargo, la posibilidad de palpar directamente la realidad china puede tener el efecto de colocar en un segundo plano esas dimensiones y destacar la gran relevancia del mercado interno. Es decir lo que predomina hoy es la visión de China como un mercado interno enorme, de crecimiento vertiginoso.

Esa acelerada expansión del mercado interno ha sido el pilar básico (y el punto de arranque) del avance económico registrado por China. El hecho de que la economía del país haya podido duplicarse aproximadamente en plazos inferiores cada diez años, ha permitido de una parte generar una demanda

sostenida y de rápido crecimiento, que exige ampliar la oferta, y de otra parte ha creado los recursos internos necesarios (vía ahorro interno) que han hecho posible sostener las altísimas tasas de formación de capital que han permitido la transformación estructural de la economía, con independencia de que el proceso dista mucho de haberse completado y de que existen problemas y disparidades.

La prioridad que se le ha concedido al mercado interno en el contexto de la reforma china data desde sus propios inicios, a raíz de las reformas en la agricultura, y ha sido reforzada con el paso del tiempo, lo que se ha reflejado en el favorecimiento de políticas de diversificación de las formas de propiedad con un alto sesgo hacia la creación de ingresos, apoyada en la extensión de la actividad económica privada.

En particular, eso hace reflexionar sobre el hecho de que a pesar de que Cuba es una “economía abierta” (economía exportadora) muy diferente a China, la expansión del mercado interno es una condición imprescindible para el desarrollo de cualquier tipo de economía, y que por tanto, debe ocupar un papel prominente en cualquier estrategia de desarrollo. Este ha sido obviamente un componente que aunque no puede afirmarse que haya estado ausente en las políticas económicas cubanas de los últimos años, tampoco puede decirse que se le identifique como “la” prioridad de los planes de desarrollo.

Como decía el economista Juan Triana, en el seminario nacional del CEEC en junio del 2010 “El mercado juega un papel activo en el proceso de desarrollo, ignorarlo genera espacios de ineficiencia que conspiran contra el propósito mismo del desarrollo”.

Cuba tiene que revertir su situación económica en los próximos años, y ante la carencia de capital existente en la economía para un amplio proceso inversionista estatal, que le permita su reproducción ampliada, la variable PYMES pudiera jugar un rol complementario.

La actualización del modelo cubano es un paso esencial para el diseño del modelo de desarrollo cubano a partir del mediano plazo, en el cual necesariamente se llegue a resolver parte de las deformaciones estructurales mencionadas, donde por supuesto el desarrollo del mercado interno sea una de las variables esenciales en ese proyecto.

Para esto es necesario abrir “la mente” de los decisores en el mejor sentido de la palabra, y utilizar fehacientemente la palabra “autonomía”, romper mitos del pasado y entender que las generaciones actuales y futuras no deben porque estar atadas al pasado reciente.

2 Forecasting Cuba's Economy: 2, 5, and 20 Years

*Emily Morris**

This paper does not make any claims to predict the future, but aims to offer a framework for discussion of Cuba's many alternative possible economic futures. It offers a projection based on a model and a set of assumptions, with the aim of facilitating debate by identifying factors that will influence performance. The method is influenced by my work on the Cuban economy as an analyst at the Economist Intelligence Unit (EIU) from 1995-2008.

The simple structure of the argument is designed to make it easy to identify and question the assumptions and projections, and so consider alternatives. For each time period—(I) the short term (two years), (II) medium term (five years) and (III) long term (20 years)—the discussion is organised in the same way: (i) an outline of initial conditions; (ii) the assumptions upon which the forecast is made; (iii) the economic forecast (including the average annual GDP growth rate) in a scenario that might result from the set of assumptions; and (iv) risks to the forecast.

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Although the economy's workings in Cuba are quite different in so many ways from any other economy, the EIU's forecasting model for Cuba is as consistent as possible with the models applied elsewhere, and is linked with the global model that tracked global economic conditions. The advantage of following the EIU method is that the projections for Cuba can be compared with those for other countries. These comparisons are briefly outlined in the final section of this paper.

I. FORECASTING TWO YEARS

Initial conditions, 2011

System. The defining characteristics of the system of Cuban economic management today are well-known. Public ownership is exceptionally dominant, with the only exceptions being the informal sector, small farms (which the revolution allowed to remain), around 200,000 self-employed (most of which have been established since the mid-1990s) and the participation of foreign businesses in joint ventures with Cuban state entities. The system of central planning has been substantially transformed over the past two decades, with greater enterprise autonomy, use of profit and loss accounting, and roles for market prices; but state enterprises continue to receive huge subsidies and administered prices, and the persistence of the dual currency system continues to foster a large informal economy that feeds on the gap between controlled official prices and the much-higher market prices and undermines the usefulness of the price mechanism for resource allocation. Economic decision-making therefore continues to rest heavily on a combination of government direction on the one hand, and large-scale diversion of state resources through the informal economy on the other.

The outcomes of the system, which includes universal provision of basic needs and has so far provided near-full employment even during sharp economic downturns, is that labour productivity growth has lagged while social protection has been relatively strong and educational and health standards are relatively high.

Structure. The most notable characteristic of Cuba's productive structure is the exceptionally large share of economic activity accounted for by services.

According to official national income figures, they account for 70% of national income. Although this may be an overstatement,¹ the proportion is nonetheless unusually great. Among services, education and health account employ around 20% of the workforce, and other social and community services account for the same again.² The official data for the GDP shares of agriculture and industry (just 4% and 23% respectively) may understate their importance, but it is nonetheless evident that product diversification is weak and both sectors suffer from chronic problems of low average level of productivity. This reflects both a chronically low level of investment, at an average of only 12% of GDP over the past 20 years, and economic inefficiencies arising from deep-rooted problems in the state-led economic model.

External sector. The Cuban economy has always been an open one, but since the shock caused by the end of Comecon in 1990-91, the degree of trade dependency has diminished. Imports now account for less than 20% of GDP, compared with 40% in 1990. Nonetheless, dependence on imports of essential food and fuel remains high, accounting for almost half of total import spending between them. On the exports side, dependence on a single product and single partner is less than it was before 1990, but it nonetheless represents a vulnerability: then, sugar accounted for 73% of exports of goods and services, and a similar share of all exports were sold to the Soviet bloc; in 2010, the calculation of trade product and partner concentration is difficult due to the lack of transparency surrounding Cuba's trade with its most important partner, Venezuela, but on the basis of the available information I estimate that the largest single export item (professional services) accounted for around 30% of total goods and services earnings³ in 2010 and the next two—tourism and nickel—for 18% and 12% respectively; and the main export destination (Venezuela) accounted for almost 50% of the total.

1. This figure, like all the other data used here (unless otherwise stated) is from the Oficina Nacional de Estadísticas (ONE) national income series at nominal prices. The main problems with this series are that (i) it uses the official exchange rate between the Cuban peso (CUP) and convertible peso (CUC) of CUP1:CUC1, which distorts relative sectoral weights; and (ii) it uses an unconventional method to measure the value of public services, which tends to overstate their weight. Nonetheless the large share of employment is confirmed by employment data, which are not subject to such distortions. These show total services (including tourism, transport and others) to account for over 60% of all jobs.

2. ONE data.

3. The exact figure is unknown, as official figures give no breakdown of 'other' (ie non-tourism) services, so this is an estimate. It is based on the assumption that the surge in other services in 2004-05 arose from the deal with Venezuela, and that other services have grown at a modest rate since then.

The US market remains closed for tourism and all Cuban exports, and Cuban imports from the US are limited to agricultural products, which must be paid for in advance.

One of the most important unique features of Cuba's international economic relations is its relatively limited access to international finance, either official or private. The most important reason for this is US sanctions, which not only block Cuba's access to official multilateral finance from the World Bank, IMF or Inter-American Development Bank but also hamper the flow of finance and investment from international banks and direct investors. The other reason is Cuba's poor payments record which, in turn can in part be attributed to the restricted access to short-term financing to cover emergency needs in the face of exogenous shocks (as in the case in the aftermath of the hurricanes of 2008). The lack of availability and high price of external financing also stems from a lack of transparency and Cuba's debts that have been unpaid since the mid-1980s. The financing constraint has been eased to some extent in the past five years by official support from Venezuela and new financing agreements with China, but it remains exceptionally tight.

Assumptions, 2011-2012

Domestic: political. Raúl Castro (who is 79) has strongly indicated that the old generation of leaders, many of whom have been around since 1959, is ready to hand over to a new generation. While the PCC Congress is to focus on economic reform, the forecast assumes that the handover within the PCC is made within the next year. The most likely moment would appear to be at the PCC 'conference' that will take place some time after the Congress. The next National Assembly elections are not due until early 2013 and, as the President is generally elected by the new Assembly, the forecast anticipates that Raúl Castro will remain President until the end of 2012—on the assumption that his health holds out until then. Like the handover from Fidel to Raúl, this handover is being carefully managed to ensure continuity. The forecast assumes no rupture, which implies that the old leaders will retain influence from the sidelines. A further assumption is that the leadership will continue to encourage debate within the system, and that while dissidents will continue to criticise, their influence will remain peripheral. It is assumed that, while the economic reforms will create losers as well as win-

ners and generate frustration and uncertainty, they will not lead to large scale social unrest.

Domestic: economic policy. The government has now embarked on a substantial process of economic reform. The rationalisation of the state sector and expansion of the private sector announced in September 2010, together with the draft guidelines (*'lineamientos'*) document that has been debated in preparation for the 6th PCC Congress in April, indicate the scope of the reforms to the system of economic management we can expect in the next two years. The forecast assumes that the process of rationalisation will continue, even if it is slower than planned (with only around half of the 1.3m people shed from the public sector payroll), and that further economic reforms will be introduced in the next two years, along the lines of the *lineamientos*.

The result will be that market forces will have a greater influence on prices, both through the expansion of the private sector and adjustment of administered prices towards market levels. Subsidies will be cut and the rations will dwindle, with social protection depending more heavily on targeted welfare assistance. There will be closures and mergers of state enterprises and the private sector—including self-employment, cooperatives and small privately-owned businesses—will grow.

The forecast assumes that the unification of the exchange rate will remain an unfulfilled objective in the short term, but that monetary policy will aim to achieve stability in the *Cadeca* exchange rate consistent with the accumulation of international reserves, in order to create conditions for eventual unification. The pace of reduction of price subsidies will be constrained by concern to keep increases in the cost of living in line with nominal income growth. The quantity and range of goods supplied at market prices in Cuban pesos will steadily increase. The prices of domestically-produced goods will initially be close to the price of imported equivalents (using the *Cadeca*-rate Cuban peso equivalent), but assuming that there is a trend of increasing supply and growing competition, prices will gradually fall.

Finally, although the discussion document for economic reforms includes signs that the opening to foreign private investors will widen, the forecast is based on the assumption that the overall policy will remain unchanged and the level of FDI inflows will remain around the current level, at an estimated

average annual level of around US\$600m in 2011-12. With no improvement in access to international financing, the current account will remain close to balance, as any increase in import spending will need to be paid for from export earnings growth.

External conditions. The forecast uses the Economist Intelligence Unit assumption that GDP growth in both OECD and non-OECD economies will slow in 2011, reducing the rate of global economic expansion from 4.9% in 2010 to 4.3% in 2011. China will continue to lead, growing by around 9% compared with only 2.5% in the US and 1.4% in the EU. In 2012 a slight improvement in the EU is more than offset by a deceleration in the US and China, to reduce global growth very slightly, to 4.2%. These assumptions imply a slow-down in world trade growth, from 12.5% in 2010 to 7% in 2011 and 2012. The EIU's global assumptions also envisage a deterioration in Cuba's overall terms of trade in 2011 followed by recovery in 2012, with higher prices of its main commodity export, nickel (up 20%) in 2011 more offset by rising costs of its essential imports of food (up 30%) and fuel (up 27%), and a reversal in each case (with an 11% fall in nickel prices and food and fuel costs down by 12% and 16% respectively) in 2012. Given the outcome of the US mid-term elections, the forecast assumes that neither US restrictions on tourist travel to Cuba nor any other sanctions will not be lifted in 2011-12. It also assumes that there is no interruption of Cuba's economic relations with Venezuela.

Forecast, 2011-2012

Under the current conditions—with a substantial mismatch between Cuba's high quality of human capital and low average productivity—there is a possibility that the reform process could have a strong impact on productivity on the supply side. However, the reforms will also create some losses from disruption. The shedding of around one million workers from the state sector in 2011-12 will raise average productivity per worker but reduce total output in the sector. If total national output is to increase, the new private sector businesses will need to establish themselves and grow quickly. For those constituted as private operators in the same activity as before (eg taxis, hairdressers and caterers), the transition will be relatively smooth, with premises, equipment and supplies already established; but new businesses will require

investment of time and effort to get started. The disappointing results of the redistribution of idle agricultural land in 2009-2010 illustrate the difficulties of establishing new businesses. A process of learning through trial and error on the part of both state agencies (including tax offices, regulators and bankers) and the new entrepreneurs is an inevitable part of the creation of a dynamic and efficient private sector, and the errors will impose costs. It will also take time to establish a critical mass of producers to create the competitive markets needed to push down prices and stimulate productivity gains. Average labour productivity in the private sector will therefore take time to grow.

Table 2-1. Output

	2010	2011	2012
Agriculture	-2.9	2.0	5.1
Industry	-2.7	4.2	5.4
Services	3.9	2.4	3.8

The forecast envisages that the growth of the private sector will result in an increase in productivity in agriculture and non-government services in 2011-12, but the forecast rate of output expansion is not spectacular. The productivity gains will come from three sources: the transfer of some activities from the public sector to the private sector; capacity expansion arising from previous investments; and the emergence into the formal economy of activity that was previously informal. In agriculture, results will strengthen over time as the farmers work to improve their land and distribution systems develop. For services, the overall more modest growth disguises divergent trends within the sector. There will be little growth for public services amidst rationalisation of the workforce and stringent fiscal discipline, while the reforms will expand other services, partly by shifting existing services activity from the informal sector in to the formal economy. In industry, the relatively strong growth in 2011 will come from recent investment in new capacity, which will continue to rise in 2012.

On the demand side, the main driver of growth in the short term is expected to be a surge in the level of investment, both public and private. The forecast envisages growth of total investment of 15% a year in 2011-12, to lift the investment/GDP ratio from 10% in 2010 to 13% by 2012. In public administration lower state subsidies and labour rationalisation will free up

fiscal resources for capital spending on infrastructure and housing. Meanwhile, the state enterprises that become more profitable thanks to rationalisation will no longer have to depend on state-allocated subsidy or financing, and will have greater freedom to expand capacity and upgrade technology by borrowing from state banks or reinvestment of retained profits. The forecast assumes that the new government income stream derived from the taxation of the new private enterprises will be matched by business support programmes in the short term. Finance for investment by the new small business sector will also come from household savings (either in bank deposits or in hoarded cash) and remittances from family and friends abroad. Although FDI will continue to be significant, it is not expected to increase. Within the total Venezuela's share, which increased greatly in 2004-08, will be reduced by deals signed with China, Russia, Brazil, India and other emerging economies. In most cases, state companies have been important partners.

Table 2-2. Domestic demand (% growth)

	2010	2011	2012
Consumer spending	1.5	2.0	2.8
Current government spending	4.5	1.8	1.2
Investment	0.3	10.0	20.0

The other components of domestic demand make little contribution to forecast growth. The increase in real consumer spending will depend mainly on the level of average real incomes, and we expect these to grow little in 2011-12. A rising cost of living, arising mainly from the removal of subsidies, will erode the real value of nominal public sector pay and private sector earnings growth. There will be some downward pressure on prices in the private sector arising from increased supply and more intense competition in an expanded free market, although this effect will be relatively weak in the short run. Government consumption will fall, as the state sector payroll shrinks and price subsidies are halved. The decline in spending is only partially mitigated by a doubling of the cost of social assistance, to provide a safety net for the newly unemployed and additional support for low-income households to compensate for the removal of subsidies.

The financing constraint means that import spending will be limited by the pace of export earnings, so with terms of trade remaining relatively steady the net contribution to growth from external demand will be slight. With benign though not strongly favourable international assumptions and no lifting of the US travel ban, international arrivals are forecast to grow by 4-5% per year: a far cry from the rapid growth of the 1990s (with an annual rate of over 25%), when the industry was taking off from a very small base, but sufficient to provide steady income growth. No significant growth in the export of professional services is expected, as their volume is close to its limit, but there will be some reduction in dependence on Venezuela, as other markets are developed. Other services income streams, including transport services and cultural exports, as well as income from the licensing of overseas production of Cuban-patented medicines, are on a rising trend, increasing by 2-3% a year in 2011-12 to reach an estimated US\$1.6bn.

Of goods exports nickel, which accounts for one-tenth of the export earnings total (for goods and services), is the most important. Ongoing work to expand existing mines will lift production and exports by an annual average of around 3% in 2011-12. Exports of oil products and medicines, which now earn around 3% of the total, are likely to show firm growth in 2011-12 thanks to ongoing investments in oil refinery capacity and medical export agreements with China, India, Brazil and other partners. The forecast includes 10-15% growth in earnings for both products. In contrast, it assumes that earnings from the other traditional export goods (sugar, tobacco, coffee, and citrus), which together amounted to only around 7% of total earnings from goods and services, will be flat.

Table 2-3. Export earnings

	2010	2011	2012
Total exports of goods and services	11.8	12.5	12.7
Nickel	1.4	1.8	1.6
Other goods	2.3	2.9	2.9
Tourism	2.1	2.3	2.4

With a slight rise in oil production, a strong policy emphasis on energy conservation and expansion of domestic food production the forecast antic-

ipates an increase in Cuba's capacity to import other products, including investment goods. The forecast includes a rise in net remittances, due to (a) recent changes that allow US citizens other than Cuban-Americans to send money; and (b) the expansion of the legal private sector, which provides a new incentive for senders (from the US and other countries) to provide financing to enable their friends and families to establish small businesses. The forecast rise in remittance inflows would outstrip a forecast rise in net outflows of interest and profit remittances.

Table 2-4. Import capacity and composition (\$ bn)

	2010	2011	2012
Exports of goods and services	11.8	13.4	12.9
Net factor income flows	-1.4	-1.6	-1.6
Net current transfers	0.7	1.1	1.2
Net current foreign exchange inflows	11.1	12.9	12.5
Imports of goods and services	10.9	13.3	13.1
Fuel	3.4	4.4	3.6
Food	1.7	1.8	1.5
Other goods and services	5.7	7.2	8.1
Current-account balance	0.3	-0.9	-0.9

According to this forecast, the two leading drivers of Cuban economic growth in the next two years will be: on the supply side, the initial rise in output in agriculture, industry and non-public services resulting from the reform process; and on the demand side, a surge in both state and private investment. Growth is also underpinned by a shift in state spending from consumption to investment and continued (though relatively modest) progress in the expansion of exports and import substitution. A cautious

approach to price reform and fiscal and monetary management will keep inflation in check.

Table 2-5. Two year forecast

	2010	2011	2012
Real GDP (% growth)	2.1	3.5	4.2
Inflation (year-end, %) ^a	6.3	7.2	5.5
Average labour productivity (% growth)	4.2	5.9	4.5
Government spending/GDP ratio (%)	66.5	63.8	60.4
Investment/GDP ratio (%)	10.5	11.1	12.5

a. This inflation figure is based on an estimated average household cost of living index that takes into account a reduction in the amount of basic goods available at heavily subsidised prices on the ration. The impact of the shift from subsidised consumption to market prices will vary widely between households, with the percentage rise in the cost of living being greater for those at the lower end of the income scale, who spend a higher proportion of their income on basic goods.

Risks in the short term

Political risks arise from the process of transferring leadership from the old guard to a new generation. Evidently conscious of the hazards, the old guard are seeking to closely manage the generational handover, but their control will diminish. So far signs of dissent within the government have been rare and weak, but in 2011 the situation will begin to change radically. At the special conference of the PCC that will take place after the sixth PCC congress in April 2011, it seems likely that a new set of leaders will take up their posts. None of them will have the authority of the Castro brothers, and so for the first time for fifty years there is a possibility of the emergence of factionalism. In the context of the rapid changes taking place in the economic sphere, 2012 is likely to be a testing year. Despite its efforts to dampen expectations, there is a sense among the Cuban public that they should see material benefits from the economic reforms. If these hopes are dashed, the government could face a serious crisis of public confidence.

In the economic sphere, there are many hazards arising from the process of transformation. There are risks that monetary growth will outstrip that of supply so that inflationary pressures could build, at a time when the govern-

ment is losing its power to directly control prices. The extent to which the government will be able to manage the fiscal challenge it has set itself—to achieve sufficient savings and raise sufficient tax revenue to maintain welfare provision whilst phasing out the existing apparatus of social protection—will depend on its ability to respond quickly to difficulties as they arise. A major fiscal crisis would jeopardise the reform process, and hamper the government's ability to respond to social pressures created by the extensive realignment of relative incomes that will result from the changes.

External risks are heightened by Cuba's lack of access to emergency financing in the case of unanticipated shocks. The largest single risk comes from Cuba's high degree of dependency on Venezuela, and in particular on earnings from the export of professional services. Hugo Chávez, on whom the relationship rests, does not face re-election until 2012 but if anything were to befall him before then, the Cuban economy would suffer. The high degree of uncertainty about the global economy also presents risks, with the recovery in OECD countries fragile and signs of strain within the economies of the growth leaders, China and India.

FORECASTING FIVE YEARS

Initial conditions

This forecast follows on from the two-year scenario. It therefore begins from the assumption that by the end of 2012 the transition to a new generation of political leaders has been achieved without rupture, a major reform process (along the lines outlined in the *lineamientos* document that has been discussed in preparation for the April 2011 PCC congress) has been undertaken, and that the economy has survived the disruptions.

The private sector has grown to account for around a quarter of the economy, an increase in the rate of investment has expanded productive capacity and is beginning to generate new employment opportunities. There has been neither recession nor runaway inflation, average living standards have improved a little and the welfare safety net has been retained. The new private sector has broadened the range of goods and services available in the domestic market, food import dependency has diminished and trade con-

centration has been slightly reduced through an expansion of medical exports, pharmaceuticals licensing and the sale of professional services to countries other than Venezuela. An increase in the rate of investment in productive capacity, together with an improvement in the incentives structures, has begun to ease the supply side constraints on growth.

Although the real wages of public employees having risen a little relative to those working in the private sector, wage earners in the public sector are still close to subsistence level. With the dual exchange rate still in place, Cuban peso incomes remain paltry compared with the incomes of those with access to Convertible pesos, so work incentives remain weak. The dual currency system also continues to distort economic decision-making and disadvantage state enterprises competing with private businesses in the domestic convertible peso market, as the private businesses operate using the *Cadeca* rate (CUP20:CUC1) while the state businesses use the official rate (1:1). Meanwhile the 25% of the working population who are now working outside the public sector are pressing against what they perceive as bureaucratic restrictions. They are paying their taxes (more or less) and feel that they are being restricted by over-regulation. They would like to be able to expand their businesses, and broaden the range of activities.

Assumptions, 2013-15

Domestic: political. The hazards of projecting political developments clearly increase with time, but for the purposes of this forecast we assume that there are no major political shocks. It is assumed that there are no deep ruptures within the new leadership, and that differences concerning economic policy are resolved through debate. As the old leaders disappear, the legitimacy of the government will no longer rest on the victories of the past but on the performance in the present. With less public tolerance of autocratic leadership and restrictions on debate, tensions may arise. Our forecast assumes that social unrest is avoided through a broadening of the scope for dissent 'within the revolution', thanks in part to sustained pressure and negotiation by the intelligentsia.

Domestic: economic policy. The forecast anticipates that the reforms initiated in 2010-11 herald a new phase of adjustment that will continue in 2013-15, spurred by the economic pressures and growing appetite for fur-

ther extension of the private sector described above. However, the need to achieve consensus for economic reform implies that further liberalisation will be gradual. The most important of the ‘second wave’ of reforms will be the elimination of the dual currency system which, as noted above, is already a stated objective of economic policy. We assume that the exchange rate adjustment will start to happen in 2013. There are many ways that the currency adjustment could be done. The *Cadeca* rate of exchange is supposed to be a floating market rate, but its stability since 2005 indicates that a system is more like a currency peg. This forecast assumes that a series of adjustments are made in the *Cadeca* rate, beginning in January 2013. As the supply of domestically-produced goods for the Cuban consumer market has increased, demand for Cuban pesos has grown. When the *Cadecas* have accumulated a level of CUC reserves considered sufficient to underpin exchange rate stability, the Cuban peso's value will be allowed to rise. In the forecasting model there is an appreciation of the Cuban peso:convertible peso rate from 24:1 to 15:1 in 2013. There is another adjustment, to 10:1 in 2014 and another, to 8:1 in 2015. At this point, we estimate that the Cuban peso will be close to its purchasing power parity level, and unification could be achieved by removing either the Cuban peso or the convertible peso from circulation.

In this forecast the three-stage currency adjustment paves the way for further measures to expand the role of markets, but further reforms to the economic system continue to be piecemeal. We assume that the process will be marked by continued reluctance and trepidation, not only on the part of the authorities but also with state sector employees, the official trade unions and the welfare dependent quick to express dissatisfaction at any threats to living standards. The forecast is based on a scenario in which these frustrations are primarily channelled through official channels, rather than leading to broad political mobilisation against the government.

With the value of the Cuban peso moving closer to its purchasing power equivalent, there would be greater scope for reducing the use of administered prices and allocating goods through the price mechanism rather than the planning apparatus. This would facilitate the further removal of restrictions on the expansion of private business sector, progressive corporatisation of state enterprises, decentralisation of public administration and a greater role for banking and finance, leaving the Cuban economy with a still-large state sector but a far smaller role for the central planning authorities.

The progressive reduction of price distortions would lift average productivity.

The forecast assumes that while the ration is phased out, all Cubans continue to be entitled to the 'social wage' in terms of access to public services, cheap or free housing and welfare benefits, and that targeted assistance will be available for the most vulnerable households. If the savings arising from the removal of subsidies are more than the cost of targeted assistance, government savings and investment could rise. However, the forecast assumes that the government will struggle to meet expectations for social protection, so that most of the investment will come from the enterprise sector, both public and private.

External conditions

The external conditions used for this forecast are taken from the EIU's global assumptions, with a pattern of relatively slow OECD growth accompanied by stronger expansion of emerging economies. Within this, it is assumed that China and Brazil will continue to provide strong markets and sources of new finance for Cuba. Their growth will also underpin commodity prices, so that Cuba's high oil import costs will be balanced by continued strong prices for its commodity exports (mainly nickel and sugar).

The forecast assumes that the Cuban economy will receive very little stimulus from the US, with its relatively slow growth and continuance of sanctions. Although a change in policy is possible, the forecast is based on the assumption that the persistent reluctance on the part of the US government to inflame the influential Cuban-American lobby will preclude any bold moves to remove restrictions on travel, trade or financing flows.

Forecast, 2013-15

In the medium term, the scope for increasing in productivity within the domestic economy is greater than in the short term. On the basis of the assumptions above, growth will be led by the sectors in which productivity has previously been most severely inhibited, namely agriculture and industrial sectors, while the expansion of the services sector is expected to be

weak. After the adjustment costs and learning processes of 2011-12, our forecast scenario envisages that agricultural production from the newly expanded private farming sector will start to accelerate. With agricultural credits, insurance, supply chains and distribution networks finally in place, more food will be produced and more of what is produced will get to market. The price-setting and monopoly control of the *acopio* system will become a distant memory. Along with this process, competition among farmers will intensify and the least efficient will begin to be forced out, creating new challenges for policy-makers in terms of providing social protection and managing the process of bankruptcy and takeover.

In the manufacturing sector there will also be wide differences between the fortunes of enterprises and industries, with the successful ones having improved access to both domestic and foreign finance for investment, and the loss-making ones facing closure or takeover. In these circumstances, inflows of foreign capital will increase, with companies requiring large investments in new equipment and technology turning to overseas partners. Foreign investors' interest in Cuban consumer goods producers will be spurred by prospects for growth of the domestic market for consumer and producer goods. The comparative advantage of the high educational level of Cuban employees will be a positive factor, at least partially offsetting concerns about the continued tight regulatory restrictions on the activities of international business.

The resources available to the government for the expansion of public services—which are already exceptionally extensive compared with the size of the economy—will be restricted by the continued burden of social protection. Lay-offs from failing state enterprises will add to these costs, as they will tend to reduce labour participation rates. Among tradable services, the forecast envisages some diversification but little overall growth. Cuba's capacity for providing medical services will not diminish, but the share of Venezuela in the total will decline as new markets are found in Latin America and beyond. Foreign exchange earnings from other services will grow, but at an unspectacular pace.

These changes would represent a gradual shift in economic structure to reduce the share of services in the total. At the same time they will bring about a realignment of relative incomes, creating winners and losers. The overall trend would be a narrowing of the gap between the real value of pub-

lic sector wages and the purchasing power of foreign currency earnings in the private sector. Nominal wages in the public sector will be increased in line with (i) the rise in the cost of living arising from the removal of items from the ration, and (ii) an additional amount reflecting the increase in average public sector productivity resulting from rationalisation and investment. The growth of average earned incomes in the private sector will be restrained by an increase in competition among producers and service providers. The Cuban peso equivalent value of convertible currency income (whether earned or unearned) will diminish as the Cadeca value of the Cuban peso appreciates.

Table 2-6. Five year forecast

	2011-2012	2013-15
Real GDP growth (%)	3.8	4.0
Domestic demand	3.4	4.2
Private consumption	2.4	4.3
Government consumption	1.5	3.1
Gross fixed investment	15.0	5.4
Exports of goods & services	6.9	4.9
Imports of goods & services	6.2	6.5
Agriculture	3.6	4.5
Industry	4.8	5.5
Services	3.1	3.6
Current-account balance (% of GDP)	-0.3	0.0

In the external sector, the still-heavy external dependence on tourism, nickel and non-tourism services means that the prospects for each of these sectors will have a strong influence on the medium term forecast. In general, the global tourism market is expected to continue to grow faster than total GDP in the source countries, so we can expect a continued stimulus from that sector. Apart from the expected steady growth in the number of visitors from the US (despite the continued prohibition on tourist travel), much of the expansion of Cuban tourism will come from the non-OECD countries, in which income growth is expected to be faster than in the traditional markets of the EU and Canada. Cuba's substantial nickel reserves (known reserves of 800m tonnes estimated to be one third of the world's total) provide room for new investments and strong expansion of production over the

next five years. Although the Venezuelan market for professional services has now ‘matured’ and will recede, the global market for Cuba’s non-tourism services is expected to expand, helped by diversification of markets and an increasing contribution from licensed production of Cuban-patented products. The Chinese market is likely to be particularly important. The forecast assumes that Cuban oil production will increase only slightly, with no major finds in the Mexican Gulf.

Risks in the medium term

Five years is a very long time in politics, and with the near certainty of both a generational transition and a deep and disruptive overhaul of the system of economic management and structure of relative prices, forecasting is particularly hazardous. The one-party political system will be severely tested. If the government were to collapse, the range of possible scenarios would be huge: the economy might collapse into chaos and hyperinflation amidst violent conflict, or enjoy a US-financed boom, depending on the circumstances. However, It is worth noting that, as ever, the probability of government collapse remains smaller than is estimated by those hoping for a political transition. If it were not, the exercise of forecasting a survival scenario would perhaps be a futile one.

Even in the absence of political collapse, there remain substantial risks of economic instability and weakness. The reform process, which includes the removal of subsidies and extensive realignment of relative prices and incomes, will create inflationary pressures that will be hard to contain. The forecast of a steady rise in average productivity is derived from an expectation that the positive impact of the introduction of market signals and improvement in incentives will outweigh the disruption costs. The slow rate of average real income growth would imply continued pressure on the government to maintain subsidies for basic goods and extend welfare provision to households struggling to adapt to the new conditions, draining fiscal resources and increasing the temptation to raise taxes on productive activity to levels that discourage innovation and enterprise, or push activity back from the formal economy to the informal sector.

If Cuba’s reform wave were to coincide with deteriorating external conditions, rather than the relatively benign scenario presented in the EIU’s global

assumptions, the political and economic risks would be greater. The danger of upsets in the global economy remains heightened by concerns about high debt levels and sluggish growth in the EU and Europe, and inflated asset prices among the rapidly-growing economies of the developing world. A deterioration in global conditions might feed through to Cuban economic performance through collapse in the nickel price or surge in oil or food prices, or a sudden contraction in tourist arrivals.

The single event that would have the greatest negative impact on Cuba's economic prospects, however, would be the replacement of Hugo Chávez with a hostile regime in Venezuela, particularly if this were to coincide with high international oil prices. A similar degree of shock, but on the positive side, would arise from the lifting of the US travel ban, opening of the US market to Cuban exports or removal of restrictions on US and multilateral financial flows to Cuba.

FORECASTING TWENTY YEARS

Initial conditions

Long-term growth trends are even more hazardous, and the exercise has little validity except as a discussion of possible scenarios. The model outlined here is based on the one used by the Economist Intelligence Unit. It strips out the possibility of catastrophic political upheaval, and concentrates instead on the economic variables that determine long-term GDP growth performance. The model tracks the GDP growth of 86 countries was compared with a series of variables in an attempt to identify which of them influenced the outcome. That is, it is based on the "estimation of the pooled, cross-section, panel data is conducted on the basis of a statistical technique called Seemingly Unrelated Regressions". The list of determinants of growth that are fed in to the model are:

1. the scope for convergence (based on initial GDP per worker at the start of a period);
2. demographic variables (population growth rates, participation rates and dependency ratios);
3. a set of policy variables (measuring the fiscal stance, openness to trade, and the government regulatory burden in product, credit and labour markets);

4. a measure of institutional quality (the rule of law, quality of the bureaucracy, corruption, the risk of expropriation and the risk of government repudiation of contracts);
5. geography (climate, location and the degree of primary export orientation);
6. education levels and labour quality (as measured by mean years of schooling and life expectancy);
7. the external economic environment (projected changes in the terms of trade);
8. the level of development of information and communications technology (ICT); and
9. historical legacies (history of independent statehood).

The findings of the EIU study of the past 30 years are that: income per head and human capital are found to be important determinants of growth (suggesting a modest pace of convergence), as are institutional quality, government regulation, government savings and openness; the openness variable finds that a high level of distortion is more important than the trade/GDP share; and a tropical climate, the share of primary exports in GDP and a colonial past (pre-1945) are found to have a negative impact on growth.

An assessment of Cuba's initial conditions suggests that the few positive characteristics are offset by many negative ones. On the plus side are: (1) a relatively low level of GDP per head (estimated at purchasing power parity, or PPP), at about half the average for the countries surveyed; and (6) high education levels and life expectancy. At first glance, most of the other variables would appear to be negative. In particular, demographics (2) are unfavourable, with a lack of population growth (close to zero) and an ageing population will depress Cuban long-term GDP growth relative to the average; policy (3) is characterised by heavy state intervention and severe price distortions; institutions (4) are generally characterised as being bureaucratic, unaccountable, inefficient and arbitrary; geography (5) is not favourable, with a tropical climate susceptible to hurricanes, a location far from major trading partners (with the US closed) and relatively high dependence on nickel exports; and the availability of information technology (8) is among the worst in the world, with computer ownership and access to the internet still at exceptionally low levels.

Assumptions

However, the picture changes when we consider the position after five years based on our medium-term forecast, and the trajectory of development. Most importantly, the degree of market distortion arising from government policy (3), is changing. Already, the distortions that were there in 1990 have been significantly reduced by the reforms in the past twenty years, and the forecast presented above suggests further progress in the next five. Whereas in 1990 Cuba's external trade was almost all with the Soviet bloc, at highly distorted prices, by 2010 its foreign exchange earnings are mostly earned by competing in global markets—with the earnings from professional services sold to Venezuela now the only exception. On the imports side, only oil imports from Venezuela enjoy preferential terms; indeed, the greatest trade distortion remaining is the blockage of trade with Cuba's most important natural trade partner, the US. The persistence of the dual currency system represents a major distortion of both external and domestic trade, but if unification is achieved by 2015, as anticipated, the Cuban economy can be expected to enjoy a windfall gain from the adjustment, to the extent that it facilitates the diversification of both exports and imports. A heavy government regulatory burden certainly exists in product, credit and labour markets, but here, too, the direction of change is towards the cautious but progressive lifting of restrictions. The forecast assumes that even if the Communist Party refuses to relinquish the one party system (in the face of perceived external and ideological threats) or introduce a sudden liberalisation programme that might permit a sharp economic take-off, the current process of transformation is the start of a deeper change in which reforms will result in productivity gains and a permanent increase in the investment:GDP ratio.

On ‘institutional quality’ (4), while the absence of an independent judiciary, the lack of transparency in government and the history of expropriation and repudiation of contracts will continue to weigh on performance, Cuban experience with foreign economic partners over the past 20 years is already bringing about a profound change in the way that business is conducted in those pockets of international economic activity. Cuban officials and enterprise managers have a far clearer understanding of the law and practice of international business, trade and finance than before, and have learned the

benefits of building trust. With the ongoing rationalisation and corporatisation of state enterprises and the expansion of the private sector in the next five years, the learning process that has hitherto been restricted to enclaves will be generalised. Moreover, compared with most countries of the region Cuba has an extensive infrastructure for effective law enforcement, data collection and tax administration, as well as for the delivery of public services.

Cuba's score on the measure of the development of information and communications technology (5) for the long-term forecast is also less gloomy than the current extremely low level of computer ownership and internet access would suggest. The strategy of providing a nation-wide programme to provide ICT facilities in educational institutions and creating an army of computer technicians and software designers before the hardware and connections are available has created the potential for explosive growth in the use of ICT once incomes rise and connectivity is in place. Once the first fibre-optic cable comes in to use by the end of 2011, more will follow. A big question mark hangs over the extent to which the government will allow free use of the internet, but given the nature of the web and the resourcefulness and skills that are in place it is difficult to imagine that Cubans will remain unable to gain access to the information they want. Already, small private businesses have found ways to set up websites and payment systems to circumvent controls, and a rapidly growing proportion of young people have found ways to join the Facebook world.

The forecast for Cuba's terms of trade (7) and impact of the historical legacy of having been a colony (9) are, in this forecast, considered to have little impact. A slight deterioration in Cuba's overall terms of trade (which mainly measures the relationship between the prices of nickel exports and oil and food imports) in 2011-20 is expected to be reversed in 2020-30, giving an overall neutral effect on the long-term forecast. After more than one hundred years of independence from Spain, and having survived the rupture of two post-colonial dependent relationships (with the US and the Soviet bloc) since that time, the influence of Cuba's colonial legacy is considered to have receded.

Forecast: long term and comparative

The lack of population growth will depress the headline real GDP growth rate over the long term relative to countries with faster-growing populations. However, an ageing population and associated rise in the dependency ratio do not prevent Cuba's real GDP growth rate *per head*—the figure that tells us the scope for rising living standards—from showing a relatively strong performance in the forecast. In the medium-term, its GDP growth forecast of 38% puts it above the global average of 30%, but still weaker than the 43% average for non-OECD countries.

The global average growth rate for 2010-2015, at 30%, is the same as the EIU's weighted average for all the countries of Latin America and the Caribbean. For the twenty year forecast, the EIU has no weighted average as it does not forecast all countries of the 12 Latin American and Caribbean countries for which a 20-year forecast is generated, Cuba appears among the top four, along with Brazil, Chile and the Dominican Republic.

In global comparisons, Cuba's projected growth of 172% for the twenty year period 2010-2030 ranks within the top one-third of the 80 countries covered: below India and China, both with growth of more than 200% but a long way above most OECD countries, with growth of around 100% (the US 116%, the UK 98%).

That is, in the EIU model the positives in terms of Cuba's initial level of national income, its resource endowments (particularly in terms of human capital), and policy and institutions (most importantly the trajectory of change) outweigh the negatives.

The assumptions that feed in to the model, as well as the model itself and the usefulness of the exercise, are open to question. It is arguable that a scenario in which not only are there no major political shocks but also no serious economic instability is unreasonably unrealistic. In particular, the economic reform task of the next five years—overhauling the economic system at the same time as realigning the hugely distorted set of prices in the domestic economy—would be a difficult and hazardous one at any time, and with a change in leadership and sudden opening of international communication even more so. However, the aim here has been to present a scenario that is internally consistent, and plausible given the information known at

Table 2-7. GDP per capita/averages, PPP US\$

	% change, 2010-2015	% change, 2010-2030
Dominican Republic	33	178
Cuba	38	172
Brazil	35	162
Chile	39	156
Costa Rica	30	144
Peru	36	141
El Salvador	33	133
Argentina	34	124
Colombia	35	121
Mexico	27	111
Ecuador	25	103
Venezuela	15	99

Source: Economist Intelligence Unit: CountryData

the time of writing. We know Cuba's current economic structure and it is also certain that economic reforms are in the pipeline. The rest is unknown.

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3 Las restricciones de divisas en la economía cubana, 2010

Pavel Vidal Alejandro¹

Abstract: Con los datos de cierre de 2010 el presente trabajo examina en qué estado se encuentra la crisis financiera cubana, los avances de la política de ajuste y da cuenta de los primeros signos de recuperación. Se destaca que dada la ralentización de la exportación de servicios profesionales, los nuevos motores para el crecimiento cubano parecen ubicarse en los proyectos inversionistas que se planifican para el período 2011-2015 y en el desarrollo de las Pymes. No obstante, se necesitarían superar las restricciones de divisas para poder financiar las nuevas inversiones y poder organizar un mercado de insumos mayoristas y el microcrédito para las Pymes. Afortunadamente, el gobierno sostiene un compromiso expreso y real con un mejor manejo fiscal y financiero, así como con la profundización de reformas estructurales, que empiezan a tributar a la credibilidad del país y a la salida paulatina de la crisis financiera.

En 2010 fue definida con mayor claridad la reforma económica que pretende implementar el presidente Raúl Castro y que ha nombrado “actualización de

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modelo económico cubano”. En noviembre se publicó el “Proyecto de Lineamientos de la Política Económica y Social” (Lineamientos), un documento que debe guiar los debates previos y durante el VI Congreso del Partido Comunista de Cuba (PCC) a celebrarse en el mes de abril de 2011.

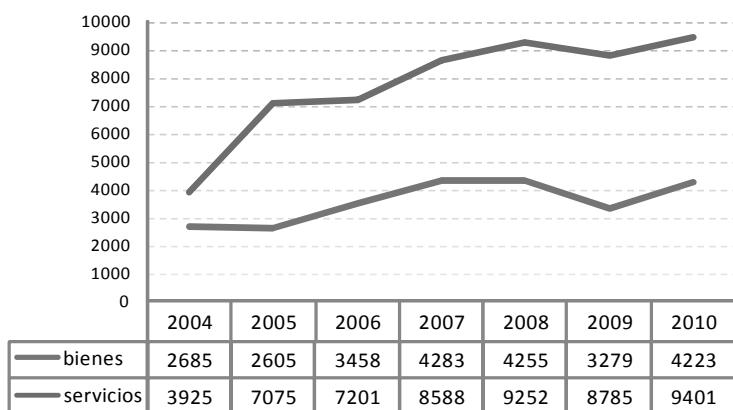
Los Lineamientos plantean varios cambios estructurales, tales como, mayor autonomía a las empresas estatales y a los gobiernos locales, incremento de las formas de propiedad no estatales, ampliación del sistema tributario, continuidad de las reformas en la agricultura y apertura de mercados para bienes de consumo (posiblemente incluiría la compra-venta de casas y autos). Los Lineamientos también refieren un grupo de transformaciones que van dirigidas a profundizar la política de ajuste, debido a que el presidente Raúl Castro no tiene ante sí sólo el reto de perfeccionar el modelo económico cubano, sino también de gestionar y superar la crisis financiera, los desequilibrios macroeconómicos y el estancamiento que vive el país desde la agudización de las restricciones de divisas en 2008.

Con los datos de cierre de 2010 se pretende en el presente trabajo mostrar en qué estado se encuentra la crisis financiera cubana, examinar los avances de la política de ajuste y dar cuenta de los primeros signos de recuperación. El trabajo se estructura en 7 secciones. En la sección 2 se describe la evolución reciente de las principales fuentes de ingresos en divisas al país. En la sección 3 se analiza de forma estilizada la relación entre restricciones de divisas y crecimiento del Producto Interno Bruto (PIB), bien relevante para una economía pequeña y abierta como la cubana. Adicionalmente, se enumeran los proyectos inversionistas planificados para 2011-2015 que pudieran constituir nuevos motores del crecimiento en reemplazo de la exportación de servicios médicos. La sección 4 aborda de forma resumida la crisis financiera cubana y sus principales causas. La sección 5 explica en qué ha consistido la política de ajuste y sus resultados hasta el cierre 2010. En la sección 6 se comenta sobre la apertura reciente a las pequeñas y medianas empresas y las limitaciones que existen para su desarrollo dadas las restricciones de divisas que enfrenta la economía. Finalmente, en la sección 7 se puntualizan las principales conclusiones.

Fuentes fundamentales de divisas

Actualmente la principal fuente de entrada de divisas al país es la exportación de servicios, principalmente la exportación de servicios médicos y el turismo. Desde 2004 se viene incrementando la dependencia de las exportaciones a los servicios. En 2004 la exportación de servicios contabilizaba cerca de \$US4000 millones y superaban a la exportación de bienes en poco más de \$US1200 millones. Desde entonces la brecha se ha venido ampliando. En 2010 la exportación de servicios superó por segunda ocasión los US\$9000 millones con una diferencia con respecto a la exportación de bienes de más de \$5000 millones, representando el 69% del total de exportaciones. En el período 2004-2010 el crecimiento promedio anual de la exportación de servicios (15,7%) duplica a la exportación de bienes (7,8%). (Ver gráfico 3-1).

Gráfico 3-1. Exportaciones de bienes y servicios, 2004-2010



Fuente: Elaboración propia con datos de la Oficina Nacional de Estadísticas de Cuba (ONE).

El aumento de las exportaciones de servicios desde 2004 se explica principalmente por los nuevos acuerdos con Venezuela. La exportación de servicios médicos forma parte de un proyecto más amplio de integración regional conocido como ALBA (Alianza Bolivariana para los Pueblos de Nuestra

América), actualmente integrado por Venezuela, Ecuador, Bolivia, Nicaragua y algunas islas del Caribe, entre ellas, Cuba.

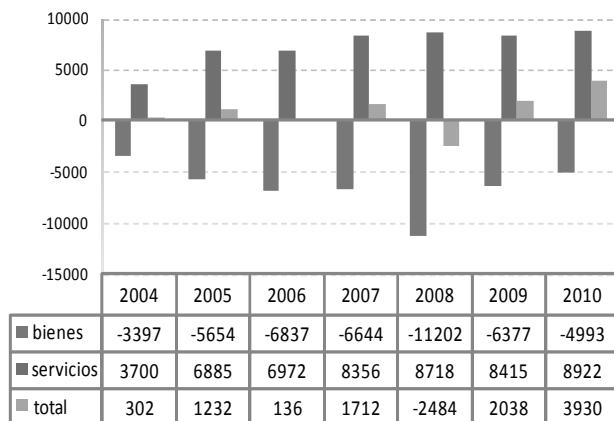
Se observa en el gráfico 3-1 que la exportación de servicios ya no tiene las espectaculares tasas de crecimiento del período 2005-2007. Los ingresos de divisas por este concepto se ha visto ralentizado como resultado de la saturación del mercado venezolano y los límites que impone la cantidad de médicos que se requieren mantener en territorio nacional para conservar la calidad del sistema de salud cubano. Por ello, el gobierno hace esfuerzos para diversificar los mercados—principalmente hacia China, Argelia y Angola—y para incrementar el valor agregado de los mismos.

Sánchez-Egozcue y Triana (2008) opinan que si bien “Cuba no debe repetir el error histórico de hacer depender su economía de un solo sector y de un solo país” sí existe la posibilidad de que junto a los servicios médicos, se desarrolle “la exportación de equipos médicos y medicamentos genéricos y biotecnológicos y la inversión en el exterior en el sector biotecnológico junto a negocios de transferencia de tecnología”. Añaden que, si esto se lograra estaríamos en presencia “de uno de los sectores más dinámicos de la economía nacional, con altas posibilidades de generación de sinergias que potencien su efecto sobre el resto de la economía en un futuro próximo”. Hasta el momento, no ha habido avances muy significativos en este sentido, mientras que la diversificación está acotada por las pocas probabilidades de que se repitan las mismas condiciones que propiciaron los acuerdos con Venezuela.

A pesar de la ralentización, el equilibrio externo cubano se sigue sustentando en el balance positivo en el comercio de servicios que compensa el déficit en el comercio de bienes. En 2010 Cuba obtuvo un superávit en el balance de servicios de US\$8922 millones que compensa el déficit entre importaciones y exportaciones de bienes de US\$4993 millones. (Ver gráfico 3-2).

De los US\$9400 millones de exportaciones de servicios en 2010, US\$2400 pertenecen al sector turístico, los restante US\$7000 millones corresponderían en su mayoría a servicios profesionales. Además de los servicios médicos de diferentes tipos, la exportación de servicios profesionales incluye servicios relacionados con la educación, deporte, informática, y diversas

Gráfico 3-2. Balance externo de bienes, servicios y total, 2004-2010



Fuente: Elaboración propia con datos de la Oficina Nacional de Estadísticas de Cuba (ONE).

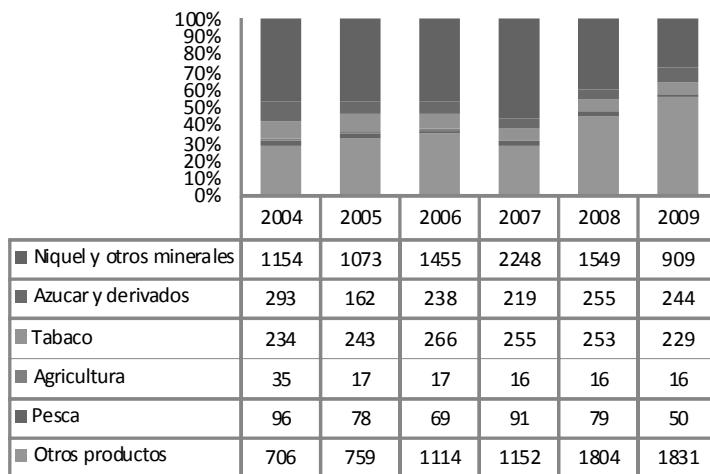
modalidades de asistencia técnica en diferentes sectores como la construcción y la propia agricultura.

De esta cifra de servicios profesionales, se estima que más de US\$5000 millones provengan de Venezuela. Esto es, Venezuela representa más del 35% de las exportaciones totales, más del 50% de las exportaciones de servicios y más del 70% de la exportación de servicios profesionales. Ello le permite a Cuba tener un saldo comercial positivo en la relación con Venezuela, dado que la exportación de servicios es mayor que las importaciones de petróleo que hace Cuba desde Venezuela. Este superávit además está garantizado por un acuerdo gubernamental mediante el cual el precio de los servicios médicos se ajusta al precio internacional del barril de petróleo.

Los ingresos en divisas al país por la exportación de bienes lo encabeza el níquel. En las estadísticas reportadas por la Oficina Nacional de Estadísticas de Cuba (ONE), en 2007 el níquel y otros minerales llegaron a representar más del 50% de los ingresos por exportaciones de bienes con US\$2248 millones, debido a una coyuntura favorable en los precios internacionales. A partir de ahí el peso relativo ha venido disminuyendo. En 2009 el níquel y otros minerales representaron el 28% del total con US\$909 millones. Por su parte, el azúcar y derivados se ha visto reducida por la restructuración del

sector, la descapitalización de los centrales y las zafras cada vez más pequeñas; en 2004 representaba el 11.7% del total de ingresos al país por la exportación de bienes con US\$293 millones, en 2009 llegó sólo al 7,5% con US\$244 millones. El tabaco superó en ingresos al azúcar en el período 2005-2007; en 2009 aportaba US\$229 millones (7% del total). (Ver gráfico 3-3).

Gráfico 3-3. Exportaciones de bienes por sectores, 2004-2009



Fuente: Elaboración propia con datos de la Oficina Nacional de Estadísticas de Cuba.

Se observa en el gráfico 3-3 que el renglón denominado por la ONE como *otros productos* ha venido creciendo en sus ingresos, de US\$706 millones en 2004 (28% del total) ha aumentado a \$1831 millones en 2009 (55,8% del total). Es decir, más de la mitad de los ingresos por la exportación de bienes ya no corresponde a los productos convencionales cubanos, nuevos bienes lideran ahora la exportación. Entre estos nuevos bienes se encuentran principalmente la biotecnología e industria farmacéutica y la exportación de petróleo y gasolina impulsada por la inversión que se ha hecho en la refinería en la provincia de Cienfuegos. Este último rublo debe seguir creciendo y es probable que llegue a liderar por completo la exportación de bienes cubanos, en función de las nuevas inversiones que se planifican en el sector para el período 2011-2015 y las posibilidades de encontrar pozos de petróleo comercializables en aguas profundas del Golfo de México.

Además de las exportaciones, otra fuente de entrada de divisas al país son las remesas, estimadas en \$US1000 millones de dólares anuales provenientes en su mayoría de la emigración cubana en Estados Unidos. Completan entonces las fuentes de divisas la inversión extranjera directa y los créditos. No hay información pública sobre la evolución de los montos de inversión extranjera directa en Cuba. El país realizó una apertura a la inversión extranjera en los años noventa, se destacaron los sectores de turístico, comunicaciones, energía, níquel y la exportación de ron y el tabaco. En los años 2000 se redujo considerablemente el número de empresas extranjeras residentes en la economía, a partir de una política de cerrar intermediarios y empresas de menor tamaño y dejar sólo las de mayor volumen e importancia estratégica. Los Lineamientos para el VI Congreso del PCC no definen nada nuevo en política de inversión extranjera.

En cuanto a los créditos, se puede aproximar su evolución de acuerdo a los datos de la deuda externa. El último dato de deuda externa reportado por el Banco Central de Cuba corresponde al Reporte Económico de 2007 en que registraba un monto de US\$17820 millones; de los cuales, US\$8199 millones de dólares corresponden a la deuda que no ha sido objeto de reestructuración desde 1986; 60,2% comprende a la deuda oficial perteneciente a acreedores del Club de París. La deuda restante (deuda activa) ascendía a US\$9621 millones, de los cuales US\$7480 tenía vencimiento en el mediano y largo plazo. El 51% de la deuda activa era deuda oficial, el 21% era deuda con bancos y el 28% correspondía a deuda con proveedores. (Ver cuadro 3-1).

Cuadro 3-1. Deuda externa activa en 2007

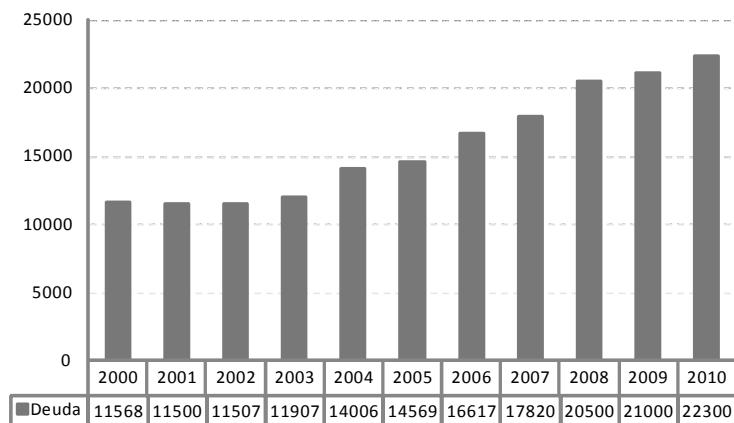
(En millones de USD)

	Total	corto plazo	medio y largo plazo
Deuda activa total	9621	2140	7480
Deuda oficial	4903	697	4206
Deuda con bancos	2011	817	1194
Deuda con proveedores	2707	627	2080

Fuente: Elaboración con datos del Banco Central de Cuba (2008)

Según Economist Intelligence Unit (2010) y estimaciones promedio de otras fuentes, la deuda externa cubana ha seguido una tendencia ascendente (ver gráfico 3-4). Se estima que el país recibió por la vía del crédito externo neto alrededor de US\$6000 millones en el período 2005-2008. En 2009 la deuda externa creció menos, dadas las mayores dificultades del país para acceder al crédito internacional como consecuencia de la crisis global y la propia crisis financiera cubana y su impacto en la credibilidad del país. En 2010 la deuda externa cubana se estima que se ubica alrededor de US\$22300 millones representando el 47,1% del PIB. Según información de Reuters (2010b) la deuda externa contiene US\$4000 millones que corresponden a China.

Gráfico 3-4. Deuda externa total, 2000-2010



Fuente: Estimaciones propias en base a Banco Central de Cuba (2008) y EIU (2010)

Las restricciones de divisas y el crecimiento del PIB

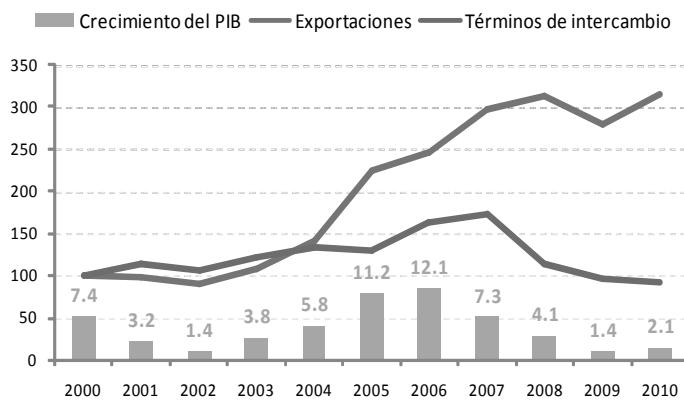
Varios autores han verificado empíricamente para Cuba la relación entre crecimiento económico y restricciones de divisas (también nombrada restricciones de balanza de pagos), propias de una economía pequeña y abierta. Algunos de ellos son Moreno-Brid (2000), Mendoza y Robert (2002), Alonso y Sánchez-Egozcue (2005) y Vidal y Fundora (2008). La formal-

ización de esta relación toma como punto de partida el “modelo de crecimiento económico con restricción de balanza de pagos (CRBP)” expuesto inicialmente por Thirlwall (1979). Unos años después, Thirlwall y Hussain (1982) proponen una versión ampliada del modelo que incluye, junto a las exportaciones, el financiamiento externo y los términos de intercambio como factores que en el corto y mediano plazo pueden relajar o restringir las restricciones de divisas. Estas variables definen la disponibilidad de divisas para efectuar importaciones de insumos y capital, de lo cual depende el crecimiento del PIB.

Para tener una visión estilizada en los últimos años de la relación entre crecimiento y restricciones de divisas o de balanza de pagos, en el gráfico 3-5 se presenta la evolución del PIB junto a la dinámica de las exportaciones y los términos de intercambio.

Gráfico 3-5. El crecimiento del PIB y las restricciones de divisas, 2000-2010

(Índice 2000=100, crecimiento del PIB en porcentaje)



Fuente: Elaboración propia con datos de la Oficina Nacional de Estadísticas de Cuba.

En comparación con el período 2001-2003 de bajo crecimiento económico, desde el año 2004 el PIB cubano real se aceleró y alcanzó en 2005 y 2006 tasas de variación de dos dígitos de 11,2% y 12,1%. Este período de crecimiento se destaca por la llamada *Batalla de ideas*. El gobierno, liderado entonces por Fidel Castro, hizo uso de los crecientes ingresos en

divisas para impulsar importaciones e inversiones centralizadas destinadas al mejoramiento de los sectores de la salud, la educación, y para transformar la producción y el consumo de energía, conocido esto último como *Revolución energética*. También incluyó la importación de nuevos equipos para el mejoramiento del sistema de transporte.²

Desde 2007 comienza a desaparecer el boom económico, empieza una desaceleración que se agudiza en 2008 y es seguida por un estancamiento que dura hasta 2010. Es visible en el gráfico 3-5 que la aceleración del PIB coincide con una evolución favorable en las exportaciones y los términos de intercambio. En cambio, a partir de 2008 las restricciones de divisas se agudizan con la caída continua de los términos de intercambio y el estancamiento en la tasa de crecimiento promedio de las exportaciones; con lo cual, el país dispuso de menos divisas para cumplimentar las importaciones indispensables para el crecimiento económico.

A partir de 2008 las restricciones de divisas se vieron impactadas negativamente por los siguientes shocks:

- Caída abrupta de los términos de intercambio en 2008, que se repite en menor medida en 2009 (gráfico 5). La misma, fue ocasionada por el desplome del precio del níquel en paralelo con el aumento internacional del precio de los alimentos (Cuba importa alrededor del 80% de los alimentos).
- Tres huracanes en 2008 con afectaciones principalmente en viviendas, infraestructura y la producción de alimentos que en conjunto sumaron un costo estimado en 9700 millones de dólares.
- Finalmente, llega la crisis global en 2009 para complicar aún más el escenario macroeconómico. Utilizando el modelo CRBP, Mesa-Lago y Vidal (2010) estiman que el mecanismo fundamental de transmisión de la crisis global sobre la economía cubana aconteció mediante el financiamiento externo, con una contribución negativa de 4% del PIB, y en segundo lugar, las exportaciones, con una contribución también negativa de 2,9% del PIB.

La economía cubana recibió la crisis global en una situación macroeconómica ya debilitada y sin reservas para una política anticíclica. Los shocks externos provocaron una crisis de balanza de pagos y pusieron además en evidencia las debilidades estructurales del crecimiento de los años previos. La exportación de médicos a Venezuela había crecido pero sin establecer encadenamientos relevantes con la economía doméstica. Este fue un

2. Para una evaluación más detallada de la economía cubana en este período ver Domínguez et al (2007) y Pérez (2006).

período de estancamiento de la industria y la agricultura, aumento de las importaciones, ampliación del déficit en la balanza de bienes y elevación de la deuda externa. Cuando el sector de servicios profesionales perdió dinamismo, la economía quedó en una situación de bajo crecimiento y mayor dependencia externa.

Vidal y Fundora (2008) estiman un significativo aumento de la elasticidad-ingreso de la demanda de importaciones desde 2003. Para 2005 estiman una elasticidad de 3,06; es decir, para que la economía pudiera continuar con tasas de crecimiento del PIB por encima de 10%, las importaciones debían crecer cada año más del 30%, lo que se hizo insostenible una vez que la exportación de servicios se ralentizó.

En las estadísticas del PIB cubano influye la modificación que aplica desde 2004 la ONE en el cálculo de este indicador, al incorporar una rentabilidad artificial a los servicios públicos gratuitos como la educación y la salud, con el objetivo de aumentar su peso dentro del PIB. Ello ha sido decisivo para sostener un crecimiento positivo en 2009 y 2010.

A pesar de la crisis mundial y la caída promedio de las economías de América Latina y del Caribe, el PIB cubano aumentó un 1,4% en 2009; la producción de bienes cayó un 3,6% pero los *servicios básicos* crecieron un 1,2% y *otros servicios* aumentaron 4,0%. En 2010 sucede algo similar. La producción de bienes tuvo un crecimiento nulo, presentando los peores registros la industria azucarera (-16,4%), la pesca (-4,2%) y el sector de la agricultura, ganadería y silvicultura (-2,8%). Es el renglón de *otros servicios* el que nuevamente explica el crecimiento económico al aumentar un 4% y tener una ponderación de 65% dentro del total del PIB. Sobresale la expansión de la cultura y deporte (7,8%), salud pública y asistencia social (5,7%) y educación (4,5%); solamente estos sectores representan el 30% del PIB.

En realidad, no se esperaba que estos tres sectores terminaran el año con crecimientos tan significativos, dado que en gran parte son actividades presupuestadas y, en correspondencia, era probable una disminución o estancamiento de los mismos como resultado de la contracción de los gastos fiscales en 2010. Con los datos disponibles, se puede entender que un nuevo incremento de la exportación de dichos servicios al exterior en 2010 parece haber compensado el efecto contractivo interno de la reducción de los gas-

tos fiscales. Y en efecto, las estadísticas preliminares de cierre de 2010 de la ONE revelan que la exportación de servicios creció un 7%.

En 2010 no sólo creció la exportación de servicios sino también los ingresos corrientes asociados a la exportación de bienes en un 28%. Esta expansión no viene explicada por un aumento de los volúmenes exportados, los cuales decrecieron un 14,2%, sino por una situación favorable en los precios internacionales que mejoraron un 50% en relación a 2009. Aquí tienen un peso importante la evolución al alza del precio del azúcar y el níquel. En suma, las exportaciones corrientes totales de bienes y servicios crecieron en 2010 un 12,9%.

Los términos de intercambio en 2010 empeoran un 3,2%, aunque mucho menos que la caída de 2008 (34,6%) y de 2009 (15,3%). No hay un mejoramiento de los términos de intercambio en 2010 a pesar del aumento del precio de las exportaciones (50%) debido a que el aumento del precio de las importaciones es superior (55%). En síntesis, las restricciones de divisas fueron menos tensas en 2010 que en 2009 y 2008, gracias al incremento de la exportación de servicios y al aumento internacional de los precios de los principales rubros de exportación cubanas. Probablemente, para 2011 las restricciones externas se agudicen nuevamente como consecuencia del aumento previsto en los precios internacionales de los alimentos. Cuba podría volver a recibir un shock de términos de intercambio con similar impacto que en 2008, dado que se mantiene la dependencia a la importación de alimentos toda vez que la producción nacional continúa con una tendencia decreciente.

Para el período 2011-2015 las autoridades económicas están prediciendo un crecimiento promedio del PIB del 5%. En este objetivo son fundamentales las inversiones planificadas para el quinquenio. El proyecto de mayor importancia es el Polo Petroquímico de Cienfuegos estimado en más de US\$6000 millones (Reuters, 2010a). Este incluye una ampliación de la refinería de esta ciudad que entró en operación nuevamente a finales de 2007 a partir de una asociación entre la empresa estatal cubana CUPET y la venezolana PDVSA. La inversión tiene asociada una modernización del puerto de Cienfuegos y el desarrollo de una industria petroquímica. Todo ello se prevé que tenga un impacto significativo en el empleo, en el resto de la industria nacional y en las exportaciones, principalmente hacia la región del Caribe.

En 2011 también debe llegar al país una plataforma especializada para las labores de prospección en la Zona Económica Exclusiva (ZEE) del Golfo de México en las que participan una variedad de empresas extranjeras. Resultados positivos en estos esfuerzos permitirían que el Polo Petroquímico utilizara crudo nacional multiplicando la rentabilidad del mismo. Otros planes inversionistas son las refinerías de Matanzas y Santiago de Cuba, el Puerto del Mariel y las inversiones en la Bahía de la Habana que quedaría dedicada casi exclusivamente a actividades de turismo. Además, el país planifica promover entre 2011-2015 inversiones en el desarrollo del ferrocarril, la termoeléctrica del Mariel, en el níquel, en la producción de cemento y en la ampliación de capacidades turísticas.

La ejecución efectiva de todas estas inversiones planificadas dependerá de la capacidad que tenga la economía cubana de superar las restricciones de divisas que le permitan cumplimentar la importación de bienes de capital e insumos que requieren todos estos proyectos. En ello será decisivo el financiamiento externo junto a la evolución futura de las exportaciones y los términos de intercambio.

Crisis financiera

Actualmente el sistema financiero cubano está conformado por 9 bancos estatales y un grupo de instituciones financieras no bancarias y oficinas de representación de instituciones financieras extranjeras. El sistema lo encabeza el Banco Central encargado de supervisar y controlar las instituciones financieras, de actuar como agente fiscal del estado y velar por el funcionamiento del sistema de cobros y pagos y la política monetaria. El sistema financiero mantuvo en estas dos últimas décadas un papel activo en la captación de recursos en la economía doméstica y en el exterior, con los cuales ejerció la función de crédito tanto para el consumo, la inversión y como apoyo a las actividades comerciales empresariales externas e internas.

Desde 2008 las cosas han empeorado para el sistema financiero cubano. A mitad de año se produjeron incumplimientos de algunos de los compromisos financieros internacionales del gobierno y de las empresas estatales. A la crisis de deuda externa se le sumaron en 2009 los impagos de los bancos cubanos a proveedores internacionales e inversionistas extranjeros; los bancos cubanos se vieron obligados a congelar cuentas de empresas extranjeras

y estatales. Desde ese año el sistema bancario se encuentra en una situación de crisis de liquidez sistémica. En el cuadro 3-2 se enumeran las principales causas de la crisis financiera cubana analizada por Vidal y Gonzalez-Corzo (2010).

Cuadro 3-2. Causas de la crisis financiera cubana

- Crisis de balanza de pagos desde 2008 detonada por los tres choques externos mencionados: caída de los términos de intercambio, una nefasta temporada de huracanes que obligó a ejecutar importaciones adicionales de alimentos, así como de insumos para la reparación de viviendas e infraestructura, y la crisis global con sus canales de transmisión hacia la financiación externa y las exportaciones.
- La eliminación desde 2003 de la caja de conversión (currency board) que controlaba la emisión de pesos convertible (CUC), sin fijarse alguna regla monetaria sustituta. Anteriormente, por cada peso convertible en circulación había un dólar de reserva en el Banco Central, pero al romperse este sistema y no sustituirse por otra regla monetaria, el Banco Central quedó con libertad ilimitada para imprimir dicha moneda. Aunque no son públicos los datos, los hechos muestran que hasta 2009 se había emitido una cantidad de CUC muy por encima de las reservas en divisas requeridas para respaldar su convertibilidad.
- La recentralización de los recursos financieros desde 2005. Ese año se creó la Cuenta Única del Estado donde las empresas están obligadas a remitir sus ganancias, el pago de impuestos y otros aportes en divisas y también en pesos convertibles. La centralización se puede considerar otro factor promotor de la crisis bancaria en la medida que provocó una concentración del riesgo financiero en un único agente económico, en este caso, el gobierno central. No es la primera vez que el gobierno enfrenta una crisis en sus finanzas, la diferencia es que anteriormente ello no repercutía con tanto rigor sobre los balances de los bancos al estar más diversificada la liquidez entre las cuentas corrientes de las diferentes empresas estatales.
- Otro factor que ha agravado la crisis financiera es la política de tipo de cambio fijo. Una devaluación oportuna y gradual del tipo de cambio del peso convertible hubiese ayudado a restablecer el equilibrio de balanza de pagos. Hubiese servido para generar incentivos a favor de la sustitución de importaciones, el incremento de las exportaciones y hubiese beneficiado la competitividad-precio del turismo. Desde 2005, en que las condiciones macroeconómicas eran muy distintas a las actuales, el tipo de cambio está fijo en 0,92 CUC por 1 USD.

Las manifestaciones de la crisis bancaria no han estado relacionadas con un retiro masivo de las cuentas de ahorro de la población—que no ha mostrado signos evidentes de desconfianza hacia el sistema financiero—, sino con el colapso del sistema de pagos empresariales. En 2009 prácticamente se detuvieron los pagos al exterior desde el sistema bancario cubano. CEPAL (2009) estima los impagos de los bancos cubanos entre 600 y 1000 millones de dólares.

La crisis bancaria está muy vinculada con la crisis del peso convertible (CUC), el cual ha perdido parte de las cualidades que le hacían meritorio del apellido “convertible”. Una de las principales razones por la cual los pagos al exterior desde los bancos cubanos se han detenido, es porque las cuentas bancarias en pesos convertibles han perdido la cobertura necesaria en reservas internacionales en el Banco Central.

A partir de esta crisis del peso convertible, los ministerios vienen distribuyendo entre sus empresas subordinadas las escasas divisas asignadas centralmente por la Cuenta Única del Estado. Para ello, desde 2009, se emiten los llamados Certificados de Liquidez (CL) que son los que terminan especificando qué pesos convertibles “son convertibles” y cuáles no. Las cuentas bancarias en pesos convertibles respaldadas por CL pueden efectuar pagos al exterior, las restantes no son convertibles, sólo sirven para pagos internos.

Las dificultades en el sistema bancario han tenido implicaciones negativas sobre el crédito, los flujos de inversión extranjera, las operaciones de comercio exterior (desabastecimiento de productos importados en el mercado interno) y en la confianza internacional en los bancos cubanos. La estabilización financiera de la economía requeriría de un prestamista de última instancia internacional. Esta es una opción que se le dificulta a Cuba por no ser miembro de los principales organismos financieros internacionales como el FMI, Banco Mundial, BID, etc.

Política de ajuste

Ante la ausencia de un prestamista de última instancia internacional, la única opción que ha quedado en las manos del gobierno es la implementación de una rigurosa política de ajuste de los gastos que permita disponer de superávits financieros para poco a poco ir regularizando las deudas.

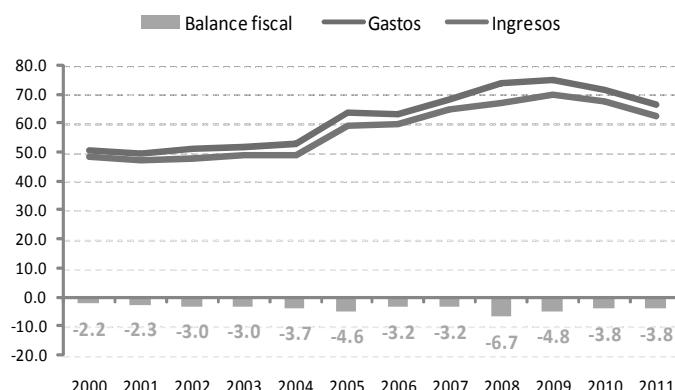
En 2008 la brecha fiscal creció hasta 6,7% del PIB. Desde 2009, el gobierno ha venido reduciendo el desbalance fiscal mediante el recorte de los subsidios a las empresas estatales, la eliminación del apoyo desde el presupuesto estatal a las inversiones, una dura política de control de gasto energético, una política de mayor eficiencia del gasto social y la reorganización de las funciones y estructura del aparato institucional estatal y gubernamental. El ajuste fiscal ha sido favorable para el control de la inflación (1,4% en

2010), la recuperación del equilibrio externo y viene contribuyendo a la salida paulatina de la crisis financiera que sufre el país.

En 2009, la política fiscal logró reducir el desbalance desde 6,7% hasta 4,8% del PIB. En 2010 se vuelve a reducir el déficit fiscal hasta 3,8% del PIB. En 2010 los gastos fiscales disminuyeron en un monto equivalente al 3,1% del PIB (desde una proporción de 74,8% bajaron a 71,7%). Para 2011, la política fiscal se ha propuesto una nueva reducción de los gastos equivalente al 5% del PIB. El ajuste de los gastos ha permitido mantener el déficit controlado a pesar de la tendencia negativa de los ingresos en 2010 y 2011. (Ver gráfico 6).

Gráfico 3-6. Balance fiscal, 2000-2011

(% del PIB)



Fuente: Elaboración propia con datos de la Oficina Nacional de Estadísticas de Cuba.

En 2011 los ingresos presupuestarios se verán beneficiados por las nuevas medidas para ampliar el trabajo por cuenta propia y poner en práctica un nuevo régimen tributario. Por su parte, el control de los gastos se favorecerá con la reducción del empleo estatal y la eliminación del subsidio indefinido al desempleo.³

El ajuste laboral abarcará inicialmente a unas 457000 trabajadores estatales y debe ocurrir durante el primer trimestre de 2011 (inicialmente se anunció

3. Ver Mesa-Lago (2010) y Vidal y Pérez (2010) para una valoración más amplia sobre el ajuste del empleo estatal.

que iba a comenzar en octubre de 2010). Se estima que dentro de esta cifra, existen unos 150000 trabajadores de empresas estatales que pasarán a la modalidad de arrendamiento o cooperativas. El resto quedará desempleado y tendrá que buscar opciones en otros sectores de la economía ya sea estatal o no estatal. Los desempleados cobrarán el salario básico de un mes; los que acumulen más de nueve años de servicio podrán recibir el 60% del salario hasta por cinco meses adicionales en dependencia de los años trabajados (ver Ministerio de Justicia, 2010). Un presupuesto de 200 millones de pesos cubanos ha sido destinado en 2011 para brindar ayuda a las familias más afectadas por este programa.

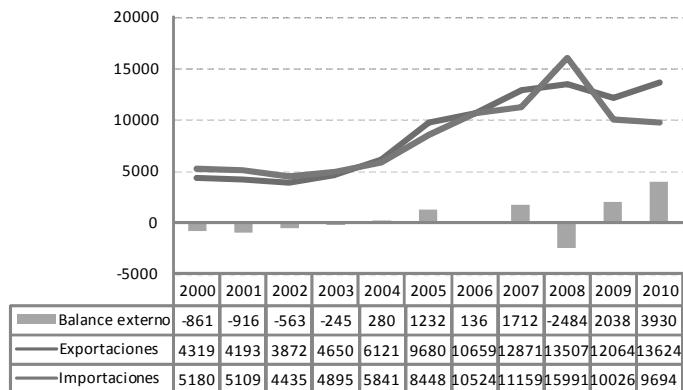
El ajuste fiscal también incluye la eliminación gradual de la libreta de racionamiento, sistema mediante el cual se asigna mensualmente una canasta de alimentos y otros productos esenciales a todas las familias, a precios muy por debajo de los costos de importación y producción. La política fiscal se ha planteado como objetivo transitar desde un sistema de subsidios a producto hacia uno que subsidie directamente a las familias de menos ingresos. Como parte este proceso ya salieron de este sistema la comercialización de papás, chocolate y chícharo, y se acaba de anunciar que a partir de enero de 2011 salen de este esquema los productos de higiene y aseo personal (jabón, detergente y pasta dental). Tales productos pasan a la venta sin racionamiento en las tiendas estatales y con precios muy similares a los que operaban en el mercado negro en función de mantener el equilibrio entre oferta y demanda y evitar el desabastecimiento. Ello, en cambio, tiene un impacto en las familias de bajos ingreso que se espera sea cubierto por la política social en el futuro cercano.

El equilibrio fiscal también se empieza a beneficiar de la nueva Ley de Seguridad Social aprobada en 2009. Para paliar los efectos del rápido envejecimiento de la población cubana, se extendió en cinco años la edad de jubilación -pasó a ser de 65 años para los hombres y de 60 años para las mujeres- y aumentaron los años requeridos de trabajo de 25 a 30.

En el comercio externo también ha habido un ajuste. En 2009 se efectuó una severa disminución de las importaciones en (-37,3%) y gracias a ello se obtuvo un superávit en el comercio externo de bienes y servicios de US\$2038 millones. En 2010 continúa el ajuste de las importaciones aunque en menor medida que en 2009; las importaciones disminuyeron un -3,3%, desde US\$10026 millones hasta US\$9694 millones. Ello, unido al creci-

miento de las exportaciones hasta US\$13624 millones, permitió que el país volviera a disponer de un superávit en el comercio externo de bienes y servicios. El superávit del comercio externo en 2010 es superior al de 2009 en US\$1892 millones (93%) y es el mayor de toda la década (Ver gráfico 3-7).

Gráfico 3-7. Balance externo de bienes y servicios



Fuente: Elaboración propia con datos de la Oficina Nacional de Estadísticas de Cuba.

Como resultado del ajuste fiscal, la reducción de importaciones y el superávit en el comercio externo, hasta mediados de 2010 se habían logrado pagar dos tercios de las cuentas bancarias congeladas. En su discurso de clausura de la Asamblea Nacional el pasado diciembre, el presidente Raúl Castró aseguró que durante el 2011 serán descongeladas el 100% del valor de las cuentas bancarias. Al mismo tiempo, ratificó “el más firme propósito de honrar puntualmente los compromisos contraídos” y destacó que se habían impartido “instrucciones precisas de no asumir nuevas deudas sin la seguridad de cumplimentar su pago en los plazos pactados.” En la Asamblea Nacional el Ministro de Economía expresó que se habían logrado significativos avances en la renegociación de la deuda con los principales acreedores. Precisó que se habían renegociado “más de US\$2000 millones de dólares de deudas pendientes, desplazándose los pagos, fundamentalmente, para años posteriores al 2015” (Murillo, 2010).

Aunque no hay información cuantitativa precisa, de manera general se conoce que la evolución de los pagos de deuda externa atrasados marcha a

un ritmo mucho más lento que la solución de los impagos bancarios. Hasta el momento, no se han podido regularizar completamente los servicios de las deudas del gobierno y empresas estatales con proveedores, bancos internacionales y otros gobiernos. Asimismo, la convertibilidad del CUC ha seguido limitada por los Certificados de Liquidez (CL).

Dada la coyuntura macroeconómica y la ausencia de prestamista internacional de última instancia no es previsible en el corto plazo una regularización total de los pagos de deuda externa. No obstante, sí debe mantenerse la tendencia a la solución paulatina de la crisis financiera en el mediano y largo plazo, apoyada en los superávits en el comercio externo, el ajuste fiscal y los nuevos flujos financieros que podrían ir regresando a Cuba una vez que aumente la credibilidad financiera del país. Brasil ya ha destinado \$US300 millones para la inversión en el puerto del Mariel y China la significativa suma de \$US6000 millones para el Polo Petroquímico de Cienfuegos (Reuters 2010a). El compromiso expreso y real del gobierno con un mejor manejo fiscal y financiero, así como la profundización de reformas estructurales, empieza a tributar a la credibilidad del país y a la solución gradual de la crisis financiera.

Restricciones de divisas para el desarrollo de las Pymes

Para compensar el ajuste del empleo estatal y crear nuevos puestos de trabajo, el gobierno ha efectuado una nueva apertura al trabajo por cuenta propia, que posibilita además la creación de microempresas. Dentro de la reforma que emprende el país plasmada en los Lineamientos para el VI Congreso del PCC, también se manifiesta la intención de multiplicar las cooperativas fuera de los márgenes de la agricultura donde ya existían. Se comienza a fomentar la pequeña y mediana empresa (Pymes) bajo distintas formas de propiedad, aunque esto queda, por ahora, reducido a una lista muy insuficiente de actividades.⁴

La nueva apertura consiste en descongelar un grupo de categorías para cuentapropistas de las cuales no se efectuaban emisiones hacia años, así como, la instauración de un marco regulatorio más flexible.⁵ Algunas de estas flexibilizaciones son:

4. Ver Vidal y Pérez (2010) y Mesa-Lago (2010) para una valoración más amplia sobre la apertura a las Pymes.

- Podrán comercializar sus bienes y servicios a entidades estatales.
- Se les permitirá contratar fuerza de trabajo, lo que los convierte en microempresas.
- Tendrán acceso al crédito bancario.
- Podrán alquilar locales y activos del Estado o de otros ciudadanos.
- Se permitirá el arrendamiento de viviendas y vehículos a las personas que tengan un permiso para vivir fuera de Cuba.
- El tamaño autorizado para los restaurantes privados (paladares) aumentará de 12 a 20 plazas.

Los cuentapropistas y microempresarios deberán contribuir al presupuesto mediante el impuesto sobre las ventas o los servicios, el impuesto por la utilización de la fuerza de trabajo, la contribución a la seguridad social, una tasa por la radicación de anuncios y propaganda comercial, y el impuesto sobre ingresos personales que oscila entre 25% y 50% según el tipo de actividad. El gobierno planifica emitir 250000 nuevas licencias. De octubre a diciembre de 2010 se habían otorgado 75061 licencias mientras que 8342 se hallaban en trámites. Las licencias más demandadas habían sido la elaboración y venta de alimento (22%) y los trabajadores contratados (16%).

Las nuevas flexibilizaciones ciertamente deberán estimular una expansión progresiva del sector, sin embargo, subsisten un número de obstáculos para que efectivamente se produzca una multiplicación a gran escala de las Pymes en la economía cubana:

- La lista de 178 actividades permitidas es demasiado reducida y fija las categorías de forma demasiado específica, lo cual frena la iniciativa privada.
- Las actividades permitidas son poco intensivas en conocimiento y no permiten aprovechar la inversión en educación que ha hecho el país por décadas.
- La medida considera pocos incentivos a la legalidad a actividades que en muchos casos ya se realizaban desde la informalidad.
- El estancamiento económico que vive el país es otro de los obstáculos a la creación de nuevas Pymes. Se necesita de un shock positivo de demanda, que la economía y la política fiscal y monetaria no están en condiciones de propiciar en estos momentos. La ampliación del trabajo por cuenta propia en la década de 1990 estuvo impulsada por el shock de demanda que significó la apertura simultánea a las remesas y al turismo. Hoy no existe un impulso similar. No obstante, debe seguirse de cerca la evolución del arribo de turistas que ha mostrado cierta recuperación en los últimos meses, y que pudiera ampliarse con las nuevas flexibilizaciones de la administración Obama en relación a los viajes desde EEUU por motivos académicos.⁵

5. Ver Ministerio de Justicia (2010) para más detalle sobre la lista de trabajos por cuenta propia autorizados y las nuevas regulaciones para el sector.

cos, culturales y religiosos. De ser este el caso, el turismo se podría ir contribuyendo a expandir la demanda y relajar las restricciones de divisas de las nuevas Pymes cubanas.

En adición a estas limitantes se encuentra las restricciones de divisas que tiene el país para apoyar el microcrédito y un mercado de insumos mayoristas, tan necesario para el desarrollo de las Pymes. Las nuevas flexibilizaciones le permiten al sector no estatal tener acceso al crédito bancario, pero el sistema financiero tiene problemas de liquidez. Es por ello que el gobierno debería agilizar y promover la colaboración internacional en el tema del microcrédito.

El Estado no tiene suficientes recursos para crear un mercado mayorista de insumos para las Pymes; hoy los mercados de insumos para las empresas estatales sufren de desabastecimiento como consecuencia de los problemas económicos y financieros del país. Pero si se promueve el microcrédito con colaboración internacional, ello significaría una entrada de divisas al país que posibilitarían abrir la importación para los cuentapropistas, microempresarios y cooperativistas. El microcrédito y el mercado de insumos, precisamente serían además incentivos a la legalidad, pues se necesitaría estar registrado y pagar impuestos para acceder a ellos.

Comentarios finales

Unas condiciones externas menos tensas en 2010 contribuyeron a mantener un crecimiento positivo, en particular, el aumento de la exportación de servicios (con una alta ponderación dentro del PIB). No obstante, es probable que ello haya sido más un movimiento coyuntural que tendencial. El sector de servicios ya no tiene las espectaculares tasas de crecimiento que ostentaron en el período 2005-2007 y no es fácil que se repitan las mismas condiciones que aparecieron con Venezuela para una dinámica similar. Más bien se debe esperar que las restricciones de divisas se agudicen en 2011 debido al aumento esperado en el precio internacional de los alimentos.

Cuba necesita encontrar nuevos motores para el crecimiento que parecen ubicarse en los nuevos proyectos inversionistas que se planifican para 2011-2015, en el desarrollo de las Pymes -una vez que continúe su apertura-, y en la puesta en marcha de las reformas anunciadas en los Lineamientos para el VI Congreso del PCC.

La ejecución efectiva de las inversiones planificadas dependerá de la capacidad que tenga la economía cubana de superar las restricciones de divisas. El desarrollo de las Pymes requiere de divisas para organizar un mercado de insumos mayoristas y el microcrédito. Nada de ello es tarea fácil dado que Cuba atraviesa una crisis financiera sin prestamista de última instancia que ayude a sobrepasarla.

No obstante, a partir del ajuste del gasto fiscal y las importaciones que ha efectuado la política económica bajo el mando de Raúl Castro, el país ha venido solucionando los impagos bancarios y comienza a regularizar paulatinamente los pagos de deuda externa. El gobierno sostiene un compromiso con el ajuste, con un manejo más racional del financiamiento externo y con la profundización de reformas estructurales, lo cual empieza a tributar a la credibilidad financiera del país. Se observa un renacido interés internacional por los cambios en la isla y países como China y Brasil apuestan ya grandes sumas para los proyectos inversionistas planificados.

Una vez que el gobierno finalmente ha definido que sí pretende efectuar cambios importantes en el modelo económico cubano, los retos ahora quedarían en la capacidad institucional para gestionarlos; para lo cual será clave poder lograr los consensos sociales y políticos necesarios y velar porque la política social responda a los costos de los ajustes en los grupos más vulnerables con la rapidez y la certeza requerida.

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4

New Forms of Enterprise in Cuba's Changing Economy

Camila Piñeiro Harnecker¹

Abstract: The aim of this paper is to analyze the new types of non-state (private and cooperatives) enterprises, known as "new forms of enterprise," that may emerge or are already beginning to take root in Cuba. First, I will describe the plan to restructure employment away from state institutions and into the non-state sector. Next, in order to assess the potential for growth of non-state enterprises, I will examine the situation that has led to these recent and still-emerging changes. Thirdly, I will analyze the main potentials and limits that these new forms of enterprises in Cuba present. Finally, this paper will look at the main risks that the expansion of Cuba's non-state sector could produce.

Introduction

In September 2010, the Cuban government announced plans to eliminate 500,000 jobs from state-run companies and institutions, roughly 10 percent of the entire Cuban workforce (CTC, 2010). The decision, announced in the

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newspaper *Granma*, noted that most of the workers will be absorbed by the non-state sector (mostly private businesses and cooperatives; foreign companies and joint ventures are not considered in this paper). The need to “deflate” state payrolls and expand the non-state sector has been reaffirmed in the Proposed Guidelines for the Economic and Social Policy of the Communist Party of Cuba (PCC). This document, published in November 2010, is designed to guide a national debate in preparation for the Sixth Party Congress, scheduled for April 2011², which will map out the strategies and policies to achieve those objectives.

The Cuban state currently employs 84 percent of the country's workforce. The unemployment rate is 1.7 percent,³ one of the lowest in the world, though with very poor productivity levels⁴—in part because state payrolls are “inflated” to ensure full employment.

As can be seen in Figure 4-1, non-state employment in Cuba has represented 15.7 percent of total employment on average in the last three decades. In average, it has been concentrated in agricultural activities, especially private farming (about 7.3 percent, most farmers being linked to Cooperatives of Credit and Services or CCS) and cooperatives (about 5.7 percent, fewer in Agricultural Production Cooperatives o CPA, than in Basic Cooperative Production Units or UBPC; though that percentage is in decline), and, to a lesser extent, (about 2.8 percent) by people who are *cuentapropistas* or self-employed⁵, in non-agricultural activities. At the end of 2010, Cuba's National Statistics Office (ONE, by its acronym in Spanish) registered 442,000 private workers, non-*cuentapropistas* (8.7 percent of total employment), 217,000 cooperative members (4.2 percent) and 147,400 *cuentapropistas* (2.9 percent). According to ONE, those numbers do not reflect entirely the more

2. By February 7, 2011, there were more than 127,000 meetings with about seven million participants, who contributed more than 619,000 propositions, deletions, additions, changes, questions or concerns to the Guidelines (Martínez and Puig, 2011).

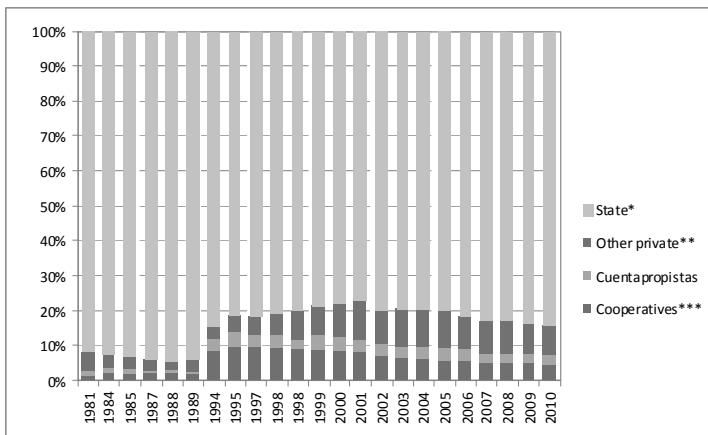
3. Cuba's total workforce is 5,158,500, of which 5,072,400 are officially employed, while the rest, 86,100, are unemployed.

4. According to sources quoted by Mesa-Lago (2010), labor productivity fell by 31 percent between 1989 and 1993, and in 1996 it was still well-below that of 1989. In 2009, labor productivity fell by one percent in large measure, according to Murillo, as a result of inflated payrolls.

5. When the *cuentapropismo* sector was created in 1993, it was not allowed to hire workers who were not relatives of the person who held the license. Therefore, *cuentapropismo* was, at least formally, a type of self-employment or family employment: a simple form of private enterprise. With the new regulations of 2010, allowing the hiring of permanent workers for various activities, *cuentapropismo* has become a non-simple private or "capitalist" enterprise form.

than 100,000 new private farmers who have emerged since 2008 when the process of distribution of idle land in ususfrutus started (No. 259 from July 2008); nor do they reflect the near 80,000 new cuentapropistas who have been registered in the last months of 2010.

Figure 4-1. Evolution of non-state employment (1981-2010)



*Also includes joint ventures (mixtas) and S.A. (sociedades mercantiles).

**Most are private farmers, generally associated into CCS, and the wage-laborers they employ^a.

***Includes members of CPA and, after 1993, UBPC; but not of CCS.^b

Source: author, based on ONE.

a. Some analysts estimate that there are currently only 30,000 private farmers who aren't associated with a CCS. The new lease-holders, according to Decreto Ley 282, must be associated with a CCS.

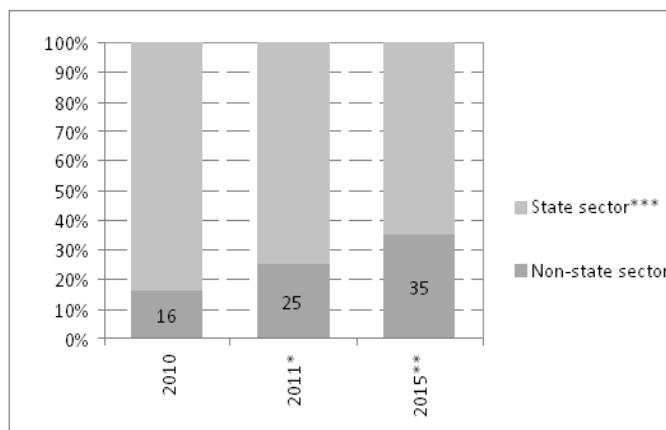
b. The CCS figures aren't included because they are not production cooperatives; they are only consumption-based.

It seems likely that Cuba's share of non-state employment will increase considerably in coming years. There is a widespread recognition of the need to optimize the use of resources by state institutions (those subordinated to both ministries and local/regional/national governments), and the need for the state to relinquish the management -though not the legal property- of certain non-strategic economic activities which tend to be poorly administered by state institutions.

In fact, as shown in Figure 4-2, the number of new cuentapropismo licenses (which also includes wage-workers) is expected to increase 250,000

by the end 2011, and 200,000 additional jobs will be created, mainly by new production (goods and services) cooperatives.⁶ The chief of the Ministry of Finance and Pricing (MFP), Lina Pedraza (2010) estimated that the number of persons employed in the non-state sector will increase to 1.8 million by 2015, a number which would result in a non-state sector with more than 35 percent of Cuba's total workforce.

Figure 4-2. Estimates of the increase in non-state employment



*Estimate with 450,000 more non-state workers.

**Estimate with 1.8 million non-state workers, and a 5 percent increase in labor force resulting from the new Social Security Law No. 105/2008.

***Also includes joint ventures (mixtas) and S.A. (sociedades mercantiles).

Source: author, based on estimations cited by Mesa-Lago (2010: 66) and by the MFP.

The aim of this paper is to analyze the new types of non-state enterprises that may emerge or are already beginning to take root in Cuba. First, I will describe the plan to restructure employment away from state institutions and into the non-state sector. Next, in order to assess the potential for growth of non-state enterprises, I will examine the situation that has led to these recent and still-emerging changes. Thirdly, I will analyze the main potentials and limits that these new forms of enterprises in Cuba present. Finally, this paper

6. According to unofficial document “Información sobre el reordenamiento de la fuerza de trabajo” quoted by Mesa-Lago (2010).

will look at the main risks that the expansion of the non-state sector could produce for the Cuban society.

Plan to reduce state employment and increase the non-state sector

The resolutions that established the process to determine which state workers are made “disponibles” (workers who are considered in excess in their workplace and need to be relocated to other state or non-state employment options) were accompanied by procedures that seek to expand the self-employment and small private enterprise sector.⁷ Licenses for cuentapropistas are being expedited (the average wait is five days, with minimal documentation required). Some previous restrictions on eligibility have been eliminated (on being a retired or formal employee, or working only in area of residence and in one activity per person) and there has been a modest expansion of the number of trades that can be licensed. The new measures even allow the hiring of employees in 83 of the 178 activities, and more flexible contracting among private and state enterprises has been permitted.

Although these resolutions did not appear publicly until October 25, by late November, 46,800 people had been already registered as cuentapropistas and 20,000 more were waiting processing. By the end of 2010, there were 75,061 and 8,342, respectively. According to Idalmys Alvarez, Director of Employment in the Ministry of Labor and Social Security (MLSS), by the end of January 2011, 113,618 new licenses had been issued. (Rodríguez JA, 2011). The number of new cuentapropistas has almost doubled in the recent months, exceeding expectations.

The list of eligible trades has increased to 178, adding seven new trades and a lifting of the temporary freeze on new licenses in 29 occupations. According to statements by the MTSS and MEP,⁸ the list of approved trades has been determined through an analysis of the availability of the inputs they require, suggesting that as more inputs become available for legal purchase, new categories will open up. MEP has planned the purchase of \$130 million

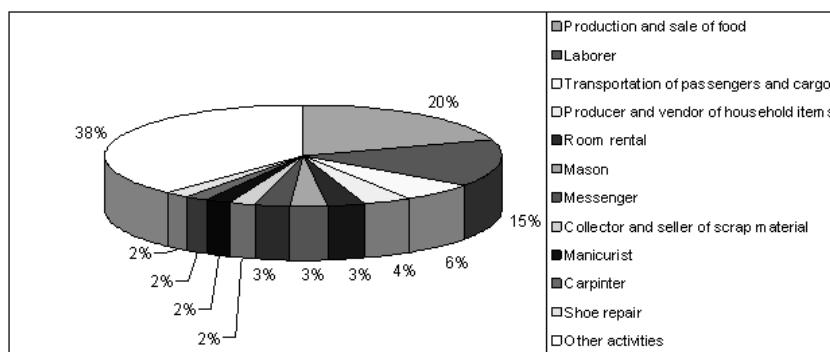
7. For example, Decree-Law No. 274 and others in Official Gazette No. 11 of October 1, 2010; resolutions No. 32 of MTSS, No. 286 of MFP and others in Gazette No. 12 of October 8, 2010.

8. Administrative Valhuerdi Cepero, MTSS vice minister, and Marino Murillo, head of MEP, in Martinez (2010).

in supplies for 2011, and plans to eventually (as financial conditions allow) create wholesale markets where most of their inputs could be purchased.⁹ However, there are other trades that have been left out that do not require raw materials and would take advantage of highly-skilled Cuban workers such as lawyers, programmers, engineers, and other specialists and professionals who could provide services to the state and non-state sector alike.

As seen in Figure 4-3, the largest portion of new licenses are for the manufacture and sale of food (20 percent), laborers contracted by non-state business (15 percent), transportation (6 percent), the production and sale of household supplies (4 percent), rental housing, construction workers and messengers (all at 3 percent).

Figure 4-3. Distribution of new business licenses by type of activity



Source: MTSS in Rodriguez J.A. (2011).

According to the MTSS, 68 percent of new licenses have gone to applicants who were previously unemployed, but who are not retired persons (Rodriguez, J.A., 2011). Thus, the data suggest that most of the newly self-employed are workers who were operating in the informal economy and have decided to legalize their employment status, or are individuals who were not working at all. Many seem to be young, but no statistics have been released.

9. Enrique Ramos, Director of Commerce of the MEP, in (Martinez, 2010a); Marino Murillo, head of the MEP in Martinez (2010).

In addition, since early 2010, several Cuban municipalities have begun to allow some barbers, beauticians, and transportation workers to lease barbers' chairs and taxis from the state, respectively. The tenant must assume all of the operation costs that the state previously assumed, but they can set prices and keep their profits after taxes.¹⁰

There are also proposals to make some cafeterias, restaurants, nightclubs, and other state-run entities into private businesses or cooperatives that can lease commercial space and equipment. In some cases, existing agricultural cooperatives have been permitted to set up mini-industries to process some of what they produce. There are also several non-agricultural cooperatives that are being designed or have been set up in different parts of the country and function as such even if the legal status of non-agricultural cooperatives is still not on paper.

Undoubtedly, as discussed below, measures to increase the non-state sector so far have focused on private business forms that are both simple (self- and family-employment) and more complex (those who hire workers permanently). The expansion of *cuentapropismo* was preceded by a program to turn over idle state land to private farmers and cooperatives on a no-cost lease basis starting in mid 2008, in addition to the lease experiments mentioned before.

However, Economic Minister Marino Murillo stated in the PCC First National Seminar to debate the Proposed Guidelines, held in mid-November 2010, that "...cooperatives have a place in the light industry and service sector...because there are things that do not work under state management. But they must be created in an orderly way" (Puig & Martinez, 2010). He also indicated then that the Ministry of Justice was working on a new general law for cooperatives and other legislative changes to allow the creation of cooperatives outside the agricultural sector. But there has been no further information since then.

As for the plan to reduce state payrolls, it has not been completed as originally announced. In late February 2011, a limited number of positions in state ministries were reorganized in healthcare institutions and other enterprises, especially in tourism. Although the exact numbers are not known, they do not appear to be significant or at least not close to meeting the orig-

10. See De las Nieves (2010) for the leasing of taxis.

inal plans. Companies and state institutions have had difficulty identifying surplus workers and deciding which ones should remain.

The downsizing process is being led by Cuba's Central Labor Union. The criteria being used to decide which workers remain is their "suitability" (*idoneidad*) or workers' demonstrated ability to perform the job tasks effectively. It seeks to prevent abuses of power or discrimination of any kind (CTC, 2010). When Cuban President Raul Castro said publicly that the country needed to drastically reduce state employment for the first time in April 2010 (Castro, 2010b), and reiterating it in August 2010 (Castro, 2010b), he asserted that the process should be implemented without favoritism or discrimination, and that it should be a process that occurs in a "climate of transparency and dialogue" where decisions are made by adequate consensus. However, workers' participation in the process is limited to the approval of the majority of the members of the "expert committee" that proposes the new list of workers (payroll).¹¹

The process is even more complex, and more fair, because it seeks to ensure that all who are willing to work will have the opportunity to do so in other state jobs, primarily in agriculture and construction, as well as the expanding non-state sector (Castro, 2010b). Castro has emphasized that "the Cuban State will not leave anyone helpless" (Martinez and Puig, 2011). This suggests that the goal of full employment is not being renounced. What has changed is that the state is not responsible for providing direct employment to all citizens, promoting the expansion of the non-state sector. Also, the state recognizes that it is imperative for it to provide productive employment, that is, one where resources and workers' labor time are used efficiently.

There are several factors that are affecting the implementation of this process of "labor restructuring." First, companies do not have the means or the ability to properly conduct work-load studies and set up job tasks norms, which is where the process should begin. The later is made even more difficult because companies do not control their own investments or have the ability to make changes to their social role (*objeto social* or activities they are

11. The process starts with the design of the new structure (*plantilla*), and its approval by enterprise director. Later, the director approves the new payroll and, thus, those workers considered as surplus, following to the suggestions of an "expert committee"; which is composed by a representative of the enterprises administration, an union representative, and the rest (three or four) are elected by workers (Res. MTSS No. 35/2010).

allowed to perform), to buy, or other actions that would allow them to increase their productive capacity in order to achieve the optimal use of a greater number of their workers.

According to the Cuban Central Labor Union's daily newspaper *Trabajadores*, workers at state companies are making "...comprehensive weekly inquiries into the main concerns, complaints and alleged irregularities that have been detected..." In the Union's national meeting last February 12th, there were acknowledgments of "...shortcomings in the preparation of expert committees, a poor link between some enterprises administrative councils and the municipal offices of the Labor Ministry in order to deal with the relocation of workers, attempts to waive the requirement to balance between indirect and direct workers when redesigning payrolls, and the unjustified retention of unnecessary workers through cosmetic attempts at restructuring..." (Rodríguez Cruz, F., 2011). In addition, the state enterprise managers who must implement the measures often lack the motivation to do so because they are "indirect" workers (those who perform tasks in support of actual production tasks) and are at greater risk of being viewed as surplus.

In light of the complexity and slow implementation of the plan, President Castro said in a meeting of the Council of Ministers on February 28, 2011 that the time line would be adjusted for implementing the downsizing plan. Its "... rate of progress will depend on our ability to create the organizational and legal conditions to ensure its successful implementation, without favoritism or discrimination, and in order to ensure that nobody will be left abandoned to their fate" (Martínez and Puig, 2011).

In regard to the latter, some analysts have expressed concern that the non-state sector will not be able to absorb so many workers in such a short time under the existing conditions (Vidal and Perez, 2010, Mesa-Lago, 2010). From regulations that protected workers excessively or, at least, in a way that limited enterprises' effective management, it has gone to the other extreme of not providing enough time for workers to look for new employment.¹² It seems that more emphasis has been placed on the process of deciding surplus state workers than in the creation of new sources of employment; a task that requires time for workers to learn new skills, as well as proper conditions so that they can access needed inputs and financial resources.

12. A worker with less than ten years of service has the right to receive her/his salary but only for one month (MTSS Resolution 35/2010, Article 18).

Why the promotion of non-state enterprises in Cuba

These recent changes in the Cuban enterprise system are part of a broader process of institutional and structural reform in order to “update” or “perfect” the nation’s socialist system, as proposed by President Castro (Castro, 2009b, 2010a, 2010b). Following the idea that anything that doesn’t work should be changed, several policy reforms have been implemented relating to consumption, the labor market, land tenure, and state institutions (Vidal, 2010).

On the one hand, the reduction of state payrolls and the opening of the Cuban economy to non-state enterprises, in addition to the existing self-employed, private farmers and agricultural cooperatives,¹³ is largely a result of the need to reduce fiscal deficit¹⁴ by reducing public spending, increasing productivity at state institutions and tax collection. State enterprises in particular have been ordered to “do more with less.” They must operate more efficiently, increase worker productivity¹⁵ and reduce costs, especially from imports. At the same time, they must increase sales to meet the large unmet domestic demand, and to give priority to exports to acquire much-needed foreign exchange.

One of the heaviest burdens to labor productivity and efficiency for Cuban state enterprises are their inflated payrolls, which generally carry between 30 and 50 percent more workers than necessary. According to Economic Minister Murillo in the PCC First National seminar, some 35 percent of workers at state enterprises are non-essential, when the figure should be no more than 20 percent.

At the first seminar of the Cuban Communist Party in December 2010, Murillo said the overall plan for the next five years is to cut 1.2 million state jobs (over 20 percent of a workforce of just over 5 million), with approximately half coming from state companies and the remainder from other state institutions like health, education and so forth. At the February 28

13. See Figures 1 and 2.

14. According to the ONE, the fiscal deficit fell from 6.7 percent in 2008 (the highest of the decade) to 4.8 percent in 2009, but it remains high. In addition, the decline was accompanied by contractions in production.

15. In 2011, productivity is expected to increase 6.15 percent (Murillo, 2010).

meeting, Raul stated that the goal is to “restore efficiency and discipline among workers” in state institutions (Martinez and Puig, 2011).

The reduction in state workers will also virtually eliminate or reverse the fiscal deficit. Vidal and Perez (2010, p.55) estimate that by cutting 500,000 jobs, the State saves more than 2.5 billion pesos in wages alone, a figure higher than the 2010 fiscal deficit of 2.2 billion pesos.

The need to shift employees from the state sector to the non-state sector is due in large part to the limited ability of the Cuban state to use capital investment to increase the productive capacity of state enterprises in order to efficiently use more workers. In order to absorb surplus workers from state enterprises for whom the State can not provide alternative employment, it will allow and encourage an expanded non-state sector.

Thus, an opening to forms of non-state enterprises will also increase government revenue through taxes on their activities. According to Resolution No. 286 of Ministry of Finance and Prices (MFP) dated October 7, 2010, the self-employed must pay at least the following three taxes: 1) Sales Tax of 10 percent, paid monthly; 2) Payroll taxes, 25 percent of estimated total wages for hired workers (the same that state enterprises pay), progressive depending on the number of workers hired;¹⁶ and 3) Personal Income Tax, paid annually.¹⁷

Each person who registers as self-employed, if not a state worker or retiree, must contribute to Social Security. The worker selects the basis of contribution (from 350 to 2,000 pesos) and pays 25 percent of it, receiving 60 percent of it at retirement or during disability status. Thus, it should not be considered a tax, but a benefit. The MFP estimates that in most cases workers will receive more than they contribute and that -for those who are not state workers or retirees and already enjoy it- it functions as an incentive for legalization. They note that the main difference from other countries is that most self-employed and small businesses don't have such benefits.

16. Between 1 and 10 employees, it applies on 1.5 average wage in the province, for between 11 and 15 hired workers it is twice the average wage, and for more than 15 it is triple.

17. It is paid on net income after deducting taxes and social security contributions. The first 5,000 pesos (417 pesos per month) in annual net income is tax exempt, and anything beyond 5,000 pesos is taxed on a sliding scale that starts at 25 percent and goes up to 50 percent for income above 50,000 pesos (4,167 pesos monthly).

The MFP estimates that the tax burden will be between 25 and 35 percent of income. For those in the simplified scheme, in 45 percent of these activities monthly payments do not exceed 40 pesos, and in 41 percent they range between 45 and 80 pesos (Bolaños and Regueiro, 2010). The problem, however, is that in order to calculate personal income tax, the amount of expenses that can be deducted are only at between 10 and 40 percent of income, depending on the activity, when profit margins are generally not as high since costs are usually more than half of income.

Also, maybe because it is foreseen that cuentapropistas—due to Cubans' lack of a tax-paying culture—will declare income well below their real income, the tax scale starts very high, at 25 percent, whereas under the previous legislation it used to start at 5 percent. Some analysts argue that the interest of achieving greater tax collection may go against the objective of generating employment in the new non-state sector, discouraging some from acquiring licenses or forcing others into bankruptcy (Mesa-Lago, 2010: 66).

According to official calculations, an estimated 250,000 self-employed workers will generate new tax revenues of one billion pesos in 2011 (Vidal and Perez, p. 55). In the long term, according to the Minister of Finance and Prices, Lina Pedraza (2010), that number could increase to 1.8 million self-employed Cubans in 2015, bringing still higher tax revenues. However, this will require dedicated oversight, the promotion of a tax-paying culture and other measures that promote socially responsible behavior in non-state enterprises. In fact, according to Pedraza (2010), the cuentapropistas that existed before the sector's expansion contributed only one percent of total tax revenue but were more than three percent of Cuba's workers.

On the other hand, in addition to the savings and tax revenues that the restructuring of employment from the state sector to the non-state sector would bring, these measures embody the “conceptual changes” President Castro has called for. Without abandoning the principles of sovereignty, social justice, and socialism, ideological dogmas -whether statist or liberalist- should not hold back Cuba's socioeconomic development potential. This reflects new interpretations within Cuban society about the role of state and non-state economic sectors in the building of socialism (Piñeiro, n.d.).

Potentials and limits of new non-state enterprises to contribute to the development of Cuban society

Without a doubt, there are different positions within the ranks of the Cuban government regarding the adequacy of non-state enterprises for the country's socialist project, and thus in regard to the role they should play in our socioeconomic model. Nevertheless, there seems to be consensus that they are options that should at least be experimented with. The content of the Proposed Guidelines and government officials' statements suggest that the shared vision of Cuban policy makers is that a state-managed enterprise is not the most appropriate form for non-strategic or even perhaps most small and medium enterprises—those with low capital intensity and few workers that offer food, transportation, repairs and professional services, and even those small production units in agriculture and light industry. In addition to *cuentapropismo*, it seems that they are also seriously considering the possibility of leasing units under state property to new non-state enterprise forms.

Unlike the opening to non-state enterprises in the early 1990s, the current changes are significant because they are being promoted not as a necessary evils, but as ones that, far from going against, contribute to "perfecting" Cuban socialism and should be viewed as permanent (Martínez, 2010). The Proposed Guidelines, without defining exactly what they are, assert that any "form" that can "contribute to improving the efficiency of social work" is not contradictory to Cuba's socialist project (Guideline no. 2).

The shape that the non-state enterprise sector will take in Cuba will depend on the regulations that will be approved after the PCC Congress in mid-April. But it seems that most Cuban non-state enterprises—excluding joint ventures and S.A.—will continue to be small businesses, and will thus have all the potentials and limits that characterize these types of enterprises everywhere in the world:

Potentials.

I. Important source of employment requiring little investment

Perhaps the greatest social benefit offered by small and medium enterprises is to contribute to the creation of a significant number of jobs. Due to their low capital intensity, they require little investment and rely on workers' pro-

ductive capacities. However, as mentioned below, under current regulations it is not possible to create enterprises in those activities that would take advantage of Cubans' abundant professional skills that are now underutilized.

II. Can easily adapt to changes in supplies and consumption patterns

One of the characteristics of small and medium enterprises that makes them more advantageous is their ability to adapt to changes in the characteristics and availability of their inputs and to changes in consumption patterns. Since these companies' fundamental strength rests with the skills of their workers rather than the technology they use, they have greater flexibility to change their production processes in order to utilize diverse inputs and offer products that meet varying and dissimilar consumer preferences.

III. Contribute to the creation of productive skills, management abilities, and new attitudes

Due to the universal reach and high quality of the Cuban educational system, most Cuban workers are highly-skilled. However, as a result of a statist and verticalist culture, there is little experience in enterprise management. These new enterprises will be important spaces to exercise and develop creative and intellectual skills, in particular those related to innovation and business administration. Small enterprises generally provide greater opportunities for professional development because they have an appropriate balance between the use of technologies and humans' capacities; balance that in large firms tends to lean towards productivist technologies. They will also serve to promote a more proactive behavior among Cubans, as well as a sense of belonging and self-confidence in their ability to solve problems.

But the reach of these positive effects will depend on the democratic nature of the management in these enterprises. The more Cubans participate in decision-making in their workplaces rather than in wage-labor relations, the more they will be able to develop their positive skills and attitudes; the less they will see themselves as passive objects of a social order to which they don't belong, and are not expected to contribute their best (Piñeiro, n.d.).

IV. Essential to local development

Small and medium enterprises are essential for a decentralized territorial development. They can contribute to local development not only indirectly through taxes, but also directly by satisfying consumption needs. But the realization of both these potentials depends on the establishment of adequate institutional and regulatory frameworks, as will be seen below. Local governments can guide non-state enterprises in their territories towards activities that are more productive and necessary, and away from those that are based on the recirculation of imported goods with little added value like pirated DVDs and cheap decorations (Piñeiro, n.d.).

The expansion of these enterprises can also help to reduce some social costs and provide some social benefits. The existence of job opportunities in local communities reduces the material costs of transportation and, for those more isolated ones, provides opportunities for professional development without the need for migration.

Limits.

I. Need for integration to reach greater efficiency and productivity

Although small and medium scales are indeed optimum for many production processes, some require larger scales in order to be more efficient in their use of resources. In order to enjoy the advantages of greater scale, small enterprises need to integrate among themselves and with state institutions. Horizontal integration with other similar businesses allows them to increase their production scale and thus to improve the terms of purchase and sale contracts. Upward vertical integration can aid them to add value to their products and subproducts; while downward integration allows them to secure required inputs.

State institutions can play an important role as clients of their products and services, as well as a provider of some inputs. Local government can facilitate their access to inputs and clients setting up wholesale markets, as well as creating easily accessible central records that aid them in establishing horizontal and vertical relations among them for inputs and support services.

II. Reliance on external financing

Since most small enterprises generate small profit margins, they rely on external financing not just for investment but also, in some cases, to start

and complete production cycles. Financial institutions can play an important role in facilitating their access to microcredit. Also, when offered by the state, credit contracts can be used as tools to promote desired behaviors.

III. Need for business management support programs

As mentioned below, many of the new Cuban entrepreneurs will not have the management skills that are key for their success, especially accounting, marketing and business planning. Even mature small enterprises need continued training, because they need to be constantly adapting and perfecting their production strategies and methods. Thus, their success will depend on acquiring those skills, or having access to related professional services in the meantime. State educational institutions can set up professional educational programs that teach these skills to them. Universities can become "incubators" that directly provide these services. It also seems advisable to allow the creation of cuentapropistas and cooperatives that provide these services, too.

Risks that non-state enterprises could bring to the Cuban society.

We should not ignore the potentially negative consequences that could result from the growth of non-state enterprises for Cuban society.

I. Failure of a significant number of new non-state enterprises

In most countries, much more than half of small and medium enterprises fail to survive after their first years of being created. This is mainly due to the fierce competition that they face from bigger companies, and because the market for non-basic and private (non-public) goods is mostly saturated. In Cuba, new small enterprises will have an advantage only dreamed of by other businesses: relatively little competition and significantly unmet consumer needs. However, the current situation of the Cuban economy together with the world economic crisis is reducing Cubans' effective demand (Vidal and Pérez, 2010: 57-8). The recent decision to give parity to the CUC and the dollar could serve in part to provide the shock of positive demand that some analysts insist is necessary for the new small business to succeed.

There are other factors that can lead to the failure of Cuba's new non-state enterprises. Maybe the most important and easiest to resolve, in my view, is the difficulty in accessing the required inputs. Until well-stocked, adequately-priced and effectively-run wholesale markets are set up, non-state enterprises

will be inclined to obtain their inputs on the black market, where most raw materials have been stolen from state institutions.

Although non-state enterprises should certainly contribute taxes to help pay for the many social services Cubans receive for free or at low cost, the current tax system needs to be improved so it doesn't oblige them to under-declare their incomes. Income tax levels are currently set too high, starting at 25 percent of annual income only above 5,000 CUP. Also, not being able to deduct all real expenses is a major drawback that can make some of these new businesses have to pay more in income taxes than their net incomes.

As mentioned above, access to credit as well as management services will considerably increase the success rate of Cuba's new non-state enterprises. In sum, minimum conditions must be created to facilitate the success of a good proportion of the many new businesses that are expected to be created. Failure to do so before the planned layoffs occur raises the risk that many non-state enterprises will fail. This will make those Cubans who try to become entrepreneurs lose confidence in their ability to succeed, in addition to the serious consequences that unemployment brings to them and society in general.

II. The weakening of state institutions

If the management of state workplaces is not significantly improved, there is a serious risk that the advancement of non-state enterprises will result in their weakening, as a result of an increased diversion of inputs and an exodus of skilled workers. Therefore, before the non-state business sector is expanded, it would have been wiser to have begun by giving workers' collectives in state enterprises the ability to really manage their enterprises-not just by decentralizing but by democratizing their management. Doing so might have also reduced the number of state workers that need to be reassigned.

III. Labor exploitation

Due to their dependence on labor rather than technology, small business can fall into the exploitation of employees or even self-exploitation. As discussed before, until it is possible to create cooperatives-or other type of self-managed enterprises-and state institutions favor them over those that permanently hire contract workers, we are promoting the expansion of wage-labor relations, the basis of capitalist exploitation.

To promote wage-labor is to promote the expansion of capitalist practices and values. We impede those who are obliged to sell their productive capacity from developing as full human beings, seeing themselves as less capable and less worthy in society. We also favor individual solutions above collective ones, authoritarian methods of management over democratic ones, and egoism above solidarity.

IV. Can ignore or go against social interests

If new non-state business are not directly controlled by the local governments of the communities where they operate, we can expect that many of them will avoid paying taxes, raise prices as high as they can, not ensure appropriate hygiene and quality of their products, produce environmental contamination, and engage in other antisocial behaviors that go against the interests of the communities they are supposed to serve.

Indeed, when society does not exercise control to guarantee that the economy responds to social interests, what guides the functioning of enterprises is the maximization of profit according to the logic inherent in mercantile or market relations, which rarely coincides with basic social interests. Democratic planning or coordination between local communities and non-state business is necessary so that communities may direct productive activities so that they respect their interests and satisfy their most important needs and not just those that generate more profits.

V. Can be used for money laundering and to finance counter-revolutionary groups

Another risk of a different nature is that non-state enterprises will certainly be used by the U.S. government and other international actors interested in the failure of the Cuban Revolution. Through programs—like one recently set up by USAID (Tamayo, 2010)—or isolated actions that apparently seek to support the development of small and medium enterprises, they can use their funding as a screen to support groups ready to advance those interests. Similarly, although for the purpose of enriching themselves, domestic actors can use them to “launder” their fraudulent income. Therefore, the issue of investment in new non-state enterprises will be quite complicated not only in economic but also in political terms. Nevertheless, the Cuban government already counts on effective institutions to counter these risks such as intelli-

gence agencies and social organizations; although the latter need to be consolidated.

Concluding Remarks

The current process of expansion of the non-state enterprise sector undoubtedly poses these and other great risks. But it is also an opportunity to promote the creation of new forms of work organization that provide a more productive and sustainable employment, at the same time they more effectively satisfy consumer needs and generate tax revenues for local development. But this new situation will be especially hopeful only when self-managed enterprises are allowed and favored by state policies. In that manner, they would offer us an opportunity to create spaces where commitment to work, efficiency and productivity are combined with justice and solidarity.

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5

Valoración del impacto de las medidas más recientes en los resultados de la agricultura

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El Sector Agropecuario desempeña un importante papel para la Economía Cubana, por su participación directa e indirecta en la conformación del Producto Interno Bruto (PIB) y en sentido general por el efecto multiplicador que encierra para la economía cubana.

Por varias razones el Sector Agropecuario resulta decisivo y estratégico para la economía cubana, por su papel, incidencia y el efecto multiplicador que encierra para la economía, el cual se manifiesta, por medio del encadenamiento o derrame (spill over), hacia atrás y hacia delante, con relación a otros sectores.

En la medida que este Sector no proporcione los resultados esperados, dicho encadenamiento puede motivar importantes erogaciones (efecto multiplicador no favorable o negativo), que la economía debe asumir, para poder suplir las deficiencias del mismo. Esto es lo que en cierta medida se viene manifestando en los años más recientes en el contexto de la economía

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cubana y como salida motiva un incremento cada vez mayor de las importaciones de alimentos. Lo anterior ha conllevado a una economía más vulnerable desde el punto de vista alimentario, en resumen una mayor dependencia alimentaria.

La situación resulta paradójica ante las fortalezas que encierra la economía cubana al disponer mas de un millón ochocientas mil ha. de tierras agrícolas cultivables ociosas, con un número importante de Instituciones de Investigación con resultados científicos concretos, con una infraestructura aunque algo deteriorada por el fuerte proceso de descapitalización a que ha estado sometida durante mas de diez años, pero que aún existe y encierra potencialidad productiva y lo mas importante la existencia de un capital humano con elevada calificación.

Desde el año 2007 hasta el presente se han implementado una serie de medidas tales encaminadas a la búsqueda de soluciones y lograr la reactivación de este importante sector que conduzcan a la sustitución de importaciones de alimentos y a la generación de excedentes para incrementar la exportaciones de bienes.

Entre estas medidas se pueden enumerar: incremento del precio de la leche, la carne bovina y productos agrícolas; proceso descentralizador de funciones identificando el Municipio, como el espacio clave para el desempeño y toma de decisiones, dentro de la actividad agrícola territorial y la simplificación de estructuras y funciones ministeriales, de aquellas actividades generadoras de la producción primaria y procesamiento de alimentos.²

Sin embargo la medida más importante ha sido la entrega de tierras agrícolas ociosas³ (sin cultivar) bajo condiciones de usufructo a personas naturales. Estas entregas se realizan bajo las condiciones de contrato de arrendamiento, por un periodo de 10 años renovables.

Sin embargo los resultados obtenidos hasta el presente no han sido los esperados, al cierre del tercer trimestre del año 2010, la producción agropecuaria total decrece en 5,1 %, con relación a igual periodo del año precedente⁴, donde la producción de alimentos de origen vegetal disminuye (ver anexo

2. Nova A. "La agricultura cubana medidas implementadas: para lograr incrementos en la producción de alimentos. Análisis y valoración," Seminario Científico del Centro de Estudio de la Economía Cubana (CEEC) Universidad de La Habana, CD junio 2010.

3. Tierras aptas para el cultivo agrícola sin cultivar en un inicio 1 758,900 ha

4. Sector Agropecuario Indicadores Seleccionados ONE septiembre 2010.

1), en 9,8 % y la ganadería crece tan solo en 0,3 %. En la producción ganadera se registraron crecimiento de un 5,1 % en el acopio de leche, producción de huevo 1,5 %, carne avícola 24,3 % (1,8 miles de tm peso en pie), disminuye en 1,1, 6,0, 1,2 % la producción de carne de cerdo, vacuna, ovino caprino respectivamente.

En la agricultura cañera la producción de azúcar en la zafra recién terminada (2009-2010), también disminuyó, registrando niveles extremadamente bajos.

De acuerdo a cifras preliminares respecto al cierre del año 2010, el Sector Agropecuario reporta un decrecimiento del 2,8 %. Decrece la producción agrícola y ganadera en 12 renglones fundamentales tales como: arroz, producción de carne de cerdo, huevo, hortalizas, frijoles, viandas, cítricos, entre otros.

La compleja situación económica interna (ante un escenario de crisis económica mundial), por la que transita la economía cubana y en particular la cada vez más insuficiente producción nacional de alimentos por parte del Sector Agropecuario, no obstante disponer de un numero importantes de áreas agrícolas cultivables no utilizadas (ociosas), de resultados científicos obtenidos a través de las diversas instituciones científico-técnicas que posee, de disponer de una base material, aunque descapitalizada en gran medida, por los años de crisis económica por los que ha transitado y transita, pero que existe y puede ser mejorada y utilizada, así como disponer de un importante capital humano; permite considerar que la agricultura encierra una importante potencialidad productiva y que debe ser utilizada.

Los reiterados análisis sobre la tendencia de la disminución⁵ de la producción nacional agrícola y ganadera (2001-2009, ver cuadros 5-3 y 5-4), así como los resultados decreciente de la producción durante el tercer trimestre 2010, con relación a igual periodo del año precedente, no obstante las potencialidades señaladas, ha derivado en una mayor dependencia alimentaria, incremento en la importación de alimentos (ver cuadro 5-5), y además en más vulnerabilidad económica y requiere de un análisis profundo respecto a la búsqueda de las causas. Ante esta reiterada situación resulta evidente que las fuerzas productivas del Sector agropecuario aún se encuentran detenidas

5. Nova A. "La agricultura cubana medidas implementadas: para lograr incrementos en la producción de alimentos. Análisis y valoración," Seminario Científico del Centro de Estudio de la Economía Cubana (CEEC) Universidad de La Habana, CD junio 2010.

y se requiere eliminar los obstáculos que frenan del desarrollo de las mismas, es decir transformar las relaciones de producción.

Se considera que existen al menos tres aspectos importantes no resueltos, que han contribuido de forma significativa, a que no se hayan podido alcanzado los resultados esperados, a partir de las medidas implementadas en sector agropecuario hasta el presente. Estos aspectos son: el tema relacionado con la realización de la propiedad,⁶ el no reconocimiento de la existencia real y objetiva del papel del mercado y la ausencia del enfoque sistémico a lo largo del ciclo producción-distribución-cambio-consumo, que necesariamente conlleva a la interrelación con la macro y microeconomía.

En busca de la solución a los tres aspectos señalados se ha sugerido en varias ocasiones implementar:

- Consolidación de un mercado de insumos y bienes de producción, donde el productor pueda acudir (de acuerdo a la capacidad de compra generada por sus resultados productivos), a comprar lo que requiera, en el momento oportuno y a precios que se correspondan con los precios recibidos por la producción terminada.
- Que el productor pueda decidir de acuerdo al comportamiento del mercado y los requerimientos sociales, lo que va producir, a quién y dónde vender.
- Diversificar las formas de comercialización como alternativa ante formas monopólica y/o oligopólicas:
 1. Creando y organizando cooperativas comercializadoras de segundo⁷. Su campo de acción hasta los mercados concentradores, ventas directas a los centros turísticos, restaurante, industria procesadora, entrega a la exportación y/o hasta el mercado minorista.
 2. La comercialización individual, de acuerdo a la logística y las formas organizativas que se establezcan.
 3. Ampliar los puntos de ventas minoristas.
- Diversidad de participantes: Cooperativas comercializadoras, individuales y Empresa Estatal de Acopio.
- Que pueda contratar libremente la fuerza laboral que necesite y,

6. El derecho del productor de poder decidir, qué debe producir, a quién vender lo producido, a qué precio, el acudir a un mercado de insumo, para comprar los medios necesarios y en el momento oportuno, con el objetivo de lograr el cierre exitoso del ciclo productivo.

7. Varias cooperativas productoras se ponen de acuerdo para crear una cooperativa de segundo grado que comercialice la producción de dichas cooperativas productoras. Los valores logrados en el proceso de circulación se reviertan fundamentalmente, en incentivar a los productores.

- Aquellos productores que se inicien en este proceso cuenten con el financiamiento necesario y la asistencia técnica periódica.

Todas estas medidas permitirían la realización de la propiedad donde el individuo se sienta dueño de sus decisiones y resultados, así como la utilización del mercado como herramienta, para lograr una mejor distribución y búsqueda de la eficiencia, velando por el comportamiento adecuado del mismo. Todo lo anterior favorecerá el cierre exitoso del ciclo productivo, bajo un enfoque sistémico.

Hacia un nuevo escenario

El Sector Agropecuario esta integrado por cinco tipo de entidades productivas: las UBPC, CPA, CCS, privados y estatal, estas formas a la vez obedecen o se corresponden con las diferentes formas de propiedad. Es destacable que las formas que registran una mayor eficiencia son las CCS y el privado, en la actualidad estas dos formas producen el 57 % de la producción total de alimentos del país, con tan sólo 24.4 % de la tierra cultivable, registran tan sólo el 3.7 y 1.7 % respectivamente de la tierra reportada como ociosa. Producen el 56 % de leche (el estado produce el 15 %), dispone de más del 55 % de la vacas en ordeño y de más del 50 % del ganado vacuno existente y poseen el 59 % del ganado porcino. No se dispone de estadísticas oficiales publicadas sobre los resultados económicos de las CCS y privado, pero es de suponer por sus resultados productivos sean los más eficientes.

La actual entrega de tierras ociosas⁸ a la vez conduce a un nuevo modelo agrícola que consolida el predominio de los productores no estatales, particularmente las CCS y el productor privado, pasando de un 18,5 al 35,8 % de tenencia de la tierra (ver cuadro 5-1). Si estos suelen ser los mejores productores (de acuerdo a los resultados) y de hacerse realidad las medidas señaladas más adelante, a lo largo del ciclo producción-distribución-cambio-consumo, es de esperar incrementos importantes en la producción de alimentos.

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tenencia de la tierra (ver cuadro 5-1). Si estos suelen ser los mejores productores (de acuerdo a los resultados) y de llevarse a vías de hecho las medidas señaladas anteriormente, bajo un enfoque sistémico, a lo largo del ciclo producción-distribución-cambio-consumo, y su interrelación con la macro y microeconomía, es de esperar incrementos importantes en la producción de alimentos.

Cuadro 5-1. Formas de tenencia de la tierra (%)

Superficie Agrícola	Total	Estatal	No Estatal	UBPC	CPA	CCS y Privado**
2007	100	35,8	64,2	36,9	8,8	18,5
2010*	100	26,0	74,0	29,9	8,8	35,3

*Estimado

**Comprende a los beneficiados por la ley 259

Fuente: Elaborado por el autor a partir del Anuario Estadístico de Cuba ONE 2009

En realidad se manifiesta una tendencia hacia el predominio de la pequeña y mediana empresa, tanto en la tenencia, como en la propiedad de la tierra, pero un movimiento en forma de espiral, que encierra cambios cualitativos. Lo cual no significa retornar exactamente a la situación registrada a finales del siglo XIX,⁹ sino a una modalidad que tiene sus raíces precisamente en las formas predominantes en ese momento, pero fortalecida por las formas colectivas de producción, el conocimiento de los productores trasladado a través de los años de generación en generación y enriquecido por el desarrollo científico-técnico.

Mientras más distribuida se encuentre la riqueza menores serán las desigualdades y se encauzaría hacia un modelo agrícola y económico-social más justo.

El Sector Agropecuario y el Proyecto de Lineamientos de la Política Económica Social

Al relacionar las propuestas anteriormente sugeridas en busca de la solución a los tres factores señalados (la realización de la propiedad, el no reconocimiento de la existencia real y objetiva del papel del mercado y la ausencia

9. La situación agraria cubana en 1899 registraba el predominio de la pequeña y mediana propiedad con relación a las haciendas de mayor tamaño

del enfoque sistémico), y lo que se requiere implementar para la solución de los factores mencionados anteriormente, con lo plasmado en el Proyecto de Lineamientos, da lugar a la siguiente valoración:

- Con relación a: “Consolidación de un mercado de insumos y bienes de producción, donde el productor pueda acudir (de acuerdo a la capacidad de compra generada por sus resultados productivos), a comprar lo que requiera, en el momento oportuno y a precios que se correspondan con los precios recibidos por la producción terminada”.

Son varios los puntos donde se trata de forma directa e indirecta las vías encauzadas a dar solución a lo anteriormente señalado:

1. Epígrafe Modelo de gestión económica (I) punto 9 “Se desarrollarán mercados de aprovisionamientos que venda a precios mayoristas y si subsidios para el sistema empresarial y presupuestado, los cooperativistas, arrendadores, usufructuarios y trabajadores por cuenta propia”.
2. Epígrafe Política Agroindustrial (VII), punto 167 se plantea: “Adoptar un nuevo modelo de gestión, a tenor con la mayor presencia de formas productivas no estatales, que deberán sustentarse en una utilización más efectiva de las relaciones monetario-mercantiles, delimitando las funciones estatales y las empresariales, a fin de promover una mayor autonomía de los productores...”.
3. En 171 del propio epígrafe se expresa: “Reestructurar el actual sistema de comercialización de los insumos y equipamiento, en correspondencia con el nuevo escenario de la actividad agroalimentaria y los mecanismos financieros que se implanten, brindando acceso directo de las formas productivas a estos recursos, a través de la red de establecimientos que se habiliten en los territorios”.
4. 177 se manifiesta: “... la entrega de tierra en usufructo.... Donde el productor no será asalariado y dependerá de sus ingresos. La formación del precio de la mayoría de los productores responderá a la oferta y la demanda y..”

En balance de lo anteriormente analizado permite considerar que de ser encauzados los puntos anteriormente relacionados se consolidaría el mercado de insumos y de bienes de producción que necesitan los productores

- Que el productor pueda decidir de acuerdo al comportamiento del mercado y los requerimientos sociales, lo que va producir, a quién y dónde vender.

Lo anterior se encuentra estrechamente relacionado con los niveles de autonomía que deben tener los productores, son varios los puntos dentro del Proyecto de Lineamiento que abordan dicha temática y encauzan soluciones:

1. En el epígrafe Modelo de Gestión Económica (I) punto 6 se dice: “La separación de las funciones estatales y empresariales pasarán por un proceso paulatino y ordenado,..”

2. En el propio epígrafe punto 12 se plantea “Las finanzas internas de las empresas no podrán ser intervenidas por instancias ajenas a las mismas: ello solo podrá ser realizado mediante los procedimientos legalmente establecidos”.
3. Continuando en el mismo epígrafe punto 13 se plantea: “Las empresas deciden y administran su capital de trabajo e inversiones hasta el límite previsto en el plan y según las regulaciones que se establezcan”.
4. En el punto 18 se expresa: “Las empresas, a partir de sus utilidades después de impuesto y cumplido otros compromisos con el Estado, podrán crear fondos para el desarrollo, las inversiones y la estimulación a los trabajadores”.
5. En el punto 23: “En el marco de la política de precios orientada por el organismo competente, las empresas aprobarán flexiblemente y con transparencia los precios de las producciones y servicios que ofrecen y podrán realizar rebajas cuando lo consideren necesario”.
6. El punto 27 el cual se muestra más adelante, al abordar la diversificación de la comercialización, forma parte de los elementos que irán conformando la autonomía empresarial que se requiere.
7. Lo señalado en el punto 29 constituye un elemento más que favorece la autonomía empresarial: “Las cooperativas de primer grado, de forma voluntaria, pueden acordar entre ellas la constitución de cooperativas de segundo grado, con personalidad jurídica propia y patrimonio propio, con el objetivo de organizar procesos comunes....., realizar compras y ventas conjuntas con vistas a lograr mayor eficiencia”.
8. Lo tratado en el punto 35 se manifiesta como un elemento a tomar en consideración sobre la autonomía y señala: “Los Consejos de la Administración Provinciales y Municipales cumplirán funciones estatales y no intervendrán directamente en la gestión empresarial”.
9. En el punto 62 se refiere: “Se mantendrá el carácter centralizado de la determinación de las políticas y del nivel planificado de los precios de los productos y servicios que estatalmente interese regular”. En lo que respecta a la política a seguir respecto a los precios en ello puede ayudar la acción y participación del mercado, a través de la relación oferta-demanda y la medición del comportamiento de los precios. El precio se manifiesta como un mecanismo de señales que envía a la economía alertando sobre situaciones y ayuda a localizarlas. Esto se logra por medio de la observación, medición y comportamiento de los mismos. En la redacción del punto abordado, cuando se refiere mantener el carácter centralizado de los precios de bienes y servicios, resulta importante la cantidad y el tipo de producto y servicio que integren la canasta, de precios fijos, los cuales deberían constituir un grupo reducido (la excepción), sometido al análisis periódico, con vista a liberar los mismos de forma gradual. Lo anterior contribuiría lograr un mayor grado de autonomía empresarial. El fijar determinados precios sin relacionar el comportamiento del mercado interno y externo, pudiera conducir hacia ineficiencias empresariales no reales y contracción de la oferta.

10. En el punto 63 que aborda el tema de los precios donde se plantea lo siguiente:
“Se establecerán los mecanismos que permitan flexibilizar la aprobación de otros precios por las organizaciones empresariales, para los que se emitirán las regulaciones que aseguren los intereses del país sobre los intereses empresariales, sectoriales o territoriales, sin cubrir ineficiencias: en base a los precios del comercio exterior, todo lo cual requerirá el fortalecimiento del control”. Sin embargo aquí el tema de la descentralización en la búsqueda de más autonomía se mezcla con mantener un grado centralizador por medio de regulaciones y fortalecimiento del control, y puede entenderse mecanismos administrativos, no haciendo referencia a mecanismos económicos apropiados, para estimular o desestimular producciones que encierran determinado interés social, en uno u otro sentido.
11. En el epígrafe Política Económica Externa (III), específicamente en el punto 66 se expresa: “...promover los intereses económicos internacionales del país, y propiciar la descentralización de las decisiones al sector empresarial,...”
12. En el epígrafe Política Inversionista (IV) punto 113, se hace referencia a los siguientes: “Se propiciarán las condiciones para el logro de una progresiva descentralización del Plan de Inversiones a los organismos de la Administración Central del Estado, a los Consejos de Administración Provincial, a las empresas y Unidades Presupuestadas,..”
13. Al estudiar el epígrafe Política Industrial (VII) y los puntos contenidos en él relacionados con el nivel de autonomía, se encuentra por orden aparición el punto 167, el cual ya fue mencionado al valorar la consolidación de un mercado de insu- mos y de bienes de producción; en su contenido se particulariza lo siguiente:
“...promover una mayor autonomía de los productores,..”
14. En el punto 168 “Adecuar la legislación vigente, en correspondencia con las transformaciones en la base productiva,.. y descentralizar el sistema de gestión económica y financiera...”
15. En el siguiente punto 169 se plantea: “Independizar las distintas formas de cooperativas de la intermediación de las empresas estatales e introducir de forma gradual las cooperativas integrales de servicios en la actividad agroindustrial”.
16. En el epígrafe Política Agroindustrial (VII) punto 177 se dice: “Lograr que la entrega de tierra en usufructo propicie que los resultados productivos se asemejen a los actuales del sector cooperativo y campesino..... La formación del precio de la mayoría de los productos responderá a la oferta y demanda y, como norma, no habrá subsidios”. De esta forma se puntualiza el grado de autonomía que tendrán los nuevos productores sobre los precios de sus producciones y donde el mercado (oferta-demanda) será el elemento que actúe sobre la formación de los precios. La entregas de tierra ascienden a más un millón cien mil ha hasta la fecha y se han beneficiado alrededor de 100,000 usufructuarios productores, esto representa una proporción importante, ya que unido a las CCS y el privado se convertirán en la modalidad predominante dentro del modelo agrícola (ver gráfico no.1).

No obstante las observaciones realizadas específicamente sobre la política de precio, en particular sobre los precios fijos para algunos productos y servicios, y haciendo un balance entre todos los aspectos valorados, se considera que predominan los aspectos encauzados hacia el logro de la autonomía necesaria, que requieren los productores para cerrar exitosamente en ciclo productivo.

- Respecto a: “Diversificar las formas de comercialización como alternativa ante formas monopólica y/o oligopolísticas:
 - 1.Creando y organizando cooperativas comercializadoras de segundo. Su campo de acción hasta los mercados concentradores, ventas directas a los centros turísticos, restaurante, industria procesadora, entrega a la exportación y/o hasta el mercado minorista.
 - 2.La comercialización individual, de acuerdo a la logística y las formas organizativas que se establezcan.
 - 3.Ampliar los puntos de ventas minoristas”.

De igual forma son varios los puntos donde se hace referencia a las vías que encamina hacia la solución en busca de la diversificación de formas comercializadoras...:

- 1.En el epígrafe Modelo de Gestión Económica (I) Lineamiento Generales punto 27 se establece que: “Las cooperativas mantienen relaciones contractuales con otras cooperativas, empresas, unidades presupuestadas y otras formas estatales, y realizan ventas directas a la población...”
- 2.El punto 29 se recoge lo siguiente: “Las cooperativas de primer grado, de forma voluntaria, pueden acordar entre ellas la constitución de cooperativas de segundo grado, con personalidad jurídica y patrimonio propio, con el objetivo de organizar procesos comunes (de producción y servicios), realizar compras y ventas conjuntas con vista a lograr mayor eficiencia”.
- 3.170 aparece: “Adecuar la producción agroalimentaria a la demanda y la transformación de la comercialización..; limitando la circulación centralizada para aquellos renglones vinculados a los balances nacionales; otorgando un papel más activo a los mecanismos de libre concurrencia para el resto de las producciones”;
- 4.172 se plantea: “Modificar el sistema de acopio y comercialización de las producciones agropecuarias mediante mecanismos de gestión más ágiles...simplificar los vínculos entre la producción primaria y el consumidor final incrementar el beneficio para mejorar la calidad...”
- 5.En el epígrafe Política para el Turismo (IX), punto 242 se plantea: “.; en particular será necesario estudiar mecanismos de abastecimientos a las entidades turísticas que aprovechen las potencialidades de todas las formas productivas a escala local”.

Valoración del impacto de las medidas más recientes en los resultados de la agricultura97

6. En el epígrafe Modelo de gestión económica (I) punto 27 se dice: "Las cooperativas mantienen relaciones contractuales con otras cooperativas, empresas, unidades presupuestadas y otras formas no estatales y realizaran ventas directas a la población....".
7. El epígrafe Política para el Comercio (XII), se plantea de forma totalmente explícita punto 283: "...con la diversificación de formas de gestión de la propiedad social y de los participantes en los procesos productivos y de servicios, requieren una reestructuración del comercio, tanto mayorista como minoristas". Esto indiscutiblemente se relaciona con el punto 9 señalado al valorar la consolidación de un mercado de insumos.
8. En igual epígrafe punto 290 se expresa: "Estructurar las ofertas de bienes y servicios a la población, en correspondencia con la demanda solvente de los consumidores. Revisar las prohibiciones que limitan el comercio actualmente".

Lo anterior deja suficientemente explícito el cambio en el proceso de comercialización encaminado hacia la diversificación de los oferentes en dicho proceso de comercialización de los productos agropecuarios.

- Que pueda contratar libremente la fuerza laboral que necesite

La recientes medidas enunciadas sobre el posible monto de trabajadores disponibles, la reestructuración del empleo, la eliminación de los procesos paternalistas con los trabajadores que queden sin empleo, el espacio para los trabajadores privados por cuenta propia, las diversas formas de propiedad, la entrega de tierras a los que la soliciten, el grado de descentralización que se proyecta, la autonomía en la gestión empresarial, dan lugar a la creación de un mercado de fuerza laboral.

Son varios los puntos que en cierta medida dan lugar al proceso de libre contratación de fuerza laboral entre ellos se pueden citar los siguientes:

1. En el epígrafe Modelo de Gestión económica (I), punto 13 se plantea: "Las empresas deciden y administran su capital de trabajo e inversiones hasta el límite previsto..."
2. El punto 22 del propio epígrafe se dice: "las empresas tendrán independencia para la aprobación de sus plantillas de cargos".
3. Se expresa en el punto 28: "Las cooperativas, sobre la base de lo establecido en su Reglamento General, definen los ingresos de los trabajadores y la distribución de utilidades".
4. En la parte del epígrafe señalado que trata lo referente al Empleo y Salarios se manifiesta: "Reducir las plantillas infladas y ampliar el trabajo en el sector no estatal". En el punto 158 se señala: "Ampliar el ejercicio del trabajo por cuenta propia..."

5.Sobre la política Agroindustrial (VII), en el punto 181: “Prestar especial atención a la reposición de la fuerza de trabajo y la incorporación de nuevos trabajadores.”

De hecho en la Resolución 32/2010 y la no.33/2010 ambas del mes octubre 2010, del Ministerio del Trabajo y Seguridad Social (publicada en la Gaceta Oficial de Cuba 8 de octubre 2010), se aprueba en la primera la actividad de “Trabajador Agropecuario por cuenta propia” y en la segunda se regula la contratación de la fuerza de trabajo asalariada por parte de las Cooperativas de Producción Agropecuarias (CPA), Cooperativas de Créditos y Servicios (CCS) y por el privado. Lo anterior da respuesta a las posibilidades, que tienen los productores de contratar libremente la fuerza laboral.

- Aquellos productores que se inicien en este proceso cuenten con el financiamiento necesario y la asistencia técnica periódica.

En el epígrafe Políticas Macroeconómicas (II) Lineamientos Generales punto 49 se manifiesta: “Aplicar una política crediticia dirigida, en lo fundamental, a brindar el apoyo necesario a aquellas actividades que estimulen la producción nacional...”. Se estima que el microcrédito puede constituir una vía importante para apoyar particularmente a los productores beneficiados por la entrega de tierras en usufructo.

Aunque en el Proyecto de Lineamientos no se encuentra de forma explícita la asistencia técnica a los productores, sobre todo a los que se inicien (beneficiados por la ley 259), es de suponer que además del apoyo financiero se canalice la asistencia técnica periódica, ya que potencialidades existen en los diferentes territorios.

Consideraciones Finales

Teniendo presente el análisis y valoración de las propuestas sugeridas, en busca de la solución a los tres factores señalados como: la realización de la propiedad, el no reconocimiento de la existencia real y objetiva del papel del mercado y la ausencia del enfoque sistémico; los cuales se considera han contribuido de forma significativa, a que no se hayan podido alcanzado los resultados esperados, a partir de las medidas implementadas en sector agropecuario desde 2007 hasta el presente y compatibilizando las propuestas sugeridas, con el Proyecto de Lineamiento se arriba a las siguientes consideraciones:

Valoración del impacto de las medidas más recientes en los resultados de la agricultura99

- Se han identificado tres factores que han contribuido a que las medidas implementadas no hayan resuelto los principales problemas que limitan el desempeño del sector agropecuario. A la vez se han sugerido propuestas encaminadas a dar solución a las dificultades derivadas de los obstáculos que generan los tres factores identificados. De llevarse a vías de hecho los puntos contenidos en el Proyecto de Lineamiento, que se relaciona en cada una de las propuestas sugeridas, es de esperar que de forma gradual se logre la realización de la propiedad. El tema relacionado con la propiedad y su realización determina sobre la distribución de los resultados (renta), siendo un elemento externo o ajeno al mercado. No obstante bajo el enfoque sistémico se encuentra interrelacionados.
- El mercado existe, es una realidad objetiva, mientras existan las relaciones monetario-mercantiles y el dinero. Al Estado le corresponde desempeñar un rol importante como promotor de la eficiencia, lograr la equidad social y la estabilidad, pero los mecanismos del mercado como herramienta ayudan a determinar los precios, a la distribución, a lograr eficiencia productiva en muchas áreas económicas. Por otro lado el Estado regula el mercado a través de sus programas de impuestos, el gasto y otras regulaciones económicas. Al valorar los puntos contenidos en el Proyecto de Lineamientos, que han sido identificados con la propuestas de soluciones; motiva a considerar que se requiere de los mecanismo de funcionamiento del mercado para resolver a plenitud los tres factores identificados como limitantes del buen desempeño del sector agropecuario. A tales efectos llama la atención lo señalado en el propio Proyecto de Lineamientos, en el espacio donde se relacionan los “Lineamientos de la Política Económica y Social”, al final del primer párrafo, donde se expresa de forma algo categórica y bastante absoluta lo siguiente: “...primará la planificación y no el mercado”. En economía en realidad no hay nada absoluto, más bien relativo y el problema no consiste en más planificación o menos mercado o viceversa, sino en la complementariedad que debe existir entre ambos elementos, es decir dos partes que conforman un todo y tener bien definido en última instancia que parte es la que determina. Dentro del contexto del mercado interno y su necesaria interrelación con el mercado externo resulta favorable desarrollar formas de competencia entre las empresas que motiven mayor eficiencia. El comportamiento de los productores cambia de forma significativa cuando producen para un mercado:
 1. La realización (venta) de su producción no está garantizada si no logra producir en los límites de calidad y precios que se manifiestan en el mercado.
 2. Su nivel de producción ya no está restringido por los suministros productivos que se le asignen, por medio de un balance material, sino por su propia capacidad de ampliar su participación en el mercado y por su capacidad de autofinanciarse.
- Las medidas implementadas en el sector agropecuario desde 2007 hasta el presente, se han hecho de forma puntual, para dar soluciones a problemas puntuales, sin que se haya apreciado la aplicación de un enfoque sistémico. Es conocido que

la economía está conformada por un complejo sistema de relaciones económicas, que se relaciona e interactúan; una variable modificada dentro del sistema económico incide en mayor o menor medida sobre las demás, y en su proceso de interrelación adquieren nuevas propiedades. Llama la atención que el Proyecto de Lineamiento, sólo menciona explícitamente el enfoque sistémico en el epígrafe que trata la Política Agroindustrial particularmente en el punto 174: "Organizar la producción agropecuaria en aquellos actividades generadoras de ingresos externos o que sustituyan importaciones, aplicando un enfoque sistémico o de cadena productiva que comprenda no solo la producción primaria, sino todos los eslabones que se articulan en torno al complejo agroindustrial...". En realidad el enfoque sistémico debe primar en el Proyecto de Lineamiento, atendiendo a las razones apuntadas por la complejidad del sistema económico en constante interacción y particularmente en el sector agropecuario, pero no referido a las actividades específicas que se mencionan, sino al todo y en todos los componentes o subsistemas que conforman el todo.

Al margen de que existen aspectos sobre los cuales puede haber criterios, opiniones y sugerencias respecto a precisiones, nuevas formas de redacción o posibles omisiones de aspectos relevantes; el balance del documento en general en particular lo referido al sector agropecuario resulta altamente favorable.

Resulta en extremo importante conocer ¿hacia donde se encamina la economía y con ello la sociedad cubana? Sin duda en el Proyecto de documento sobre los Lineamientos de la Política Económica Social, este propósito se avizora.

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Valoración del impacto de las medidas más recientes en los resultados de la agricultura

Cuadro 5-2. Principales producciones agrícolas

CONCEPTO	Enero - Septiembre de 2010							
	(Mt)	Real	Por ciento respecto al año anterior					
			Total	Estatal	Total	UBPC	CPA	Privado
Viandas y Hortalizas	2 267,1	89,8	76,6	94,4	86,5	77,5	98,8	
Viandas	1 156,7	99,5	77,9	105,6	89,9	86,0	115,9	
Tubérculos y Raíces	773,2	91,5	71,0	97,1	82,3	81,0	107,6	
De ello: papa	194,7	68,6	69,5	68,2	68,5	67,5	67,4	
Plátanos	383,5	121,0	95,2	126,6	116,1	107,7	135,0	
Hortalizas	1 110,4	91,4	75,8	83,8	78,2	62,9	86,4	
De ello: Tomate	276,5	64,5	54,8	66,7	63,9	46,8	69,1	
Arroz	179,2	92,9	68,1	103,1	74,9	73,1	115,6	
Maíz	167,0	108,2	52,3	116,7	100,6	103,4	119,6	
Frijol	36,1	73,1	60,6	74,5	66,6	63,1	76,4	

Fuente: Sector Agropecuario Indicadores Seleccionados ONE septiembre 2010.

Cuadro 5-3. Producción agrícola 2002-2009 (Miles de qqs)

Productos	2002	2003	2004	2005	2006	2007	2008	2009
Tubérculos y raíces	22616,9	28347,3	31738,4	26559,0	23817,5	24283,5	23361,8	25596,6
De ello:								
Papa	6856,7	6567,5	7113,5	6738,2	6143,9	2967,5	4174,08	6171,9
Boniato	5073,9	7709,6	10567,8	7168,1	-	-	-	11652,6
Malanga	2186,1	3157,7	5304,5	3940,9	-	-	-	-
Plátano	11429,3	16895,9	18023,3	12657,0	14339,5	18083,2	13039,6	10650,4
Hortalizas	37882,7	48088,4	53677,3	42926,2	37926,2	37963,0	34401,3	36907,9
De ello:								
Tomate	6781,8	7865,8	10442,6	9193,7	8442,5	7522,0	7217,6	10356,9
Pimiento	682,2	1006,7	1202,0	1053,1	901,0	873,9	845,6	793,5
Cebolla	1023,2	1061,8	1902,3	1850,5	1623,7	1580,4	1591,3	1630,5
Ajo	348,5	465,9	712,6	682,5	487,1	484,8	463,0	582,6
Arroz (cáscara húmedo)	15044,0	15561,4	10628,6	7991,6	9439,5	9000,0	8926,4	13044,0
Maíz	4438,2	5854,9	6537,8	5344,5	5085,4	5774,1	4984,9	4469,7
Frijol	1216,4	1516,9	1722,7	1295,3	974,0	1191,3	952,2	1313,1
Cítricos	10385,2	17233,2	17428,9	10872,2	7306,5	10102,5	7974,2	8503,9
Frutales	7331,3	91983,7	10659,0	8683,5	8488,0	8715,5	8689,4	8411,3

Fuente: Elaborado por el autor a partir del Anuario Estadístico de Cuba ONE 2002-2009.

Cuadro 5-4. Producción ganadera 2001-2009

Vacuna	U. medida	2002	2003	2004	2005	2006	2007	2008	2009
Sacrificio	Mcabz	460.7	371.8	388.6	466.2	360.6	339.6	377.3	370,3
Peso en pie	Mt	131.7	112.1	107.7	118.4	111.3	109.5	123.9	121,5
Peso promedio	kg	285.8	301.6	277.2	254.0	308.5	322.3	328.4	328,1
Prod. Leche	MMl	400.7	429.4	362.4	322.7	371.7	411.3	489.8	535,8
Vacas en ordeño	Mcabz	364.6	360.3	325.2	274.2	317.6	318.2	345.4	370,3
Litros/vaca/día	-	3.01	3.26	3.05	3.22	3.20	3.5	3.9	4,0
Existencia ganad	Mcabz	3973.7	4025.3	3942.6	3703.6	3737.1	3787.4	3821.3	3892.8
Porcina									
Sacrificio	Mcabz	963.5	1098.8	1097.7	1161.8	1463.8	2134.5	1814.8	2107,8
Peso en pie	Mt	68.5	75.4	73.8	86.3	119.1	181.9	162.3	170,7
Peso promedio	Kg	71.1	68.6	67.2	74.3	81.4	85.2	89.4	81,5
Existencia ganad	Mcabz	1351.8	1335.6	1245.3	1293.3	1410.2	1502.1	1553.8	1469,2
Avícola									
Prod. Huevo	MMU	1365.6	1464.4	1405.2	1727.1	1913.2	1983.7	1883.0	1931,9
De ello: ponedora	MMU	1157.2	1262.5	1186.3	1494.6	1718.8	1760.9	1704.3	1693.6
Existe ponedora	MMU	1157.2	1262.5	1186.3	1494.6	1718.8	1760.9	1704.3	1693,6
Huevo/ponedora	uno	275.6	275.3	264.2	261.7	244.1	240.7	234.4	239
Peinso/10 huevo	kg	1.5	1.4	1.5	1.5	1.6	1.6	1.7	1,6

Valoración del impacto de las medidas más recientes en los resultados de la agricultura

Cuadro 5-4. Producción ganadera 2001-2009

Vacuna	U. medid a	2002	2003	2004	2005	2006	2007	2008	2009
Prod. Carne (peso pie)	Mt	12.9	9.5	10.1	8.6	9.3	12.0	11.3	10.6

Cuadro 5-5. Dinámica de las importaciones 2002-2008 (MUSD)

	2002	2003	2004	2005	2006	2007	2008	2009
Import- ació n total	4 140,767	4 612,598	5 615,198	7 604,259	9 497,890	10 082,557	14 249, 234	8 909,541
De ello:								
Alimentos	827,236	998,120	1 183,273	1 494,204	1 391,928	1 746,402	2 544,822	1 755,604
Destinos								
Humano	762,385	912,296	1 073,422	1 357,313	1 261,697	1 570,706	2 280,401	1 524,645
Animal	64,851	85,824	109,851	136,891	130,231	175,696	264,421	230,959
Alimentos % del total	20.0	21.6	21.1	19.6	14.7	17.3	17.8	19.7

Fuente: Elaborado por el autor a partir del Anuario Estadístico de Cuba ONE 2002-2009.

6

Las nuevas transformaciones en la agricultura cubana: éxitos y desafíos

Reynaldo Jiménez Guethón¹

Abstract: La producción de alimentos para la población cubana es una prioridad del Estado. Hasta nuestros días, aún son insuficientes los resultados económico-productivos alcanzados para satisfacer las necesidades reales de productos agrícolas, a precios accesibles para la mayoría de la población. La superficie agrícola total del país es de 6 629,6 miles de hectáreas, de ellas sólo 3 124,3 miles de hectáreas están cultivadas, lo que representa casi la mitad de las tierras sin cultivar. Es una prioridad y una necesidad buscar las vías para hacer producir el máximo de hectáreas de tierras posibles, con vistas a garantizar más alimentos para las personas. Los diferentes tipos de cooperativas agrícolas ocupan 4 281,6 miles de hectáreas y la superficie estatal es de 2 348,0 miles de hectáreas. Se trabaja intensamente para acelerar el proceso de descentralización del sector agrícola: creación de Delegaciones Municipales del Ministerio de la Agricultura y el reordenamiento de su sistema de empresas, que cuentan con una mayor autonomía en su gestión empresarial, aumento del precio de compra por la empresa estatal a los productores agrícolas, entrega de tierras ociosas en usufructo y venta libre de instrumentos e insumos de labranza a los productores agrícolas. Paulatinamente se tomarán otras medidas para incrementar las diferentes producciones. Grandes retos tiene ante sí el aumento de la producción agrícola, se necesitan mayores motivaciones y estimulaciones para lograr que cientos de personas regresen al campo y comiencen a darle el uso fundamental que demanda la tierra en la actualidad: producir alimentos. Las diferentes medidas que se están aplicando en el sector agrícola y las próximas que se adoptarán contribuirán enormemente a elevar los rendimientos agrícolas y a disminuir el éxodo del área rural.

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Introduction

Grandes retos tiene ante sí el aumento de la producción agrícola en Cuba, se necesitan mayores motivaciones y estimulaciones para lograr que cientos de personas regresen al campo y comiencen a darle el uso fundamental que demanda la tierra: producir alimentos. Las diferentes medidas que se están aplicando en el sector agrícola y las próximas que se adoptarán contribuirán enormemente a elevar los rendimientos agrícolas y a disminuir el éxodo del área rural.

En difíciles circunstancias, el país ha sabido buscar alternativas para tratar de reducir los daños a todos los sectores de la economía y continuar avanzando en el desarrollo económico-social del país.

El movimiento cooperativo cubano comenzó a partir del triunfo de la Revolución en 1959. Sus orígenes se basan en la democratización respecto a la propiedad de la tierra determinada por sucesivas leyes de reforma agraria, ya que el cooperativismo sólo puede existir como asociación de propietarios o usufructuarios libres. Por ello, resultaba imposible en Cuba antes de 1959, dada la alta concentración de la propiedad de la tierra y el predominio del latifundio, ya que en el 9% de las fincas se concentraba el 73% de las tierras cultivables. (Jiménez, 1996).

El movimiento cooperativo cubano está integrado por tres tipos de cooperativas: las Cooperativas de Créditos y Servicios (CCS) surgidas en la década del 60, las Cooperativas de Producción Agropecuaria (CPA) creadas en 1976 y las Unidades Básicas de Producción Cooperativa (UBPC) constituidas en 1993. Hasta diciembre de 2007, los diferentes tipos de cooperativas agrícolas ocupaban 4 281,6 miles de hectáreas y la superficie estatal era de 2 348,0 miles de hectáreas.

La Revolución cubana reconoció, desde los primeros años después de su triunfo, al cooperativismo agrícola como una forma de cooperación que permite ventajas para la modernización de los cultivos y como una vía de explotar la tierra en forma colectiva. (Rodríguez, 1983).

El 17 de Mayo de 1959 fue firmada la Primera Ley de Reforma Agraria, que entregaba la propiedad de la tierra a los que la trabajaban y eliminaba los latifundios que permanecían en manos de la oligarquía nacional y el imperialismo de los Estados Unidos, al limitar las extensiones de la tierra como

Las nuevas transformaciones en la agricultura cubana: éxitos y desafíos

propietarios a 30 caballerías (402 ha.). Esta ley también implementó el principio de que la tierra era para quien la trabajase, liquidando la explotación que prevalecía en el país.

En 1963 se promulgó la segunda Ley de Reforma Agraria, que redujo la tenencia de la tierra hasta 67 ha, se nacionalizaron las fincas con mayor extensión, incrementándose la participación estatal en la agricultura cañera. También se aumentó la diversificación de la producción y se produjo una especialización de desarrollo, lo que dio lugar a una transformación de las cooperativas cañeras en granjas agropecuarias estatales encargadas de suministrar la materia prima: es decir, la caña a los centrales azucareros.

En la década de los 60 los agricultores pequeños comenzaron a organizarse en Bases Campesinas para coordinar la distribución de insumos para sus producciones agrícolas, recursos materiales y recibir centralizadamente los créditos, de esta forma se llegó a la creación de las Cooperativas de Créditos y Servicios (CCS) (Martín ,1982).

Según la definición que contempla la Ley No. 95 de Cooperativas de Producción Agropecuarias y de Créditos y Servicios de 2002, en el Capítulo II del Artículo 5, una CCS: “es la asociación voluntaria de agricultores pequeños que tienen la propiedad o el usufructo de sus respectivas tierras y demás medios de producción, así como sobre la producción que obtienen. Es una forma de cooperación agraria mediante la cual se tramita y viabiliza la asistencia técnica, financiera y material que el Estado brinda para aumentar la producción de los agricultores pequeños y facilitar su comercialización. Tiene personalidad jurídica propia y responde de sus actos con su patrimonio” (Gaceta Oficial de la República de Cuba. Artículo 5 .2002:1406).

Continuando en la búsqueda de nuevas formas de producción agrícola es que en 1976 se decide la creación de las Cooperativas de Producción Agropecuaria (CPA).La Ley No. 95 de Cooperativas de Producción Agropecuarias y de Créditos y Servicios de 2002, en el Capítulo II Artículo 4, define qué es una CPA: “La cooperativa de Producción Agropecuaria es una entidad económica que representa una forma avanzada y eficiente de producción socialista con patrimonio y personalidad jurídica propios, constituidas con las tierras y otros bienes aportados por los agricultores pequeños, a la cual se integran otras personas para lograr una producción agropecuaria sostenible”(Gaceta Oficial de la República de Cuba. Artículo 4.2002:1406).

A principios de la década de los 90, como consecuencia de la caída del modelo socialista europeo y el recrudecimiento del bloqueo norteamericano hacia Cuba, la agricultura presentó disminuciones en su producción.

De los países de Europa del Este, y especialmente de Rusia, llegaban a nuestro país la mayoría de los insumos, piezas de repuesto y combustible.

El derrumbe del campo socialista significó para Cuba la pérdida del 83 % del comercio que hasta ese momento se desarrollaba de una forma estable y segura con los países del campo socialista. Se produjo una drástica contracción de la capacidad de importación del país, que de 8 000 millones de USD en 1989 pasó a ser de 1 200 millones en 1992 con efectos inmediatos en los niveles de producción en las diferentes ramas, tanto industriales como agropecuarias.

Esta situación provocó el llamado Período Especial, marcado por la necesidad de producir en todas las ramas de la economía nacional con menos insumos. Con esta situación las empresas altamente dependientes de insumos externos, entre las que se destacaba la empresa agropecuaria estatal, se vieron seriamente afectadas.

Con el derrumbe del modelo socialista europeo, Cuba perdió los principales suministradores y la disponibilidad de insumos productivos se vio afectada bruscamente, con lo que el modelo vigente en la producción agropecuaria cubana, basado en los principios de la “revolución verde” y consistente en el monocultivo extensivo con abundante uso de maquinaria e insumos (fertilizantes y pesticidas químicos) importado por parte de los miembros de las cooperativas y granjas estatales , sufrió una verdadera crisis. Ejemplo de ello fue la afectación de todas las actividades relacionadas con la producción de azúcar, sector de especial interés para el país, debido a los siguientes factores:

- falta de fertilizantes,
- falta de combustible,
- déficit de regadíos,
- reducción de siembras,
- no reposición de cepas,
- necesidad de cortar hasta la última caña,
- falta de implementos agrícolas,
- descenso de la atención a los productores,

Las nuevas transformaciones en la agricultura cubana: éxitos y desafíos

- falta de piezas de repuesto.

En el sector agropecuario el Estado cubano tomó algunas medidas para tratar de paliar la crisis de los 90:

- Creación de las Unidades Básicas de Producción Cooperativa a partir de las granjas estatales.
- Fortalecimiento de las Cooperativas de Créditos y Servicios (CCS).
- Fomento de la agricultura urbana.
- Desarrollo de alternativas para la sustitución de insumos de importación y el avance hacia una agricultura sostenible.
- Entrega de tierras estatales ociosas en usufructo.
- Apertura del Mercado Agropecuario para que asistiera tanto el sector estatal como el no estatal.
- Medidas económicas con efectos directos e indirectos en el sector agropecuario, tales como la despenalización de la tenencia del dólar americano y la creación de empresas de capital mixto.

El año 1993 es considerado uno de los momentos más difíciles dentro del desarrollo de la economía cubana y en el sector agrario se vio más agudizada la crisis económica. Una de las estrategias adoptadas para enfrentar esta situación fue la constitución de las Unidades Básicas de Producción Cooperativa (UBPC), que representó una importante transformación de la agricultura cubana y es considerada por muchos especialistas en el tema como una tercera Ley de Reforma Agraria. Esta transformación de las relaciones de propiedad y de producción en el sector agrícola cubano se llevó a cabo mediante la promulgación por el Consejo de Estado del Decreto Ley No. 142, que dispone la conversión de la mayoría de las granjas estatales de producción de caña de azúcar y otros cultivos en UBPC.

Las UBPC se constituyeron donde existían las grandes empresas estatales. Los miembros de estas unidades agrícolas recibieron la tierra en usufructo por tiempo indefinido, y se convirtieron en los dueños de la maquinaria y demás medios de producción, los cuales comenzaron a pagar durante un período determinado, con un tiempo de gracia e intereses siempre bajos.

El surgimiento de las UBPC representó un relevante cambio estructural en el sector agrícola nacional. El 42% de las tierras fértiles se transmitieron del Estado a las cooperativas agrícolas, que se convirtieron así en la forma predominante en el agro cubano.

Según los acuerdos tomados el 10 de septiembre de 1993 por el Buró Político las UBPC están sustentadas en cuatro principios básicos:

1. La vinculación del hombre al área como forma de estimular su interés por el trabajo y su sentido concreto de responsabilidad individual y colectiva.
2. El autoabastecimiento del colectivo de obreros y sus familias con esfuerzo cooperado, así como mejorar progresivamente las condiciones de vivienda y otros aspectos relacionados con la atención del hombre.
3. Asociar rigurosamente los ingresos de los trabajadores a la producción alcanzada.
4. Desarrollar ampliamente la autonomía de la gestión. Las unidades de producción que se proponen deben administrar sus recursos y hacerse autosuficientes en el orden productivo.

Desde su creación, las UBPC se dividieron en dos grandes grupos, las que se dedican al cultivo de la caña de azúcar y las dedicadas a otros cultivos y a la actividad pecuaria. Ambos grupos son atendidos respectivamente por el Ministerio de la Industria Azucarera (MINAZ) y el Ministerio de la Agricultura (MINAGRI).

Según Nova, “la creación de las UBPC, unido a las CPA y CCS, ha devuelto una expresión importante de la política agrícola, la cual ha definido el cooperativismo como la base fundamental sobre la cual se erige el sistema económico empresarial agrícola cubano”(Nova, 2006:165)

El sector cooperativo-campesino cuenta con el 41 por ciento de la superficie agrícola del país y aporta alrededor del 70 por ciento del valor de la producción agropecuaria. (Murillo, 2010)

Referente al sector azucarero es necesario reflejar que, en abril de 2002, como consecuencia de los bajos precios de la tonelada de azúcar en el mercado internacional, el incremento de la producción azucarera en el ámbito mundial, en algunos países como Brasil, el aumento de la utilización de edulcorantes como el jarabe de maíz, y en el contexto nacional, la irrentabilidad de muchas de estas industrias azucareras, el MINAZ comienza a realizar una reconversión de todo su sistema productivo por indicación de la alta dirección del país, lo que más adelante se conoció como la “Tarea Álvaro Reynoso²”.

Los objetivos de la reconversión azucarera fueron los siguientes:

- disminuir considerablemente los costos,

2. Álvaro Reynoso (1829-1888) insigne agrónomo cubano especialista en la caña de azúcar.

Las nuevas transformaciones en la agricultura cubana: éxitos y desafíos

- lograr la mayor eficiencia posible,
- diversificar las producciones y servicios que permitan elevar los ingresos netos generados y mejorar la calidad de vida de los productores azucareros.

Una de las estrategias de la reconversión de la industria azucarera consistió concretamente en desactivar 70 centrales azucareros de los 155 existentes. Permanecieron los más rentables y capaces de producir la cantidad de azúcar necesaria para la población y una parte para la exportación. Además 65 se desmontaron y 5 mantuvieron su infraestructura, atendida y conservada por una brigada designada para ello. De esta forma 85 quedaron funcionando. En el mes de mayo de 2006, se decidió mantener funcionando 61 de los 85 activos y pasar a conservación 24, que sumados a los 5 primeros que pasaron a este estado, ascendieron a 29.

La primera etapa de la reconversión azucarera se desarrolló de abril de 2002 a mayo de 2004. El M.Sc. E. Lamadrid, funcionario del MINAZ, considera que sus principales características estuvieron relacionadas con profundos procesos de participación de los trabajadores y cooperativistas en la definición de una legislación especial, cambios de objetos sociales y organizacionales en las unidades productivas, desarmes de fábricas y equipos de mecanización y la participación masiva de los trabajadores en la superación. (Lamadrid, 2005)

La segunda etapa comenzó en junio de 2004 y se extendió hasta el 2007. En ella se pretendió consolidar los parámetros de producción, servicios y efectividad establecidos por la tarea, y además lograr ser competitivos en el mercado nacional e internacional.

La ejecución de la reconversión azucarera ha permitido la diversificación de la producción en los diferentes tipos de cooperativas del MINAZ. Como consecuencia se ha incrementado la producción de alimentos para los miembros de las cooperativas, así como las ventas en los diferentes mercados agrícolas.

La reconversión azucarera ha generado una movilidad de los puestos de trabajo, por la desaparición de unos y la aparición de otros. Miles de personas tuvieron que cambiar el contenido de su trabajo y dedicarse a otras tareas productivas o de estudios. Es aquí donde comienza por todo el país un proceso de recalificación de la fuerza productiva azucarera. En este nuevo pro-

ceso de formación, relacionado con la industria azucarera, los adultos se esfuerzan por alcanzar los siguientes objetivos:

- Actualizar su formación básica,
- Adquirir una preparación para el ejercicio de otras profesiones,
- Adquirir nuevos conocimientos para facilitar el acceso a los distintos niveles del sistema educativo,
- Mejorar su calificación profesional,
- Desarrollar su capacidad de participación en la vida social, cultural, política y económica. (MINAZ, 2004)

Los principales resultados alcanzados de la reconversión azucarera son los siguientes:

- Disminución de los gastos materiales en un 50 por ciento y elevación de los ingresos financieros de las producciones derivadas de la caña de azúcar.
- Incorporación al estudio de 112 601 estudiantes, vinculados al Ministerio de Educación y al Ministerio de Educación Superior.
- Creación de 67 granjas agropecuarias de nuevo tipo en Centrales desactivados, las cuales continúan garantizando los servicios que ofrecían los antiguos complejos agroindustriales azucareros a las comunidades de los bateyes.

Otra de las estrategias tomadas por el Estado cubano para tratar de satisfacer las necesidades de la alimentación de la población fue la creación del movimiento de la agricultura urbana, que abarca todos los municipios del país.

Fomento de la agricultura urbana en el país

El Programa Nacional de Agricultura Urbana comenzó a desarrollarse con amplitud a partir de 1994, como un sistema y ya en 1997 se crea el Grupo Nacional de esa actividad, rectorado por el Instituto de Investigaciones Fundamentales de la Agricultura Tropical Alejandro de Humboldt (INIFAT) y al cual se integran 17 instituciones y siete ministerios.

La agricultura urbana comprende la producción de alimentos dentro del perímetro urbano y peri-urbano aplicando prácticas intensivas, teniendo en cuenta la interrelación: “hombre - cultivos - animales - medio ambiente y las facilidades de la infraestructura urbanística que propician la estabilidad de la fuerza de trabajo y la producción diversificada de cultivos y animales durante todo el año, basada en manejos sostenibles que permitan el reciclaje de los desechos”.(Grupo nacional de agricultura urbana, 2007)

Las nuevas transformaciones en la agricultura cubana: éxitos y desafíos

El desarrollo de la agricultura urbana tiene como objetivo principal: movilizar el potencial productivo existente en cada localidad para producir alimentos durante todo el año, aun en condiciones excepcionales, creando una infraestructura potenciada por su capacidad de empleo y formando capacidades para alcanzar el mayor rendimiento posible; incrementar la biodiversidad y la conservación del medio ambiente en sintonía con el entorno urbanístico. (Grupo nacional de agricultura urbana, 2007).

El movimiento de agricultura urbana lo constituye los organopónicos, huertos intensivos, parcelas, microhuertos familiares y fincas suburbanas entre otras modalidades. Dicho movimiento cuenta con 28 subprogramas, de ellos 12 son agrícolas, 7 pecuarios y nueve que apoyan todo el proceso productivo.

Los fundamentos principales de la agricultura urbana son los siguientes:

- Abundante fuerza de trabajo disponible en las ciudades.
- Rápido deterioro y altos costos de transformación de vegetales y frutas para el consumo fresco.
- Posibilidad de procesamiento de residuos biodegradables de la ciudad para alimentación de animales y abonado de plantas.
- Vinculación directa entre productores, extensionistas, científicos y niveles oficiales (Grupo nacional de agricultura urbana 2007).

Los principales resultados e importancia social y económica de la agricultura urbana se reflejan en los siguientes aspectos:

- Mantiene agrupados a los productores populares, los capacita incentivándolos para producir alimentos por vía sostenible con altos rendimientos y conservando los recursos naturales.
- Ha creado fuentes de empleo para más de 400 mil trabajadores que reciben una decorosa remuneración, mediante su directa vinculación con el resultado final de su trabajo.
- Ha organizado la comercialización de las producciones en las unidades productivas, manteniendo una amplia red de puntos de ventas debidamente oficializados y controlados.
- Ha incrementado de manera importante la biodiversidad en plantas y animales. Antiguamente se producían por lo general de 5-6 hortalizas, mientras que hoy se producen 56 especies distintas de hortalizas y condimentos frescos.
- Ha convertido lugares improductivos o subutilizados, en las ciudades y su periferia, en verdaderos jardines hortícolas, manteniendo una red de producción con más de 160 000 unidades productivas y de medio millón de patios, propiciando el ornato e higiene de pueblos y ciudades (Grupo nacional de agricultura urbana 2007).

Los buenos resultados alcanzados en la agricultura urbana demuestran que es posible, sin tener que movilizar a cientos de personas, ni incurrir en grandes gastos económicos, tratar de suplir las necesidades de consumo de vegetales y hortalizas, proporcionar empleo a cientos de miles de personas por el país y mejorar los hábitos alimenticios de la población con la incorporación de productos en la dieta alimenticia que antes no consumían, indispensables para elevar la calidad de vida (la aspiración es que cada cubano consuma 400 gramos de vegetales y frutas diariamente). Los principales factores que contribuyen al éxito de este movimiento está, centrados en la capacitación y formación al personal que trabaja, el sistema de pago a los trabajadores por los resultados finales del trabajo y la evaluación sistemática que se realiza cada tres meses por la dirección nacional del movimiento de la agricultura urbana.

Las nuevas transformaciones en la agricultura cubana

La superficie agrícola total del país es de 6 629,6 miles de hectáreas, de ellas sólo 3 124,3 miles de hectáreas están cultivadas, lo que representa casi la mitad de las tierras sin cultivar. Es una prioridad recuperar la capacidad de producción de alimentos para la población en un plazo breve y obtener de la tierra los mayores rendimientos posibles, de esta forma se enfrenta la crisis alimentaria que afecta al mundo y de la cual Cuba no está exenta.

Hasta el momento la medida más trascendental ha sido el Decreto-Ley N° 259 de julio de 2008, sobre la entrega de tierras ociosas³ en usufructo.

Este decreto favorece a personas naturales o jurídicas, cooperativas de créditos y servicios, las cooperativas de producción agropecuaria, las unidades básicas de producción cooperativa, granjas estatales, las entidades estatales no agropecuarias. El límite máximo de tierras ociosas a entregar a personas naturales sin tierras es de 13,42 hectáreas. Cuando exista el caso de que posean tierras en propiedad o usufructo, podrá incrementarlas hasta completar 40,26 hectáreas.

3. Tierras ociosas: a) las que no está en producción agrícola, pecuaria, o forestal, con excepción de las que sea necesario dejar en descanso, con fines de rotación de cultivos; b) las que estén cubiertas de marabú, malezas o plantas invasoras, y; c) las deficientemente aprovechadas por cultivos o plantaciones no aptas para las condiciones de aptitud del suelo y que por esa razón exista despoblación notable o se obtengan bajos rendimientos y las que tengan baja carga de animales por hectárea (Artículo 7, Decreto-Ley N 259 sobre la entrega de tierras ociosas en usufructo, 2008).

Las nuevas transformaciones en la agricultura cubana: éxitos y desafíos

El artículo 2 del Decreto-Ley N 259, establece que el usufructo permitido es por diez años y podrá ser prorrogado repetidamente por término de diez años para las personas naturales, para las personas jurídicas el término es de veinticinco años, el cual podrá ser prorrogado por otros veinticinco años.(Artículo 2, Decreto-Ley N 259)

La entrega de tierras ociosas constituye un reto. Es necesario incorporarlas inmediatamente al ciclo de producción permanente para tratar de producir durante todo el año, y además es imprescindible buscar los mecanismos capaces de cubrir el déficit de fuerza de trabajo en la agricultura, garantizando una adecuada política de estimulación y aseguramiento de los insumos necesarios a los productores que opten por recibir estas tierras ociosas. Además, específicamente, este proceso tiene mayor importancia dadas las condiciones en que quedó el país después del paso de los huracanes Gustav y Ike, en agosto-septiembre de 2008.

La recepción de las solicitudes de entrega de tierras estatales ociosas en usufructo en todo el país comenzó el 17 de septiembre y, tres días después, el número de los que habían solicitado se había elevado a 16 013. De estas peticiones, 7 119 son de personas interesadas en producir cultivos varios y 6 818 para ganado vacuno y menor. Las solicitudes realizadas suman 205 939 hectáreas y hay cuatro provincias que se destacan en el proceso de solicitud: Camagüey 1 759; Ciego de Ávila 1 478; Sancti Spíritus 1 434 y Granma 1 059. (Periódico Granma 20 de septiembre de 2008)

Según Varela Pérez, se ha entregado hasta finales de diciembre de 2010 casi un millón 180 mil hectáreas en usufructo a beneficiados por el Decreto-Ley 259. De esa cantidad más del 70%, está en la fase de “puesta en uso”, es decir, preparación de los suelos, siembra o producción. (Varela, 2011)

Según el Centro Nacional de Control de la Tierra, del Ministerio de la Agricultura, computados hasta el 11 de enero de 2011, pese a esas entregas todavía el 40% de la tierra nacional está ociosa. (Varela, 2011)

Existe un 30% de tierras ociosas entregadas sobre las que no se ha hecho nada y por el cual el propio Decreto Ley 259 establece que se les puede quitar la categoría de ociosidad.

El ingeniero Pedro Olivera Gutiérrez, director del Centro Nacional de Control de la Tierra, del Ministerio de la Agricultura, considera que de las

155 660 solicitudes hechas, fueron aprobadas 128 435 y denegadas 7 360. Estas últimas corresponden a personas que no cumplen los requisitos establecidos por el Decreto-Ley o pidieron tierras no ociosas. El 15% de los solicitantes son agricultores pequeños interesados en ampliar sus fincas al incorporarles suelos colindantes. Estos ya poseen algún grado de organización, disciplina de trabajo y aperos de labranza que facilitan su gestión productiva. (Varela, 2011)

La evaluación sobre el destino de las tierras entregadas y los convenios suscritos, demuestra que la actividad pecuaria en general ocupa 727 641,9 hectáreas, la mayor de las superficies pedidas. En segundo plano aparecen los cultivos varios, con 281 439,5 hectáreas; después están, en escala descendente, el arroz, café, caña, frutales y el tabaco.

Uno de los principales resultados de la entrega de tierra ociosa es la atención esmerada que brindan las personas que han puesto a producir las tierras solicitadas, el cumplimiento de poner a producir estas tierras y la incorporación de miles de personas a esta actividad agrícola productiva. Además la incorporación a la producción agrícola, de cientos de jóvenes a través de la solicitud de tierras ociosas, lo que anticipan una nueva generación de trabajadores del campo.

Desafíos de la aplicación del Decreto- Ley 259

En la aplicación del Decreto- Ley 259 se han presentado algunos obstáculos y deficiencias, que han tenido que ir venciendo poco a poco:

- Lentitud injustificada para ubicar las tierras ociosas a los solicitantes.
- Atraso en completar los expedientes y otras demoras burocráticas.
- Actuación no rápida de algunos organismos poseedores de tierras en estado improductivo en declararlas ociosa para incorporarlas al plan a fin de aumentar la producción agrícola.
- No todas las tierras declaradas ociosas están hoy en manos de personas que la han puesto a producir con celeridad.
- No rapidez en la supervisión y elevación de la calidad en los contratos que se realicen para la entrega de tierras ociosas.
- No explotación de toda la tierra asignada, que tampoco se pone a producir de forma rápida.

Las nuevas transformaciones en la agricultura cubana: éxitos y desafíos

- Demora en la transferencia de tierra asignada que no ha sido puesta a producir por otros solicitantes capaces de darle el uso correcto, así lo establece el Decreto - Ley 259.
- Retraso en completar los expedientes y demora de las comisiones de asuntos agrarios del municipio responsable del análisis y la propuesta final

Conclusiones

Los desafíos que enfrenta Cuba en el desarrollo y fomento de la agricultura son grandes pero son asumidos por el Estado y las diferentes formas de producción agrícola, con el objetivo de satisfacer las necesidades de alimentación de la población y reducir las importaciones.

Son diferentes los factores que influyen en el no aprovechamiento óptimo de las tierras fértiles: el éxodo de muchos jóvenes de las zonas rurales hacia las zonas urbanas, la no utilización óptima de los recursos existentes, la permanencia del bloqueo norteamericano que impide o encarece la compra de insumos necesarios para la producción y las frecuentes afectaciones por los huracanes entre otros.

La entrega de tierras ociosas en usufructo constituye una posibilidad que exige un extraordinario esfuerzo para tratar de producir alimentos en un corto plazo y darle el uso correcto a la tierra. Es necesario garantizar una adecuada política de estímulo para todo aquel que trabaje la tierra y lograr mantener las tierras ocupadas produciendo todo el tiempo posible.

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7 Cuba y el turismo norteamericano. Análisis de potencialidades y de impactos en la región caribeña

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Introduction

El trabajo que presentamos forma parte de un estudio mayor cuyo objetivo primario era el análisis de los impactos adversos que le podría causar al Caribe la eliminación de las restricciones de los viajes de norteamericanos a Cuba. Como impacto tratamos solamente el número de turistas que los países caribeños pudieran perder como resultado del acceso de la Mayor de las Antillas al mercado turístico de los Estados Unidos.

Los factores que se tomaron en cuenta para las estimaciones de los impactos son: el comportamiento y características del modelo turístico cubano, las

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tendencias del turismo norteamericano en el Caribe y las proyecciones de los turistas norteamericanos que Cuba sería capaz de recibir. Estos factores los explicamos en esta versión del trabajo, aunque de manera resumida.

Nuestros análisis se fundamentaron en una amplia recopilación de información de diversas fuentes. Con relación a la parte correspondiente al sector turístico cubano, el análisis descansó fuertemente en la experiencia y conocimientos de los autores sobre la industria turística cubana, en información obtenida mediante visitas a Cuba, en entrevistas y contactos con personas vinculadas al turismo cubano e incluso en opiniones de residentes en la isla. Esta recopilación, fue de gran valía para salvar las limitaciones y falta de transparencia que caracterizan a las fuentes oficiales cubanas.

Queremos señalar que el estudio constituyó un gran reto para nosotros ya que no existen referentes anteriores en el que han estado involucrados un gran mercado emisor de turistas y un destino que ha estado virtualmente prohibido para dicho mercado por cinco décadas.

Comportamiento y característica del modelo turístico cubano

Con la entrada del nuevo milenio la actividad turística en Cuba continuó creciendo, pero con tasas muy inferiores a las exhibidas en la década de los 90. La desaceleración fue mucho mayor en los ingresos generados por la actividad, los cuales crecieron a una tasa promedio anual del 1.7%, mientras que el crecimiento de la cantidad de turistas se comportó a una tasa de 3.6%.

Una de las características del modelo turístico cubano es la proyección del país como un destino casi exclusivamente vacacional, lo cual quedó refrendado en la década pasada cuando el 94.1% de los turistas reportaron ese propósito de su visita al país. (ONE, Turismo, 2008).

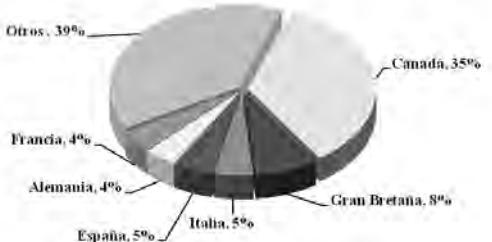
Otra característica del modelo turístico cubano es su carácter diversificado en relación a los mercados emisores. Sin embargo, Canadá se ha ido desmarcando del resto del grupo para consolidarse como el primer país emisor, posición que ha ocupado desde la década de los 90.

En contraste, Alemania, Italia, España y Francia han perdido dinamismo y cuota de mercado. La caída en la participación de estos países se produjo a

Cuba y el turismo norteamericano. Análisis de potencialidades y de impactos en la región

Gráfico 7-1. Principales países emisores de turistas a Cuba (2008)

Gráfico 1. Principales Países Emisores de Turistas a Cuba
2008



Fuente: ONE, Anuario Estadístico, 2008

Fuente: ONE, Anuario Estadístico, 2008

pesar de la favorable tasa cambiaria establecida por Cuba al Euro en el reordenamiento monetario de los años 2004 y 2005 y a la concesión dada a los polos turísticos de Varadero, Cayo Largo del Sur, Cayo Guillermo y Cayo Coco de aceptar el pago en Euro en cualquier venta de bienes y servicios.

Sin descartar factores de carácter exógeno, es evidente que la condición de enclave el modelo de turismo prevaleciente actualmente en Cuba y en general el proceso de reversión de las reformas económicas (conocido también como proceso de contra-reforma) del 2004 incidieron en este comportamiento negativo del turismo europeo. Muchos de los turistas provenientes de Europa, en especial de España e Italia, gustan visitar Cuba para compartir y mezclarse con la población cubana e incluso algunos de ellos prefieren alojarse en casas particulares que en hoteles. Las onerosas cargas impositivas que ha establecido el gobierno cubano sobre los arrendadores particulares han complicado esta interacción entre turistas y familias locales.

Una tercera característica del modelo turístico cubano es que su crecimiento ha sido por vía extensiva, es decir, se apoya principalmente en una fuerte expansión en la capacidad de alojamiento. Esta tendencia se mantuvo en la pasada década, aunque a ritmos inferiores a lo verificado en el decenio de los 90. Sin embargo, se ha podido identificar una serie de cambios cualitativos como es la concentración de la oferta en habitaciones hoteleras en det-

rimiento de otras formas de alojamiento, lo cual es cónsono con el continuo proceso de reorientación del turismo cubano hacia el turismo extranjero.

La actual estructura de las habitaciones por tipos de productos turísticos refleja también esta restructuración. En la actualidad, la oferta de habitaciones al turismo en Cuba se concentra en el renglón de playa, que abarca un 68% de todas las habitaciones. Esta estructura refleja la preeminencia de la modalidad del turismo de sol y playa, a pesar de tener Cuba un potencial para ofrecer un turismo más diversificado. No deja de llamar la atención el bajísimo porcentaje de habitaciones destinadas al turismo ecológico, el cual se sitúa en un 3%, a pesar de que la isla posee un sinnúmero de atractivos naturales.

El proceso de concentración en la oferta habitacional también se ha verificado a nivel de la categoría de los hoteles. Se ha dado un crecimiento en el número de habitaciones de hoteles de tres, cuatro y cinco estrellas, a la par que se ha contraído la cifra de habitaciones de las dos categorías más bajas.

Gráfico 7-2. Cantidad de hoteles en Cuba



Fuente: ONE Anuarios Estadísticos 2005 y 2008

Fuente: ONE, Anuarios Estadísticos 2005 y 2008

El incremento de la capacidad hotelera no ha ido de la mano de un mayor aprovechamiento de la misma, el cual ha ido descendiendo desde un 74.3% en el 2000 hasta llegar a un 60.2% en el 2008. (ONE, 2005 y 2008).

Cuba y el turismo norteamericano. Análisis de potencialidades y de impactos en la región

La industria turística cubana se ha enfocado fundamentalmente en el desarrollo de seis polos que son:

1. Ciudad Habana
2. Varadero
3. Holguín
4. Ciego de Ávila
5. Cayo Largo del Sur
6. Santiago de Cuba

Alrededor del 71% de la capacidad habitacional disponible para el turismo internacional se concentra en estos polos, los cuales recibieron el 88% de los turistas que visitaron la isla en el 2008. No obstante, Varadero y Ciudad de la Habana siguen siendo los polos principales, ya que según datos del 2008, absorben el 60% de los turistas que llegan a Cuba y poseen el 59% de la capacidad habitacional existente.

Cuadro 7-1. Estadísticas seleccionadas de los polos turísticos (2008)

Polos	No. Visitantes	Promedio Estancia	Habitaciones Disponibles	Tasa de Ocupación	Ingresos (millones \$USD)
C. Habana	1,126,144	3.2	12,301	49.6%	\$642
Varadero	1,016,684	10	16,196	64.7%	\$1,213
Holguín	386,807	8	4,817	62%	\$240
C. de Avila	229,199	8	4,146	50%	\$123
Cayo Largo del Sur	59,943	9	1,113	59%	\$29
Santiago de Cuba	108,325	3.3	1,826	29.3%	\$68

Fuentes: ONE. Anuario Estadístico de Cuba, 2008 y Anuario Estadístico Territorial, 2008

Destaca el predominio de los polos playeros (Varadero, Holguín, Ciego de Ávila y Cayo Largo del Sur) lo cual es coherente con la modalidad predominante en el modelo cubano. Todos estos polos playeros generan hoy día más del 60% de todos los ingresos de los visitantes extranjeros a Cuba. Pero las posibilidades de crecimientos de los mismos son limitadas (con la excepción de Cayo Largo del Sur) debido a la disponibilidad de espacio para mayores desarrollos y los impactos medioambientales. Los polos playeros corren

mayormente bajo la modalidad del all inclusive. Ellos poseen el 93% de las habitaciones que están bajo dicha modalidad en el país.

Proyecciones de los turistas norteamericanos que viajarían a cuba

Las proyecciones del número de turistas norteamericanos que iría a Cuba la realizamos desde la perspectiva de la oferta del producto turístico cubano. Tomamos como variable central la capacidad de alojamiento hotelera de la isla y su aprovechamiento por ser una variable que puede ser medible cuantitativamente. Usamos también un factor del lado de la demanda, que es el patrón de comportamiento del turista norteamericano en el Caribe. Otras variables, como por ejemplo, las características del modelo turístico cubano, las usamos como factores cualitativos explicativos de las posibles variaciones de las estimaciones realizadas con la variable central.

La población de turistas que vamos a proyectar es aquella que reside y provenga de los Estados Unidos y que se hospedaría en hoteles de la isla. De manera operativa, denominaremos a esta población turistas norteamericanos.

Partimos de los siguientes supuestos generales:

1. El levantamiento total de las restricciones de los norteamericanos para viajar a Cuba podría ser una posibilidad en el mediano plazo.
2. El número de turistas provenientes de los mercados que han sido tradicionales para la isla hasta el momento (fundamentalmente Canadá) continuará creciendo, es decir, Cuba no aplicará una política deliberada de sacrificar turistas provenientes de dichos mercados para favorecer la recepción de turistas provenientes de los Estados Unidos.
3. Para satisfacer el incremento de la demanda de turistas, tanto norteamericanos como de los mercados tradicionales, Cuba incrementará la oferta habitacional hotelera.
4. El turista norteamericano que visite Cuba será menos estacional que los turistas canadienses y europeos y con un marcado interés en la modalidad turística de sol, playa y arena.
5. A corto plazo, no se avizoran cambios significativos en el modelo turístico en Cuba.
6. Los supuestos y proyecciones son válidos para un período de corto plazo (5 años).

Supuestos numéricos utilizados

Estimamos el 2013 como el año más probable para la eliminación de las restricciones de los viajes de norteamericanos a Cuba. Consideramos que antes de ese año las probabilidades son mínimas para que dicha acción ocurra ya que los sucesos ocurridos en Cuba desde el último trimestre del año 2009 hasta el presente han eclipsado los momentos de distensión que se observaron en las relaciones entre Cuba y los Estados Unidos durante buena parte del 2009. Entendemos que el levantamiento de la prohibición de los viajes de los norteamericanos a Cuba vendrá acompañado de un proceso de establecimiento de la logística empresarial y administrativa entre Cuba y los Estados Unidos para garantizar el flujo normal de los turistas estadounidenses, por lo que estimamos que las visitas masivas a Cuba se producirían no antes del año 2014. Las proyecciones las realizamos desde ese año hasta el 2018.

Como segundo paso proyectamos el flujo de turistas que visitaran Cuba proveniente de los mercados tradicionales para la isla. Para esta proyección consideramos dos escenarios: uno denominado Optimista, donde el número de turistas crecería desde el 2010 a una tasa promedio anual del 3.6%, que es la tasa observada en la década pasada (2000 - 2009) y el otro escenario denominado Menos Optimista, donde el número de turistas crecería desde el 2010 a una tasa promedio anual del 1.1%, que es la tasa observada en la segunda mitad de la década pasada. Los resultados de estas estimaciones los presentamos en el cuadro 6-2.

Cuadro 7-2. Estimados del número de turistas provenientes de los mercados tradicionales (miles de turistas)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Escenario Optimista	2,512	2,602	2,696	2,793	2,894	3,000	3,108	3,220	3,336
Escenario Menos Optimista	2,452	2,479	2,506	2,534	2,562	2,590	2,618	2,650	2,679

Para enfrentar este crecimiento y la recepción de turistas norteamericanos, Cuba tendrá que incrementar su oferta habitacional. La economía cubana se ha deteriorado nuevamente desde 2008, lo cual ha provocado una grave crisis de liquidez de divisas que incluso obligó al gobierno cubano a realizar una retención forzosa de recursos financieros de empresas extranjeras deposita-

dos en el sistema bancario nacional. Todo ello, presumiblemente, ha incrementado el factor de riesgo-país para el acceso a los mercados crediticios y de inversión internacionales y ha debilitado la capacidad de inversión de Cuba, por lo que las posibilidades de fuertes expansiones en la infraestructura en el sector son cuestionables en el corto y mediano plazo.

Dado el escenario descrito, asumimos como supuesto que Cuba podrá tener una capacidad de crecimiento de la oferta hotelera de entre 1,000 y 1,700 habitaciones como promedio anual, que se corresponde al nivel exhibido en la pasada década, que aunque muy inferior al promedio de construcción logrado en la década de los 90, fue suficiente para mantener un crecimiento sostenido en el fondo habitacional. Para establecer la cantidad de habitaciones disponible en cada año tomamos también como cifra base el fondo habitacional existente en el 2009 que en el momento de realizar el estudio se estimó en 48,600 habitaciones hoteleras.

Tomamos también como factor el grado de estacionalidad de los viajes de los turistas norteamericanos al Caribe, el cual ha sido relativamente menor en comparación con los turistas canadienses y europeos. Para Cuba, la menor estacionalidad de los turistas norteamericanos ayudaría al país a poder satisfacer el incremento de la demanda proveniente de ese mercado sin tener que sacrificar los mercados que han sido tradicionales para la isla.

Pensamos que ese mismo patrón de comportamiento que han mostrado los turistas norteamericanos en los países caribeños se reproducirá en Cuba, por lo que asumimos que el 75% de los turistas norteamericanos viajarán a Cuba entre enero y agosto, distribuidos en una proporción de 40% que viajarán entre los meses de enero a abril y un 35% lo harán entre los meses de mayo y agosto. Asumimos, además, que el promedio de día de estancia que pasarán los turistas norteamericanos en Cuba será de 7 días. Estos supuestos corresponden al promedio observado en la década pasada en los destinos caribeños analizados.

Otro supuesto asumido es que Cuba logrará como máximo un 85% de aprovechamiento de su capacidad hotelera en el período entre enero y agosto. Esto es un supuesto bien optimista ya que el país alcanzó esa cifra en muy pocos meses en la pasada década. No obstante, consideramos que es un valor que es posible alcanzar en el corto plazo ya que el interés que generará el mercado cubano en la población norteamericana le impondrá una presión

Cuba y el turismo norteamericano. Análisis de potencialidades y de impactos en la región

a la oferta habitacional cubana que obligará al país a incrementar las tasas de ocupación hotelera, siempre y cuando mantenga su política de continuar cultivando sus mercados tradicionales.

Metodología utilizada

A partir de los supuestos generales establecidos proyectamos cuatro escenarios de flujo de turistas norteamericanos que Cuba podría recibir. Los Escenarios I y II toman en cuenta el crecimiento del fondo habitacional hotelero a un ritmo de 1,000 habitaciones anuales como promedio y los Escenarios III y IV toman en cuenta el crecimiento habitacional a un ritmo de 1,700 habitaciones anuales como promedio. En estos escenarios asumimos los otros dos correspondientes a nuestras proyecciones de crecimiento de los turistas a visitar Cuba provenientes de los mercados tradicionales, es decir, el Escenario Optimista y el Escenario Menos Optimista.

Calculamos el nivel de ocupación hotelera que se alcanzaría con las estimaciones del número de turistas que visitarían a Cuba provenientes de los mercados tradicionales. La diferencia hasta alcanzar el supuesto del 85% de ocupación se lo adjudicamos a los turistas norteamericanos, es decir, los turistas norteamericanos garantizarían el nivel de ocupación que no cubrirían los turistas provenientes de los mercados tradicionales hasta completar la tasa máxima establecida en nuestra metodología. Estos cálculos los realizamos mensualmente para después llegar a la proyección anual.

Para realizar las proyecciones de los turistas norteamericanos que Cuba podría recibir utilizamos la siguiente fórmula²:

$$T = O \times S \times N \times R \text{ donde,}$$

$$P \times L$$

T: Número de turistas

R: Cantidad de habitaciones disponibles

O: Porcentaje de ocupación hotelera

P: Porcentaje de turistas que se hospedan en hoteles

S: Número de días por mes

L: Promedio de días de estancia

N: Promedio de personas por habitación

El valor de N es de 1.89, que es la cantidad promedio de personas por habitaciones observada en la década pasada. Asumimos como valor de P el 95%.

2. Fórmula desarrollada por Robert W. McIntosh and Charles R. Goeldner en *Tourism: principles, practices, philosophies*. John Wiley and Sons, Fourth Edition, New York, 1984.

Las proyecciones aparecen reflejadas en el siguiente cuadro:

Cuadro 7-3. Estimaciones de los turistas norteamericanos que Cuba podría recibir

	2014	2015	2016	2017	2018
Escenario 1	882.2	837.8	801.4	758.5	712.9
Escenario 2	1,203.7	1,245.5	1,292.9	1,341.1	1,390.3
Escenario 3	1,098.8	1,109.4	1,117.5	1,121.2	1,121.4
Escenario 4	1,464.8	1,560.9	1,677.6	1,757.2	1,851.4

Factores de modificaciones de las proyecciones

A pesar de que las estimaciones se basaron en supuestos cuantificables a partir de datos históricos, no ignoramos que hay un conjunto de otros factores, algunos de ellos de carácter cualitativos, que pueden incidir sobre esos supuestos provocando que dichas estimaciones puedan oscilar entre los escenarios establecidos. A continuación analizaremos esos factores.

Oferta Habitacional y su aprovechamiento.

En el Escenario I se puede observar que el número de turistas norteamericanos disminuiría con el paso de los años y ello se debe a que la tasa de incremento habitacional es inferior a la de los turistas provenientes de los mercados tradicionales, por lo que el nivel de ocupación hotelera alcanzado por esos turistas es mucho mayor, dejando menos oferta habitacional disponible para los turistas norteamericanos. Esto no ocurre en los demás escenarios porque el nivel de crecimiento de los turistas de los mercados tradicionales es inferior al crecimiento de la oferta habitacional (Escenarios II y IV) o el crecimiento de la oferta habitacional es casi similar al crecimiento de los turistas de los mercados tradicionales (Escenario III).

De aquí se deduce que, dado una tasa de crecimiento moderada o alta de la demanda de turistas de los mercados tradicionales, si Cuba logra aumentar su oferta habitacional a un ritmo que supere las 1,700 habitaciones anuales, el número de turistas norteamericanos que podrá recibir será mayor a la proyectada. Si por el contrario, Cuba mantiene un ritmo de crecimiento inferior a las 1,000 habitaciones anuales, la isla no podría responder adecuadamente a la fuerte demanda que presumiblemente se genere desde el mercado norteamericano.

Cuba y el turismo norteamericano. Análisis de potencialidades y de impactos en la región

En sentido general, para que Cuba pueda responder a una alta demanda de turistas norteamericanos, la isla debe mantener un nivel de incremento de la oferta habitacional hotelera superior a la tasa de crecimiento de los turistas de los mercados tradicionales.

El esfuerzo de inversión que tendría que acometer la isla sería mucho mayor si tomamos en cuenta que algunos de los polos turísticos existentes, como por ejemplo, Varadero, Guardalavaca y Cayo Coco han agotado o están en camino de agotar sus posibilidades de crecimiento hotelero, por lo que el incremento de la oferta habitacional tendría que darse en áreas de escaso o ningún desarrollo turístico, como los cayos alrededor de la isla principal y ello elevaría los montos de las inversiones, ya que no solo implicaría la construcción de nuevos hoteles, sino toda la infraestructura de servicio a la actividad. El reto financiero para acometer los nuevos desarrollos sería mayúsculo y dada las dificultades económicas de la isla y su limitado acceso a los mercados de capitales internacionales ello podría traducirse en una disminución del ritmo de crecimiento habitacional, que alejaría en el tiempo los crecimientos deseados de turistas norteamericanos.

Dos opciones que Cuba podría utilizar para quitarle presión al factor de inversión hotelera es desconcentrar significativamente la recepción de turistas norteamericanos de la temporada alta o alcanzar niveles de ocupación hotelera superiores al 85%. Sin embargo, esta segunda opción le impondría una fuerte tensión a la isla en el área de la oferta de servicios en los resorts hoteleros.

Relación entre turistas de mercados tradicionales y los norteamericanos.

Como ya se indicó, no creemos que Cuba aplique una política deliberada tendiente a sacrificar turistas provenientes de los mercados tradicionales, en especial de Canadá, dado que este le aseguraría al turismo cubano un nivel de diversificación capaz de contrarrestar los grados de volatilidad que siempre acompañan a la actividad.

Sin embargo, hay alternativas de sustitución implícitas de turistas de mercados tradicionales para Cuba por turistas norteamericanos. Una de las alternativas es la vinculada a la disminución de turistas provenientes de Europa. Si esta tendencia se mantiene de una forma irreversible, las capacidades dejadas por estos mercados pudieran ser cubiertas por el mercado norteamericano.

Otra alternativa de sustitución implícita pudiera darse a través de la utilización de mecanismo de mercado. Si el incremento de la demanda turística provocada por el levantamiento de las restricciones de los viajes de norteamericanos a Cuba desborda la oferta turística en la isla, Cuba podría incrementar el precio de su producto turístico y ello afectaría a los turistas de bajos e ingresos medios. Esa medida disminuiría el flujo de turistas provenientes de algunos mercados tradicionales, en particular, de mercados de América Latina, capacidades que serían cubiertas por los turistas estadounidenses.

Características del modelo turístico cubano.

Una de las debilidades del modelo turístico cubano es su incapacidad de propiciar el desarrollo de un turismo abierto, más allá de las condiciones y comodidades creadas en los resorts hoteleros playeros. Ello ha sido un factor que no ha afectado a los turistas canadienses, pero sí ha sido un elemento desestimulante para turistas procedentes de mercados como España e Italia, más dados a disfrutar de un turismo de ciudad y de contacto con los nacionales.

La misma influencia pudiera verse reflejada en los turistas norteamericanos. Aquel turista más inclinado al turismo de sol, playa y arena pudiera ser tolerante con las características estructurales y deficiencias del modelo turístico cubano y auspiciar decisivamente la actividad en la isla. Sin embargo, Cuba podría perder oportunidades en aquellos sectores que buscan un turismo diferente al de sol, playa y arena. Sin embargo, pensamos que esta posible incidencia negativa no se reflejaría en proporciones significativas en el corto plazo, ya que en los primeros años posteriores al levantamiento de la prohibición a viajar a Cuba la propensión a viajar a la isla sería alta porque el interés que existe sobre la isla sería superior a las preocupaciones que puedan existir en torno a las debilidades de la oferta turística cubana.

El anuncio de la reconstrucción y reapertura de hoteles en diversas ciudades, hecho por el Ministro de Turismo de Cuba a inicios del 2010, aparentemente refleja la voluntad de diversificar la oferta turística de la isla, dándole más hincapié al turismo de ciudad. Ciertamente, ello garantizaría atraer a aquellos turistas norteamericanos dados a disfrutar de otras opciones más allá del turismo de sol, playa y arena. De cualquier forma, la transición de una modalidad a otra no se garantizaría en el corto plazo porque requeriría de un ingente esfuerzo de inversión y de preparación y de la pres-

Cuba y el turismo norteamericano. Análisis de potencialidades y de impactos en la región
encia de una cultura de servicio de excelencia que hoy en día está en sus etapas embrionarias.

Estimación del impacto sobre el caribe de la apertura de Cuba a turista de Estados Unidos

La presente sección ofrece una descripción de la metodología desarrollada para estimar las pérdidas en términos de turistas que el Caribe podría experimentar por la entrada a gran escala de turistas norteamericanos a Cuba. Usamos el término a gran escala, pues en la actualidad Cuba ya recibe anualmente más de 49,000 turistas norteamericanos, sin contar a los cerca de 300,000 residentes en Estados Unidos de origen cubano que visitaron Cuba en 2009.

La metodología para tal propósito consiste en un proceso escalonado con refinamientos sucesivos, dirigidos a eliminar aquellos factores que puedan desvirtuar la objetividad de la estimación y cualquier sesgo tendente a minimizar las pérdidas que pueda experimentar la región por la entrada de Cuba en el mercado emisor norteamericano.

Adoptamos el principio de evitar una subestimación de las sustracciones de turistas que Cuba podría causarle al Caribe ante su apertura al mercado turístico norteamericano. Siempre se optó por utilizar los parámetros o supuestos tendentes a lograr una estimación máxima de las pérdidas que podría experimentar los países caribeños por la llegada de Cuba como un competidor más en el mercado emisor norteamericano.

Reiteramos que no existen precedentes en el desarrollo del turismo internacional que sirvan como marco de referencia para elaborar un modelo de estimación apropiado para los fines de este estudio. Para salvar esta deficiencia, la metodología desarrollada descansa en las tendencias más relevantes del turismo norteamericano al Caribe y en las posibilidades actuales y tendencias más probables de la industria turística cubana.

A grandes rasgos, la metodología de estimación se puede resumir en los siguientes puntos:

1. Se toma como punto de partida los escenarios estimados para el número de turistas norteamericanos que podría visitar Cuba anualmente en el periodo 2014-2018. Ello implica que se presentan cuatro escenarios de estimación.

2. Sobre la base del comportamiento de los destinos turísticos del Caribe en el período 2000-2008, se proyecta el número de turistas norteamericanos por países de la región para el período 2014-2018.
3. Se refinan los datos de Puerto Rico, para descartar los turistas de Estados Unidos que vienen principalmente por motivos de negocios y familiares, situación que responde a la relación particular de Puerto Rico con los Estados Unidos, distinta a la del resto de los destinos turísticos del Caribe. Se refinan también los datos de República Dominicana para descartar el número significativo de dominicanos residentes en Estados Unidos que visitan su país de origen y que según las estadísticas de la Organización de Turismo del Caribe (CTO) se cuentan como turistas.
4. Se estima cuál sería el impacto que sufriría cada uno de los destinos turísticos del Caribe si las pérdidas fuesen proporcionales al peso que cada destino tendrá en el 2014-2018 dentro del total de turistas norteamericanos que se espera visiten la región.

Se partió de la premisa de que los turistas norteamericanos que visitarían Cuba dejarían de visitar otros destinos del Caribe. Este enfoque busca evitar una subestimación de nuestros estimados de impacto adverso en la región por el arribo de los turistas norteamericanos a Cuba. Es lógico pensar que Cuba será capaz de atraer turistas norteamericanos nuevos, es decir turistas que no están escogiendo entre Cuba y otros destinos del Caribe. El problema estriba en que no se dispone de un parámetro estadístico o un estimado confiable de la proporción que los turistas nuevos representarían dentro del total de turistas de Estados Unidos que irían a Cuba. Es por ello que se ha optado por el supuesto arriba explicado.

La proyección de los turistas norteamericanos que visitarían el Caribe entre 2014 y 2018 se efectuó tomando como base la tendencia observada entre 2000 y 2008.

Cuadro 7-4. Turistas norteamericanos al Caribe por destinos (miles)

Destinos	2000	2008	Promedio crec. anual
Bahamas	1,294	1,177	-1.2%
Cancún	1,751	1,680	-0.5%
República Dominicana	644	1,092	6.8%
Jamaica	941	1,151	2.6%
Puerto Rico	1,066	1,185	1.3%
Otros	2,595	2,582	-0.1%
Total	8,292	8,867	0.8%

Fuente: CTO. Informes estadísticos 2000 y 2008

Cuba y el turismo norteamericano. Análisis de potencialidades y de impactos en la región

Partiendo de la tendencia observada entre 2000 y 2008, se espera que aproximadamente 9.3 millones de turistas norteamericanos visiten el Caribe en el año 2014 y que la cifra crezca ligeramente cada año hasta alcanzar los 9.6 millones en el 2018.

Cuadro 7-5. Estimados de turistas norteamericanos al Caribe según tendencia 2000-2008 (miles)

Destinos	2014	2015	2016	2017	2018
Bahamas	1,096	1,083	1,070	1,057	1,045
Cancún	1,628	1,620	1,612	1,603	1,595
República Dominicana	1,632	1,735	1,853	1,980	2,115
Jamaica	1,339	1,373	1,408	1,444	1,481,
Puerto Rico	1,282	1,299	1,317	1,334	1,352
Otros	2,348	2,294	2,224	2,145	2,057
Total	9,325	9,404	9,483	9,563	9,644

Las cifras anteriores, no obstante, requieren de un refinamiento adicional. Es necesario considerar lo que podríamos llamar grupo cautivo, es decir aquellos turistas que visitan cierto destino por sus relaciones muy particulares con el mismo. En el caso de Puerto Rico, debido a su especial relación con los Estados Unidos, se estima que aproximadamente un 20% de los turistas que visitan la Isla lo hacen por razones de negocios. También existe el factor de las visitas por motivos familiares, pero el mismo quedó depurado al utilizarse las estadísticas de los turistas hospedados en hoteles para hacer la estimación que aparece en el cuadro 7-5. En el caso de República Dominicana, se estima que un 50% de los turistas procedentes de Estados Unidos son dominicanos residentes en ese país. Es evidente que tanto Puerto Rico como República Dominicana cuentan entonces con un grupo cautivo de turistas que tendrán que seguir visitándolos, independientemente de lo que ocurra en Cuba. Hay otros destinos del Caribe, cuyas cifras de turistas esconden aspectos familiares y profesionales, como son los casos de Jamaica e Islas Vírgenes de Estados Unidos, pero no existen parámetros disponibles para refinar sus estadísticas.

Las proyecciones ajustadas, luego de aplicar los mencionados factores de ajuste, se presentan en el siguiente cuadro.

El siguiente paso consiste en calcular las proporciones que se espera tenga cada destino dentro del turismo norteamericano que visitaría el Caribe para

Cuadro 7-6. Estimados Ajustados de Turistas Norteamericanos al Caribe (miles)

Destinos	2014	2015	2016	2017	2018
Bahamas	1,095.5	1,082.6	1,069.8	1,057.1	1,044.6
Cancún	1,628.4	1,620.0	1,611.6	1,603.2	1,595.0
República Dominicana	816.0	867.3	926.6	989.9	1,057.5
Jamaica	1,338.7	1,372.9	1,407.9	1,443.8	1,480.6
Puerto Rico	1,026.0	1,039.6	1,053.4	1,067.4	1,081.6
Otros	2,347.9	2,294.4	2,224.1	2,145.0	2,056.6
Total	8,252.5	8,276.8	8,293.3	8,306.5	8,315.9

el periodo 2014-2018 basado en los estimados del cuadro anterior. Estas proporciones se presentan en el siguiente cuadro.

Cuadro 7-7. Proporciones de turistas norteamericanos por destinos

Destinos	2014	2015	2016	2017	2018
Bahamas	13.3%	13.1%	12.9%	12.7%	12.6%
Cancún	19.7%	19.6%	19.4%	19.3%	19.2%
República Dominicana	9.9%	10.5%	11.2%	11.9%	12.7%
Jamaica	16.2%	16.6%	17.0%	17.4%	17.8%
Puerto Rico	12.4%	12.6%	12.7%	12.9%	13.0%
Otros	28.5%	27.7%	26.8%	25.8%	24.7%

Como previamente se explicó, se aplican las proporciones del cuadro anterior a cada uno de los cuatro escenarios estimados sobre el número de turistas norteamericanos que podrían visitar Cuba entre 2014 y 2018.

Cuadro 7-8. Pérdida estimada de turistas norteamericanos por destinos (miles de turistas)

Destinos	Base Escenario I				
	2014	2015	2016	2017	2018
Bahamas	117.1	109.6	103.4	96.5	89.5
Cancún	174.1	164.0	155.7	146.4	136.7
República Dominicana	87.2	87.8	89.5	90.4	90.7
Jamaica	143.1	139.0	136.0	131.8	126.9
Puerto Rico	109.7	105.2	101.8	97.5	92.7
Otros	251.0	232.2	214.9	195.9	176.3

Los resultados del cuadro 7-8 al cuadro 7-11 nos brindan un estimado de las pérdidas que podrían tener los diferentes destinos turísticos en términos de turistas norteamericanos que serían atraídos por Cuba. Ahora bien, este

Cuba y el turismo norteamericano. Análisis de potencialidades y de impactos en la región

Cuadro 7-9. Pérdida estimada de turistas norteamericanos por destinos (miles de turistas)

Destinos	Base Escenario II				
	2014	2015	2016	2017	2018
Bahamas	159.8	162.9	166.8	170.7	174.6
Cancún	237.5	243.8	251.2	258.8	266.7
República Dominicana	119.0	130.5	144.5	159.8	176.8
Jamaica	195.3	206.6	219.5	233.1	247.5
Puerto Rico	149.6	156.4	164.2	172.3	180.8
Otros	342.5	345.3	346.7	346.3	343.8

Cuadro 7-10. Pérdida estimada de turistas norteamericanos por destinos (miles de turistas)

Destinos	Base Escenario III				
	2014	2015	2016	2017	2018
Bahamas	145.9	145.1	144.1	142.7	140.9
Cancún	216.8	217.1	217.2	216.4	215.1
República Dominicana	108.6	116.3	124.9	133.6	142.6
Jamaica	178.2	184.0	189.7	194.9	199.7
Puerto Rico	136.6	139.3	141.9	144.1	145.9
Otros	312.6	307.5	299.7	289.5	277.3

Cuadro 7-11. Pérdida estimada de turistas norteamericanos por destinos (miles de turistas)

Destinos	Base Escenario IV				
	2014	2015	2016	2017	2018
Bahamas	194.5	204.2	216.4	223.6	232.6
Cancún	289.0	305.5	326.0	339.2	355.1
República Dominicana	144.8	163.6	187.4	209.4	235.4
Jamaica	237.6	258.9	284.8	305.4	329.6
Puerto Rico	182.1	196.1	213.1	225.8	240.8
Otros	416.7	432.7	449.9	453.8	457.9

estimado parte del supuesto de simetría entre todos los destinos, cuando en realidad se sabe que el grado de similitud con la oferta turística cubana varía sustancialmente entre los distintos destinos del Caribe. Es evidente que algunos destinos del Caribe recibirán un mayor impacto al presentado en los cuadros de arriba, mientras que en otros destinos el impacto real estará por debajo de su correspondiente estimado en el cuadro anterior. Con respecto a Puerto Rico, por ejemplo, hay varios elementos de peso que sugieren que el impacto será menos que proporcional al peso que actualmente tiene en el

turismo del Caribe. Ello se debe a que Puerto Rico es quizás el destino menos parecido a Cuba dentro del Caribe, ya que gran parte de los turistas foráneos que lo visitan lo hacen movidos por toda una serie de factores familiares, profesionales y de amistad que no son replicables ni en Cuba ni en otros destinos³.

Sin dudas, la República Dominicana es el país del Caribe cuya oferta turística tiene más puntos de contacto con la de Cuba. Ambos países descansan en un producto turístico de sol, playa y arena, con fuerte presencia del all inclusive. Por otra parte, Dominicana y Cuba son los únicos países del Caribe que han logrado atraer un gran número de turistas procedentes de Europa, Canadá y otros partes del mundo.

Es muy probable que en los primeros años del levantamiento de las restricciones, el turista norteamericano que busca una opción de modalidad all inclusive se sienta atraído por Cuba. Este tipo de turista es más proclive en la actualidad a visitar República Dominicana, en lugar de ir a Cancún, Bahamas e incluso a otras islas del Caribe como Saint Marteen, que son destinos turísticos más costosos. Por todas estas razones, es plausible suponer que el impacto que recibirá Dominicana podría ser mayor que el estimado.

El resto de los grandes destinos del Caribe, Bahamas, Cancún y Jamaica, son también más proclives a ser impactados negativamente por la apertura de Cuba al turista norteamericano. Si bien hay condiciones iniciales que no puede vencer inmediatamente, no se puede pasar por alto que Cuba está dando pasos concretos para reconfigurar su turismo y atraer un turista norteamericano de altos ingresos. Se puede decir que la ausencia de condiciones para acoger turistas acaudalados es el factor que marca la diferencia entre Cancún, por un lado y Varadero y otros polos playeros de Cuba. Este rezago estará presente durante un tiempo, pero en la medida en que Cuba los vaya superando, es de esperar que arrecie la competencia entre Cancún y los polos playeros de Cuba.

Tampoco se puede pasar por alto el factor distancia, que es una de las grandes ventajas que Bahamas explota para atraer turistas norteamericanos. Cabe recordar que hasta 1959, Cuba explotó su cercanía a Estados Unidos

3. En el estudio original se utilizaron elementos más concretos cuantificables que nos permitieron refinar los estimados de pérdidas de turistas norteamericanos en Puerto Rico por la apertura cubana. El ejercicio dio como resultado pérdidas entre 27,800 y 72,200 turistas en los cuatro escenarios contemplados.

Cuba y el turismo norteamericano. Análisis de potencialidades y de impactos en la región

para atraer turistas acaudalados durante estancias cortas, tal como lo hace Bahamas en la actualidad. En la medida en que Cuba avance en sus planes de transformar el puerto de la Habana en un puerto turístico y cristalicen los planes de desarrollar campos de golf y otros atractivos para turistas acaudalados, el impacto negativo sobre Bahamas tenderá a acentuarse.

Conclusiones

1. Las principales características del modelo turístico cubano son las siguientes:
 - Cuba se ha desarrollado como un destino exclusivamente vacacional.
 - Alta diversificación de los mercados emisores de turistas.
 - Prioriza la modalidad de sol, playa y arena con poco desarrollo de otras modalidades turísticas. Predominio de la modalidad del all inclusive en los polos playeros.
 - Prevalece el turismo de enclave en detrimento de un turismo abierto.
 - El crecimiento de la actividad ha sido por vía extensiva, es decir, apoyado mucho más en una fuerte expansión en la capacidad de alojamiento.
 - La expansión de la oferta habitacional ha tenido como características la tendencia a la concentración en el segmento de hoteles, particularmente en hoteles de 3, 4 y 5 estrellas y en los polos de playa. La expansión de la oferta habitacional no ha venido acompañado de una mejoría en la tasa de ocupación de la misma.
2. La condición de enclave, la poca diversificación de la oferta turística, unido a problemas en la calidad de los servicios ofertados, son las deficiencias más significativas del modelo turístico cubano.
3. Dado las fortalezas que posee, Cuba tiene un potencial para impulsar la actividad turística más allá de lo logrado e incluso podría convertirse en el primer destino turístico del Caribe. Lo que constriñe el desarrollo pleno de dicho potencial son las concepciones del modelo turístico implementado, influenciado por las limitaciones inherentes al modelo económico cubano.
4. Nuestras estimaciones arrojan que Cuba tendría posibilidad de recibir entre 713 mil y un poco más de 1.8 millones de turistas norteamericanos en el período 2014 - 2018. Dicha estimación podría oscilar dentro de los escenarios establecidos por la incidencia de factores, particularmente de carácter cualitativos.
5. Las pérdidas estimadas que podrían tener los diferentes destinos turísticos en términos de turistas norteamericanos que serían atraídos por Cuba están basadas en el supuesto de la simetría entre todos los destinos. Dado que el grado de similitud con la oferta turística cubana varía sustancialmente entre los distintos destinos del Caribe, consideramos que algunos de estos destinos recibirán un mayor impacto al

presentado en las estimaciones, mientras que en otros el impacto real estará por debajo de su correspondiente proyección.

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8

Tourism in Cuba: Barriers to Economic Growth and Development

Hilary Becker¹

Abstract: Throughout the 20th Century, Cuban governmental and business decisions have hindered the growth of the Cuban Economy. Failures in political, economic, banking and social decision-making have caused the island nation to stall, while other Latin American countries have thrived. The Cuban economy has remained flat, however, recent developments and melting of Cuban/American relations have caused the government to re-think and shift prior policies, providing the potential for Cuba to enter a new era of growth. These new initiatives have potentials to see Cuba expand its power base within Latin America and the Caribbean.

The early 1990's represented a critical time in the Cuban economy. The collapse of the Soviet Union created a need to fundamentally shift the economic policy of the government to establish means of receiving hard currency. The Ministry of Tourism (MINTUR) represented a key component of the new strategy which involved an opening of the closed Cuban economy to a market economy and allowed for new foreign direct investment into Cuba. The present paper will discuss the history of the decision process involved in this fundamental shift and the continued development to sustainability of the Cuban Tourism market in the Caribbean and Global Tourism markets.

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The present paper will focus briefly on the failures of past economic decisions and concurrent growth vehicles in the Cuban economy, but will primarily focus on the growth in the tourism industry as one catalyst to overcome the obstacles of the past and drive the future economic expansion of Cuba, and will also focus on the project between the World Wildlife Fund, The Fundación Antonio Núñez del Hombre, Transat A.T., and MINTUR, which is addressing sustainable tourism through strategic sustainable tourism measures and the development of ecotourism products in Cuba. The paper will also address the use of Blue Ocean Strategy in the development process.

Introduction

The Cuban economy, once the envy of the Caribbean and Latin American populace, has struggled and languished behind many of its counterparts. Economic and political decisions have looked for quick fixes rather than sustainable, long-term integrated growth strategies in the development of the Cuban economy. Cuba's focus of a mono-culture serves to demonstrate the governmental focus of "the one" industry or ally which will drive the future of Cuba, from sugar to Russia to tourism to doctors to Venezuela to small business. Today, Cuba is moving away from this mono-culture to form a more integrated, multi-pronged approach to economic development and sustainability, including tourism, small business, services, mining, fisheries and oil for the development of Cuba, which includes not only economic and social considerations, but also sustainability and environmental considerations.

In recent months, Cuba has entered into a development phase. This phase is the single biggest development in Cuba since the revolution with the move to improve efficiency through massive layoffs, small business growth, property reform, and environmental reforms, all of which have implications for Cuba going forward. This is in response to the current economic problems that Cuba faces. This paper will address some of these issues, and make recommendations for improvement in the process, but will focus more on the tourism impacts associated with these decisions and process to develop sustainable tourism within the Cuban market.

The Cuban government has a history of making rash moves in response to economic events which look for quick fixes rather than integrated policy development. Following times of economic upheaval on the island, the government has moved to open markets, only to shut them down again once economic stability returns to more contained levels. Currently, the Cuban

economy is suffering from the impact of recent hurricanes, the rise in cost of food imports, low world nickel prices, fall in sugar production, rise in oil prices, and drop in tourism, and slowing of the export of medical doctors, all leading to a fall in the GDP for Cuba.

Structural reforms have been proposed and it is hoped that the upcoming 6th Congress of the Communist Party of Cuba in April, 2011 will establish a comprehensive change in economic reforms.

The Importance of Tourism to the Cuban Market

Tourism has become for many countries, the Caribbean included, the primary source of economic activity and access to hard currencies for economic trade, and for others it has continued to be of strong economic impact to the overall economy. Its importance to both the macro and micro-economies of nations and individual cities are interwoven to make it a serious consideration in government considerations at all levels.

Within the past 30 years, the growth of tourism worldwide has become a formidable business with the growth coming from various demographic areas, including: (i) increased wealth found in the current generation and aging population. Greater advances in healthcare are allowing older, retired individuals to travel more, and with the large amount of accumulated wealth generated in the past 20 years through higher wages and strong financial markets, this group has greater ability to travel more frequently and can afford more upscale lodgings. (ii) technology and communication advances, which have allowed corporations to expand their business dealings to more countries, requiring executives to travel more frequently and creating a market for upscale business accommodation. Executives are also taking a geocentric view of the world, viewing the world as one market, compared with the more traditional ethnocentric, home country view of management style. (iii) focus on family and family values. The average worker is demanding more free time, in lieu of greater wages and with this, the family unit is doing more traveling. Parents are traveling more with children, creating a need for family orientated hotels and attractions. Las Vegas, the traditional “sin city” even changed its image toward a family orientation in the 1990's with the opening of amusement parks, roller coasters, more golf courses, and non-

gambling attractions, however, this trend has been reversed in the last few years to the Vegas of old.

The tourism industry is not only characterized by the hotel industry, but also includes restaurants, nightclubs, bars, car rentals, tourist attractions and different modes of transportation, which include travel agencies, airlines, trains, cruise ships and automobiles, all of which cater to the tourist visiting a unique location, or in an extended Value Chain analysis of the industry. Each of these resources adds value to the tourist's vacation/trip and feed off each other to add value to the overall tourism destination. In strategic terms, these all represent various components of an integrated tourism value-chain, which must be monitored, evaluated and included in management decisions making and consideration in an overall strategic business model for any enterprise in the tourism sector, in the same manner as the economy, technology, market, political and social/cultural (PEST) analysis, competitor analysis and business intelligence considerations are utilized in the development of a strategic plan.

The World Trade Organization (WTO) indicates that there is expected unprecedented growth in tourism in the next 20 years. It estimates that travel will grow from 560 million tourists in 1995 to more than 1.6 billion tourists in 2020, and total revenues generated will grow from \$400 billion to more than \$2 trillion USD by 2020. The WTO and the Canadian Government have indicated that the major challenges facing the tourism industry are the following (ic.gc.ca, 2011, UN, 2011):

1. Attracting new personnel to the tourism sector
2. Introducing technological innovations to improve efficiency and service levels in the sector
3. Increasing visitations during off peak periods.
4. More cohesive marketing and promotional plans
5. Investment in tourism infrastructure
6. Broadening and adopting sustainable tourism and best practices.

The challenges outlined by the WTO and Canada will be prevalent in Cuba, however, due to Cuba's unique situation; there are additional considerations that must be made in regards to the country specific opportunities and challenges. Cuba, in general, has been faced with a unique situation due to the added implications of the political ideology of the nation, the impact

of the U.S. embargo on Cuba, and the allies that Cuba has been involved with over the years.

Cuba's initial growth in the tourism industry occurred in the 1940's when the U.S. congress sought to shut down the mobster and mafia influence in Las Vegas, forcing the mafia to look for an alternative location to establish its businesses. They saw Cuba, and Havana in particular, as a suitable alternative.

In the 1970s, development of tourism was seen as necessary for the growth of Cuba's economy, and rapid expansion occurred in Varadero. The growth was, however, without proper environmental planning, which caused the once-virgin beach of Varadero to change. Construction of hotel complexes along the coast allowed tourists greater access to the beach, but also eliminated natural protective vegetation along the shore, doing away with the natural barrier that impedes the movement of sand from blowing off the beach and therefore stopping the natural cycle of beach re-generation (Becker, 2009).

Following the collapse of the Soviet Union in 1988, Cuba was faced with a loss of more than \$6 billion in aid and credits. In response to this, Cuba introduced Law 77, the foreign investment act, which allowed for foreign ownership in the form of joint ventures, international association economic contracts, or 100% foreign ownership in response to Cuba's need to access hard currency. As of 2000, 392 economic associations and joint ventures had been registered in the areas of basic industry (92), tourism (70), construction (33) and to lesser extents in other areas, with the major principles being Spain (97), Canada (75), Italy (55), (Perez, 2002). In the same growth period, the government allowed in 1993 the establishment of small businesses in the home tourism market known as "Casas Particulares," similar to bed and breakfasts. Just prior to the collapse of the Soviet Union, a group of 8 individuals working in the Cuban Ministry of Tourism (MINTUR) began working on a twenty year economic development plan for Cuba which fuelled the growth of tourism through the 1990s and 2000s. The difference here is that the group, for the first time, started to consider the impact of sustainability and environmental impact on the tourism industry.

Cuba has an estimated GDP of \$114.1 billion in 2010, up from \$30.69 billion USD in 2002, with a growth rate of 1.5%, down from 4.3% in 2008, but

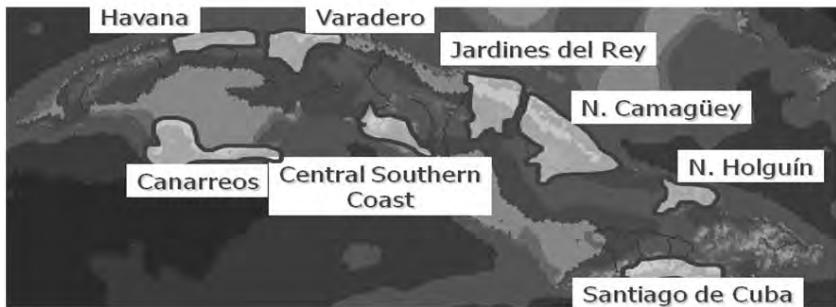
up from 1.1% in 2002. The GDP in 2010 is comprised mostly of the services industry (72.9%), the manufacturing industry (22.7%) and from agriculture (4.2%) in 2010, relatively unchanged since 2008. These numbers are, however, drastically different from 2002, when the GDP was comprised on 57.9% from the service industry, 34.5% from the manufacturing industry sector, and 7.6% from agriculture. Cuba has a workforce of 5.1 million people and an inflation rate of 0.7% in 2010,¹ down from 4.2% in 2008, and 7.1% in 2002. The workforce of Cuba is well educated with a 97% literacy rate. (CIA, 2010).

The Cuban economic resolution of 1997 called for an increase in hard currency and created a fundamental shift in the Cuban economy from sugar and tobacco to the areas of tourism, biotechnology, mining and other areas, due to the collapse of world sugar prices and the economic collapse of the stock markets. The shift toward tourism had already been underway for some time, but as a result of this resolution, the government of Cuba contributing as much as 25% of total investments into the tourism sector which resulted in an increase in the balance of payments from 6% in 1990 to 43% in 2000 and to 69.3% in 2007, however the 2007 figure also includes the more than 5000 doctors working abroad as the tourism sector was combined with services at this point. (Becker, 2009).

Cuba has officially identified 8 main regional poles for tourism, with primary thrusts in Varadero, Cayo Coco, Cayo Largo, Holguin/Guardalavaca, Santiago de Cuba, Havana, Jardines del Rey and Pinar del Rio; however, currently 70% of the tourism revenue is generated between Havana and Varadero (Gutierrez and Gancedo, 2002).

The achievement of the tourism sector in Cuba has indeed been impressive. Cuba increased its tourism income eight-fold during the 1990's, increased arrivals five-fold, added 3 times the number of rooms, doubled direct employment to an estimated 100,000 employees, 21,000 of whom hold University degrees, and increased production of supplies grown domestically for the tourism market 35-40 fold, now supplying 67% of total supplies to the tourist market domestically. Cuba has increased its rank in the number of tourist visits (including North America) from 23rd position among the top 25 tourist destinations in the Americas (North and South, including Caribbean) to 9th position (Figuera, 2003).

Figure 8-1. 8 Poles of Cuban tourism development



In the period prior to September 11, from January to August 2001, tourism was up 8.7% in Cuba. Immediately following the terrorist attacks on the U.S., tourist travel to Cuba declined, although the impact was not severe as in other parts of the world. A decline of 10% was immediately noted in the September to December period, and a 21% decline during the January to February period, but an increase to only 6.3% was felt in the following March to October period in 2002, (Figuera, 2003), while estimates of a 10% growth during this period had been expected. In response to this decline in tourism and in an effort to cut costs, the Cuban government closed some 20 hotels and closed floors or sections of many other hotels, using this time to perform repairs and upgrades (Coyula, 2002).

The challenges faced by the tourism industry, according to the WTO, are being met in Cuba. Firstly, the WTO indicated that finding personnel to enter the tourism industry is difficult. In many countries, the level of pay offered to front-line workers in the tourism industry is often minimum wage, making it difficult to find qualified individuals. Cuba's system allows for any worker to be able to enter the field of tourism, and with gratuities, to supplement their income in the same manner that employees in other countries do, such as waiters, waitresses and maids. Further, Cuba has FORMATUR, a fully-funded tourism school, which turns out approximately 16,000 qualified students into the tourism sector (Gutierrez and Gancedo, 2002).

Secondly, the introduction of technology is important to the tourism industry. The system of joint-venture ownership is bringing world-class management techniques into the tourism industry also brings in foreign cap-

ital into Cuba, thus providing Cuba's tourism industry with new technologies and management expertise, as a fundamental goal of Law 77 allowing for foreign direct ownership into Cuba. Law 81 was also subsequently introduced requiring an environmental assessment to be performed, especially where foreign ownership is involved.

The third problem, as outlined by the WTO, in bringing in tourists into the off-season, is a problem faced by every country worldwide. Most countries use a system of advertising, discounts, and package deals to entice tourists to travel during the off-season. Cuba has a similar pricing system of high and low season, with low season offering lower prices for visitors to the island. Additionally, Cuba is in a unique situation, being one of the few Spanish-speaking countries in the Caribbean, along with the Dominican Republic and Mexico. This provides an opportunity, due to its geographic proximity, in that many visitors from North America will visit during the winter months in North America, essentially December through April, while those countries in the Southern Hemisphere will tend to visit Cuba during the traditional summer months of May through September, as it is their winter.

The Future of Cuba Tourism.

The tourism industry in Cuba is poised for tremendous growth in the next 10 years. The possible impact of the embargo with the U.S. being lifted presents tremendous opportunities. The tourism industry in Cuba has been dominated in recent years by visitors from Canada, followed by Germany, Italy and Spain, however, there are estimates that if the U.S. embargo is lifted, there could be as many as three million additional U.S. tourists visiting Cuba, with a combined impact of upwards of a \$5 billion infusion into the Cuban economy. American tourists visiting Cuba grew from 10,000 in the 1990's to just over 77,000 in 2002. The Cuban government has estimated that the impact of the U.S. embargo has inhibited in excess of 25 million total tourists from visiting the island, with a cost of \$15.7 billion (Figueras, 2003). Normalization of relations would also see Cuban tourists visiting the U.S. representing approximately \$450 million of revenue to the U.S. Within 5 years, this figure would be expected to grow to \$1.9 billion. The Cuban government further estimates that for every 1 million U.S. tourists prohibited from visiting the island, the economic loss totals \$490 million USD, with losses of \$300 million to the airlines, \$160 million to travel agencies, and an additional \$30 million to advertising and media agencies (Figueras, 2003).

Opportunities also exist which have not been fully explored within the Cuban market. A tremendous and virtually untapped area in tourism exists in the possibility for additional Cruise ships to visit Cuba. Of the 2.157 million tourists visiting Cuba in 2007, only 200,000 came via cruise ships, mostly operated by European cruise lines into Havana (ONE, 2010). It is estimated that each tourist visiting via cruise ships will spend an estimated \$150US while visiting the island. Cuba has, in response invested money to upgrade the port facilities in Havana in conjunction with Costa Crociere, the fifth largest cruise line in the world. Comparatively, Puerto Rico had approximately 4.2 million visitors with 1.2 million visiting via cruise lines, and of those, 80% were American, while the Bahamas, received 4.14 million tourists of which 2.5 million arriving via cruise ships. This creates a scenario where there is large room for expansion in tourism in the cruise lines, especially if American tourists were able to visit Cuba. (Barberia, 2002)

Further prospects, in the area of tourism, lie off the shores surrounding Cuba and in its mainland in the development of sports fisheries. In addition to the tremendous opportunities afforded by sport fishing in Lakes Zaza and Rodondo, there is excellent bone fishing in Cienega de Zapata and the Isle of Youth, a multi-billion dollar industry in the Bahamas. Scuba diving is another water sport, which could potentially draw large numbers of tourists to the island. Excellent diving opportunities exist off the coast of Cayo Largo, Cienega de Zapata with the Blue Hole and the Isle of Youth. To a lesser extent, diving also is available in Varadero, Holguin/Guardalevaca, and other resort areas and among the many keys off the coast of Cuba (Becker, 2009).

Ecotourism represents an additional opportunity that is just in its infancy in Cuba and which represents a tremendously important opportunity for Cuba in the Vinales region with the Mogotes, Cienega de Zapata, which has an area similar in scope to the Florida Everglades. With over 30 species of reptiles, 175 species of birds, some endemic to Cuba, and fishing opportunities, it is a UNESCO Biosphere reserve (Unesco, 2010). In the eastern part of the island, the area of Baracoa stands out as an opportunity for further development of ecotourism, as does the many Cayo's that surround the island.

Las Terrazas, a complex designed and developed specifically as a unique tourism project in 1968 is a leader in the development of ecotourism. The local community is involved directly in the complex, lives and works within

the tourism compound, and additional growth is scheduled to nearly double the size of the complex. In this region, originally settled by French settlers from Haiti, the forests were cut to establish housing and farming. In 1967, the Cuban government established a reforestation program, planting nearly 10 million trees over 5,000 hectares to re-establish the forests in the region. Las Terrazas also had the unique situation which allowed it to maintain 100% of all profits to invest in further expansion and growth of the complex, a model for further growth in other areas of Cuba. Today, Las Terrazas is able to keep 30% of its profits for expansion.

Other opportunities for tourism development in Cuba include health tourism, due to Cuba's development and investment in the field of biotechnology, which has allowed Cuba to develop cures and treatments for many ailments. Currently, the market is fairly small with just over 9,000 foreigners officially being treated by Cuba's health tourism company, representing over \$40 million in revenues of which \$25 was re-invested into hospitals. This offers another avenue for future growth.

Cuba is now working within a twenty-year tourism development plan which has considered the environmental impact of its development in conjunction with the Center for the Investigation of Technology and the Environment (CITMA). The planned growth includes an expansion to a maximum of 207,200 rooms in total from the current 70,000 rooms, up from 47,000 rooms in 2007.

Varadero, as an example, currently has just over 17,000 rooms and will expand to 27,000 with growth of about 2,000 rooms per year over the next 10 years. The maximum number of visitors has been determined in the 7 zones of Varadero, leading to determinations of power and water needs with a maximum of 130,000 visitors per day up from 47,000 in 2000. The establishment of two new power plants, a planned road system into the entrance of Varadero, and expansion of hotels in the area towards the airport are all part of the projections, as is the planned growth of a new marina with 500 new births and expansion of the existing marina to 1,200 births. The Varahicacos caves area is being limited to 2,000 guests per day and is under the guidance of the Blue Flag Certification process. (Becker 2009).

Challenges facing the continued growth and success in tourism are also faced, including off-shore drilling for oil. The recent BP spill in the Gulf of

Mexico caused billions of dollars of cleanup for the Gulf Coast states and a similar spill affecting Cuba would devastate not only the tourism sector for years to come, but the already-fragile Cuban economy.

Sustainable Tourism.

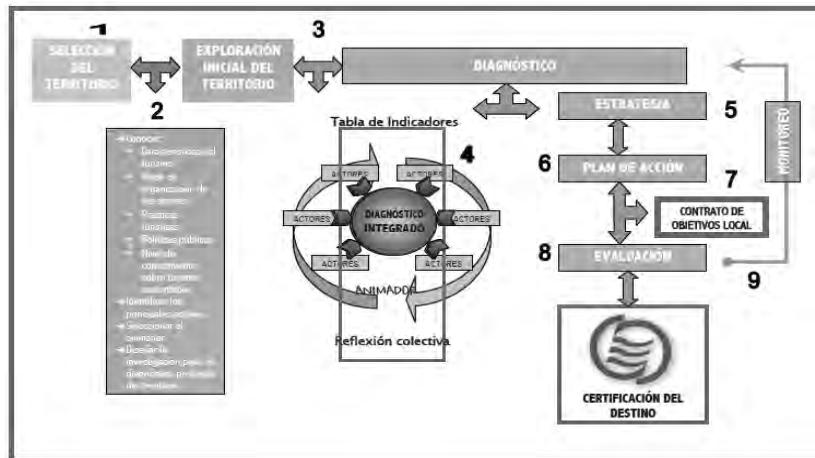
In 1999, the Sustainable Tourism Zone of the Caribbean established its definition of sustainable tourism: "...Sustainable tourism constitutes an adequate response to the challenges of increasing rates of growth in employment and foreign exchange earnings, protecting and preserving the environment and natural resources, protecting cultural patrimony and values. We support community participation, as well as the involvement of local interests in aspects of the tourism development process, such as policy making, planning, management, ownership and the sharing of benefits generated by this activity..." (STZC, 1999). Later in 2003, the Association of Caribbean States (ACS) identified 4 regions within Cuba suitable for sustainable tourism development.

In 2006, the author was contacted by the World Wildlife Fund to be the lead researcher of a project on sustainable tourism development in Cuba in association with the Fundacion Antonio Nunez, MINTUR and Air Transat. The work was performed in the four regions identified by the ACS, Vinales, Las Terrazas, Cienega de Zapata and Varadero, identifying 4 principle areas of sustainability, Economic, Social, Environmental and for Cuba, Political. The methodology that was followed was that of the ACS

A series of workshops with local principles established the development of sustainable tourism measures and used Blue Ocean Strategy to develop new ecotourism products, as well as a plan for future expansion and development in tourism working together in partnership in the expanded value chain discussed earlier.

Other factors to be considered in sustainability of tourism are the economic impact on sustainability. There exists, currently only a limited number of rooms associated with ecotourism products and sustainability from an economic standpoint needs to be considered as well. The very limitations discussed in limiting tourism in environmentally delicate areas, prevents these areas from being economically sustainable from a tourism standpoint, which is a challenge, not only to Cuba, but to all ecotourism ventures.

Figure 8-2. Process for sustainable tourism in tourist destinations (ACS)



Another area for consideration is the Cuban government's plans for expansion of golf courses for tourism sites. Golf is a highly sought after tourism activity and can be very profitable. Indeed, Cuba has tremendous opportunities for growth and expansion in this area, however the environmental costs of a golf course, such as the need for water and clearing of the forest, cause damage to the eco-system that is exceptionally high.

Recent Changes by the Cuban Government.

In recent months, Cuba has entered into an economic decision phase which is the single biggest development in Cuba since the Revolution with the move to small business growth, property reform, environmental reforms and its implications for Cuba going forward, all of which has an impact to the tourism industry.

In 2010, Cuba announced that it will be laying off approximately 500,000 workers, however estimates have ranged as high as 1.3 million, representing approximately 25% of the Cuban workforce. This represents a major change to Cuban ideology stated in the 1992 Cuban Constitution, Article 45: "Work in a socialist society is a right and duty and a source of pride for every citizen" (Cubanet.org, accessed, Jan. 2011). This requires a change to the Constitution, the scale of which will be irreversible. To accommodate these changes, the Cuban government has allowed an expansion in small busi-

nesses by issuing up to 250,000 additional licenses in specific defined areas which include the tourism industry through taxis, casas particulares (bed and breakfasts), and paladares (restaurants) (Gramma, 2010).

These changes have been argued for as necessary for Cuba's growth and development (Becker 2003, Becker 2009). If the U.S. embargo is lifted, there is an estimate that Cuba could see an influx of 3 million visitors from the U.S. (Becker 2003), while current total visitors total 2.1 million which represents occupancy of over 60% (ONE, 2010).

The need for small business is essential, but so is the accommodating need for changes to taxation, integration of small business with the government, training and financing. In a forthcoming paper, the author argues that a ministry of small business needs to be established. The current system of taxation entails small businesses to be taxed at approximately 40-45% with an additional taxation of approximately 20% to accommodate pension plans of employees, essentially taxing small businesses in the 65% range. Revenues of casas particulares are received in CUC (Cuban Convertible Pesos), but the remittances of taxes to the government are to be in Cuban Pesos, thus requiring owners to convert from CUC to Cuban Pesos, requiring an additional charge for conversion.

Figure 8-3. Proposal for new Ministry of Small Business Enterprise



The government does not have an adequate system established for training of potential entrepreneurs in marketing, accounting, or entrepreneurship,

one of the principle reasons why small businesses do not survive, as well as funding of entrepreneurial endeavors, another reason for the failure of small businesses. The government needs to establish limitation on the number of small businesses in a particular area, as current standards could potentially allow for 200+ casas particulares and 50 paladares to open within any neighbourhood (numbers are as an example with no restrictions or research performed on sustainable numbers in any given area).

The above proposal calls for the development of a new ministry which will coordinate taxation and financing, provide adequate training and education programs for entrepreneurs, integrate the small businesses with the government, such as the establishment of associations for paladares and casas particulares, and promote regulation that will focus on reducing the possibility of corruption and the development of the black market which has been prevalent in previous developments of small businesses within Cuba. The changes were expected to be completed by March of 2011, but prudence by the Cuban government has prolonged the implementation of the layoffs, allowing the opportunity for more study to be performed.

It is hoped that the Congress of the Cuban Party in April of 2011 will address these issues and allow Cuba to once again get on the path to sustainability and improved economic performance for the island and its people.

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9

Cuba: A Services-Centered Survival and Development Pattern

Alberto Gabriele¹

Introduction

This paper focuses on the dramatic shift of Cuba's economy towards services—a phenomenon that is largely, but not exclusively caused by the structural weakness of virtually all goods-producing sectors—and proposes some endogenous policy guidelines that might contribute to overcome the structural crisis of the island's state socialist model. Sections 1 and 2 analyze the process of tertiarization in Cuba, focusing particularly on its internal dynamics since the turn of the century and on the growing dichotomy between goods and services producing activities. The term tertiarization (*tercearización* in Spanish) refers to the increase in the relative weight of the services sectors observed in most contemporary developed and developing economies. Among the latter, this process is particularly pronounced in the Latin

1. The author wishes to thank Dr. Lázaro Peña Castellanos, director of the Centro de Investigaciones de Economía. Internacional (CIEI) of the Havana University, and all his colleagues, for the help and support they gave him during a three-months stay in Habana in March -June 2010, when he was on sabbatical leave from UNCTAD, Geneva.

American and Caribbean region². Section 3 argues that the dysfunctional state of Cuba's economy cannot be exclusively attributed to the embargo, and that deep structural changes in the direction of market socialism are required. Section 4 compares Cuba's predicament to the past and present experiences of China and Vietnam. Section 5 discusses the opportunities and challenges presented by Cuba's knowledge-based development prospects. Section 6 concludes.

Tertiarization

The crisis and the reforms of the special period induced a pronounced tertiarization³ process in the Cuban economy, and major changes in the relative weight of different sectors inside the services macro-sector⁴ (SMS). In this respect, it is useful to distinguish between two services sub-macro-sectors, on the basis of the strength of their respective linkages to the goods macro-sector (GMS). The first one is of infrastructural and other goods production supporting services (IGPSSs), and the other is that of directly needs-oriented services (DNSs).

Most IGPSSs, on one hand, rely for their functioning on the availability of a consistent amount of dedicated physical capital. On the other hand, they are not directly aimed at the satisfaction of human needs, as they are rather ancillary to the production and transportation of goods. Thus, their output has substantially the nature of an intermediate product entering an enlarged macro-production function of goods. Given the strength of their reciprocal backward and forward linkages, the performance of this group of services tends to go hand in hand with that of the goods-producing macro-sector.

DNSs are labor intensive and, in many cases, skills and HK-intensive as well. This is especially true for education, health, and S&T, but also the tourist sector has increasingly been attracting some of the brightest and most

2. See, for instance, Bonet (2007) on tertiarization in Colombia.

3. By the beginning of the 1990s, Cuba's economy was already dominated by services, which contributed more than 70% to GDP. The term tertiarization (tercearización in Spanish) refers to the increase in the relative weight of the services sectors observed in most contemporary developed and developing economies. Among the latter, this process is particularly pronounced in the Latin American and Caribbean region. See, for instance, Bonet 2007 on tertiarization in Colombia.

4. Here I refer to services as a whole as a macro-sector, composed by two large sectors: that of IGPSSs and that of DNSs.

entrepreneurial young professionals and skilled workers. Conversely, DNSs are not very physical capital-intensive. The latter observation particularly applies (so far) to professional services such as health and education, where traditionally the knowledge and direct human contact constitute the essential conditions for service provision, with comparatively little need for any material support. Therefore, the sub-macro-sector of services directly aimed at satisfying basic (health, education, social assistance and security) and non-basic (such as hotels, restaurant, and other tourism-related activities) needs is the most de-linked from the sphere of material goods production.

By the year 2000, the IGPSSs sub-macro-sector was the largest, as it contributed 43.5% of the total GDP and almost 60% of the services GDP. The other services sub-macro-sector, DNS, was correspondently smaller (about 30% of total GDP and 40% of the services GDP).

During the decade, two major changes unfolded in the structure of Cuba's GDP, showing a worrying trade towards a progressive disarticulation and segmentation of the country's economy. The first trend is the continuation of the increase in the relative weight of services in GDP, that reaches almost increases further in the early 2000s, reaching almost 80% in 2005, and oscillates around this high level until the rest of the decade. Correspondently, the share of goods keeps shrinking until 2005, and stabilizes thereafter at around 19% (see Table 1).

The second trend reflects the internal evolution of the services macro-sector. IGPSSs are pulled down by the dismal performance of goods production. Their contribution to GDP declines by over four percentage points between 2000 and 2005, (from 43.5% to 39.3%), recovers ephemerally in 2006 and falls again afterwards, reaching a low of 38.4 % in 2009. Consistently, IGPSS's relative weight as a component of the services sector as a whole falls by ten points between 2000 and 2005, and appears to stabilize at just below 50% by the end of the decade.

Conversely, by 2005, DNSs increase both their GDP share (to over 40%) and their share in total services (to just over 50%), and subsequently maintain these gains. However, not all DNS follow the same trend. Hotels and restaurants, S&T, and Other personal, community, and association activities experience a slight decline in their respective GDP contributions. The shares corresponding to Public administration, defence, social security, and educa-

tion increase moderately. What really pushes up DNS as whole is the more than doubling of the GDP share of culture and sports (from 2% in 2000 to 4.3% in 2009) and the spectacular rise of the share of health and social assistance (from 7.7% in 2000, to 15.1% in 2005, to 15.8% in 2009).

The bulk of Cuba's services macro-sector in Cuba is constituted by social and other public sectors. Among them, the size of the education and health sectors in particular has traditionally been very high by international standards. However, their respective behaviors in the 2000s differ markedly. The weight of education in GDP remains basically stable, oscillating around 9-10% of GDP, while that of health increases even further. In fact, the estimated contribution of health to Cuba's total GDP increases from 8.4% in 2001 to 10.1% in 2003 (mainly as a result of the new evaluation methodology), and keeps growing even more afterwards, reaching 15.1% in 2005 and levels close to 16% in 2008-2009 (see Table 1). Such a relative weight of health in the national economy is extremely high and appears to be matched only by one country in the world, the US⁵.

Conversely, the GDP contribution of agriculture, which was already very low at the beginning of the decade, declines even further. The already moribund sugar industry also kept faring very badly⁶, and its already marginal relative GDP contribution halved - just in a period when world prices were high and the profitability of the sugar cluster in other developing countries industry (such as Brazil) was very satisfactory. The relative—and, in some cases, absolute—decline of other parts of the Cuban economy during the 2000s was more evenly spread, as the contribution to GDP of most other goods and services sectors decreased slightly. The contribution to GDP of the (non-sugar) manufacturing sector fell by two percentage points (from 15.4% to 13.4%) in 2000-2005 and recovering slightly afterwards (see Table 9-1.). Most industries declined or stagnated in, the exceptions being the export-oriented sub-sectors where Cuba traditionally has a comparative advantage (nickel, ron, cigars) and a few others that benefited from inward FDI flows. The GDP contribution of IGPSSs as a whole also decreased, along with that of the GMS

5. See WHO 2010.

6. Recent zafras were about 15% of those of the early 1990s, and the 2010 zafra appears to have been the worst since the revolution.

Table 9-1. GDP Structure, 2000-2009

	2000	2004	2005	2006	2007	2008	2009
GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture and Fishing	6.6	5.7	4.4	3.4	3.9	3.8	3.9
Mining	0.8	0.8	0.7	0.6	0.6	0.6	0.6
Sugar Industry	2.2	0.9	0.5	0.4	0.3	0.4	0.4
Manufacturing (Non-Sugar)	15.4	14.2	13.4	13.1	14.2	14.3	14.5
Goods macro-sector (GMS)	25.0	21.6	19.0	17.5	19.0	19.1	19.4
Construction	5.8	5.3	5.6	6.3	5.5	5.4	5.4
Electricity, Gas, Water	2.0	1.5	1.3	1.9	1.9	1.7	1.6
Transport, Storing, Communications	9.6	9.0	8.8	7.8	7.8	8.1	8.3
Trade, Maintenance, Repairs	19.5	19.2	18.5	23.2	21.5	19.4	18.6
Financial Services	2.8	2.2	2.1	1.8	1.9	1.9	1.9
Entrepreneurial and real estate services	3.8	3.5	3.0	2.7	2.7	2.7	2.6
Infrastructural and other goods production supporting services (IGPSSs)	43.5	40.7	39.3	43.7	41.3	39.2	38.4
% of total services	0.59	0.52	0.49	0.54	0.52	0.49	0.48
Hotels and restaurants	5.2	5.5	5.1	4.2	4.0	4.3	4.5
Public administration, defense, social security	2.9	3.4	3.3	3.6	3.0	3.1	3.4
Science and technological innovation	0.5	0.5	0.5	0.5	0.3	0.4	0.4
Education	8.5	10.3	10.0	8.9	8.5	9.3	9.6
Health, social assistance	7.7	10.1	15.1	14.5	15.7	16.3	15.8
Culture and sports	2.0	3.4	3.2	3.5	3.9	3.9	4.3
Other personal, community, and association activities	3.5	3.7	3.4	2.6	3.0	2.9	3.0
Directly needs-oriented services (DNSs)	30.3	36.9	40.6	37.8	38.4	40.2	41.0
Services macro-sector (SMS)	73.8	77.6	79.9	81.5	79.7	79.4	79.4
Import tariffs*	1.3	1.0	1.2	1.1	1.1	1.5	1.0

Source: ONE 2010

* The interpretation of "import rights," the last item included in the GDP structure by ONE, is puzzling. Apparently, it is considered a source of value added just as goods-producing and services sectors (the totals do not even approximately add up at 100 otherwise), but why should it be so is unclear.

The goods-services dichotomy

Along with tourism, the goods-producing sectors are those that, even in an indirect fashion, are the most integrated with the world economy. Thereby, owing to Cuba's small size of Cuba and to its pronounced import dependency, and notwithstanding the ubiquitous distortions in the domestic arena, their process of value creation cannot be ultimately divorced from the structure of relative prices prevailing in international markets⁷. Conversely, the price structure along the whole value chain leading to the supply of services different from tourism is mainly determined by non-market factors, such as the discretionary power of Cuban planning authorities⁸ and the largely - albeit not exclusively - extra-economic motivations which shape the bilateral intergovernmental agreements with Venezuela and the other countries who buy the bulk of Cuba's professional services exports. As a result, one of the dimensions of the lack of intersectoral integration of Cuba's economy is a degree of segmentation between the goods-producing and the services macro-sectors respectively, and thus of their respective price structures, that is higher than in most other countries. This peculiarity might help to explain why, in practice, the two macro-sectors tend to exhibit scarcely correlated performance trends.

In sum, taking also into account the already-mentioned statistical uncertainties linked to the change in GDP measurement methodology which took place in 2004, it is likely that since the mid-2000s the static and dynamic (i.e., growth rates) estimates of value creation in the two macro-sectors of Cuba's economy have been diverging, with figures relative to goods-producing activities being more easily amenable to international comparisons than those relating to services.

Another singular consequence of the divergences in the mechanisms of price formation in the two macro-sectors is that, Cuba's external trade balance is now primarily dependent on services activities (medical and other

7. Both goods-producing and services in Cuba were in fact amply divorced from the price structure and trends prevailing in the capitalist world during the time when it was integrated in the CMEA and received large Soviet subsidies. Basically, this is not an option any longer for the goods-producing macro-sector, but it is still true in good part for the services macro-sector.

8. The new macroeconomic protagonism of professional services is taking place in the framework of an ad hoc price structure set up originally mainly for social, rather than economic goals.

professional services) which is among the least integrated with the rest of the economy, along the dimensions of the value chain and other inter-sectoral linkages. Yet it practically shows *ex post* in practice, a significant degree of international competitiveness. As a matter of fact, this apparent paradox is in fact a necessary consequence of the skewed and poorly integrated structure of Cuba's economy. As the goods-producing, internally integrated macro-sector is in shambles due to lack of investment and the systematic non-respect of the law of value, it cannot possibly be internationally competitive. On the contrary, scarce resources have been allocated for decades on a non-market basis to prioritized social services that are blessed by a relative isolation from the rest of the economy. Such a relative isolation stems from the fact that these services are intensive in human capital but not in physical capital, and are not very dependent on the supply of inputs from the goods-producing macro-sector. The most potentially tradable components of these intrinsically social services (health and other professional services) eventually achieved international competitiveness.

As it is presently structured, the stellar professional services export performance since the mid-2000s has powerfully contributed to release almost overnight the crucial external constraint which structurally limits Cuba's economic development. Professional services exports allowed Cuba to grow handsomely in spite of the rather negative contribution of domestic economic policies, at least until the unfolding of the largely home-made, policy-induced banking crisis, which soon led to the present economic downturn. Still now, they are the strongest positive factor in an otherwise grim picture that prevents the economy from nose-diving.

Yet, the exceptional prominence acquired by professional services in the structure of Cuba's trade also implies, for a change, a distortion—even if one that might include good potential for a further, more integrated development of the services macro-sector and especially of its export-oriented component.

As a pivotal export sector, professional services has two main drawbacks. First, so far it has worked basically on the basis of shifting towards exports (mainly in the framework of bilateral agreements where, notwithstanding the partly politically determined nature of the terms of trade, Cuba ends up gaining considerable amounts of hard currency foreign exchange) a sizeable part of the supply potential created by huge past and present human capital

investments, a part which would have been underutilized otherwise⁹. But doctors as are not micro-conductors, cellular phones or Ipods . They require many years of highly specialized training, and their productivity can hardly improve. This is a clear, specific example of a general economic principle, stating that material productivity can improve markedly in the domains where men apply ever-increasing knowledge to manipulate and transform nature, thereby creating more and more goods of ever-increasing quality. In the area of specialized human capital formation such rapid productivity gains cannot be achieved (at least in terms of numbers of doctors or other specialists trained), due to the very nature of learning and to the heavy dependence of teaching from reciprocal human interaction, which is itself very human capital-intensive (see Triana Cordoví 2008, 2010).

In sum, the jump in Cuba's professional services exports, unless it is accompanied by a series of complementary "industrial" policies aimed at further transforming, enriching and diversify this and other services sectors, is a once-and for-all occurrence. It is not intrinsically unsustainable per se, but it cannot constitute the basis for further, sustainable development because essentially it has already reached the upper limits of its potential. In theoretical terms, it constitutes a unique jump of Cuba's production frontier than cannot be simply replicated.

The second drawback stems from the fact that professional services have few forward economy and backward linkages with goods producing sectors and also with other services sectors, and their multiplier effect is correspondingly limited. Due to the specific characteristics of professional services and the structural de-integration of Cuba's economy, the specialist knowledge embodied in professional services human capital has been transmitted to the goods-producing macro-sector only to a very limited extent (among the positive examples there are the pioneering advances in the areas of biotechnology and of few niches in the pharmaceutical medical equipment industry (see Pico Garcia 2003, 2004, 2009a,b, Pico Garcia and Rodriguez 2006, Anaya Cruz & Fernandez 2009). This limitation does not allow Cuba to reap the potential benefits that could stem from virtuous intra- and

9. Such a process could only proceed at quasi-zero cost to point, and Cuba has already gone very far in a very short time. People routinely complain that as too many of the best doctors have gone abroad, the functioning of the public health system in Cuba itself (and due also to the usual lack of drugs and medical equipment, now aggravated by the most recent crisis) has markedly worsened.

inter-sectoral spillovers and from the ultimate conversion of immaterial knowledge into industry-wide technical progress, resulting in enhanced systemic productivity and innovativeness also in the sphere of the material production of goods.

Overcoming the infantile disease

After going through a moderately satisfactory growth cycle during most of the 2000s, Cuba is presently mired in a substantially endogenous financial and economic crisis. The Cuban government attributes the crisis mainly to unfavorable exogenous shocks, such as the sudden worsening of the terms of trade in 2008, the hurricanes, and the unfolding of the worldwide financial and economic crisis in the rich capitalist countries (without of course forgetting the unabated US embargo). In fact, the international capitalist crisis affected Cuba only indirectly (mainly via the fall in the price of nickel and the moderately negative impact on tourism), essentially because Cuba was largely de-linked from international financial markets to begin with.

Without underestimating the severity of the 2008 terms of trade shock and the perpetually crippling impact of the US embargo, it is fair to acknowledge that the present Cuban crisis is essentially an endogenous phenomenon. It is just the most recent in a long series of events showing the inadequacy of the traditional state socialism planning mechanism, which proved unable to react with sufficient promptness and flexibility to relatively minor and physiological changes in the international prices of a few key commodities. In this context, the stubborn refusal to address the contradictions stemming from the artificial level of the CUC official exchange rate (let alone the structural distortions produced by currency duality itself) is paradigmatic. The very convertibility of the CUC, and ultimately the trustworthiness of the Cuban State itself vis à vis foreign all foreign partners, was sacrificed to this totem, dramatically demonstrating the persistence of an old-fashioned penchant to address any problem through administrative, rather than price-based policy initiatives.

Hopefully, a new lender of last resort will eventually help Cuba to regain a workable short-term equilibrium position without recurring to further painful, and ultimately inconclusive retrenchment measures in the foreseeable

future (see Vidal 2010a,b). However, in my view, a structural reform of the very state socialism model should not be indefinitely postponed.

The guiding theoretical principle, should be the rational and realistic recognition of the need for any economy—but, *a fortiori*, for a small, peripheral, and underdeveloped socialist economy—to respect the “law of value,” with respect both to domestic and external equilibria. Therefore, radical departures from the traditional state socialism model are required.

Almost one century of experience in the former USSR and many other socialist countries, including Cuba itself, have thought a couple of sobering lessons. The first is that the State's planning capabilities are limited. In order to achieve development outcomes superior to those stemming from the spontaneous and anarchic interplay of market forces, they should be parsimoniously focused on a pragmatic and selective form of strategic planning. The second lesson revolves around the centrality of the socialist principle of distribution according to work, which implies the urgency of abandoning any residual of irrational egalitarianism and the unrealistic attempts to implement communist relations of production and exchange on the backdrop of a severely underdeveloped productive basis. As time passes by, it is more and more urgent for Cuba to rationalize the presently over-extended sphere of non-market production and distribution of both goods and services. This task cannot be accomplished without a dramatic expansion of the scope and role of markets and of monetary-commercial relations, and therefore of relative price and incentive structures. In turn, any meaningful market-oriented reform could not possibly work without overcoming the double currency mess and restore the meaningfulness of two key prices in particular, namely the foreign exchange rate and the real wage.

With respect to the external equilibrium, in particular, Cuba's policy-makers must definitely come to terms to the fact that the nature of international trade relations is unequal, unstable, and exploitative, dominated as it is by the reproduction needs of globalized capitalist relations of production and exchange. Yet, it is also part and parcel of an exogenous state of the world that obeys to the laws of evolution and decay proper of worldwide modes of production. The potential for bilateral, regional, and multilateral agreements, and for other forms of South-South cooperation, is relevant, but not to the point of altering dramatically the nature of international trade itself - at least, not in a short- to medium-term time framework. Policy-makers in small,

peripheral, underdeveloped countries, be them socialist- or capitalist-oriented, cannot indulge to any nostalgia for a sort of "fair" prices-based international trade utopia. They are price-takers, and can do little to affect the evolution of international relative prices. The best they can do is to apply their limited planning tools on development scenarios revolving around the respect of the external equilibrium as the most crucial and binding constraint, attaching utmost priority to the need to generate sufficient foreign exchange through the production of tradable goods and services.

In sum, in my view, Cuba should urgently overcome the sort of "infantile disease" constituted by its outdated state socialism model, and shift to a suitable, home-grown version of market socialism.

Cuba, China, and Vietnam

Some of the structural market-oriented changes in Cuba will necessarily have to resemble those implemented in China and Vietnam. Among them the most relevant are as follows. Market and price-based regulation shall substitute central planning as the main guiding principle of resources allocation. The role of planning must correspondently become a less ubiquitous and ambitious one. First, quantity-based, physical planning tools and targets shall be abandoned as a residual of the past (possibly, with a few and localized exceptions). The presently-existing vertical, centralized planning mechanism should evolve into a market-compatible, price-based array of policy tools. Macroeconomic control levers are presently inadequate and should be upgraded. However, the main focus of planning should be that of steering the overall process of development as smoothly as possible, in a long-run perspective.

Consistently, the Cuban state should limit its more direct forms of intervention in the areas of production to a few strategic sectors. These sectors are the only ones where the state should retain full or controlling ownership rights. In this endeavour, it should also borrow from the Chinese the wise and commonsensical motto "grasp the big, enliven the small," concentrating its very limited entrepreneurial abilities on a reduced number of large and strategic enterprises. Conversely, individual and small-scale activities in the primary, secondary, and tertiary sectors—including agriculture, fishing, manufacturing, trading, tourism, and other traditional services activities¹⁰—shall

be liberalized and allowed to function autonomously, in an essentially market-regulated framework dominated by monetary-commercial relations. Parsimonious declarations on the part of Cuba's leaders in the summer of 2010 do hint to an overall liberalization of individual and petty¹¹ private activities, yet the scope and speed of this potentially significant opening are still to be determined (see Ritter 2010).

Among all sectors, agriculture¹² is the one where the urgency of overhauling the presently-existing and hopelessly inefficient relations of production and exchange -including, a fortiori, food transport and commercialization services - is most pressing. Rural enterprises should be allowed to re-gain effective operational and behavioural autonomy, letting market forces and monetary and commercial relations play a central role. The structure of property rights and the very nature of agricultural production units shall be radically transformed, in order to promote household-based farming, true cooperative associations,¹³ and the massive entrance of FDI.

Even beyond the boundaries of the primary sector, ideological purity in the domain of property relations is neither affordable or useful for a country in such a difficult predicament as present-day Cuba. In my view, in all non-strategic sectors, any kind of entrepreneurship should be allowed and promoted by policy-makers, including small- and medium-scale capitalist enterprises. However, liberalization should not be seen as synonymous of privatization either. On the contrary, the State could and probably should retain those SOEs that are actually making profits or can reasonably be expected to do so in the near future, thanks to the results of overall structural reforms and of specific, firm-level restructuring exercises. It should also maintain its ownership rights in industrial and services joint ventures, especially in the tourism sector.

10. Private initiatives in advanced and especially knowledge-intensive sector should also be welcome. Yet they are to be seen as complementary to a major investment, planning and regulatory drive led by the State and involving a high degree of FDI participation of FDI.

11. Limited and strictly regulated hiring of labour force on the part of small entrepreneurs will also be allowed.

12. Agriculture is surely a strategic sector from the point of view of its crucial role in Cuba's economy, but not one where the State should maintain a high level of direct intervention.

13. Most farms are still formally cooperatives, yet neither were they born from a genuine cooperative effort, nor do they dispose of sufficient property and decision rights to be really autonomous.

Of course, for prices to start again playing a meaningful and efficiency-enhancing role, a number of other reforms must be enacted. With little originality (they have repeatedly been identified as absolutely crucial by several Cuban economists)¹⁴, I will briefly mention those that are possibly the most important ones. These reforms are of a macroeconomic nature, and shall be enacted as part of a comprehensive and (as much as possible) consistent and properly-sequenced home-grown structural adjustment package (see Vidal 2010a,b). The implementation of such a package will be painful and not exempt of risks. Yet, the short-run distortions stemming from macroeconomic disequilibria are extreme, and the long-run damage to Cuba's development perspectives inflicted by any day of delay is already severe. Moreover, the risks implicit in such a drastic adjustment manoeuvre would increase, rather than diminish, if inaction prevailed and bold action were indefinitely procrastinated.

As mentioned above, two prices in particular are key for macroeconomic and external equilibria and must find a proper and realistic level: the exchange rate and the wage level. The double currency conundrum, mother of all the contradictions and distortions that plague the Cuban economy, must finally be superseded. Perennial real currency overvaluation, along with old-fashioned centralized planning, should also become a thing of the past: the unified Cuban currency must be set at a realistic exchange rate parity level.

A wage reform aimed at re-establishing a basic relationship between the formal level of wages and the cost of a subsistence basket of goods and services should also be implemented. Presently, wages for most workers are so low (even by the austere consumption standards to which Cubans are used since the 1990s) that people are increasingly forced into engaging in multiple informal and criminal activities.¹⁵ The wage reform would constitute a necessary preliminary step to set up an adequate structure of work incentives, in order to re-establish the now-shattered working ethics, and to rein in the crippling process of overall illegalization of subsistence activities in which most (especially urban) Cubans are now trapped.

14. See, among others, Pérez Villanueva 2006, 2009, Triana Cordoví, 2008, Vidal 2008a,b, 2010a,b.

15. As part of the overall reform package, many of these activities should actually be legalized.

Cuba's knowledge-based development prospects

History, geography and path-dependency matter, and the same blueprint cannot be applied mechanically everywhere. In many important domains, the reform path for Cuba's transition to market socialism is bound to differ profoundly from that of China and Vietnam. The international scenario is different from the one which prevailed in the last quarter of the XXth century. The financial and economic malaise affecting all the major capitalist countries, the very ascent of China and of the other so-called BRICs, and the new correlation of forces in Latin America present both challenges and opportunities for Cuba's international trade and cooperation relations. Even more importantly, there are many crucial structural differences between present-day Cuba, on one hand, and China and Vietnam in the late 1970s- early 1980s, on the other hand. The most relevant ones revolve around wages and the respective roles of services and manufacturing.

Most Cubans are affected by deep poverty in terms of lack of access to virtually any consumption good or service beyond the realm of a very austere definition of subsistence. Yet, Cuba's level of human development in 2010 is still higher than that of China and Vietnam. A fortiori, it is incomparably higher than the level of human development of the two Asian countries at the time of the inception of market-oriented reforms. Notwithstanding all the inefficiencies and distortions plaguing its state socialist model, Cuba's relatively high level of human development is crucially predicated on the sustainability of its public services systems. Due to very nature of these services sectors, and to Cuba's specific comparative advantage built after decades of extraordinary needs-focused policy priorities in the allocation of scarce national resources, the cost of delivering rather good health, education, and other basic services in Cuba is relatively low.¹⁶ Nevertheless, it's not a free lunch. The cost of labor in Cuba must embody the onus of funding basic public services, and therefore it is too high to make the island an attractive location to set up labor-intensive, low-tech manufactures. The latter observation applies in a similar fashion to domestic and foreign investors, public-owned (controlled) enterprises and private firms.

16. Think, for instance, at the enormous difference between overall health costs in the US and in Cuba, not matched by the barely identifiable gap between the two countries in terms of basic health outcomes indicators.

China and, to a lesser extent, Vietnam, are large countries in terms of population size. Even under the state socialist model, before they started experimenting with market-oriented reforms, they had already advanced enough in the path of self-centered industrialization and economic diversification to be able to produce (inefficiently) a vast array of industrial products. On the contrary, in Cuba, owing to the small size of the domestic market and the specific form of economic domination on the part of the US, industrialization did not go very far before the revolution. Due to the particularly distorted and dependent features of the Cuban insertion in the CMEA division of labor, industrialization and diversification in the subsequent thirty years were not impressive either. Then, almost two decades of de-industrialization followed. At present, in most manufacturing sectors, Cuba's endowment of both physical and (to a lesser extent) human capital would be too scarce to allow for potential competitiveness in international markets, even in a hypothetical scenario of successful market-oriented reforms along the lines sketched above.

In sum, Cuba lost the train of export-led massive industrialization and now it is too late to try to catch it again. With respect to indicators such as the respective share of manufacturing in GDP or in employment, Cuba will never approach the levels of China and Vietnam.

However, In Cuba there are two relatively narrow sets of manufacturing sectors that do exhibit a significant potential.

The larger set comprises various low- and medium-tech essential sectors that are mostly supplied by domestic producers in virtually all semi-industrialized countries, among them agro-industry and basic non-tradable manufactures. Conversely, these industrial activities y are presently exceptionally under-developed, and hence import-dependent, in Cuba. It is reasonable that Cuba, in a medium term scenario, might achieve minimum acceptable efficiency and productivity improvements sufficient to make it viable a limited form of import-substituting re-industrialization process.

The other, smaller set is constituted by a few niche manufacturing sub sectors characterized by high, specialized human capital intensity, but relatively low physical capital intensity. Cuba already successfully produces biotechnology, drugs, and medical equipment.¹⁷ It can expand and enhance its ability to manufacture and export these and other knowledge-intensive goods. To this

purpose, while maintaining and selectively strengthening the traditional priority accorded to these sectors in the allocation of public investment, policy-makers should reform elite public enterprises to endow them with more autonomy and market-orientation,¹⁸ and promote various forms of international cooperation (such as FDI, joint ventures, and intergovernmental international agreements).

Industrial development prospects in selected human capital-intensive niches, however, are to be seen as essentially ancillary and complementary to the development of knowledge-intensive services. Due to the uniqueness of Cuba's economic history, health¹⁹ and possibly other knowledge-intensive services (such as, for instance, some specialized R&D and consulting services niches) are in fact the only sectors²⁰ that might hold a true potential for becoming the engine for a sustainable and sustained development drive for the Cuban economy as a whole (see Triana Cordoví, Torres Pérez, and Martín Fernández 2005).²¹

Contrary to non-strategic sectors, the role of the State in the development of knowledge-intensive services remains crucial. Cuba's comparative advantage can only be maintained and enhanced if an adequate amount of public resources continues to be earmarked to these sectors.

However, enterprise autonomy and incentives should be revamped in these advanced services sectors as well. Where possible, presently-existing monopolistic and vertical forms control on specific services value chains should be made more flexible, and competition encouraged. New forms of creative entrepreneurship, including public-private partnerships²² should be

17. In 2009 medicines and pharmaceutical products export grew strongly in 2009, and their share of total goods exports rose to 20% from 9% in 2008 (see ONE 2010).

18. Elite Cuban service and manufacturing SOEs operating in health-related sub-sectors already enjoy a higher level of autonomy than most other enterprises.

19. Here I refer holistically to the whole health cluster, which includes a goods-producing component manufacturing vaccines, drugs, biotechnology products and medical equipment, as well as diverse health-related services such as health tourism and public health planning consultancies (see Cuba Health Tourism 2010).

20. Most of the growth potential in agriculture and industry is of an import-substituting nature.

21. As in any other domain, Cuba's insertion in the global services value chain has been severely limited so far by the US embargo. This constraint might become less binding in the future, thanks to the decline of the formerly hegemonic power of the US and the emergence of a multi-polar international economic scenario.

22. A possible example could be offered by China's successful experience with university-funded R&D quasi-autonomous R&D-oriented enterprises (see Gabriele & Khan 2010).

legalized and supported. FDI and other forms of international partnerships should also be promoted.

Yet, these are necessary, but not sufficient conditions. The planning mechanism shall be modernized and fine-tuned, utilizing both price- and non price-based policy tools. The key strategic objective should be to exploit the potential synergies and economies of scale and scope that can arise from the joint pursue of two different and valuable goals. One is the direct non-market satisfaction of basic needs. The other is the generation of foreign exchange through the production of tradable services. An intrinsic tension between these two goals is inevitable, and the risk of over-penalizing basic service functions while transforming health and related sectors in a purely money-making machine is a real one. Yet, alternatives are few and the challenge is worth taking.

Conclusions

Cuba's post-revolutionary economic history has been constantly handicapped and constrained by the embargo and by a host of other exceptionally aggressive measures on the part of the US, the scope of which goes far beyond the domain of trade itself.²³ Yet, it has also been penalized by the twin sets of distortions stemming from its former, artificial trade relations with the CMEA and from the very nature of the state socialist model. Economic performance has been unstable and lacklustre, recurrently plagued by dramatic crises and by recurring and ultimately inconclusive de-centralizing and re-centralizing policy trends. Systemic contradictions inherent to Cuba's centralized planning system hit particularly severely its goods-producing macro-sector. Both industry and agriculture are very underdeveloped, and as result Cuba is plagued by an abysmal degree of food self-sufficiency, and more generally by an abnormally high degree of import-dependency in the area of goods.

Conversely, Cuba's centralized resource allocation system and the consistent priority accorded to the satisfaction of basic needs were instrumental in engineering a remarkable accumulation of human capital and an extraordi-

23. In spite of Cuba's non-confrontational attitude, demonstrated among other things by the liberation of most political prisoners, such aggressive US measures are not likely to be eliminated any time soon.

nary development of public services. The choice of non-market, needs-based, and universal provision of health and education presents a number of intrinsic advantages, and allowed Cuba to advance in these two crucial areas far more than what would have been thinkable under a more conventional policy approach, taking into account the poor development of the country's productive forces. These achievements led Cuba to attain a very high level of human development, and serendipitously endowed the country with a lingering comparative advantage in some advanced, knowledge-based services sectors.

As a result of the divorce between the development of the two macro-sectors, Cuba's economy is presently unique in the developing world. What is particularly striking is not the overwhelming dominance of services according to indicators such as their relative share in employment and GDP (which are inflated by the underdevelopment of the goods-producing macro-sector). rather, it is the crucial and structural role acquired by knowledge-based services exports in ensuring—however precariousl—Cuba's external trade equilibrium.

The tension between Cuba's exceptional human development achievements and the weakness of their material foundation cannot be maintained indefinitely. The Cuban government has recognized this reality, and has started to promote some radical changes. To my view, it should also acknowledge the intrinsic deficiencies of the central planning mechanism, the need for expanding the role of the market and of monetary-commercial relations, and the inescapability of respecting the law of value and the socialist criterion of distribution according to work, translating these theoretical principles into a structural reform program. The ultimate goal of such a program should be that of definitely superseding the traditional state socialist model, leading to a transition towards a specifically Cuban form of market socialism.

Such a new economic model would necessarily resemble that of China and Vietnam in many ways (most importantly, with respect to the role of markets, prices, and incentives, FDI, and to the re-orientation of the planning mechanism towards selective and strategic goals), but it would also differ profoundly from the experience of the two Asian market-socialist countries. Cuba's development prospects cannot be axed on labor-intensive industrialization, but shall necessarily focus on harnessing its potential for boosting

export-oriented knowledge-based services sectors and on overcoming progressively its present state of inter-sectoral and intra-sectoral lack of integration. This development perspective would allow marked efficiency and productivity improvements with respect to the present state of things, but would not open the way to sustainable spurts of two-digit GDP growth rates.

Other important differences between the new Cuban model and the presently-existing forms of market socialism in China and Vietnam would refer to the role of state ownership, the structure of (non-tradable) basic services, and the depth of social inequalities. Even after the transition, Cuba's market socialism should be characterized by a larger relative role of public property than it is the case in China and Vietnam, especially in sectors such as tourism and light manufacturing that in the two Asian countries are dominated by private entrepreneurs. Public non-market provision and delivery of basic services shall also remain the rule in health, education and basic services in general, avoiding the disasters caused in China and Vietnam by the ill-fated attempts at privatization and by the wanton application of high user fees in areas where such a kind of market-based approach is totally inadequate.

Partly as a result, once the transition will be successfully completed, the degree of social inequalities in Cuba should be lower than in present-day China or Vietnam, for three main reasons.

First, primary income inequalities stemming from non-labor incomes tend to be proportional to the relative role of private property in the economy, and the latter in Cuba is bound to remain confined mostly to petty, small-and medium-scale activities, more so than in China or Vietnam.

Second, the preservation of free or quasi-free universal access to basic services is and shall continue being an utmost priority. If it will be materially possible to maintain such a universal access to basic services, the severe social inequalities still plaguing China and Vietnam in this domain so crucial for each country's human development can be largely avoided.

Third, once the transition will be successfully completed, it is reasonable to expect that the dependency of people's livelihood strategy on informal transactions and activities (which is probably the most powerful source of de facto inequality in present-day Cuba) will be minimized.

In sum, under an optimistic scenario, Cuba might be able to establish a new and specific model of market socialism. This model which, albeit less dynamic in terms of GDP growth, could exhibit two distinct social advantages with respect to the early Chinese and Vietnamese experiences. First, non-market universal provision of basic social services, rather than being virtually dismantled as it happened during the first decades of market socialist experiments in the two Asian countries, would be maintained and further enhanced. Second, the role of indigenous medium- and large-scale capitalist enterprises in employment, industrial production, and exports, might remain relatively minor, thereby minimizing its negative implications in terms of income inequalities and class differentiation.

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Theoretical Foundations of a Future Privatization in Cuba: The Property and Ownership Paradigm

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Abstract: This paper argues that the traditional focus on the privatization of former socialist economies is not enough in order to implement a proper transition policy to create sustainable wealth. Privatization is not an element among others within a steady and supposedly gradual transition process from a socialist planned economy towards a "free-market" economy and it is also not a question of the right sequencing. Introducing the German School of Property Economics, founded by Gunnar Heinsohn and Otto Steiger into a future potential Cuban Transition debate, the theoretical foundations of a civil transition process itself shall be explained. In order to create wealth, it is not enough to privatize the industrial assets of the SOEs—this, of course, should be done also—but rather to enable as many Cubans as possible with own private assets with full ownership rights (and duties) which they, due to the inherit property premium, a basic economic concept still to be introduced and explained, can use to initially undertake economic transactions. A critical review of the comparatively perfectly organized and handled privatization process by the German privatization agency "Treuhändan-

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stalt" from 1991 to 1994/98, reveals: Although the privatization process of the industrial assets itself has to be regarded as successful, growth rates did not match expectations, since it was missed to give the East German population their own means to get indebted and thus start self sustainable economic transactions from the bottom. Given the fact that Cuba historically has already a strong institutional framework necessary for the introduction of property titles and ownership rights, it is concluded that Cuba and its people have all the potential to become a fast winner once the theoretical foundations of property economics are fully understood, respected and then put into practice - who ever and whenever the policy makers may be in charge to do so.

Introduction

This study wants to provoke. It does not intend to be understood as a masterplan of the privatization process in Cuba initiated after—how and when and by whom so ever initiated²—a policy process will permit a transition. I claim, however, to define the theoretical foundations of the transformation process within a property or ownership economics explanation and what that means for the creation of sustainable economic growth and wealth for the Cuban nation and, yes, I claim to go beyond the mainstream of the classical view on transition economics.

Why this study claims to be different and an overall definite progress in the transition debate from state socialism to property and ownership based monetary economy? Because, although former Eastern European transition states almost all did what was proposed by them during the nineties by (neo)liberal policy advisers based on the Washington Consensus, the outcome and the results are ambiguous. Twenty years ago they began to rebuild their centrally planned economies and all hoped to develop towards market economies of the Western type. But the financial crisis of 2008 has clearly laid open that these countries can still not be accounted to these Western style economies. Yet, the IMF defines them as European developing countries³. The reason for this is the fact that the income building process and the investment of these states still are not self sustaining but financially depending on capital flows from outside. In the international division of labor they

2. Canler, Ed. 2005, "Which transition? A contrarian look at Post-Castro Cuba." *Cuba in Transition*, Vol. 15, Washington D.C., 277-284 and/or Morales-Pita, Antonio. 2007. "Possible Scenarios in the Cuban Transition to a Market Economy." *Cuba in Transition*, Vol. 17, Washington D.C., 329-340 show that all those scenarios are actually highly speculative. Therefore I focus on the normative element of what would have to be done in order to achieve a truly functioning property based economy.

3. IMF. 2008. *World Economic and Financial Surveys. Regional Economic Outlook. Europe: Reassessing risks*. Washington, D. C.

Theoretical Foundations of a Future Privatization in Cuba: The Property and Ownership

still serve predominantly as buy-markets for the products of the “old” EU countries and as a reservoir of cheap(er) labor.

The aim of this study, thus, is to shift from the traditional mainstream focus within a neo classically inspired sequencing process which, when privatization is concerned, concentrates on the mere technique(s) of the privatization⁴ of industrial assets like those of state owned enterprises, SOEs, towards the necessity of a broad creation of property titles for the Cuban population which is nothing other than the creation of a society of new owners. This focus also changes the priority normally given to foreign investment by scholars and policy makers, also in the Cuban transition debate⁵. Property Economics as a new paradigm in economic thought understands that the dynamics of “capitalism”⁶ is based upon the lender/creditor-debtor/borrower-relationship based on the legal institution of property/ownership. Ownership creates money and creates the market. The more people hold own private assets, the more are able to indebt themselves for new investment in own businesses and services, the more business operations can be executed, leading to broader income and wealth and what all follows, more taxes to the state, enabling to built up welfare programs for those who fail, etc.

In the first step I therefore present the essential elements of what is newly introduced into economic thought by the German school of property and ownership economics (section II), then sum up the essential elements of the German Treuhand-(Re-)Privatization process in the 1990s (section III) in order to argue why the new approach of Property Economics helps to better understand transition periods and what are the lessons to be learned for its policy implementation regarding Cuba, a country with an excellent perspective due to its mature (historically and theoretically still existing) institutional

4. Cf. the broad comparative and useful but still traditional overview of Castañeda, Rolando H. 2005. “Key Lessons learned from the Transition to a Market Economy in Asia, Europe, Latin America over the last 15 years: Application to Cuba.” *Cuba in Transition*, Vol. 15. Washington D.C., 292-306.

5. Cf. Ashby, Timothy and Scott R. Jablonski. 2006. “Land Tenure in Cuba: Implications and Potential Models for Foreign Real Property Holdings and Investment in a Future Cuba.” *Cuba in Transition*, Vol. 16, Washington D.C., 268-284 or recently again: David, Richard M. 2010. “Gazing at the Green Light: The Legal and Business Aspects of Real Property Investment in Cuba.” *Cuba in Transition*, Vol. 20, Washington D.C., 274-285.

6. in the sense of de Soto, Hernando. 2000. *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*, London et al.: Bantam Press.

framework and its legal tradition before the abolition of private property after the Triumph of the Revolution (section IV).

The New Paradigm of Property Economics

For the last 30 years, a scientific revolution has been taking place within the theory of monetary production originally based on John M. Keynes. The German economists Prof. Drs. Gunnar Heinsohn and Prof. Dr. Otto Steiger (died in January 2008) postulate that Economic Theory has until now not come to terms with property in the sense of full ownership but mainstream economists have always confused it with possession which they mislabelled “property.”⁷ What is the difference between these two concepts? The rules of possession, individual and/or collective, determine who, to what extent and by exclusion of whom, may physically use a good or resource and change its substance and form. Heinsohn and Steiger define: “The property operations encapsulated in law comprise the rights: (i) to burden property titles in issuing money against interest; (ii) to encumber these titles as collateral for obtaining money; (iii) to alienate or exchange, including sale and lease; and (iv) to enforce. Property rights do not replace the rules of possession but are added to them, thereby, transforming mere rules into rights. Thus, individual rules become private rights, subject only to law but not to seigniority.”⁸ The exclusive and peculiar characteristic of property titles⁹ lies in their non-physical capacity to have resources encumbered, i.e. to use the property side of resources as collateral, thereby dividing mere resources into resources and assets. The authors of this revolutionary new insight argue: “Only through its potential of encumbrance the property-based society can advance to business operations. They come along as monetized as well as interest charged credits contracts. All credit contracts are based on encumbered property titles which, for that purpose, must be enforceable by independent courts of law. Thus, without proprietors whose freedom to enter contracts is guaranteed by law no less than their fulfilment,

7. See Heinsohn, Gunnar, and Otto Steiger. 2011. *Property, Interest and Money: Foundations of Economic Theory*, London: Routledge, forthcoming. The first German edition of their book dates from 1996: Heinsohn, Gunnar, and Otto Steiger. 2004³ (1996). *Eigentum, Zins und Geld: Ungelöste Rätsel der Wirtschaftswissenschaft*, Marburg: Metropolis.

8. Heinsohn, Gunnar, and Otto Steiger. 2007. “Interest and Money: The Property Explanation” In Arestis, Philip, and Sawyer, Malcolm C., eds. *A Handbook of Alternative Monetary Theory*, Cheltenham, UK and Northampton, MA: Edward Elgar.

Theoretical Foundations of a Future Privatization in Cuba: The Property and Ownership

a genuine economy cannot emerge, i.e., interest, money and collateral cannot be generated.”¹⁰

Thus, it becomes evident and in the Cuban debate immediately relevant that the possessions of the socialist state had and have nothing to do with the property held by public institutions within property-based societies. Nobody could execute a claim against a socialist state by forcing it through a court of law to meet a debt or sell property to do so. Heinsohn and Steiger consequently review the conceptualization of the history of mankind and stress the categoric nearness between feudalism and socialism¹¹ (cf. scheme page 7.¹²).

9. “The property title is an abstract, legal thing. Unlike physical possession it cannot be seen, smelled, tasted or touched. To operate with the title as a non-physical entity, its proprietor as well as its state of activation —the degree of encumbrance— has to be codified by a court of law. Moreover, the size and location of the possessorial or physical side of the property title has to be registered in a public office. Though —once established— property titles can be bought with money, their historical emergence was always constituted by a political act designed to replace a system of coercion by a rule of law. Thus, the creation of property titles in the first place does not require buyers, i.e. money. On the contrary, the creation of money presupposes the existence of property titles. All that needs to be done to bring them about is to transform the possessorial titles of the society into evenly distributed property titles and, thereby, turn subjects into free citizens.” Heinsohn, Gunnar, and Otto Steiger. 2001. “Property Titles as the Clue to a Successful Transformation” In Stadermann, Hans-Joachim, and Otto Steiger, eds. 2001. *Verpflichtungökonomie. Eigentum, Freiheit und Haftung in der Geldwirtschaft*. Marburg: Metropolis, 204.

10. *ibidem*

11. “Mankind knows three distinctive systems of material reproduction of which only one is occupied with business operations. Reproduction means the production, distribution, consumption and occasionally the accumulation of goods necessary for survival. These three types are:

1. “The customary or tribal society. It regulates production, distribution and consumption for its unfree members collectively by reciprocity, that is, by transactions which are putatively altruistic. There are no independent institutions of law where the collective’s member can file a suit to enforce the rules of reciprocity.

2. “The command or feudal society. It is regulated by coercive redistribution. Production, distribution, consumption and accumulation are organized by ruling castes or aristocracies. They extract planned levies from a class of non-free serfs. In case of need, these classes are entitled to rations, portions from central storages which they have to fill in advance. The rations, though belonging to an intertemporal set of activity, must not be confused with credit in kind. They do not generate interest, money, or collateral. In state socialism, the nobility is replaced by a proletarian avant-garde which maintains the loyalty of non-free ‘peasants and workers’ by guaranteeing them a permanent share of the planned production. It goes without saying that there are no independent institutions of law where members of a command society can file a suit to execute their shares.

3. “The property-based society as a system of free individuals abolishes most of the traditional rules of reciprocity and command. It directs production, distribution, consumption and accumulation by interest and money and special contracts. Independent courts of law enforce the fulfilment of these contracts.” Cf. Heinsohn, Gunnar / Steiger, Otto. 2000. “The Property Theory of Interest and Money;” with corrections and additions. In Hodgson, Geoffrey M., ed., 2003. *Recent Developments in Institutional Economics*, Cheltenham, UK and Northampton, MA: Edward Elgar, 485.

Given this categoric difference between feudalism/socialism on the one hand and private property based society on the other, it becomes evident that there is no gradual process from a whatever form of market-socialism to a to a finally to be developed free-market-society as the majority of Western consultants believed in the Nineties. This belief was basically also shared by the Washington Consensus which, as Rolando Castañeda remarks within the Cuban debate, was not capable of resolving the problems of the transition countries.¹³ Yes, indeed, we have to think “outside the box” (*ibidem*), and more: we have to reset and restart thinking the transformation agenda. Advisers like Harvard University’s Jeffrey Sachs vaguely sensed the importance of property, regarding it predominantly as a means to unleash greed and competition suppressed by the communist authorities. Instead of initiating the entire process by enabling the citizens to obtain credit through entitling them with collateralizable property, Sachs’ vision was to make this move only as “the final step,”¹⁴ imagining this final step as a partition of supposedly already existing but unfortunately too massive and inflexible “state’s property into private property” (*ibidem*). Sachs’ perception that Poland was comparable to Spain because both nations had similar per capita incomes betrayed his complete ignorance of the importance of ownership and property titles. They were absent in communist states but—with the exception of still heavily feudalized regions—available in Spain. Spain already issued genuine money. The communist states issued anonymized ration cards which were called money but had nothing to do with it.

- Possession-Based societies with mere reproduction
- Property-Based soc. with economic activities
- Possession is the basis of material reproduction in animal systems as well as in human systems based on reciprocity (tribal community) or command (feudal/socialist seigniority) in which property is missing. Only possession does exist. Their informally respectively arbitrarily set rules determine who, in what manner, at what time and place, to what extent and by exclusion of whom, may use a good or resource. Property is the basis of material reproduction in the property society (“capitalism,” “market economy,” “monetary economy”) where it transforms possession. Property exists in addition to possession.

12. Heinsohn, Gunnar, and Otto Steiger. 2007. “Interest and Money: The Property Explanation” In Arendt, Philip, and Malcolm C. Sawyer, eds. *A Handbook of Alternative Monetary Theory*, Cheltenham, UK and Northampton, MA: Edward Elgar.

13. Castañeda, Ronaldo H. 2005, 292.

14. Sachs, Jeffrey. 1993. *Poland’s Jump to the Market Economy*, Cambridge/MA: MIT Press, 80.

Theoretical Foundations of a Future Privatization in Cuba: The Property and Ownership

- Possessory rules refer to the non-legal material use or control of goods and resources including their returns and alienation. Alienation here does not mean exchange in the form of sale and lease but but only gifts, assignments and inheritance. Per se these rules are not capable of generating a genuine economy, with interest and money as its most obvious characteristics. Ironically, mainstream economics applies the term “property rights” to the disposal of possession, without distinguishing between mere rules and rights. Property rights are *de jure* claims. They entitle their holders to the immaterial (non-physical) capacities which first constitute economic activities:
 - (i) to burden property titles in issuing money against interest; (ii) to encumber these titles as collateral for obtaining money; (iii) to alienate or exchange including sale and lease, and (iv) to enforce. Property rights transform rules of possession into possessory rights regulated by law. Thus, individual rules become private rights. Property rights transform goods and resources into saleable commodities and rentable assets.
 - Means of Regulating Material Reproduction
 - (production, distribution, consumption) Means of Regulating Material Reproduction
 - (production, distribution, consumption)
 - “Inborn instincts” (animals), customs or reciprocity, i.e. mutual supportive duties (tribal community) and commands or plans (feudal/socialist rulership) as power relations of non-free persons. Independent courts of law are absent. Credit and sales, lease and employment contracts form a legally determined network of rights between free, private individuals on markets. Independent courts of law overrule custom and power relations.
 - Burdening and encumbrance of property titles, interest and money, credit and banks, prices and markets as well as assets and liabilities are as much absent as the advantage seeking homo oeconomicus. The rules of reciprocity (tribe) or command (nobility, “proletariat's avant-garde,” etc.) determine the production of goods and their distribution for individual consumption, for common storage , and - occasionally - for common production goods or means of production. Therefore, storage and accumulation requires previous savings or a lower level of individual comsumption.
 - Exchange of goods is not a primary task. It takes the form of gifts or, as in feudalism, of trade out of stored up items to overcome shortages. An interest-free inter-temporal lending of goods is restricted to periods of need in which blood relatives are obliged to mutual assistance, or ruling castes hand out rations later to be replenished by their subjects. The power to burden and encumber property offers an immaterial yield, the property premium. By burdening property for issuing money-notes —“notated” titles to property— in a credit contract, both lender and borrower have to give up their respective property premium, i.e. temporarily lose

the freedom to encumber or sell it. The encumbrance of the borrower's secures the lender's property and, thereby, the circulation of the creditor's notes. The burdening of the lender's own capital, the net worth of its property, enables him to withdraw from the circulation the notes that have not been paid back, and also redeem the notes. The lender is compensated for his burdening with interest, the borrower for his encumbrance with the notes' liquidity premium. Their capacity to finally settle contracts, sale or redemption of property, is due to their being titles to property. During the period of the loan, creditor and debtor continue the physical use of the possessorial side of their burdened assets. Although needed, no social safety net can be developed from within the property-based society.

However, as Heinsohn and Steiger claim, the socialist state did not control property but had monopolized the possessions within its territory: Exactly the same happens in Cuba, even though the term property exists surviving the former Spanish inspired law tradition. Evidently the same is valid for the Cuban Peso. Or to say it more strictly: What sometimes is called property or labelled as such, categorically spoken is no property. It is, thus, misleading also to call it imperfect, as do Ashby and Jablonski when they stress, for instance, that the Cuban housing laws of 1980 "were enacted to convert remaining leaseholders into homeowners."¹⁵ The same is valid for the concept of money. What sometimes is called money simply is not money.¹⁶ Money and market are secondary categories, emerging both out of a society of free individuals which enter into creditor and debtor relations, backed by contracts and the law. Heinsohn and Steiger define the core of Property Economics with the newly introduced category of the unearned property premium.¹⁷

Property rights understood by the theory of Property Economics are the constitutional rights of free citizens to hold, partition, encumber and sell property titles. The crux for the Cuban transition debate of the Property Economics paradigm is: Money is created without any saving of scarce goods and can buy goods right away, or will lead to the production of goods.

15. Ashby/Lablonski. 2006, 270.

16. This better than anything else explains the dilemma of Canler, Ed. 2008. "Pesos, Poverty, and Perversions: What's wrong with Cuba's Money and how to fix it." In *Cuba in Transition*, Vol. 18, Washington D.C., 31-36. There is no correct exchange rate between the Peso and the CUB/dollar. The national Peso is completely arbitrary and artificial, it is no currency. See also: Morales-Pita, Antonio E. 2008. "Cómo y Cuando eliminar la doble moneda en Cuba". *Cuba in Transition*, Vol. 18, Washington D.C., 37-43 who comes to the conclusion that only a fully established market economy would be a proper precondition for the elimination of the "doble moneda" which in terms of Property Economics is not an elimination of one, but the creation of a (new) currency/moneda, backed on collaterals held by the people and secured by the Central Bank.

Theoretical Foundations of a Future Privatization in Cuba: The Property and Ownership

The creditor's loss of property premium in backing money as the real cause of the rate of interest only becomes visible when the very creation of money is explained.¹⁸

What is right for the former Eastern European transition economies is also true for the Cuban debate: A property system—and nothing else—brings about an economy deserving that name. It is the necessary—and sufficient—precondition for a money system. Secondary to the property and money systems is the market system which necessarily arises out of the former. This can only be done by a so-called monetary production of commodities which are not goods as such but a quantity times its money price, i.e., a sum of money predetermined by the sum of loan plus interest. The major error of Western economic thought lies in the belief that an economy starts with market operations. It does not. It starts with property titles. Therefore, an independent system of law and courts has to guarantee that sheer power cannot reenter the system, as, coming from the law perspective, Matías Tra-

17. “It is a non-physical yield of security inherent in assets. It allows proprietors of the assets to enter into credit contracts, and it is a measure of the potential of private individuals to become creditors and debtors. While only unburdened property is a free asset, burdening turns the asset into a ‘liability’ that, however, is not necessarily encumbered. An unburdened asset entails the capacity of a creditor to issue notified titles to his property, his equity or own capital,, i.e. to act like a credit bank of issue creating money notes. An uncumbered asset entails the capacity of a debtor to borrow the money notes by pledging titles to his property as collateral, thereby not only burdening but also encumbering it. (...) By burdening and, therefore, blocking its capital in the money-issuing contract, the credit bank gives up immaterial property premium in exchange for a specified amount of money promised by its debtor: the rate of interest. In other words, interest is explained as the compensation for the bank of issue’s loss of property premium. To secure the refunding of the loan, the borrower has to offer collateral. Thereby, his loss of property premium is turned into liquidity premium attached to the money-notes he receives. As long as the debtor fulfills his obligations, the bank is not allowed to touch the collateral.(...) In the creditor-money creating contract, creditor and debtor retain their physical possessions, whose immaterial property titles are charged to guarantee the circulation of money (by the lender) and to encumber the contract (by the borrower). Both continue with their possession’s capacity to earn a material yield of property premium. Therefore, goods are never transferred in a loan contract as the time-preference theory of the rate of interest suggests and which Keynes was right to criticize albeit for the wrong reasons. The rate of interest is, indeed, a monetary rate. But it arises in the process of creation of a creditor’s money and not out of the giving up of liquidity by an owner of money. Thus, interest is not the price for giving up liquidity but the price for burdening property by the creator of money. The creation of money cannot be separated from the process of loaning it to a proprietor-debtor. Thus, both the issuing of money notes and the establishment of a loan contract occur *uno actu*. Therefore, one has to distinguish between two documents in the creation of money. (i) the interest bearing document secures by debtor’s collateral, and (ii) the non-interest bearing document, the money-notes. The first document is the credit by which the second document is simultaneously issued and loaned as money proper. Thus, money is created in a credit contract but is not itself a credit.”

Heinsohn, Gunnar, and Otto Steiger. 2007. “Interest and Money: The Property Explanation” In Arestis, Philip/Sawyer, Malcolm C., eds., *A Handbook of Alternative Monetary Theory*, 18-19 in Typoscript.

vieso-Díaz already outlined in his vision of the legal framework for Cuba, a solid legal system of a property based society emerging out of Cuba's historic tradition of law.¹⁹

The Reconstitution of an Ownership Economy in former East-Germany

After the fall of the Berlin Wall and the Iron Curtain, Germany was the only country to be able to introduce a wholly and holistic legal system to a former socialist territory within practically one day, the 1st of July 1990 when the Act of Economic, Monetary and Social Union became effective. Germany, evidently, was in a historically different position from the rest of the former East European CMEA states. It had the rich brother in the West and a given constitutional framework. East Germany, thus, just jumped into the bed of

18. Heinsohn, Gunnar, and Otto Steiger. 2001. "Property Titles as the Clue to a Successful Transformation." In Stadermann, Hans-Joachim, and Otto Steiger, eds. 2001. *Verpflichtungsgökonomie. Eigentum, Freiheit und Haftung in der Geldwirtschaft*. Marburg: Metropolis, 211 ff.: "In the modern, two-tiered banking system, the credit banks no longer are allowed to issue money. They are restricted to enter credit contracts with non-banks. The money proper required for such operations they now have to obtain from a central bank which has the monopoly of note issue. Today, every bank note is a central bank note. The traditional credit bank kept its currency scarce because it had to redeem it with the property of its shareholders. Today's central banks —as distinct from early ones— issue non-redeemable money. However, the responsibility for stabilizing the value of money no longer lies with the credit banks but with the central bank. How does it fulfill this obligation? It has to have a sufficient margin of its assets over its main liabilities, i.e., the central bank notes. In other words, a central bank has to be able to buy back all its bank notes by selling its assets. For the case they are used up, the central bank has to liquidate its own capital (the margin). If suspicion arises that a central banks' assets no longer cover the notes it has released into circulation its currency is prone to devaluation.

There still exists the a popular idea —conveyed by Western consultants to former Socialist countries— that a central bank can create money by merely taking in repayable claims to reliable commercial banks. By not paying attention to how these claims are secured —with good property titles— by the commercial banks, this dream of creating money out of nothing was devastating. The commercial banks failed to build up low risk stocks of assets. The governments did not understand that they had to create evenly distributed titles to property as a starting point to empower citizens to become investors, i.e., low risk debtors to these banks. As one result, the central banks rationed their supply of money. Others raised the rate of interest sky-high to keep money scarce. In both cases investment was stalled. In a functioning property society it is the supply of good collateral that limits the issuing of money, thereby keeping it scarce. Good collateral is not identical with mere debt titles because they can be issued by a debtor at will. Debt titles acceptable by a central bank must first have been accepted, i.e., bought by a third party. It is this buyer-creditor who is, then, made liable by the central bank, i.e., who carries the burden of a debtor on behalf of the original debtor. Therefore, the readiness of such third parties to buy debt titles sets the ultimate limit for the issuing of central bank money.

19. Travieso-Díaz, Matías F. 1997. *The Laws and Legal System of a Free-Market Cuba - A Prospektus for Business*, Westport: Quorum Books.

Theoretical Foundations of a Future Privatization in Cuba: The Property and Ownership

the West German property society: with its risks and opportunities. The institution to execute the transference of public assets to private hands—within the already given legal framework regarding property—was the Treuhandanstalt/BvS from 1990-1994/1998.²⁰ Subordinated to the Federal Ministers of Finance and Economy, the Treuhandanstalt (THA) was an institution of public law and as such assumed a de facto liability for failing enterprises and defrayed only actual losses and was therefore not a holding company in the basic sense. The THA had to adapt the structure of the economy to the requirements of the market due to the new introduction of private property and its entire corresponding legal system while taking particular care to protect the redevelopment measures being taken by enterprises to become competitive. For this purpose, THA had to break up the structures of the existing “combinates” to develop competitive enterprises and to promote an overall efficient economic structure. To make it more precise: out of what was found within a combinante, assets had to be recombedined in order to newly create a marketable firm. Through dismembering large industrial units into small and medium size units THA also tried to establish an industrial middle class. Of course, in order to split up firms into smaller, legally independent organizational units, the THA had to proceed rather arbitrarily, in economic terms, which did not solve the problem how to make these new units efficient. THA, finally, became the intermediate owner of about 8500 former state owned enterprises with more than 40,000 individual plants and 4.7 million employees in 1990.²¹

In the 1st half 1990, the THA was busy with transforming the collective combinates into joint-stock and limited liability companies (GmbH) under private law. The second phase covered the period between the unification, October 3rd, 1990 and April 1991. On October 15th, the opening-balances of the THA enterprises were published. GDR assets were worth 260 billion DM, its liabilities however 520 billion DM. The Minister of Finance declared that at the time of the Unification Act, July 1990, the deficit was unforeseeable. This second phase was characterized by passive renovation, which involved the splitting up of the combinates into reasonable units. Dismem-

20. Hansel, Frank-Christian. 1993. "Die Transformation der ostdeutschen Wirtschaft durch die Treuhandanstalt" In: Glaßner, Gerd-Joachim, ed. *Der lange Weg zur Einheit. Studien zum Transformationsprozess in Ostdeutschland*. Berlin, 67-106. The author had the chance to serve as a consultant in the German privatization agency from 1991 to 2002 and initiated "Las Jornadas alemano-cubanas de Inversiones," held in Cologne in 1997, Berlin in 1999 and in Havana in 2002.

bering of horizontally or vertically interconnected combines was quite different from each other. The detachment of single operational units from within a horizontally connected Kombinat was relatively easy. Here, some production locations were simply closed down, and others, which had promising perspectives were privatized as autonomous units. Vertically integrated Kombinate were much more difficult to break up and resulted to a greater extent in the creation of independent units. Besides the vertical and horizontal dismembering of the Kombinate, there was also a spatial break-up in order to reduce overhead expenses. Land, buildings and warehouses not absolutely necessary to continue production in the newly created units were sold to create new enterprises. Vital units such as research and sales, were often rashly separated from the production unit, which was a disadvantage for innovation and commercialization, respectively, for new products.

21. July 1st, 1990, the West German legal system became effective in East Germany. At the same time, all enterprises were discharged by the Treuhandanstalt of their old debts, and received capital depending upon the nature of the enterprise. The enterprises received, with the cooperation of important banks, liquidity credits which the Treuhandanstalt guaranteed after. The amount of the credit depended on an evaluation of the risks and the prospects the firms faced. The liquidity credits were destined to pay current expenses, such as wages, energy, etc., in order to keep the enterprises alive and solvent. Each enterprise also had to work out an evaluation of the renovation possibilities and a proposal for the enterprise. By October 1990, 5350 enterprises had presented their proposals and applied for credits. The Einigungsvertrag (Unification Act) included an Opening-Balance-sheet-Law in which each enterprise had to draw up a DM-opening-balance sheet stated by the 1st of July 1990 in order to calculate its capital and debt after the monetary union. The discrepancy between the GDR-final-balance figures on the 30th of June and the DM-opening-balance calculation was considerable and brought to light that the GDR assets were largely overestimated and the debts were underestimated. The THA classified the enterprises with respect to their future economic prospects, their status within the macroeconomic environment, infrastructural aspects, and finally political aspects. The outcome decided whether the enterprise would be restructured and privatized, or whether the enterprise would be liquidated. Restructuring was only a preliminary stage to later privatization but not end in itself. In case of restructuring the Treuhandanstalt supplied capital for the most urgent investment which was in most cases very limited. However, Sinn criticized the alternative of THA investments for renovation on the ground that renovation should be done centralized and exclusively by the discretion of private owners because they invest better than super-governmental institutions which risk to pursue a policy of subventions. In order to present a favourable picture of the firms' perspectives and to present an acceptable restructuring plan, the management gave priority to the production department and cut employment in the sector of administration and development and research. Clearly, short term goals prevailed with this strategy. Unfortunately the Treuhandanstalt did not recognize in time the consequences. The right decision would have been to reduce the production depth and to keep the development and research division in order to come up with new, more competitive products. The implications of that misperception will be shown later when product innovation becomes a prerequisite for subsidies and transfers. The Treuhandanstalt started to interfere in management-decisions only since 1992. Until then THA tried to avoid such interference in order to not again create an institution with functions of a central planning authority.

Theoretical Foundations of a Future Privatization in Cuba: The Property and Ownership

In 1990 and 1991 trade with the CMEA still existed and the potential market seemed to attract West German competitors. It is worthwhile questioning whether West German firms were interested in the East German firms as a production units or, whether they were interested in the market share the firms represented. Since most of the mergers were between similar industrial branches, the production capacity for the CMEA market already existed in West Germany. Productivity was much higher in West Germany and the industrial capacity was, on average, not used fully. For example, the chemical industry was using only 40 percent of its capacity. Therefore, the enlarged market share could easily be absorbed by West German plants. To add, the capital stock in the East was mostly obsolete. For the sake of increased efficiency, the production in the East German enterprises was often closed down and the firms transformed to sales departments. Because of the entrepreneurial spirit to “conquer” a new market and new market shares, this era was often called the “Wild East.” In West Germany the era was characterized by a boom which was put down to the Keynesian effect of the stimulus to aggregate demand. The expansionary fiscal policy of the government, in form of the transfers to the New Laender, accounted for 42 billion DM in 1990. The largest part of these transfers was spent on the consumption of goods which were imported from the West. West German marketing skills and the need of the East German population to catch up on consumer goods led to a situation where imports increased even above the level of GDP in the New Länder. In 1991, East German exports worth 59,2 billion DM faced 227,3 billion DM worth of imports from West Germany. The deficit which included services and goods amounted to 168 billion DM which were financed by transfers. Consequently, the consumer good industry in the new Lander suffered from a sharp contraction in output, and most of their products were driven out of the market. The increase in purchasing power caused by the conversion rate added to the increase in aggregate demand in East Germany.

West German firms expected a continuation of the trend and were encouraged to invest in East Germany. Real GNP in West Germany increased by 4.6 percent in 1990. It was estimated that East German demand contributed one percentage point of this increase. But the economic upturn proved to be a short-lived-boom, and demand stagnated in 1992. The East German population had satisfied its immediate need for durable consumer goods. The Keynesian demand effect, which was financed through transfer

payments, proved to have a not lasting growth effect. It is here that it must be stated that there was no privatization of assets for the East German population, in form of residential housing privatization, an element missed in the East German transition process, as I think, out of a lack of understanding the importance of a broad creation of property titles as assets to initiate economic activities from the bottom.²²

In April 1991 the restructuring of the district offices of the THA was concluded, which introduced the third phase of privatization with several privatization methods.²³

The number of enterprises which belonged to the Treuhandanstalt increased in the period between March 1991 and February 1993 by 3000. This was due to the continual fragmentation of enterprises. At this point, the THA had 3500 employees. THA began to work much more efficiently and went from a reactive to an active privatization policy. The management board was composed of West German managers with market experience and

22. Cf. Busch, Ulrich. 2001. "Eigenumstransformation via Vermögenstransfer. Die deutsche Lösung der Eigentumsfrage" In Stadermann, Hans-Joachim, and Otto Steiger, eds. 2001. *Verpflichtungswirtschaft. Eigenum, Freiheit und Haftung in der Geldwirtschaft*. Marburg: Metropolis, 245. arguing that the property transformation within the two Germany after 1990 lacked handovers of property to the East German population.

23. The Treuhandanstalt legally was free to choose the instruments and methods of privatization. In the process, the THA considered the price to obtain which presupposed determination of the best possible valuation of the enterprise, the continuation of the enterprise, and finally, the establishment of a sound management for the enterprise. The THA was flexible in the choice of the instrument. The instrument depended on the nature of the enterprise, its size, location etc. Basically, there were two different instruments: the auction model and the negotiation model. In the auction model, the company would be offered by public or restricted announcement and sold to the highest bidder. THA did not use the auction model on the grounds that future investment and employment, not price, are the most important criteria for concluding a deal. In the negotiation model, the firm was offered open to the public, or, as it happens in most cases, offered to selected bidders. The THA primarily chose the offer - to selected bidders for large and very complex enterprises within the shipbuilding, steel, iron, and the chemical industries. In these industries, the potential investors are limited. Once investors are contacted, bilateral negotiation lead to a bid. Importance was put on the concept of continuation of the enterprise, future investment and assurance of jobs. The THA had three major problems with the negotiation model for selected bidders. First, the bidder often had much better information about the industry, the enterprise, and the commodity specific market, proving therefore to be stronger than the Treuhandanstalt during the negotiations. Second, THA exposed itself to the criticism for not enough transparency during the negotiations, as well as, with regard to the criteria which were decisive in accepting a certain buyer. Third, there was a discrimination against all those to whom the offer was not addressed. Offer open to the public was used when the THA privatized 30,000 retail shops in 1991. In this case, the THA pursued a principle of takeover by former employees in order to limit the risk, that the business would not be continued and in order to further the establishment of a business middle class. 90 percent of the small firms were sold to East Germans, as were 50 percent of the larger firms.

Theoretical Foundations of a Future Privatization in Cuba: The Property and Ownership

East German managers who were familiar with regional problems. The fact of a relatively decreasing demand in West Germany, the general recessionary trend in the western industrialized countries, and the collapse of the CMEA were the economic background to the third phase. In 1990 orders for East German goods by the Soviet Union and other East European countries were still satisfactory. At that time nobody foresaw the rapidity with which the Soviet Union would collapse. The internal problems in the Soviet Union cut the demand, for products from East Germany significantly. By the end of 1990, intra-CMEA trade through the transferable rubels stopped (CMEA was officially dissolved in June 1991). Consequently, orders stagnated and payments for goods already delivered were delayed. Imports from the CMEA decreased already in the middle of 1990, which is partly due to the decrease of production in East Germany, and partly to the substitution of CMEA goods through West German goods. The East German import-stop from CMEA countries had accelerated collapse of the CMEA market. Like a vicious cycle, this had a repercussion-effect on East German exports. Since collective bargaining in the unified Germany opted for a rather fast equalization of the wages between East and West Germany in major industries by the mid 1990s, despite the significant difference in productivity, investment went first of all in capital intensive production and sustained high unemployment was unavoidable. But the industrial capital stock in the East was renewed at an unusually fast speed which resulted in that East German enterprises were equipped with a capital stock of a very modern technology. The average level of labor-productivity turned higher in East German enterprises than in West in respective industrial activities. East German enterprises benefited from the so called vintage effect of investment. Moreover, opportunities for new companies resulted in an East German economy that can finally benefit from its comparative advantages, a stage which Schumpeter called the “creative destruction.”

One of the socio-political issues during the transformation process of the East German society was to establish a middle class. Since fall 1990, the Treuhandanstalt has laid down as one of its basic principles the promotion of the creation of medium size enterprises with approximately 50 employees. The middle class entrepreneur, a class which previously did not exist or was finally completely abolished after 1972 in socialist East Germany, could only emerge from a group of former executive managers and members of the factory committees. §12 article 2 of the Treuhand Law expressively granted to a

firm's management and factory committee members the right to acquire a part of the Kombinat, which was called a "Management-by-out" (MBO).²⁴

In the first three years the Treuhandanstalt privatized approximately 13,000 enterprises. The remaining 370, evidently already more complex enterprises were privatized in 1994. Private investors committed themselves to invest 182.4 billion DM in East Germany. The industrial labor force of the GDR included 3.2 million jobs. The THA was able to safeguard 1.5 million jobs, but only half of them maintained in the industry and about 700,000 jobs were created in the service sector. Industrial weak areas faced an unemployment rate of about 50 percent in the short and medium term. Due to the fact that in the German case there was, from Day 1 onwards, a legal system established to guarantee the functioning of Private Property Economics, the German privatization is to be seen as a success, especially compared to the privatization in the other Eastern European countries in the early 1990ies where there were basically no transformation of state possessions into collateralizable, saleable and, thereby, leaseable property. "On

24. The privatization through MBO followed a specific procedure. In order to avoid the risk that the old management might intentionally underevaluate the value of the company, the THA appointed an accountant who wrote a report which became the basis for the retail price. Once a group of buyers were agreed upon, the THA might have given them time to pay or help them to lower the purchase price by providing the real estate involved for lease. One major problem of MBO privatization was the fact that the former management of the firms were politically affected by the communist regime. In those cases, the employees were not satisfied by the choice of the new owners and the working morale was bad from the outset. The THA paid attention to investigate whether the employees favoured the privatization through a MBO but the THA was not able nor appointed to check the political outlook of the former management of the enterprises. Another problem, with respect to the MBO, was the risk that the East German managers had very limited experience with a market economy and only very limited capital, handicapping the firm. A way to counteract the risk was the combined management-buy-out/management-buy-in system. In these cases management from within and from outside the firm bought shares. From May 1991 onwards the chances for success of a MBO project increased, when business and branch specific knowledge from outside the firm joined the MBO. It was tried to mobilize West German managers to invest their know-how and their financial strength in the partnership. 93 % of the management of all combined MBO/MBI came from within the enterprises. By far, the MBO were the largest type with 83 %; 14 % combined MBO/MBI; and only 3 % MBI. In the MBI, 74 % of the management came from West Germany. The Treuhandanstalt preferred to support this form of privatization. In some cases THA clearly favoured the MBO/MBI, in many other cases the enterprises had no chance to attract an investor and be privatized. Starting conditions here were difficult. The THA set up in each of its district branches an office for consultation to finance the selling price and future investments. At the same time, THA granted financial help for MBO/MBI applicants to engage tax consultants, accountants, and management consultants to draw up a sound entrepreneurial plan. About 40 % of the MBO/MBI teams considered the THA as very cooperative, 38 percent did not have great problems and 23 percent were unsatisfied with the THA's conduct and criticized the THA for insufficient advice with respect to financial questions. However, the overall result of the MBO/MBI privatization was positive.

Theoretical Foundations of a Future Privatization in Cuba: The Property and Ownership

the contrary,” as state Heinsohn and Steiger, “what has happened was a handover of possessorial power by the former nomenklatura to old-new possessors even less controllable than the Communist elite. Even in the Czech Republic —often presented as a model of successful transformation— most of what is called property cannot be enforced. Debtors laugh at their creditors who have to wait for many years until corrupt courts may confirm their claim on collateral meanwhile liquidated by fugitive debtors, because Czech bankruptcy laws made it almost impossible for banks to seize property that has been used as collateral for loans. Therefore, thirty percent of all Czech bank loans have a low rating with two thirds of them classified as bad.”²⁵

In his thesis on “Development and Transformation within the Logic of Property Economics,” Ulrich Aldenborg referred to the successful Slovenian example of property building²⁶ and shows in his empirical study that Slovenia transformed right after 1990 about 100.000 residential housings from not economized possession into property. Simply out of this process, out of practically nothing other than a legal procedure, a value of 4.5 billion € was created to finance investments of the new holders of these properties. Property building is capital building right in the sense also of Hernando de Soto.²⁷ This step, however, was not done in Germany. What I want to stress is: Privatization of industrial assets, yes, as professionally as possible in order to

25. Heinsohn, Gunnar, and Otto Steiger (2001), 216.

26. Aldenborg, Ulrich. 2005. Entwicklung und Transformation in der Logik der Eigentumsökonomik. *Theorie und Praxis von Eigentum und genuiner Geldschaffung am Beispiel des Transformationsprozesses in Slowenien, Bremen*.

27. “Capital is born by representing in writing —in a title, a security, a contract, and other such records—the most economically and socially useful qualities about the asset as opposed to the visually more striking aspects of the asset.’ This is where potential value is first described and registered. The moment you focus your attention on the title of a house, for example, and not on the house itself, you have automatically stepped from the material world into the conceptual universe where capital lives. The proof that formal property is pure concept comes when a house changes hands: nothing physically changes. Property is not the house itself but an economic concept about the house, embodied in a legal representation that describes not its physical qualities but rather economically and socially meaningful qualities we humans have attributed to the house (such as the ability to use it for a variety of purposes- for example, to generate funds for investment in a business without having to sell the house-by providing security to lenders in the form of liens, mortgages, easements, or other covenants). In advanced nations, this formal property representation functions as the means to secure the interests of other parties and to create accountability by providing all the information, references, rules, and enforcement mechanisms required to do so. Legal property thus gave the West the tools to produce surplus value over and above its physical assets. Whether anyone intended it or not, the legal property system became the staircase that took these nations from the universe of assets in their natural state to the conceptual universe of capital where assets can be viewed in their full productive potential.” Soto, Hernando de. 2006. "Dead Capital, Fluid Capital and Money" In Steiger, Otto, ed. 2008. *Property Economics*. 171.

guarantee a future successful infrastructure of production of commodities AND privatization of residential properties, for the bottom-up generation of economic activities of the population to stimulate entrepreneurship and sustainable income.

Resuming: Germany's Treuhand did a great job in privatizing the industrial and agricultural assets. Yet, there were two major obstacles for a broader creation of wealth and therefore major growths rates: The obstacles regarding the priority given to natural restitution at the beginning of the whole privatization process²⁸ on the one hand and where housing is concerned, on the other: This was beyond THA's responsibility. It were the municipalities to which residential housing was handed over and which used housing as a social policy instrument and did not make available flats as assets to be used by the people to start economic activity.

Property Economics and Cuba

I argue that the result of (the doing of) privatization, as showed in Sec. III, is not the all over prior factor of creation of sustainable and broad wealth but that all those issues have to follow the—politically wanted and motivated—re-installation of a society based on freedom and property and thus on creditor and debtor relations.

The theoretical foundation of the Property Economics paradigm as presented in section II states that the creditor-debtor dynamics comes into existence through the institution of property and postulates that an as great majority as possible of the population should participate in this dynamic development as entrepreneurs activating their assets. It is here that I argue that the unique East German experience has (probably)²⁹ not been overall successful since there was and still is a relatively low rate of property and own capital within the East German population, because there was no initial hand over of private assets to them, especially regarding residential housing.

28. Cf. Betz, Thomas. 2001. "Zehn Jahre Keine Einheit. Ein Kompendium wirtschaftspolitischer Fehler" In Stadermann, Hans-Joachim, and Otto Steiger, eds. 2001. *Verpflichtungökonomie. Eigentum, Freiheit und Haftung in der Geldwirtschaft*. Marburg: Metropolis, 284 ff. The concrete German treatment of the question of how best to reprivatize: via natural restitution or government payments to claimants would be another kind of study to enrich the Cuban Transition debate.

29. Compared to other Eastern European transitions, due to its specific historic conditions - unifying with West Germany —of course the overall transition process was successful.

Theoretical Foundations of a Future Privatization in Cuba: The Property and Ownership

Focussing on Cuba, this means that, after a corresponding restitution of property rights,³⁰ it will be the major task to enable as many Cubans as possible to enter into this new society with own assets in order to be able to participate in the newly to be created and initiated debtor and creditors relations. Unfortunately, this is, of course, one of the most difficult tasks, given the situation of housing in Cuba today, as Stephen J. Kimmerling showed when he described possible future approaches to resolving residential property rights disputes.³¹

My ownership approach of Property Economics does not neglect the two fold truth that a) “institutions, organizational modes, functional patterns, cultural values, social mores, historical antecedents, and still more, must be taken into account in devising the singular path to be travelled by each individual society in the complex and laborious process of creating³²” an ownership society and b) “that any recommendations made by a particular individual, even a professional or expert in economic or political matters, must be taken only as a partial expression of a multifaceted reality,³³” but I argue that the basic element is the creation of debtor-lender autopoiesis through the (re)institutionalization of private property and its jurisdictional imposition. Since this element is a crucial step to be gone and the one that decides categorically on the type of society that is wanted, it is not a matter of gradualist and sequencing options. It is simply done or not. So one of the main tasks to be solved in Cuba out of this theoretical perspective will definitely be that private property titles for housing which—within the new regulatory framework—will have made fungible and fully tradable to Cuban citizens and third parties. The aim is to guarantee the capacity to get indebted in order to start the economic dynamics typical for successful Private ownership civilization.

30. as designed by Travieso-Díaz, Matías F. 1997. *The Laws and Legal System of a Free-Market Cuba - A Prospectus for Business*, Westport: Quorum Books.

31. Kimmerling, Stephen J. 2001. “Rights and Remedies Concerning Cuban Residential Property.” *Cuba in Transition*, Vol. 11, Washington D.C., 258-270.

32. Jorge, Antonio. 2004. “A Preliminary Approach to a Social Market Economy for Post-Castro Cuba.” *Cuba in Transition*, Vol. 14, Washington D.C., 410.

33. *ibidem*

It is the recent experience³⁴ and the example of the creativity of the Cubans when the Paladares had its best times from 1995 until 2000 which makes me very optimistic what can be achieved on a very broad (entrepreneurial) basis when the citizens will be entitled to proper and genuine property rights, especially, to start with, housing assets to be used to finance their businesses.

In order to keep this crucial element of generalized ownership creation through the handover of residential property to the population away from political interests or to avoid to let residential property be mis(ab)used as social policy, the proposal of Kimmerling to establish a truly independent commission, agency, or tribunal composed by Cubans living in Cuba and Cuban exiles as well as relevant professionals and international jurists and academics³⁵ may be an excellent option.

A successful and massive handover of property through housing titles would be at least as important as the privatization process³⁶ of the industrial assets which can be executed by a redesigned Ministry of Foreign Investment and Economic Cooperation (MINVEC) out of which a privatization agency like Treuhand could emerge. A public institution coming out of the former MINVEC which has lately been merged within the MINCEX Ministry of Foreign Trade actually would and could be the born institution to take over the task of leading a privatization process. The Ministry had a suitable structure with its counter referees for the major industrial branches which are organized in branch ministries. MINVEC had an excellent overview of the economy already. In the years until 2008, it was basically the MINVEC which collected all the necessary data required to determine how to form competitive industrial units. El redimensionamiento empresarial was actually nothing other than (the beginning of) the debate that was lead in Germany's Treuhandanstalt during the 90s when it was the task of the reindustrialization of industrial nucleos.³⁷ Foreign investors will require the same business

34. Scarpaci, Joseph L. 2009. "Fifteen Years of Entrepreneurship in Cuba: Challenges and Opportunities." *Cuba in Transition*, Vol. 19, Washington D.C., 349-353. Despite all the principal challenges the cuentapropistas faced, it was amazing to see to what extent they were creative.

35. Kimmerling, Stephen J. 2001. "Rights and Remedies Concerning Cuban Residential Property." *Cuba in Transition*, Vol. 11, Washington D.C., 264.

36. Travieso-Díaz, Matías F. 2003. "Legal Foundations for a successful Privatization Program in Cuba." *Emory International Law Review*, Vol. 17, Nr. 3, 1001-1057. draws the frame of the most relevant elements to be considered in this process.

Theoretical Foundations of a Future Privatization in Cuba: The Property and Ownership

environment as Cubans. However, they will have one big advantage over the Cubans which might lead to an acceptance problem of a privatization process: they have financing backed by collateralizable property. Therefore, they would enter Cuba with huge amounts of cash further supporting the erroneous idea of magical money chests hidden in the Western world. Such a capital import does not mean a gratuitous transfer of foreign money but a sale of Cuban assets in exchange for it. The availability of freely tradable assets thus sets a limit to “capital import.”³⁸ The same mechanism that Heinsohn and Steiger found in Slovakia could happen in Cuba:

“The sale of Slovakian assets triggers a demand for Slovakian crowns. This demand temporarily stabilizes the crown’s exchange value and hides the poorly secured basis of this currency. If investors are successful but have difficulty to transform their profits made in Slovakia into Slovakian property titles, i.e., cannot accumulate within Slovakia, they will sell the earned Slovakian currency and reverse the initial boosting effect on the crown. With the bad local securities on the asset side of the Slovakian Central Bank’s balance sheet this fall cannot be brought to halt. The cry for help from international monetary institutions by Slovakia—or other transformation states—is what usually follows such devaluation. The circle can begin anew. Western experts,

37. Cf. Travieso-Díaz, Matías. 2001. “Cuba’s perfeccionamiento empresarial law. A step towards privatization?” *Cuba in Transition*, Vol. 11, Washington D.C, 271-289.

38. Heinsohn, Gunnar, and Otto Steiger. 2001, 218-219. Regarding the functionally required banking system —also a condition that the assets can be economized by the credit-lender dynamics—they explain:

“It has to have a sufficient margin of its assets over its main liabilities, i.e., the central bank notes. In other words, a central bank has to be able to buy back all its bank notes by selling its assets. For the case they are used up, the central bank has to liquidate its own capital (the margin). If suspicion arises that a central banks’ assets no longer cover the notes it has released into circulation its currency is prone to devaluation.

There still exists the a popular idea - conveyed by Western consultants to former Socialist countries - that a central bank can create money by merely taking in repayable claims to reliable commercial banks. By not paying attention to how these claims are secured - with good property titles - by the commercial banks, this dream of creating money out of nothing was devastating. The commercial banks failed to build up low risk stocks of assets. The governments did not understand that they had to create evenly distributed titles to property as a starting point to empower citizens to become investors, i.e., low risk debtors to these banks. As one result, the central banks rationed their supply of money. Others raised the rate of interest sky-high to keep money scarce. In both cases investment was stalled. In a functioning property society it is the supply of good collateral that limits the issuing of money, thereby keeping it scarce. Good collateral is not identical with mere debt titles because they can be issued by a debtor at will. Debt titles acceptable by a central bank must first have been accepted, i.e., bought by a third party. It is this buyer-creditor who is, then, made liable by the central bank, i.e., who carries the burden of a debtor on behalf of the original debtor. Therefore, the readiness of such third parties to buy debt titles sets the ultimate limit for the issuing of central bank money” ibidem. 212.

again, fail to outline the rules of generating good money.” The creation of money, out of credit-contracts will take place through the handover of housing assets to the Cubans and the initiation of businesses, leading to capital building processes.

For (future Cuban) policy makers it is important to see that one of the major constraints within the implementation of a private ownership society is the fact that the measures to secure the existence of all its members as they were inherent to collective possession systems like socialism have to be entirely be substituted by monetarily organized social systems to be newly implemented. Social Policy in this sense is the answer to the simple fact that in any credit/loan contract lays the inherent risk that the borrower fails with his investment and loses his credibility/creditworthiness and his property. The social welfare state is a result and pendant to a state of law built on property. The monetarily organized social policy secures and guarantees the existence of failed investors or citizens who lost their solvency due to unemployment and is evidently necessary also to help to win the social acceptance for the Property/Ownership Economy as such and its related freedom, not always easy to live.

In this context it must not be forgotten that the Great Transformation (as described by K. Polanyi 1944) of the former feudal society within the Industrial Revolution made possible via establishing ownership societies was seen as a catastrophe of social disintegration to which in the end of the 19th century the answer was found by establishing social security benefits, prominently in Germany the Bismarck Social legislation.

Understanding that an Ownership society/Property Economy needs a social policy pendant, allows not to repeat a mistake that was made elsewhere in some policies of reform implementation like in Peru, Brasil, Honduras or Mexico:³⁹ The basis for these reforms based on the error that granting property titles to the poor can substitute social policy. This is not the case, because the introduction of full property/ownership rights actually does destroy given security mechanisms, because social aspects, especially in the case of enforcement in case of inability to pay or insolvency, have to be subordinated to the functioning of Property Economics. The distribution of property titles requires social policy because defaulters have to leave the

39. Schulz, Justyna. 2009. Eigentum und Geld als Faktoren ökonomischer Entwicklung. Eine eigentumsökonomische Analyse des wirtschaftlichen Wandels in Polen nach 1989. Marburg, 137.

Theoretical Foundations of a Future Privatization in Cuba: The Property and Ownership

property (real estate property) serving as collateral to the lender: “The well meant protection of the poor, the tenants or debtors turns to be sort of a ‘positive discrimination’ which turns into the opposite, since it makes it impossible for these citizens to encumbrance and get indebted, cementing their poverty. It is not seen that regulations who impede the banks the liquidation of assets serving as collateral only helps to sever the creditunworthiness of the ‘protected’ citizens, thus unable to find the way to investment and also entrepreneurship. The economic dynamics which can be achieved through the encumbrance of creditworthy investors, i.e. citizens holding collateral as security, is blocked because of a misunderstood social policy.”⁴⁰

Due to acceptance problems for instants, it was, in the case of Poland, only in 2007, 17 years after 1990, that the Governing coalition of Jarosław Kaczyński obliged the building societies as residential building cooperatives (public entities who rent flats) to constitute an officially registered ownership title following a request of its members. So from July 2007 to August 2009 ca. 800.000 secured registered individual units came into existence, assets which can be used as security for new credit facilities and the corresponding economic activities that can result out of them. At the same time the building cooperatives were instructed to clarify the status of property of the assets which were transferred to them by law in 1990, bringing up to date the registries. An important topic within the policy implementation in this context is therefore the real estate market and its handling. This will be decisive especially in the case of Cuba, because this is the only way to create capital within the country for national Cubans, as in the mentioned exemplary case of Slovenia.

The importance of the title lays in the capacity to gain liquidity through encumbrance. Yet, unconditional enforcement into the title is a precondition of the functioning of an ownership society. The transformation from a possession based dominion to a property based society of free citizens requires the release and liberation of the resources, especially land and real estate, from socially determined possession rights of thirds, so that they can be constituted as tradable, freely transferable assets. In this context it can well be said that the handling of the necessary corresponding registration procedures under notary publics should not be a real problem in Cuba, since the registries have survived and the legal tradition of a Ley Hipotecario, once it is

40. Schulz, Justyna. 2009. 138.

implemented does exist and just would have to be reactivated.⁴¹ Over all it is clear: The new framework which has to guarantee the functioning of a property based economy and society must reflect the practical viability. An accepted legal body to acknowledge these properties has to be created. Without such objective acknowledgements the titles cannot be made economically operable, i.e., they can neither be encumbered, sold, taxed nor enforced. They have to be “bankable.” This was neglected also partially within the Eastern European transition processes: “There have been several changes in the legal framework concerning mortgage loans that make it possible for banks holding special mortgage banking loans to have a good claim on the collateral. There were problems with that before, when the bank couldn't hold first position on the title, but now they can. [...] More mortgages means a lot of cash poured into the market that was not available before.”⁴²

Basically, what I tried to do here is: To set up a new vision of a transition process, from a new perspective, from the Property Economics perspective, raising probably new questions. But sometimes it is better to raise new questions than always recur on wrong answers. I think, and that is why we all came together, that the Cuban Nation and its people deserve the right answers on the right questions.

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11 Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

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Abstract: The socialist multinational represents a effort to find a new way for states to engage in globalization by creating a vehicle for more directed state intervention in economic markets using a form distinct from the traditional model of state owned enterprises. This paper considers recent to Cuban led efforts to develop new forms of state-owned multinational enterprises and the potential conflicts between these entities and the emerging rules for international business behavior, especially those touching on business and human rights. The paper starts by discussing the basic theory and objectives of the grannacional generally, as a new form of transnational public enterprise, one that is meant to provide a viable challenge to current conventional global systems of economic organization. These ideas have been articulated as the “concepto grannacional” being given effect through the inter-governmental arrangements of the Alternativa Bolivariana Para los Pueblos de Nuestra América (ALBA). Grannacional economic activity, ideologically based, is divided into two categories. The first, proyectos grannacionales, are inter-governmental in character. These include enterprises targeting education, tourism and the provision of medical services. The second, empresas grannacionales, focus on the creation of entities controlled by ALBA states and geared to the production, sale and distribution of goods. It then focuses on a specific grannacional related project—the Misión Barrio Adentro (MBA), a socio-political barter project in which Cuba exchanged doctors and other health field related goods and services

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under its control for Venezuelan goods, principally petroleum. For Cuba, programs like MBA have served as a means of engaging in economic globalization and of leveraging its political intervention in the service of its ideological programs in receptive states like Venezuela. It has also provided a basis for expanding Cuba's commercial power by permitting large scale state directed barter transactions. But when bartering involves labor as well as capital, the fundamental premises of the ALBA system—and Cuban ideological notions of the fungibility of labor and capital in the service of the state—may collide with emerging global frameworks for human rights and economic activity. That collision is examined against recent litigation in the United States which Cuban labor barter transactions have been alleged to constitute forced labor in violation of international law, the use of international standards to impose liability on third party corporations on a complicity theory, and the application of soft law frameworks against the ALBA states and complicit third country entities. The paper concludes that these emerging forms of economic enterprises, like related public ventures into private markets pose substantial political and legal issues at the intersection of public, private, national and international law. Global human rights norms, then, might confine gran-nacional activity to the territory of the sponsoring states more effectively than any sort of politically motivated embargo.

INTRODUCTION

Despite the efforts of the United States over the last half-century, Cuba is not isolated on the international stage. Nonetheless, the Cuban Embargo has had a tremendous effect on the way in which Cuba is understood in the global legal order.² The understanding has vitally affected the way in which Cuba is situated for study both within and outside the Island. This “Embargo mentality” has spawned an ideology of presumptive separation that, colored either from the political “left” or “right” presumes isolation as the equilibrium point for any sort of Cuban engagement. Indeed, this “Embargo mentality” has suggested that isolation and lack of sustained engagement is at the center of any study of Cuba.³ Yet it is important to

2. The Embargo is actually the aggregate effect of the operation of a number of interconnected laws and regulations that have been developed since the early years of the Castro government. Together, they effectively embargo most transactions with or travel to Cuba without the permission of the federal government. Among the laws which facilitate this embargo are the: (1) Trading With the Enemy Act of 1917, 50 U.S. C. §§ 5 et seq., under which the President may limit trade with an enemy nation during times of war or peace, and under which American Presidents issue annual reports on the Cuban state of emergency; (2) Foreign Assistance Act of 1961, 22 U.S.C. § 2151 et seq, pursuant to which aid is provided to nations other than Cuba, which is expressly excluded from its provision as long as Cuba retains a Marxist-Leninist government; (3) Cuban Democracy Act of 1992, 22 U.S.C. § 6001 et seq., under which foreign aid is promised to Cuba once the Marxist-Leninist government is removed; (4) and the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1995, 22 U.S.C. §§ 6021-6091, which discourages third country investment in Cuba, encourages democratic reform in Cuba, proposes an assistance plan if transition to market economy occurs, protects the property rights of U.S. nationals, and codifies all prior federal regulations involving Cuba. Under regulations implementing the Trading With the Enemy Act all unlicensed financial and commercial transactions by Americans with Cuba or Cuban citizens is prohibited, Cuban assets of Cuba in the United States are frozen, and remittances to Cuban citizens limited, and travel to and expenditure of money in Cuba is prohibited.

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

remember that the Embargo has affected only the character of Cuba's engagement rather than the possibility of that engagement as a sustained matter of policy and action.⁴ This suggests that to study Cuban global engagement requires a recognition and rejection of the "Embargo mentality" as the ordering device for analysis.

What, then, is the nature of Cuban engagement on the world stage? Conventionally understood, Cuban engagement has been episodic and opportunistic.⁵ It has been (and continues to be) confrontational at times and always ideologically driven in large part, perhaps, because those strategies have worked well for Cuba on the international stage. Since the 1959 Revolution, Cuba has fought a number of wars on multiple fronts in the service of its national interests and internationally significant ideological campaigns. Virtually every lever of state power has been used in these efforts-including military, diplomatic, organizational, economic, media, cultural, religious and ideological efforts.⁶ Most of these efforts have used the United States, and its socio-political, economic, cultural and ideological values, as the great foil against which to battle.

The nature of Cuban engagement in the context of its relationship with the United States has also shaped the nature of its success in efforts to project its power abroad and shaped the character of its influence on the global stage. Over the course of the last half century, these efforts have had mixed results. But they have had one singular success-they have propelled Cuba to a level of influence on the world stage far beyond what its size, military and economic power might have suggested. Like the United States, Cuba has managed to use internationalism, and especially strategically deployed engagements in intergovernmental ventures, to leverage its influence and the strength of its attempted interventions in each of these fields.⁷ For this rea-

3. See, e.g., Patrick J. Haney and Walt Venderbush, *The Cuban Embargo. The Domestic Politics of an American Foreign Policy* (Pittsburgh: University of Pittsburgh Press, 2005); Juan Valdez Paz, The Socialist Transition in Cuba: Continuity and Change, 22 *Soc. Justice* 92 (1995). ("the ideological disinformation campaigns, and political pressures of every kind have been geared to fomenting domestic opposition on the island, the diplomatic isolation of Cuba, and the subversion of the socialist regime in Cuba."). There is a mountain of writing on the American economic blockade of Cuba. Most of it is politically pointed. For a recent sampling, see, e.g., Daniel P. Erikson, The New Cuba Divide, *The National Interest* 65 (Spring 2002). The issues of the blockade, its effects, value, legality or otherwise are outside the scope of this article.

4. See, e.g., Jorge Dominguez, Cuban Foreign Policy, *Foreign Affairs*, Fall 1978 available <http://www.foreignaffairs.com/articles/29930/jorge-dominguez/cuban-foreign-policy>.

5. For a general discussion of Cuban foreign policy, see, e.g., the essays in *Redefining Cuban Foreign Policy: The Impact of the "Special Period,"* (H. Michael Erisman and John M. Kirk , eds., Gainesville: University Press of Florida, 2006).

6. See, e.g., Jorge Dominguez, *To Make the World Safe for Revolution: Cuba's Foreign Policy* (Cambridge, Mass: Harvard University Press, 1989).

son, if for no other, any great effort by Cuba to influence behavior is worth careful study.

The character of Cuban engagement has changed in some significant respects since 2000. Cuba has begun to move from a focus on the international community to confront the effects and exploit the opportunities of the framework of economic globalization have emerged over the last twenty years. Over the last decade that engagement has assumed an important economic as well as military and diplomatic character. Globalization has not left Cuba untouched, something that the Cuban leadership has acknowledged.⁸ But Cuba has sought to engage globalization on its own terms. The engagement must be understood as increasingly bound up within the context of Cuba's external relations, especially those in which Cuban has participated in the construction of a multi-national institutional architecture and in which it may not appear to take the lead.

In particular, since the start of the 21st century, conventional economic globalization has been the object of one of the principal long term ideological wars waged by the Cuban state.⁹ The Cuban state has been active in its attacks on the organizational framework of global conventional economic organization, from sovereign debt¹⁰ and business organization¹¹ to the basis of private power to effect trade between states.¹² Among its many activities in this realm, the Cuban state has undertaken two significant efforts. The first seeks to develop an alternative basis for inter-governmental management of trade through the *Alianza Bolivariana Para los Pueblos de Nuestra América* (ALBA).¹³ The second, realized in large part within the ambit of the

7. Robert Huish and John M. Kirk, "Cuban Medical Internationalism and the Development of the Latin American School of Medicine," *Latin American Perspectives* 34(6), 77-92 (2007). This was understood even in the 1970s. "Cuba is a small country, but it has a big country's foreign policy. It has tried to carry out such a policy since the beginning of the revolution, but only in the second half of the 1970s did it have the conditions—internal resources, lack of U.S. opposition, and an African context that welcomed what Cuba seemed best able to provide—to become a visible and important actor actually shaping the course of events." Jorge Domínguez, "Cuban Foreign Policy," *Foreign Affairs*, Fall 1978 available <http://www.foreignaffairs.com/articles/29930/jorge-dominguez/cuban-foreign-policy>.

8. Fidel Castro Ruz, *De Seattle al 11 de septiembre* (Navarra: Txalaparta, 2002).

9. Fidel Castro Ruz, *On Imperialist Globalization*, London: Zed Books (2003).

10. Larry Catá Backer, "Ideologies of Globalization and Sovereign Debt: Cuba and the IMF." *Penn State Int'l L. Rev.* 24, 497-561 (2006).

11. Larry Catá Backer, "Cuban Corporate Governance at the Crossroads: Cuban Marxism, Private Economic Collectives, and Free Market Globalism." *Transnational Law & Contemporary Problems* 14(2), 337-418 (2004).

12. Fidel Castro Ruz, *Capitalism in Crisis: Globalization and World Politics Today*, North Melbourne, Australia: Ocean Press (2000).

13. Larry Catá Backer, Augusto Molina Roman, "Cuba And The Construction Of Alternative Global Trade Systems: ALBA And Free Trade In The Americas." *University of Pennsylvania Journal of Int'l L. Rev.* 31(3), 679-752 (2010).

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

first, seeks an alternative basis of the organization of economic activity for the production of goods and provision of services.

The Cuban approach to trade posits the primacy of the state as the agent of commercial activity. Those activities, however, are realized through new forms of commercial organization that mimic, to a certain extent, the forms of global trade affected by non-state actors. These ideas have been articulated as the “concepto grannacional”¹⁴ being given effect through the inter-governmental arrangements of ALBA.¹⁵ The basic theory and objectives of the *grannacional* generally, is offered as a new form of transnational public enterprise, one that is meant to provide a viable challenge to current conventional global systems of economic organization. *Grannacional* economic activity, ideologically based, is divided into two categories. The first, *proyectos grannacionales* (PGs), are inter-governmental in character. These include efforts to create alternatives to dollar denominated trade transactions grounded in the “sucre”¹⁶ but also embrace enterprises targeting education, tourism and the provision of medical services. The second, *empresas grannacionales* (EGs), focus on the creation of entities controlled by ALBA states and geared to the production, sale and distribution of goods.¹⁷ These projects and enterprises are still at a very early stage in development. But all of them share certain characteristics founded on their organizational framework: control by the state, a conflation of labor and capital as components of production and a focus on state policy for the production and distribution of goods and services in the service of state determined economic welfare maximization.

The emergence of these enterprises, however, is not happening in a vacuum. These enterprises, arguably created as a challenge to the conventional global economic framework still must operate within the general parameters

14. ALBA, *Tratado de comercio de los Pueblos, Documentos de la VI Cumbre, Conceptualización de Proyecto y Empresa Grannacional en el Marco del ALBA* (January 27, 2008) (Published Oct. 30, 2009), available at <http://alainet.org/active/21866>, official at <http://www.alianzabolivariana.org/modules.php?name=Content&pa=showpage&pid=2074>.

15. This is substantially different from the approach taken, for example, by the Chinese. See, e.g., Larry Catá Backer, “Sovereign Investing in Times of Crisis: Global Regulation of Sovereign Wealth Funds, State Owned Enterprises and the Chinese Experience.” *Transnational Law & Contemporary Problems* 19(1), 3 (2010).

16. Venezuela, *Ministerio de Poder Popular para la Comunicación y la Información*, Venezuela, Cuba y Ecuador consolidan integración comercial con el Sucre (July 9, 2010), available at http://www.minci.gob.ve/noticias/1/201080/venezuelacuba_y_ecuador.html.

17. Venezuela, *Ministerio de Poder Popular para la Comunicación y la Información*, Consejo Social de la ALBA impulsa la creación de empresas grannacionales (August 21, 2009), available at http://www.minci.gob.ve/noticias/1/191289/consejo_social_de.html,

of human rights and other norms with respect to which international consensus has been developing, many with Cuba's approval.¹⁸ Among important new developments in the rules of business behavior, especially those touching on internationally recognized human rights, are soft law instruments developed through the Organization for Economic Cooperation and Development (OECD),¹⁹ and the principles of business and human rights being developed by the United Nations through the Secretary General's Special Representative John Ruggie²⁰—the Protect-Respect-Remedy framework.²¹ These international efforts are substantially changing the terrain within which businesses operate and states understand the nature of their duty to construct and apply law within their territories.

But Cuba is quickly learning one of the great lessons of global engagement. "Seven Cuban doctors and a nurse have accused their government of engaging in a 'modern form of slavery' with Venezuela after bartering their services for cheap Venezuelan oil."²² This is a not unusual consequence when state operated enterprises that combine sovereign and private activity collide with emerging international human rights rules. This collision, and its particular potential effects on Cuba's recent efforts to define a space for itself within global economic frameworks, is the subject of this paper. In particular, the relationship between enterprise, state, and worker appears to serve as a flash point for conflict between the *grannacional* conception of business and global consensus on the rights of workers—especially in areas of pay, forced labor, and trafficking. There is already an indication of potential conflict in recent cases filed in the United States in which these issues have been raised.²³ "For multinational corporations facing allegations of

18. See, e.g., Larry Catá Backer, "Multinational Corporations, Transnational Law: The United Nation's Norms on the Responsibilities of Transnational Corporations as a Harbinger of Corporate Social Responsibility as International Law," 37 *Columbia Human Rights Law Review* 287 (2006).

19. Organization for Economic Cooperation and Development, *OECD Guidelines on Corporate Governance of State Owned Industries* (2005) <http://www.oecd.org/dataoecd/46/51/34803211.pdf>; OÉCD, *Policy Brief, The OECD Guidelines for Multinational Enterprises* (June 2001) <<http://www.oecd.org/dataoecd/12/21/1903291.pdf>>.

20. John Ruggie, "Promotion of All Human Rights, Civil, Political, Economic, Social and Cultural Rights, Including the Right to Development: Business and Human Rights: Towards Operationalizing the 'protect, respect, and remedy' Framework," *Report of the Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises*, A/HRC/11/13 (April 22, 2009).

21. See, e.g., "From Institutional Misalignments to Socially Sustainable Governance: The Guiding Principles for the Implementation of the United Nation's 'Protect, Respect and Remedy' and the Construction of Inter-Systemic Global Governance," 24 Pacific McGeorge Global Business & Development Law Journal—(forthcoming 2012).

22. Lorena Galliot, "Eight Cuban medics sue Caracas and Havana for 'forced labour.'" *France 24* (Feb. 26, 2010), available at <http://www.france24.com/en/20100225-eight-cuban-medics-sue-caracas-havana-forced-labour>.

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

human rights abuses, the stakes have never been higher.”²⁴ That applies, in equal measure, to economic enterprises sponsored, owned or controlled by Cuba. And this is an area in which state sovereignty will provide little protection to enterprises geared to projection within world markets.

This paper considers Cuba's new efforts at global engagements through the device of the *grannacional* in its ALBA framework. This is the new frontier for Cuban foreign and economic policy as Cuba seeks to more actively engage the world on its own terms. The paper considers the *grannacional* first as concept, then as reality and finally examines the consequences of that implementation in the form of the potential for conflict between the conceptual framework of the *grannacional* project and the emerging normative system of business and human rights governance rules. After this introduction, Part II examines the basic theory and objectives of the *grannacional* generally as articulated in ALBA publications as the “*concepto grannacional*” that serves as the organizing framework of these multi-state socialist enterprises. It considers distinctions and implications for the division of grannacional efforts between proyectos grannacionales and empresas grannacionales. Part III then focuses on a specific grannacional-related project—the *Misión Barrio Adentro* (MBA), a socio-political barter project in which Cuba exchanges doctors and other health field related goods and services under its control for Venezuelan goods, principally petroleum.²⁵ MBA is analyzed as an example of the application of Cuban-Venezuelan approach to economic and social organization through the state. The MBA is also useful as an illustration of the difficulties of translating that approach into forms that might conform with emerging global expectations of economic conduct by private and state actors. The recent litigation in which Cuba has been accused (directly or indirectly) of violating international law by operating enterprises based on forced labor by both laborers and doctors, and soft law systems of governing business conduct²⁶ serve as a backdrop against which this analysis is undertaken.

Part IV then considers the possibility of incompatibility between the *grannacional* projects as implemented and the emerging regimes of business and

23. Licea v. Curacao Drydock Co., 537 F.Supp.2d 1270 (S.D.Fla.2008).

24. Jonathan Drimmer, “Five Tips to Avoid the Human Rights Litigation Trap,” *Corporate Counsel*, (March 26, 2009), available at <http://www.law.com/jsp/cc/PubArticleCC.jsp?id=1202429383515>.

25. Convenio, *Convenio Integral de Cooperación entre la República de Cuba y la República Bolivariana de Venezuela* (entered into force Oct. 30, 2000).

26. Galliot, *supra* note 3.

human rights rules. For Cuba, programs like MBA have served as a means of engaging in economic globalization and of leveraging its political intervention in the service of its ideological programs in receptive states like Venezuela.²⁷ It has also provided a basis for expanding Cuba's commercial power by permitting large scale state-directed barter transactions. But when bartering involves labor as well as capital, the fundamental premises of the ALBA system—and Cuban ideological notions of the fungibility of labor and capital in the service of the state—may collide with emerging global frameworks for human rights and economic activity. That collision is examined against (1) recent litigation in which Cuba has been accused (directly or indirectly) of violating international law by operating enterprises based on forced labor, (2) the possibility of conforming to the OECD's Guidelines on Corporate Governance of State Owned Enterprises, and (3) the possibility that these enterprises will not be able to conform to the United Nation's developing business and Human Rights project. MBA serves as a template both to understand the character of the operationalization of social sector *grannacionales* and also to illustrate the way in which these projects raise significant questions of international law compliance, especially the ability of these enterprises to comply with emerging standards of business conduct.

THE *GRANNACIONAL*-CONCEPT, PROJECT, ENTERPRISE

To understand the *grannacional* project, one must start with the presumption that its contours are a construct of applied ideology. It serves as an application of the fundamental ideological premises of ALBA, grounded in opposition to what Castro has long derided as “neo-liberalism.” Those ideological premises include a deep suspicion of private sector globalization without strong state control and the understanding of the deployment of economic globalization as a means of deepening the dependence of developing states to the great national economic powers, headed by the United States. Castro has made that clear in speeches since the mid 1980s.²⁸ ALBA is meant to provide an inter-governmental context within which these ideological confrontations with conventional globalization can be implemented.²⁹

27. John M. Kirk and H. Michael Erisman, *Cuban Medical Internationalism: Origins, Evolution, and Goals*. New York: Palgrave Macmillan (2009).

28. Backer, *supra* note 5.

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

The conception of *grannacional* projects is understood as essentially political.³⁰ This political conception of the *grannacional* function is divided into three components, historical and geopolitical, socio-economic, and ideological. The historical objective is targeted toward integration. This historical and geopolitical component is grounded in the sense that the business of the construction of Latin America, started with the wars of liberation of the 19th century, is unfinished. Its object is integration at the supra-national level, that is, to understand *grannacionales* as the formal expression of efforts to create a single nation (“la visión bolivariana de la unión de las repúblicas latinoamericanas y caribeñas para la conformación de una gran nación”).³¹ Thus the derivation of the name *gran-nacional* is meant to suggest a national grouping cemented through its political-economic relations but which would also respect national peculiarities and sovereignty.³²

The second component, socio-economic in character, focuses on integration through state directed enterprises. This vision of the *grannacional* as a means to integration of Latin American and Caribbean states is augmented by the second component of the political conception of the use of the *grannacional*, its deployment as a functional means to reach the political ends of integration. It is in this functional sense that the *grannacionales* are understood to have a socio-economic foundation.³³ *Grannacionales* are meant to serve as the great vehicle for state directed development. They are the embodiment of an ideology that sees economic activity as a means to satisfy public policy rather than as an end in itself (that is, as a vehicle to maximize individual welfare). This development is meant to maximize national and regional needs rather than aggregated global needs.³⁴

29. ALBA, *Tratado de comercio de los Pueblos, Documentos de la VI Cumbre, Conceptualización de Proyecto y Empresa Grannacional en el Marco del ALBA* (January 27, 2008) (Published Oct. 30, 2009), available at <http://alainet.org/active/21866>, official at <http://www.alianzabolivariana.org/modules.php?name=Content&pa=showpage&pid=2074>. (“En este sentido, constituye una ruptura con la visión económica clásica de la integración y la cooperación internacional. El ALBA, en tanto que alianza política estratégica tiene el propósito histórico fundamental de unir las capacidades y fortalezas de los países que la integran, en la perspectiva de producir las transformaciones estructurales y el sistema de relaciones necesarias para alcanzar el desarrollo integral requerido para la continuidad de nuestra existencia como naciones soberanas y justas.”)

30. *Id.*

31. *Id.*

32. *Id.* (“El concepto grannacional puede asimilarse al de mega estado, en el sentido de la definición conjunta de grandes líneas de acción política común entre estados que comparten una misma visión del ejercicio de la soberanía nacional y regional, desarrollando y desplegando cada uno su propia identidad social y política, sin que ello implique en el momento actual la construcción de estructuras supranacionales.”).

33. *Id.*

The third component, ideological in character, privileges ALBA's ideological framework as the organizing basis of economic activity. Taken together, the *grannacional* is understood as an ideological vehicle advancing political and economic aims of the state. Specifically, the *grannacional* enterprise has as its objective the manifestation of a united front by generating a multinational block for the structuring of sovereign regional politics.³⁵ This functional manifestation of a united front is best understood in its Marxist-Leninist form: "It is particularly important when using the united front tactic to achieve not just agitational but also organisational results. Every opportunity must be used to establish organisational footholds among the working masses themselves."³⁶ The *grannacional* enterprise contributes to united front tactics by contributing functionally to the structuring of a successful supra national trade system that counters the deleterious effects of the conventional global economic order, supports what ALBA states understand to be sustainable development that is socially just, preserves national sovereignty and self determination.³⁷

That focus has consequences beyond the cultivation of old fashioned Marxist-Leninist internationalism. The most important, perhaps, is that efficiency is measured differently than in classical economics or under the framework of conventional economic globalization. It is understood only in relation to the aims of the state in meeting its political goals, measured to some extent on the state's assessment of its ability to meet the needs of a majority of its people. Both the political and needs objectives are also constructs of state policy. This produces something of an inversion from concepts in classical economics.

It follows that the *grannacional* enterprise is understood as a process of experimentation in the application of ALBA principles.³⁸ It is the means

34. *Id.* Thus understood, development is "basado en la constatación de que la estrategia de desarrollo de las economías de nuestros países hasta el grado de producir la satisfacción de las necesidades sociales de las grandes mayorías, no puede limitarse al ámbito local."

35. *Id.* Thus the *grannacional* is to generate "bloque en la perspectiva de estructurar políticas regionales soberanas."

36. Communist International, *Fourth Congress of the Communist International, Theses on Comintern Tactics* (5 December 1922), available at <http://www.marxists.org/history/international/comintern/4th-congress/tactics.htm>.

37. *Id.* These specific aspects of this *grannacional* objectives echoes language from the Fourth Congress of the Communist International. "One of the most important tasks of the Communist Parties is to organise resistance to international fascism. . . The united front tactic is simply an initiative whereby the Communists propose to join with all workers belonging to other parties and groups and all unaligned workers in a common struggle to defend the immediate, basic interests of the working class against the bourgeoisie." (*Id.*, 5).

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

through which the ideological framework of ALBA is to be manifested among its member states, with the objective of moving the ALBA states toward political union. That union is bound up in notions of Marxist economic determinism: union will be achieved as the inevitable consequence of global dynamics dominated for the moment by the great industrial powers and blocks of economically hegemonic states.³⁹ “Now, more than ever, the strictest international discipline is necessary, both within the Communist International and in each of its separate sections, in order to carry out the united front tactic at the international level and in each individual country.”⁴⁰ The *grannacional* enterprise is meant to provide a framework for that discipline.

This experimentation manifests in two concrete forms—*proyectos grannacionales* (PG) and *empresas grannacionales* (EG). PGs have as their object the reorganization of the state sector around designated fields of economic or commercial activities. PG programs are meant to organize integrated ALBA member state activity around key fields of activity, encompassing political, cultural, economic, scientific, and industrial activity.⁴¹ PG include all programs undertaken to benefit the greatest number under the ideological framework and goals of ALBA, approved by ALBA Member States, and whose execution requires the participation of two or more ALBA Member States. This organization is grounded in ALBA's normative construction of principles of “just trade” and solidarity commerce, which is sometimes reduced to three principles—barter transactions, non-reciprocity in trade relations, and differential treatment of trade partners to advance national and development objectives (*comercio compensado, no-reciprocidad, y trato diferenciado*). Since 2009, the ALBA Member States agreed to the creation of a permanent commission to oversee the development of PGs.⁴²

EG are the engines of PGs—they are entities organized to carry out the economic activities of the PGs—that is, they are meant to serve as a public sector socialist multinational enterprise. If PGs are meant to organize pro-

38. ALBA, *supra* note 18, (“En consecuencia, lo grannacional es el proceso que experimentamos hoy bajo los principios del ALBA.”)

39. That is, “hacia la cual nos empuja la dinámica del mundo actual dominado por las grandes potencias industrializadas y los bloques económicos hegemónicos.” *Id.*

40. Communist International, *Supra* note 25.

41. ALBA, *supra* note 18.

42. Venezuela, Ministerio de Poder Popular para la Comunicación y la Información, YVKE Mundial Radio, *Creación de la Comisión Permanente de ALBA que evaluará proyectos grannacionales* (February 27, 2009), available at <http://www.radiomundial.com.ve/yvke/noticia.php?20447>.

ductive activities, EGs are meant to implement them in an orderly way.⁴³ But the relationship between PG and EG is not strictly linear—though it is clear that every EG must derive from a PG, not every PG will require the establishment of an EG.⁴⁴ This is especially the case with respect to political, social and cultural projects for which the apparatus of the state may be used directly to implement PG objectives. Nor are all PG and EG projects required to be established at the supra-national level—single state PGs and EGs may be created as long as they are consonant with ALBA principles and goals.⁴⁵

The objectives of the EG mirror those of private multinational enterprises. EGs are meant to embody an alternative to the model of the private multinational enterprise, which seeks to maximize the welfare of its shareholders and other important stakeholders. EGs are said to invert the traditional maximization model by seeking to maximize the welfare of the objects of economic (or other) activity, rather than those involved in the production or financing of that activity.⁴⁶ That effective inversion is what is meant by the ideological focus on “just commercial zone” within the ALBA region. EGs are all state owned enterprises, established as separate juridical persons, interest in which is measured through share ownership by participating ALBA Member States.⁴⁷ But they might be organized in other ways. In any case, EGs will be established under special legislation, rather than under the incorporation rules of any one of the participating ALBA Member States, a supra-national sovereign joint venture operating in private form.⁴⁸ EGs are understood to be autonomous and might enter into joint venture arrangements with private sector enterprises.⁴⁹ The primary focus of activity is within the

43. ALBA, *supra* note 18. (“En resumen, tenemos que un proyecto grannacional es todo programa de acción dirigido a cumplir con los principios y fines del ALBA, que haya sido validado por los países integrantes y cuya ejecución involucra a dos o más países, para beneficio de las grandes mayorías sociales.”)

44. Nidia Diaz, “Fruitful Balance in Just Five Years,” *Granma International Digital* (Dec. 11, 2009), available at <http://www.granma.cu/ingles/2009/diciembre/vier11/frutful-balance.html>. Thus, “grannational projects and enterprises . . . are materializing the social and economic projects of integration. Not every grannacional project will become a grannational enterprise, but every grannacional enterprise has to respond to a grannacional project, which must guide its development.”

45. ALBA, *supra* note 18.

46. *Id.* (“El concepto de empresas grannacionales surge en oposición al de las empresas transnacionales, por tanto, su dinámica económica se orientará a privilegiar la producción de bienes y servicios para la satisfacción de las necesidades humanas garantizando su continuidad y rompiendo con la lógica de la reproducción y acumulación del capital.”).

47. *Id.*

48. Telesur, *ALBA aprueba creación de empresa multinacional de alimentos* (January 29, 2010), available at <http://www.telesurtv.net/noticias/secciones/nota/66027-NN/alba-aprueba-creacion-de-empresa-multinacional-de-alimentos/>.

49. ALBA, *supra* note 18.

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

ALBA zone, directed toward economic development therein.⁵⁰ Thus, in a sense, the EG presents a modified form of globalization—a regionalist model meant to construct a supra-national internal market established through the direction of economic power in private form by states asserting sovereign authority for that purpose. A recent example includes the effort to create a Food EG (ALBA-Alimentos) to control the market for agricultural products within the ALBA zone.⁵¹ This suggests a new face for traditional command economy activity, but it is unclear whether it also suggests a change in function.

To their ideological ends, EGs are subject to a number of general parameters. EGs should operate to maximize the use of the existing capacities of the economies of each ALBA state in their operation for the purpose of aiding economic development in each of the participating states.⁵² EG production should be directed to satisfy the needs of the ALBA zone first; excess production might be directed to international markets.⁵³ Though the EG maximization model posits a focus on the needs of consumers, EGs must arrange their internal operations to be self-sustaining, a task acknowledged to be difficult.⁵⁴ To this end, EGs must also ensure environmental sustainability, promote equitable labor conditions and an equitable distribution of wealth.⁵⁵ It is understood, however, that EG earnings will be distributed to the ALBA Member States shareholders for their use for social ends, or retained by the EG.⁵⁶ While the EGs are grounded in a rejection of the welfare maximization principles of multinational corporations, they embrace the form of organization and production of those entities, including supply and

50. *Id.* (“Así tenemos que empresas grannacionales serán aquellas empresas de los países del ALBA integradas productivamente, cuya producción se destinará fundamentalmente al mercado intra-alba (zona de comercio justo), y cuya operación se realizará de forma eficiente.”)

51. *Id.*

52. *Id.* (“[D]eben partir de la noción de integración productiva y tener en cuenta las necesidades de complementación económica entre las naciones que la integran, en áreas fundamentales para el desarrollo económico-social. Esto supone utilizar al máximo las capacidades de cada país: recursos energéticos, disponibilidad financiera, disposición de materias primas, recurso humano calificado, desarrollo científico y tecnológico.”)

53. *Id.* (“La producción de estas empresas debe destinarse prioritariamente a satisfacer el consumo final o industrial del mercado intra-alba, a objeto de conformar la zona de comercio justo. Sus excedentes podrán colocarse en el mercado internacional.”)

54. *Id.* (“Las empresas grannacionales deben basar su existencia en la eficiencia productiva, inscribiéndola en los principios del ALBA. Esta no es una tarea fácil, pero tampoco imposible de lograr. Las empresas grannacionales tienen que ser autosostenibles.”)

55. *Id.* (“Las empresas grannacionales operarán bajo los principios de complementariedad, solidaridad, cooperación, reciprocidad y convivencia armoniosa del hombre con la naturaleza explotando razonablemente los recursos naturales y ejecutando proyectos ambientalmente sustentables, promoviendo condiciones de trabajo digno y redistribución equitativa de las riquezas.”)

56. ALBA, *Acuerdo para la constitución de una empresa grannacional de alimentos en el marco de Petrocaribe y el ALBA* (August 25, 2008), available at http://www.sudamerigarural.org/download.php?mc=45&fn=grannacional_alimentos.pdf&type=5&item=33&dn=documents.

production chain principles, and resource procurement optimization. But their intense connection to states makes them both regulatory and commercial vehicles. Their activity, whether organized as judicially distinct corporate legal personalities or as joint venture divisions of several state governmental ministries, represented a variant of coordinated supra-national state sovereign activity effectuated through markets⁵⁷—state dominated markets in some parts of the ALBA zone and markets increasingly private in character the farther from the ALBA zone the activity occurs.

The notion of “fair price” is identified, though its definition is ambiguous, though likely grounded in principles of “just trade” and solidarity identified above. As such it can be understood as a political rather than a conventionally economic principle. But that is in line with ALBA's core notion of the conflation of politics and economics. And with respect to the exploitation of natural resources, there is a suggestion of a melding of state and private function.⁵⁸ That, in turn, is in line with ALBA's core political principle of the inseparability of public (sovereign) activity and market activity of state or private actors.

PGs and EGs have been used increasingly to organize state sector economic activity within and across ALBA states. In states like Cuba with minimal private sector activity of any significance, the use of these vehicles merely suggests a rearranging of the economic sectors affected. In other ALBA states, especially Venezuela and Bolivia, the result has been to effect a nationalization of economic sectors by a process of public privatization—that is the use of private sector entities “owned” by the states that also regulate the enterprises operating in that sector. This is the sort of double-edged activity that has been rejected as inequitable under principles of market integration within the European Union, for the very reason that it tends to disadvantage non-state private competitors in these markets.⁵⁹ Since ALBA's inception, a number of PG and EG projects have been initiated or announced.⁶⁰ These include plans for a fisheries EG,⁶¹ forestry EG,⁶² a coffee EG between Venezuela and Dominica,⁶³ four energy-related EG

57. Larry Catá Backer, “On the Evolution of the United Nations' ‘Protect, Respect, and Remedy’ Project: The State, the Corporation and Human Rights in a Global Governance Context,” *Santa Clara J. Int'l Law* 9:- (forthcoming) (2010a), available http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1619939.

58. ALBA, *supra* note 18 (“Del control de las fuentes de materia prima: afortunadamente ésta es una ventaja real en nuestros países, en virtud de que el estado controla dichas fuentes.”).

59. Larry Catá Backer, “The Private Law of Public Law: Public Authorities As Shareholders, Golden Shares, Sovereign Wealth Funds, And The Public Law Element In Private Choice of Law.” *Tulane L. Rev.* 82(5):1801-1868 (2008).

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

between Venezuela and Bolivia,⁶⁴ an ALBA zone Hotels EG,⁶⁵ a mining EG between Ecuador and Venezuela,⁶⁶ an import-export bank to facilitate trade (ALBAexim),⁶⁷ an energy EG among Cuba, Venezuela, Ecuador and Nicaragua,⁶⁸ a number of mining and extractive minerals EGs,⁶⁹ and a transport EG between Cuba and Venezuela to stimulate trade within the ALBA zone and internationally.⁷⁰

PGs predate EGs in many fields. They predominate in the social, cultural and political areas, though they also encompass important service sectors—principally the health and health care fields. Many of these were organized early on as “Missions” (*Misiones*). *Misiones* have been defined as large scale strategic interventions to guarantee fundamental rights to the most excluded sections of the population.⁷¹ They are thus meant to combine the political, functional and ideological within identified sectors of economic activity, in which the political and ideological objectives may trump conventionally understood notions of economic efficiency in the private markets in which such interventions are targeted. These function like PGs, and formed the

60. Regueiro Bello, María Lourdes, “El Nuevo Entorno Latinoamericano. Algunas Reflexiones para el debate. Presentación en la Jornada de Educación Popular.” UNRC, Argentina, 5 y 6 de octubre de 2007, Slides available at http://slidewinder.net/e/el_nuevo_entorno/latinoamericano/850771/p2.

61. Venezuela, Ministerio de Poder Popular para la Comunicación y la Información, *Empresa Grannacional pesquera ALBA amplía flota con llegada a Venezuela de Buque Simón Bolívar* (May 10, 2010), available <http://www.vtv.gob.ve/noticias-econ%C3%B3micas/35435>.

62. Venezuela, Ministerio de Poder Popular para la Comunicación y la Información, *Avanzan esfuerzos para conformar Empresa Grannacional Forestal del ALBA* (July 3, 2008), available at http://www.mibam.gob.ve/portal/index.php?option=com_content&view=article&id=106:avanzan-esfuerzos-para-conformar-empresa-grannacional-forestal-del-alba&catid=14:generales&Itemid=96.

63. Venezuela, Ministerio de Poder Popular para la Comunicación y la Información, *Parlamento aprobó creación de empresa grannacional de café con Dominicana.* (July 1, 2010), available at <http://www.vtv.gov.ve/noticias-econ%C3%B3micas/38764>.

64. Venezuela, Ministerio de Poder Popular para la Comunicación y la Información, Four "Grannacional" companies are constituted in the energy field (April 30, 2010), available at http://www.pdvsa.com/index.php?tpl=interface.en/design/salaprensa/readnew.tpl.html&newsid_obj_id=8611&newsid_temas=1.

65. Telesur, *Ministros del ALBA acuerdan creación de Cadena Grannacional Hotelera* (January 30, 2010), available at <http://www.telesurtv.net/noticias/secciones/nota/66110-NN/ministros-del-alba-acuerdan-creacion-de-cadena-grannacional-hotelera/>.

66. Venezuela, Ministerio de Poder Popular para la Comunicación y la Información, *Nace la Empresa Grannacional Minera Mariscal Sucre* (March 26, 2010), available at <http://www.recursosnorenovables.gov.ec/es/inicio/destacados/853-nace-la-empresa-grannacional-minera-mariscal-sucre.html>

67. Los Tiempos, *Ponen en marcha la 1ra 'grannacional.'* (Oct. 19, 2009), available at http://www.lostiempos.com/diario/actualidad/economia/20091019/ponen-en-marcha-la-1ra-%E2%80%9Cgrannacional%E2%80%9D_41288_70228.html.

68. El Ciudadano, *Gran nacional de energía, gas y petróleo de ALBA se hace realidad* (January 27, 2010), available at http://www.elciudadano.gov.ec/index.php?option=com_content&view=article&id=9473:gran-national-de-energia-gas-y-petroleo-del-alba-se-hace-realidad-&catid=3:economia&Itemid=44.

69. FM Bolivia, *Países del ALBA deciden crear 5 empresas 'grannacionales.'* (Oct. 19, 2009), available at <http://www.fmbolivia.com.bo/noticia18090-paises-del-alba-deciden-crear-5-empresas-grannacionales.html>.

70. Ramírez Cruz, et al., *Transporte de carga internacional de Cuba: Problemas y perspectivas* (2007), available at <http://www.eumed.net/libros/2008b/413/Los%20Proyectos%20Grannacionales.htm>.

71. Venezuela, Ministerio de Comunicación e Información, *Misiones Bolivarianas* (May 2007), available at <http://www.consulvene-canarias.org/pdf/MISIONES%20BOLIVARIANAS.pdf>.

basis of early bi-lateral arrangements in the service sector between Cuba and Venezuela leading up to ALBA.⁷² Among more recent PGs are projects for the provision of quality medicines (ALBA-MED) between Cuba, Venezuela, Bolivia, Ecuador, and Nicaragua (PL 2009). A number of other PGs involve literacy, cultural identity and diversity and genetic studies.⁷³ Most PGs and EGs remain in the planning stage. Many of them are only recently announced. A number of them seem to serve their greatest purpose for their ideological rather than their functional value, appearing in most concrete form on the media sites of ALBA organs.

Three principal characteristics makes the *grannacional* experiment, even in its early stages of development, so innovative. The first is the use of the model to internationalize the state based central planning model of the last century. The second is the attempt to adapt conventional forms of non-state activity to the public sector. The third is use of the model to impose a stakeholder maximization model of corporate operation (where the stakeholder is the state in its representative capacity) for the more traditional shareholder wealth maximization model. Virtually all of the PG and EG initiatives appear aimed at organizing an economic or social sector under state direction and them marshalling productive capacity within a state controlled entity or otherwise within a state ministry. What is new is that this fairly common form, with origins in command economy practice, is within the *grannacional* context now practiced as a series of joint or multilateral ventures among states. The great innovation of the *grannacional* concept, then, lies in this internationalization of state-based central planning and control model within a regional trade zone. ALBA Member States now seek to create a web of economic arrangements, of state generated and controlled markets, that flow from state public policy based determinations of appropriate production, sale, distribution and development. The ultimate stakeholder in these enterprises thus shifts from the shareholder (and lender), to the national *demosi* of participating states, whose interests are represented by the state apparatus. Rather than maximizing shareholder value, the EG must now maximize national

72. Maribel Aponte García, "La economía solidaria y el socialismo del siglo XXI en la alternativa bolivariana: una aproximación inicial," *Otra Economía* 3(5):85-102 (2009).

73. "Asimismo, los 9 países de la Alianza prevén impulsar la constitución de varios proyectos "grannacionales", como la empresa de comunicaciones Albatel y el Fondo Cultural de la ALBA, destinado al desarrollo y defensa de la identidad y la diversidad cultural. Otros proyectos son el de alfabetización y postalfabetización, el ALBA-Educación, y la realización de un estudio clínico genético y psicosocial de personas con discapacidades, que ya se ha realizado en países como Cuba y Bolivia." (*Noticia al Día* Dec. 14, 2009).

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

welfare, as those things are measured by the states who participate (and regulate those markets). ALBA Member States have sought to turn the conventional economic model from one that privileges private interests to one that adopts the forms of private organization, but in which the state acts as both regulator and shareholder.⁷⁴ ALBA Member States have also sought to expand the utility of the *grannacional* form of sectoral organization by extending the use of these PG and EG projects to functions traditionally the province of religious and social organizations, or the state. Having conflated politics and economics, the *grannacionales* also merge the public and private. This amalgamation is then organized as state controlled enterprises, projects, missions, and the like. To date, PGs have sought to organize the following sectors: energy, finance, commerce, transport, telecommunications, education, culture, health, manufacturing, tourism, and mines.⁷⁵ Newer ventures include agriculture, fishing and other economic sectors.

Organizational form assumes less importance than the ideological framework and the functional objectives of these programs. Yet legal consequences may follow organizational form. Those legal consequences may affect both the state as shareholder or as principal in the implementation and operation of these programs. As supra-national programs, the *grannacionales* will be subject to the rules (and protections) of the domestic legal orders of the ALBA Member States that have an interest in specific programs. But they may also incur obligations to critical stakeholders-workers, consumers, lenders, and others-under international law. Moreover, to the extent that these *grannacionales* operate outside the ALBA zone, they may also incur obligations under the domestic law of host states. Precisely because the *grannacionales* are meant to challenge the basis of conventional economic (and legal) organization, it is likely that some of its practices may be incompatible with legal norms outside the ALBA zone. That incompatibility may give rise to significant legal liability where *grannacional* activities are judged outside of the ALBA zone. Where this liability touches on issues of human rights, it may suggest implications well beyond the legal. It is especially in those areas that ALBA's ideology of "just commerce" may come in conflict with global human rights norms, especially with respect to the power of the state over individuals as citizens and as workers.

74. Backer, *Supra* note 6.

75. Regueiro Bello, *Supra* note 50.

FROM THEORY TO PRACTICE: JUST COMMERCE, *GRANNACIONAL* ORGANIZATION, AND THE *MISIONES BARrio ADENTRO*

It is easy to assert in generalities that ALBA-system forms of economic activity might conflict with international human rights norms, with political and legal consequences. It is more helpful, perhaps, to provide a possible example of that potential conflict. For that purpose, Cuba and Venezuela's trade arrangements under an ALBA-related PG focusing on the health sector is examined. This is not meant to suggest that either only health sector economic activity might breach human rights norms or that the potential breach suggested in the example is the only possible form of violation of human rights norms. But the example is chosen because both the health care sector and Cuba's economic model for commerce in this area are an important element of ALBA programs and Cuban economic activity.

PGs and EGs function on the basis of the principle of the fusion of political and economic objectives under the direction of the state in which the state, as shareholder, supplies both capital and labor. In functional terms, many PG and EG operations are accomplished on a barter system in which each state maximizes the value of transactions in organized sectors of activity by trading capital, goods or labor among themselves. These transactions are memorialized by the states directly through Conventions (*Convenios Comerciales Compensados* or CCC) memorializing the terms of the barter transactions.⁷⁶ A number of these projects were organized as *misiones* (missions), an organizational term with origins in the revolutionary politics of Venezuela. *Misiones* were originally produced to privatize traditional state activity in Venezuela after the 1999 election of Hugo Chávez. “A ‘mission’ was aimed at concentrating efforts of different sectors and public organizations in order to rapidly satisfy urgent social needs, increase community participation, circumvent bureaucratic obstacles, and to employ the organizational and logistic facilities of the Armed Forces in the development of civil social actions.”⁷⁷

76. “Mediante los CCC, cada república propone acciones propias donde expone lo que necesita y lo que otorga. Los convenios compensan bienes y servicios según las necesidades y capacidades de cada cual.” (Regueiro Bello, 2007, 95).

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

The organization of the health sector in Venezuela was particularly susceptible to this form of organization. The privatization was necessary as a means of subverting the opposition of the state sector to Chávez's programs reforms.⁷⁸ If the state apparatus opposed the reforms, and if these organs were within their rights in doing so, then it might be possible to reconstitute these activities in private form and proceed as a state based but private endeavor.⁷⁹ Eventually these programs were brought back within the state administration but by then they had acquired their own distinctive form.⁸⁰ Health care sector *misiones* were also particularly important to Cuba, Venezuela's ally in this revolutionary transformation.⁸¹ It was a small step from conceptualizing a project for state organization of the medical treatment sector to the creation of a bi-lateral arrangement for the implementation of the program. The lubrication necessary to make this step possible was the ideological framework of ALBA, especially its notions of non-reciprocal trade as a basis of commercial activity between (or directed by) sovereigns.⁸²

In the health care sector, two *misiones*, *Misión Milagro* and *Misión Barrio Adentro* (MBA) were expanded as a vehicle for bi-lateral and multi-lateral exchanges among states, principally at first, between Cuba and Venezuela. *Misión Milagro* was conceived as a program to provide people of Latin America with certain eye care services.⁸³ These envisioned a set of programs, projects and cooperative arrangements, directed by the Cuban and Venezuelan states. To that end, both states would organize within joint ventures established in any number of formally and informally constituted entities, into

77. Muntaner, Carles et al., "Venezuela's Barrio Adentro: Participatory Democracy, South-South Cooperation and Health Care for All." *Social Medicine* 3(4):232-246 (2008), available at <http://www.scribd.com/doc/13726576/Venezuelas-Barrio-Adentro-participatory-democracy-southsouth-cooperation-and-health-care-for-all>.

78. *Id.* at 235.

79. Aponte García noted:

Aunque su juramentación como Presidente de la República en febrero de 1999 le daba el control de las instituciones estatales y la mayoría en la Asamblea Nacional, los Ministerios y las demás instituciones del Estado resultaban ser organismos muy pesados, lentos y con un enorme lastre de burocratismo. El Gobierno opta entonces por llevar a cabo sus reformas mediante estructuras paralelas, más ágiles, vinculadas directamente a los sectores populares que se quería impactar.

(Aponte García 2009, 96).

80. Aponte García, *Supra* note 62.

81. Cuba had demonstrated the capacity on the supply side with its response to the Vargas mudslides of 1999. (Muntaner et al. 2008, 236).

82. Aponte García, *Supra* note 62.

83. "Es un programa social humanitario creado el 08 de julio de 2004 y diseñado por los gobiernos de Venezuela y Cuba, para atender de manera gratuita, la enorme población de escasos recursos que presenta problemas de salud visual. La internacionalización de ésta misión se inició el 06 de diciembre de 2005, cuando llegó a Venezuela el primer grupo de pacientes latinoamericanos, procedente de Santo Domingo de Los Colorados, Ecuador." (Venezuela and "¿Qué es la Misión Milagro?").

which each state would contribute the appropriate mix of both public and private sector entities, universities, research organizations, and non-governmental organizations.⁸⁴ The more important effort, for purposes of this paper was in the organization of health care to the poor in Venezuela in the form of MBA. That effort was memorialized as part of a wide ranging Convenio (2000) between Cuba and Venezuela meant to establish programs to aid in the development of both states in a variety of sectors-agriculture, tourism, medical products, education, transportation, and sports.⁸⁵ To that end, each state would contribute in accordance with its economic strengths and state-directed economic development objectives. It was agreed that Cuba “prestará los servicios y suministrará las tecnologías y productos que estén a su alcance para apoyar el amplio programa de desarrollo económico y social de la República Bolivariana de Venezuela.”⁸⁶ Venezuela agreed to provide petroleum among other goods and services.⁸⁷ It has been reported that by 2005, the petroleum supply obligations of the Convenio amounted to 2.44% of Venezuelan petroleum production.⁸⁸

Importantly, Cuba also agreed to the provision, at no cost to Venezuela, of the services of doctors to serve in the health care sector in Venezuela.⁸⁹ (Convenio 2000, art. IV). Under the terms of the Convenio, Cuba was to supply these medical personnel to work in underserved areas of Venezuela, and bear the costs of their salaries. These medical personnel were to provide medical services and training of locals. Venezuela was obligated to pay only the costs of food, lodging and internal transportation of the medical personnel supplied by Cuba.⁹⁰ These programs were to be administered at the state level through the establishment of a “Comisión Mixta”⁹¹ headed jointly by

84. Convenio, *Supra* note 14.

85. *Id.*

86. *Id.*

87. *Id.*

88. José Félix Oletta, “La Misión Barrio Adentro, objetivos mas allá de la salud.” *Cuba in Transition. Proceedings of the Association for the Study of the Cuban Economy* 17, 447 (2007).

89. Convenio, *Supra* note 14 (The Convenio made it clear that such doctors were to be provided to work in underserved areas of Venezuela, and that the costs of their salaries would be paid by the Cuban state. Venezuela was obligated to pay only provide...).

90. Convenio, *Supra* note 14 (The Convenio provided: La República de Cuba ofrece gratuitamente a la República Bolivariana de Venezuela los servicios médicos, especialistas y técnicos de la salud para prestar servicios en lugares donde no se disponga de ese personal. Los médicos especialistas y técnicos cubanos en la prestación de sus servicios en la República Bolivariana de Venezuela ofrecerán gratuitamente entrenamiento al personal venezolano de diversos niveles que las autoridades soliciten. La parte venezolana cubrirá los gastos de alojamiento, alimentación, transportación interna. El gobierno de Cuba garantizará a todos los galenos y demás técnicos sus salarios y la atención adecuada a los respectivos familiares en la Isla.) The actual working conditions and compensation of Cuban doctors in Venezuela are described in Pérez & Haddad 2008, 336-38.

91. Convenio, *Supra* note 14.

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

representatives of the Venezuelan Production and Commerce Ministry and by MINVEC, the Cuban Ministry for Foreign Investment and Economic Collaboration.⁹² The details of the programs undertaken, and their day to day running were to be delegated jointly within each of these ministries.⁹³ For all of its commercial character, a principal focus of the MBA was political.⁹⁴

The MBA started through a pilot program arrangement with the municipal government of Caracas. According to one source:

Based on the humanitarian support provided by Cuba during the Vargas tragedy, Caracas Mayor Freddy Bernal, with the support of President Chávez, agreed on a pilot project with the Cuban government. In April 2003, 58 Cuban doctors specializing in integral general medicine (a form of family medicine) were established in several peripheral neighborhoods (barrios) of Caracas, to provide primary health care. Health team personnel live in the same barrio in which they work . . . and an assistant known as a “Defensor de la Salud” (“Defender of Health”), is chosen from the community and trained by the Ministry of Health to provide basic support to the physicians.⁹⁵

Judged a success after a few months of operation, it was converted into a national program and given its name by Chávez in September 2003, and officially inaugurated in early 2004, despite substantial opposition by the Venezuelan medical establishment.⁹⁶ It was administered through a special Venezuelan Presidential Commission, the Black Gold Civil Association (*Oro Negro*) that emphasized both the public character of the mission and the ideological objectives of the program.⁹⁷ Cuban doctors enrolled for these programs signed up for two year tours of service.⁹⁸ The principal purpose of the initial phase of MBA was to provide primary care and instruction. MBA I was followed by a second phase, that sought to provide secondary, hospital and extended care as well as more advanced training of locals. MBA III had a more ambitious agenda, the consolidation of a significant portion of the Venezuelan public hospital system within its ambit.⁹⁹ The latest phase, MBA IV, focuses on the construction of specialized care hospitals.¹⁰⁰ “At its peak

92. *Id.*

93. *Id.*

94. Oletta, *Supra* note 78, at 451.

95. Muntaner, *Supra* note 67, at 236.

96. *Id.* at 236-37.

97. *Oro Negro* included “participation by the ministries of Health, Labor, Energy, Defense, the president of PDVSA6 and Frente Francisco de Miranda (an organization of defenders of social rights) and the mayors of two Caracas municipalities, Sucre and Libertador.” (Muntaner et al. 2008, 237).

98. Steve Brouwer, “The Cuban Revolutionary Doctor.” *Monthly Review* (Jan. 2009), available at <http://www.monthlyreview.org/090112brouwer.php>.

99. Muntaner, *Supra* note 67, at 240.

in 2006, the Cuban presence numbered about 14,000 physicians plus thousands of other medical personnel. By 2008, the number of Cuban doctors had declined as some moved on to work in Bolivia and other countries or returned home.”¹⁰¹ In addition, many of the facilities remain unbuilt, a number of other have had to be abandoned because of structural problems, and the programs have been criticized for the use of Cuban doctors for political purposes and the Programs’ effects on the wages and working conditions of Venezuelan health care workers.¹⁰²

The MBA programs have been lauded as a great advance in compliance with international obligations with respect to health care. It is said to demonstrate the “validity of incorporating health as a universal right and confirms the relevance of principles contained in the Alma Ata and Ottawa Declarations.”¹⁰³ However, the operations of the program, rather than its objectives, might measure differently under those standards. The issue relates to Cuba’s end of the MBA barter—the provision of doctors. Within the ideological parameters of ALBA, this construct, the Cuban doctor, is also painted in heroic strokes.¹⁰⁴ Cuba has been using its doctors as instruments of state policy since the early days of Che Guevara, who understood the use of medical personnel as weapons of revolutionary solidarity.¹⁰⁵ The MBA program was described as:

the newest reflection of how Cuba, in concert with the people of many nations in Africa, Latin America, and the Caribbean, is transforming the training of doctors, nurses, and other health professionals while also delivering medical care to poor populations that in the past seldom received any attention at all. This dynamic notion, planted by Che and others at the beginning of the Revolution, has taken decades finally to develop, and now has come to fruition: thousands of doctors have been created who are capable of practicing and teaching revolutionary medicine, and they are putting this “weapon” to good use.¹⁰⁶

The political nature of this economic enterprise was well recognized.¹⁰⁷ The political importance of these programs, solidarity through enterprise, was also recognized by the Americans at the time. If “the brigades of Cuban

100. *Id.*

101. Brouwer, *Supra* note 88.

102. Orlando Pérez, Angela T. Haddad, “Cuba’s New Export Commodity: A Framework.” *Changing Cuba/Changing World* (Mauricio A. Font, compiler) 327-344 (2008), available at http://web.gc.cuny.edu/dept/bldn/publications/documents/FrontMatter2_001.pdf.

103. Muntaner, *Supra* note 67, at 242.

104. Brouwer, *Supra* note 88.

105. *Id.*

106. *Id.*

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

doctors working abroad represented the front lines in a struggle to assert that alternatives to profit-centered human interactions were viable,”¹⁰⁸ then it was also likely that the United States would respond politically. They instituted a program, the Cuban Medical Professional Parole Program, encouraging Cuban doctors abroad to defect to the United States.¹⁰⁹ The Americans have taken the position that these doctors have been conscripted by the Cuban government. “Under Cuban Resolution 54, these same Medical Professionals are often denied exit permission by the Cuban Government to come to the United States when they qualify under other established legal channels to migrate from Cuba. Doctors, nurses, paramedics, physical therapists, lab technicians and sports trainers are examples of groups that may qualify for the CMPP program.”¹¹⁰ Though successful, the United States did not always grant asylum petitions from doctors.¹¹¹

The Venezuelan medical community also mobilized against the importation of Cuban doctors as an instrument of the nationalization of a portion of the medical sector. “The Venezuelan Medical Federation, the largest association of medical doctors in Venezuela, has lobbied vigorously against the use of Cuban doctors in *Misión Barrio Adentro*, and was in a legal dispute with the Chávez administration over the legitimacy of the Cuban doctors' licensure and practice.”¹¹² Though the Venezuelan doctors succeeded in their court challenges, eventually a compromise was reached permitting MBA to be staffed with foreign (Cuban) doctors.

But these political movements would be of little interest for corporate or enterprise governance except that the issue of the employment of Cuban doctors by the Cuban state in Venezuela proved to be more ambiguous. The

107. Issac Saney, “Homeland of Humanity: Internationalism within the Cuban Revolution,” *Latin American Perspectives* 36(1), 111-123 (2009); Kirk and Erisman, Supra note 16; Oletta, Supra note 78, at 450 (“En Política Interna sus efectos beneficiosos han sido inmediatos: proselitismo, hegemonía y continuidad en el poder. En Política Externa es una herramienta de la Nueva Hegemonía Internacional que busca sustituir y neutralizar la vieja hegemonía Norteamericana mediante el Socialismo del Siglo XXI, alianza ideológica de los pueblos latinoamericanos que propone una transformación socio-política con carácter transnacional.”)

108. *Id.*

109. Julie M. Feinsilver, “Oil-for-Doctors: Cuban Medical Diplomacy Gets a Little Help From a Venezuelan Friend,” *Nueva Sociedad*, No. 216 (July-August, 2008), available at http://www.nuso.org/upload/articulos/3537_2.pdf. Last accessed 5/15/09.

110. United States Department of State, *Cuban Medical Professional Program* (Jan. 26, 2009), available at <http://www.state.gov/p/wha/rsl/fs/2009/115414.htm>.

111. *El Universal*, “Cubanos desertores atrapados en Bogotá” (March 2, 2007), available at http://buscador.eluniversal.com/2007/02/03/pol_art_166219.shtml.

112. Mundoandino.com., *Misión Barrio Adentro* (2009), available at <http://www.mundoandino.com/Venezuela/Misión-Barrio-Adentro>.

Cuban state never explained many of the conditions under which it recruited and maintained the doctors gathered for participation in MBA. It has not been transparent with respect to salaries and working conditions. But it is clear that while the MBA program is founded on political goals, it also understood in its commercial context by the Cuban state, especially with respect to its potential to sustain positive revenue streams.

International missions have allowed Cuba to fulfill dual goals of capitalizing on its highly educated population as a source of export income while pursuing its humanitarian goals of international solidarity. Cuba's model of charging below-market rates for professional health services has expanded exponentially since 2003 in a win-win situation for poor countries with insufficient medical care. Revenues for services earned from international missions (as well as the licensing and export of Cuban biotechnology and medical treatment to foreigners in Cuba) have become a major source of hard currency earnings, surpassing tourism earnings every year since 2005.¹¹³

It was also valuable for the commercial ventures and ancillary trade it generated for Cuban goods and services outside of the barter of medical personnel.¹¹⁴ For Venezuela, the benefits have been more personal to the leadership of the present government and the deepening of Mr. Chávez's ideological and political campaign.¹¹⁵

Thus, MBA functions at a variety of levels. It serves the ideological goals of the Cuban regime. It is an important means of advancing Cuban international relations. It serves as a template for Marxist-Leninist development models. It provides a different basis for state-to-state relations and commerce, based on government-directed, non-reciprocal trade in furtherance of divergent objectives. Yet it is also a business.¹¹⁶ For Venezuela, Cuban doctors serve as a valuable input in the business of creating a viable public health sector. For Cuba, it serves as the core of the business of hiring out labor. Cuba has a long history of hiring out labor to foreigners within the Island. But the business of hiring out workers to outsiders—whether to directly advance state objectives, like the MBA program, or merely to serve the economic interests of foreign partners—essentially treats individuals like factors in the production of national wealth. That wealth is produced by the

113. Sara Blue, "Cuban Medical Internationalism." *Journal of Latin American Geography* 9(1), 31-49 (2010), available at http://muse.jhu.edu/journals/journal_of_latin_american_geography/v009/9.1.blue.html.

114. Oletta, *Supra* note 78, at 450-51.

115. *Id.*

116. Pérez and Haddad, *Supra* note 92.

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

profit generated in those transactions. That profit is related to the differences between the compensation paid by the Cuban state to its employees sent abroad, and the amounts it charges its “clients” for the services of these individuals. “Loaned” individuals do not participate in discussions over the pricing of their services to third parties, and they are required to accept state-determined compensation for their services.

While many thousands of individuals employed by the Cuban state abroad in this program have complied with their obligations, a number of doctors have not.¹¹⁷ “The need for hard currency and their inability to earn it legitimately is clearly a factor in individual health care workers’ decisions to endure difficult two-year assignments abroad. When tens of thousands of health workers accepted temporary overseas posts, their absence was acutely felt at home. Though health indicators have not declined, Cubans who were used to the highest and most accessible doctor-to-patient ratios in the world are now adapting to a restructured health system that can accommodate an expanded medical presence abroad.”¹¹⁸ And it was among those doctors dissatisfied with the terms of their service that the possibilities of collision between Cuban medical internationalism and international human rights norms were realized.

The issue of compulsion is at the heart of that collision. But it is also only a doorway to other important issues that have assumed prominence in the efforts to impose human rights norms on corporate behavior. Beyond the issue of the compulsory character of the service are issues about the temporary versus permanent character of the assignment, the consequences of characterizing the employment as direct or indirect, and the extent to which the individual is free to bargain over the terms and conditions of employment directly with the employer. The loan system conflates notions of individual citizen duty and individual dignity with respect to labor. On the one hand, it appears that, as a formal matter, individuals are not formally coerced to serve the interests of the state’s business and political dealings abroad. On the other hand, some have argued that as a functional matter the state

117. Blue, *Supra* note 103, at 42 (Sarah Blue has noted that since 2000 Cuban health care workers have lost their place as the highest paid professionals. Moreover, they have not been able to access the informal “favor economy” to the extent of other professionals because of their social role as “model revolutionaries.” Blue notes that the salary incentives paid to doctors working overseas helps bridge the gap. “The fact that licensed self-employment is strictly forbidden in the health sector further limits the earning potential of health workers, as the moonlighting dentist’s case illustrates.”).

118. *Id.* at 43.

effectively coerces service, and then, once abroad, tightly controls the freedom of movement of bartered employees. Yet what might appear to the Cuban state as appropriate behavior to compel its citizens to do their duty within the substantive parameters of the domestic legal order might be characterized as compulsion under the substantive parameters of other systems. The characterization is important for its consequences under international law.

POINTS OF CONFLICT AND INTERSECTION BETWEEN ALBA JUST COMMERCE AND INTERNATIONAL HUMAN RIGHTS REGIMES

This section examines the issue posited at the end of Part II of this essay—the possibility that legal consequences follow from the adoption of this state centered form of economic activity represented conceptually by the *grannational* project and evidenced in applied form in the barter system at the heart of the MBA. The potential legal consequences are of two principal kind, each of a distinct character. The first is derived from so-called hard law. This refers to the aggregate of international law applied by states through treaties, conventions and generally recognized principles of customary international law. The second is derived from so-called soft law. This refers to a broad range of governance mechanisms and frameworks. None of them is accorded a place within the framework of the domestic legal order of states, but each of them may have the power to bind certain actors either through their consent, by the participation of states in their enforcement mechanics or through the operation of markets fostering choices among customers and other participants that may well shape corporate conduct.¹¹⁹

The potentially explosive intersection between international human rights governance regimes and the ALBA system of economic activity can take a number of forms. This section considers the applicability of hard and soft law regimes in three variations that appear to be most likely venues of that interaction. The first includes litigation in national courts under the laws of a specific national legal order applying international governance norms as law. This form has been most extensively exploited within the United States

119. See, e.g., Larry Catá Backer, "Multinational Corporations as Objects and Sources of Transnational Regulation," 14 *ILSA Journal of International & Comparative Law* 499 (2008).

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

under the Alien Tort Claims Act and related national regulation. The second includes litigation in national and international fora targeting non-ALBA business partners of ALBA PG or EG projects. The most likely basis of this litigation revolves around corporate complicity for state violation of human rights norms. The third includes proceedings under international soft law systems. The two most likely to be used are those developed by the Organization for Economic Cooperation and Development (OECD) through its Guidelines for Multinational Corporations, and the emerging system of business and human rights principles being developed under the auspices of the United Nations.¹²⁰

Hard law may affect the operation of *grannacionals* either by imposing direct liability of the state owned EG, or indirectly by imposing liability on the partners of EGs or to entities in the EGs' supply chain on complicity theories. Two recent cases highlight a new reality for the socialist construct within the broader context of emerging regimes of international human rights systems. They also point to the shape of the future with respect to these ALBA-zone enterprises as they expand beyond and seek partners from outside the ALBA zone. Both cases suggest that the ways in which the ALBA model of social and economic organization, in which the state directs sovereign or market economic activity directly, or through an entity formed for that purpose, can arguably present a case of human rights violations in the way in which the state conducts its business. In addition, whether as sovereign or market based activity, the commercial activities of public actors may also constitute violations of soft law frameworks. Lastly, non-state foreign partners or other entities participating directly or indirectly in these activities might also face liability for complicity in the human rights violations of the state. There is irony here, of course. Especially GPs like MBA, created in part as an ideologically pro-active response to human rights disparities within developing states may themselves serve as a basis of violation of those human rights.

But both cases have been brought in the United States. From the Cuban perspective, the United States is in no position to neutrally judge the Cuban state's compliance with international human rights norms. But as important, the United States does not have a strong reputation for adhering to or imposing internally international human rights norms. To use the U.S. courts for the purpose of determining compliance of the Cuban state with

120. Backer, *Supra* note --.

international norms with respect to activity that occurs within the territory of a third country suggests a political motive and reduces the authority of the cases, at least outside the United States. And yet, the United States has served as the best site for the vindication of international human rights within the court system of a state. As such, though the cases present a judgment about the character of Cuban state business activity in the context of its barter arrangements with third countries, those determinations should be understood as less authoritative outside the territorial borders of the United States. Still, each serves as a warning, harbinger and template of possible future actions against the Cuban state and others tied to the arrangements at issue—especially the bartering of individuals for other goods and services, not only for the state but also for its non-state partners.

The first case touches on direct liability. It suggests the potential exposure of states with respect to their economic activities in the form of PGs or EGs. In February 2010, a group of Cuban doctors who had participated in MAP filed a lawsuit in the United States against Cuba, Venezuela and Venezuela's state run petroleum corporation, Petróleos de Venezuela (PDVSA).¹²¹ The complaint suggested the extent of the direct liability of the state owner of the EG involved in the MBA program.

The doctors told reporters at a press conference in a Miami suburb on Tuesday that they were forced to enroll in the program with Venezuela due to dire economic circumstances and political pressure at home. According to several US and Venezuelan media sources, the plaintiffs described being held captive in crowded lodgings or with families affiliated with the Venezuelan regime, and forced to work seven days a week. “We were under strict surveillance at all times. We weren't allowed to go out when we wanted to or interact with Venezuelans other than our guardians,” plaintiff Frank Vargas, a 33-year-old general practitioner from Havana, told reporters. His colleague María del Carmen Milanes, 34, added that interacting with known regime opponents was especially forbidden. . . . Had they protested, the doctors explained, they would have been forced to return to Cuba where they would have paid for their insubordination. (*Id.*)¹²²

The complaint painted a picture that served as a perverse reflection of the amalgamation of political and economic factors on which ALBA itself is based, suggesting, for example a tie between Venezuela and what it described as terrorist regimes in Cuba and Iran.¹²³ The complaint also speci-

121. Galliot, *Supra* note 3.

122. “Nos mantenían bajo vigilancia total, no nos permitían salir ni a un restaurante ni tener amistades, y hasta me privaron de alimentos,” dijo Frank Vargas, un especialista de Medicina General de 33 años, nativo de La Habana.” (Ocando 2010).

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

fied a number of legal violations grounded in the arrangements between Cuba and Venezuela for the management and control of Cuban medical personnel.¹²⁴ The legal basis of this complaint, grounded in the Alien Tort Claims Act (ATCA), is similar to another complaint recently concluded in Miami.¹²⁵ The object is to draw on international hard law norms applicable to non-U.S. citizens in American courts. Traditionally, these provisions have been applied against right wing dictatorial regimes, especially in developing states.¹²⁶ These cases represent a reversal of sorts, where they are applied to test the legal validity under international law as understood by American courts, to a Marxist-Leninist organization of economic activity.

More importantly, litigants have begun to seek to apply ATCA to the activities of corporations and other economic enterprises for violations of international law outside of the United States.¹²⁷ The MBA program, and the Convenio giving that program its Cuban labor component, provides both a basis for suit against a sovereign for direct violation of international law, and also for suit against the corporate instrumentalities of such sovereigns for their own violation (or complicity in violation) of those norms. Indeed, one of the great movements at the global level has been the search for means to police the conduct of economic enterprises, in whatever form economic activity takes, for breaches of international norms, especially those touching on human rights.¹²⁸ Systems that tend to barter labor, however consistent that transaction might be within the ideological framework from which it is derived, may not stand up to examination under international standards applied from outside the state system that sustains it. And it appears that business conduct is increasingly open as a basis for testing the legal sufficiency of rules that support such conduct under national or bi-lateral governance arrangements (for example through the Convenio (2000)).¹²⁹

123. *Id.*

124. “Además de los testimonios, la demanda incluirá una selección de las violaciones legales cometidas por los gobiernos de Cuba y Venezuela, y aspectos inéditos de la presencia cubana en Venezuela como los reglamentos internos sobre lo que los médicos podían o no podían hacer, y el nombre de los funcionarios de inteligencia cubana implicados en las áreas de vigilancia, dijo Pablo De Cuba, asesor de la demanda.” (Ocando 2010).

125. Licea, 537 F.Supp.2d 1270.

126. *Filartiga v. Pena-Irala*, 630 F.2d 876, 887 & n. 21 (2d Cir. 1980).

127. *Presbyterian Church of Sudan v. Talisman Energy, Inc.*, 582 F.3d 244 (2d Cir. 2009).

128. Mark B. Taylor, Robert C. Thompson and Anita Ramasastry, *Overcoming Obstacles to Justice: Improving Access to Judicial Remedies for Business Involvement in Grave Human Rights Abuses* (2010), available at <http://www.business-humanrights.org/Links/Repository/1001290/jump>.

The second case sought to assert indirect liability on a complicity theory. It suggests the potential exposure of non-PG or EG entities for complicity. The Curaçao Dry Dock Company learned that lesson the hard way.¹³⁰ That case involved a number of Cuban workers who, having emigrated to the United States, brought suit against the Curaçao Dry Dock Company for complicity in the Cuban government's business of bartering labor for goods and services.¹³¹ The court determined that the agreement between Curaçao Dry Dock and Cuba to barter Cuban workers to pay off the debt owed by Cuba amounted to forced labor under international law norms.¹³² The court summarily dismissed the bartering arrangement as inherently violative of an individual's human and labor rights on the basis of its characterization of the Cuban political and labor system.

Cuba is a totalitarian state that abuses human rights; that Cuba has a long history of forced labor and routinely compels labor under threat of imprisonment in violation of international law; that any Cuban who resists performing work is subject to persecution; that Cuba imposes prosecutions or "therapy and reeducation" at police discretion for the crime of "potential dangerousness" on those who refuse to work for the socialist cause; that Cuba imprisons those who refuse to work at worksites in prisons that are particularly inhumane and dangerous; that Cuba employs outrageous means to persecute those who resist the will of the state; that the Cuban state was particularly concerned with the laborers it was deploying to Curaçao because they generated hard currency; that the punishment workers would receive if they refused to work in its forced labor program would be particularly harsh because the program generated foreign currency that allowed the state to survive economic sanctions on it; and that the laborers provided by Cuba were not free individuals.¹³³

But there were problems with the case that substantially limits its utility going forward. The basis of these conclusions were drawn from a report prepared by the U.S. State Department,¹³⁴ which the court took as uncontested because of the procedural posture of the case. In addition, the court

129. *Id.* at 27 (As Taylor et al. (2010) note: "The problem becomes greater when a state weighs in on behalf of business. This is especially common where a state has a pecuniary interest in the success of a particular business operation, whether as equity power or as the recipient of royalties or taxes form a project.").

130. *Licea*, 537 F.Supp.2d 1270.

131. *Id.* The allegations, along with assertions that those allegations amount to a violation of the International Labor Organization Convention on Forced Labor can be found at Unitary Council of Cuban Workers 2009.

132. *Id.* at 1359-63. These international norms were incorporated through the Alien Tort Claims Act, 28 U.S.C. § 1330 (2000), and the Racketeer Influenced and Corrupt Organizations Act 18 U.S.C. § 1962(b) (2000) under which the case was asserted.

133. *Id.* at 1359-61.

134. United States Department of State (2008) *Bureau of Democracy, Human Rights, and Labor, Country Reports on Human Rights Practices*, 2005, Cuba (2006), available at <http://www.state.gov/g/drl/rls/hrprt/2005/61723.htm>.

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

initially entered a default judgment against defendant (*id.*, at note 3), because the Curaçao Dry Dock Company refused to defend the matter. Critical facts leading to the conclusion were never controverted or effectively put at issue either by the Cuban state or by Curaçao Dry Dock. The company eventually offered evidence, though it was only produced during the more limited damages phase of the proceedings (*id.*, at 1357-58).¹³⁵

But the case is valuable for suggesting the possibility that the violations of states could be used as a basis for the liability of companies that participated in the offending commercial activities with the violating state. Although the violations of international law were committed by the Cuban state, the company was exposed to liability on a complicity theory.

The Defendant in this case, one of the largest drydock companies in the Western Hemisphere, with tens of millions if not hundreds of millions of dollars in annual revenues, conspired with the Republic of Cuba to force Cuban citizens to travel to facilities the Defendant owns in Curaçao, to hold them in captivity there, and to force them to work repairing ships and oil platforms.¹³⁶

Thus, despite these caveats, the sweeping language of the court does suggest the potential difficulties of exporting a labor barter system *grannacional* concept outside of the ALBA zone in a way that would minimize exposure to risk, for Cuba or its trading partners, for lawsuits and claims of this type. This is especially the case for non-ALBA trading partners, or entities involved in GP or EG production or supply chains.

Four factors are especially important in this regard. First, *Licea* increases incentives to bring additional cases of this kind before U.S. courts. While future cases are likely to see more aggressive defenses, the fact of litigation exposure itself may serve to chill economic activity involving ALBA Member States under GP and EG arrangements. Because of the extensive jurisdictional reach of U.S. courts, a large number of enterprises, especially those that produce assets resident in or subject to the reach of the American government, will be sensitive to these issues.

Second, liability for violations of human rights under a complicity theory has become more important as a mechanism for enforcing human rights

135. However, "Because all of Defendant's pleadings had been stricken and the Defendant chose not to defend this matter at trial, this Court accepts as true Plaintiffs' uncontested factual allegations from the Amended Complaint" (*Licea v. Curaçao Dry Dock Co.* 2008, 1357-58).

136. *Licea*, 537 F.Supp.2d . at 1360.

norms, especially against businesses.¹³⁷ The legal basis of complicity remains unsettled as a matter of transnational law. But this basis for liability extends beyond U.S. law in the form of aiding and abetting the violation of human rights or humanitarian law.¹³⁸

“Corporate complicity” is a relatively new concept. Although it has echoes in the law of accomplices in criminal law, those active in the area of business and human rights are seeking to describe what “corporate complicity” means in terms of legal policy, good business practices, as well as in different branches of the law. But there remains considerable confusion and uncertainty about when a company should be considered to be complicit in human rights violations committed by others.¹³⁹

Despite its recent emergence, notions of corporate complicity are likely to become more important. They play a significant role in the liability framework under emerging corporate governance soft law frameworks at the international level. The issue of complicity will tend to revolve around a number of factual determinations: whether through action or inaction, a company enabled, exacerbated or facilitated the specific abuses, intent or reckless disregard, and proximity.¹⁴⁰

Third, emerging international hard and soft law systems are likely to increase the scope of exposure of states, their controlled enterprises and trading partners to liability for violations of international human rights norms. Cuba's EGs and PGs are likely to play a role in the development of these bases for liability. Consider a recent complaint filed by the Unitary Council of Cuban Workers to the International Labor Organization related to the *Licea* case.¹⁴¹ The object was to use the standards of the international agreements to which Cuba is a party, against it.¹⁴² The complainant argued that the basis of Cuban state labor policy, and its implementation in its economic regulations and commercial activities, violates ILO Convention Article 29 on forced labor ratified by Cuba in 1958.¹⁴³ The complainants echoed

137. Andrew Clapham and Scott Jerbi, “Categories of Corporate Complicity in Human Rights Abuses.” *Hastings Int'l & Comp. L. Rev.* 24, 339 (2001); Anita Ramasastry, “Corporate Complicity: from Nuremberg to Rangoon.” *Berkeley J. Int'l L.* 20, 91 (2002).

138. It has been most clearly spelled out in the field of international criminal law, in the context of knowingly providing practical assistance or encouragement that has a substantial effect on the commission of a crime. (United Nations Special Representative of the Secretary-General on Business & Human Rights 2008, 73-81).

139. Backer, *Supra* note 11.

140. Clapham and Jerbi, *Supra* note 126.

141. Unitary Council of Cuban Workers, *Complaint Filed With the ILO by the Unitary Council of Cuban Workers to the ILO* (March 2009), available at <http://www.freetradeunionism.org/LinkClick.aspx?fileticket=W61rG%2btaCDE%3d&tqid=59>.

142. *Id.*

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

language from ILO documents that assert that the “prohibition of the use of forced or compulsory labor in all its forms is considered now a preemtory norm of modern international law on human rights.”¹⁴⁴ The complaint suggested that the Cuban barter system, grounded in a state power to command behavior coupled with the use of that power to engage in economic and commercial transactions in which workers are contributed to the enterprises by Cuba in exchange for goods, money or services, amounted to forced labor of the kind prohibited under international law.¹⁴⁵

Fourth, emerging international hard and soft law standards also suggest that a substantially broader group of people and entities may be entitled to bring actions against either the state or complicity private entities, not merely the persons directly affected by the human rights depriving activities of the companies.¹⁴⁶ This is especially the case in some of the frameworks within which soft law governance rules are enforced.

Like hard law claims, liability under soft law governance systems might be asserted directly against the offending state (or its commercial instrumentality) or indirectly against partner or supply chain entities complicity in the violations of the state. Two regulatory frameworks are considered here by way of example. The first is the OECD's framework for regulating the behavior of multinational corporations.¹⁴⁷ The second is the Protect-Respect-Remedy framework, operationalized through a set of Guiding Principles, developed through the United Nations.¹⁴⁸ Each is discussed in turn.

The OECD is an intergovernmental organization representing most developed states.¹⁴⁹ It has developed three principle sets of norms for corporations that might be understood usefully in their constitutive role. These have become “an international benchmark for policy makers, investors, corpora-

143. *Id.*

144. *Id.*

145. *Id.*

146. Organization for Economic Cooperation and Development, U.K. National Cntact Point, *Initial Assessment by the UK National Contact Point for the OECD Guidelines for Multinational Enterprises: Survival International and Vedanta Resources plc*, March 27, 2009, available <http://www.business-humanrights.org/Links/Repository/969215/jump>.

147. Organization for Economic Cooperation & Development, Organization for Economic Cooperation and Development, OECD, Working Party of the Investment Committee, Preparing For Consultation on an Update of the OECD Guidelines for Multinational Enterprises, DAF/INV/WP(2009)4 28 Aug. 2009.

148. See, John Ruggie, “Business and Human Rights: The Evolving International Agenda,” *The American Journal of International Law*, Vol. 101, No. 4 (Oct., 2007), pp. 819-840.

149. Organization for Economic Cooperation and Development. *About OECD*, available at http://www.oecd.org/pages/0,3417,en_36734052_36734103_1_1_1_1,00.html .

tions and other stakeholders worldwide.”¹⁵⁰ The three include the Principles of Corporate Governance,¹⁵¹ the Guidelines for Multinational Enterprises,¹⁵² and the Guidelines on Corporate Governance of State-Owned Enterprises.¹⁵³ Under these rule frameworks, corporations, including state owned enterprises are obligated to conform to international norms. Though the OECD framework applies only to signatory states and their enterprises, recent decision shave evidenced an expanding willingness to apply these frameworks to the worldwide operations of multinational corporations without regard to corporate organization and to aggressively apply notions of complicity.¹⁵⁴ In addition, the OECD framework can reach economic activities that have been deemed to comply with the law of the state in which the activities occurred.¹⁵⁵ Though this soft law framework does not have strong sanctions elements, its potential to expose companies to media scrutiny might substantially affect its consumer and investor relations sufficiently to make avoidance of liability important. As soft law, the OECD Guidelines are not legally binding on either states or corporations. However, OECD member governments are treaty bound to encourage multinational enterprises operating within their territory to adhere to the Guideline standards anywhere they engage in business either directly or through their supply chain relationships.¹⁵⁶ Moreover, market expectations may produce a substantial amount of pressure on companies to avoid the negative publicity of actions

150. Organization for Economic Cooperation and Development, *OECD Principles of Corporate Governance* (2004), available at <http://www.oecd.org/dataoecd/32/18/31557724.pdf>.

151. *Id.*

152. Organization for Economic Cooperation and Development, *OECD Guidelines for Multinational Enterprises* (2000), available at http://www.oecd.org/document/28/0,3343,en_2649_34889_2397532_1_1_1_1,00.html.

153. Organization for Economic Cooperation and Development, *OECD Guidelines on Corporate Governance of State Owned Industries* (2005), available at <http://www.oecd.org/dataoecd/46/51/34803211.pdf>; OECD Policy Brief (2001) The Principles of Corporate Governance have assumed an important role as a model for state legislation on the internal constitution of corporations. The Guidelines provide voluntary principles of business behavior covering virtually every aspect of the operations of an economic enterprise. “Although many business codes of conduct are now available, the Guidelines are the only multilaterally endorsed and comprehensive code that governments are committed to promoting.”

154. Larry Catá Backer, “Case Note: Rights And Accountability In Development (Raid) V Das Air (21 July 2008) And Global Witness V Afrimex (28 August 2008); Small Steps Toward an Autonomous Transnational Legal System for the Regulation of Multinational Corporations.” *Melbourne J. of Int'l Law* 10(1), 258-307 (2009).

155. U.K. National Contact Point, *Final Statement by the UK National Contact Point for the OECD Guidelines for Multinational Enterprises: Complaint from Survival International against Vedanta Resources plc*, Sept 25. 2009, available at <http://www.business-humanrights.org/Links/Repository/266990/jump>.

156. See, Organization for Economic Cooperation and Development, *OECD Guidelines for Multinational Enterprises* (2000) <http://www.oecd.org/document/28/0,3343,en_2649_34889_2397532_1_1_1_1,00.html>. Larry Catá Backer, “Case Note: Rights And Accountability In Development (Raid) V Das Air” (21?July 2008) And Global Witness V Afrimex (28 August 2008); “Small Steps Toward an Autonomous Transnational Legal System for the Regulation of Multinational Corporations,” 10(1) *Melbourne Journal of International Law* 258 (2009a).

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

in which they are found to have breached their obligations under the Guidelines.¹⁵⁷ The same applies to states.¹⁵⁸

The role of National Contact Points is to further the effectiveness of the Guidelines.¹⁵⁹ The OECD sets up three departments to implement the Guideline: the National Contact Points (“NCPs”), the OECD Investment Committee, and the advisory committees of business and labor federations, BIAC and TUAC, respectively, and NFOs represented by OECD Watch.¹⁶⁰ The NCPs meet annually to share their experiences and to report to the Investment Committee.¹⁶¹ The National Contact Point may be a senior government official or a government office headed by a senior official. The National Contact Point may also be organized as a co-operative body, including representatives of other government agencies.¹⁶² NAPs carry the missions of making the Guidelines known and available, raising awareness of the Guidelines, and responding to enquiries about the Guidelines.¹⁶³ The National Contact Point shall develop and maintain relations with representatives of the business community, employee organizations and other interested parties that are able to contribute to the effective functioning of the Guidelines.

When issues arise concerning implementation of the Guidelines in relation to specific instances of business conduct, the NCP functions to resolve them. Generally, issues are dealt with by the NCP in whose country the issue has arisen.¹⁶⁴ In other words, the NCP contributes to the resolution of issues

157. See, e.g., Larry Catá Backer, “From Moral Obligation to International Law: Disclosure Systems, Markets and the Regulation of Multinational Corporations,” 39 *Georgetown Journal of International Law* 591 (2008).

158. The recent Vedanta case, decided before the U.K. National Contact Point, serves as a case in point. The National Contact Point concluded that even though the corporate subsidiary fully complied with the law of the host state, as confirmed by the holding of the Indian Supreme Court, the company still breached its obligations under the OECD Guidelines. *Final Statement by the UK National Contact Point for the OECD Guidelines for Multinational Enterprises: Complaint from Survival International against Vedanta Resources plc*, 25 Sept. 2009, available <http://www.business-humanrights.org/Links/Repository/266990/jump>. Thereafter, the Indian Parliament conducted further investigations that resulted in the halting of the mining project. Richard Wray, Vedanta mine plan halted by Indian government, THE GUARDIAN U.K., Aug 2010, available <http://www.guardian.co.uk/business/2010/aug/24/vedanta-mine-plan-halted-indian-government> (“The project has been delayed by four years because of intense opposition from environmental and tribal rights group. At Vedanta’s annual meeting in London last month its board of directors faced criticism from shareholders, celebrity activists and charities all protesting about the company’s human rights and environmental record.” Id.).

159. <http://www.oecd.org/dataoecd/56/36/1922428.pdf>, page 35.

160. http://www.oecd.org/document/43/0,3746,en_2649_34889_2074731_1_1_1,00.html.

161. http://www.oecd.org/document/43/0,3746,en_2649_34889_2074731_1_1_1,00.html.

162. <http://www.oecd.org/dataoecd/56/36/1922428.pdf>, page 35.

163. <http://www.oecd.org/dataoecd/56/36/1922428.pdf>, page 35.

164. http://www.oecd.org/document/60/0,3746,en_2649_34889_1933116_1_1_1,00.html.

that arise relating to implementation of the Guidelines, especially, in specific instances.¹⁶⁵ Any business community, employee organizations, or other parties may bring to the NCP issue that is related to the implementation of the Guideline. Upon receiving such issue, the NCP will offer a forum for discussion and assist the business community, employee organizations and other parties concerned to deal with the issue. Usually, the NCP makes an initial assessment of the issue and responds to the party or parties raising it. Where, the issue merits further examination, the NCP will offer offices to help the parties involved to resolve the issue. For this purpose, the NCP will consult with these parties, and will also seek advice from relevant authorities, consult the NCPs in other countries, seek the guidance of the Investment Committee if there is doubt about the interpretation of the Guideline, and offer conciliation or mediation as means to solve the problem. If the parties cannot reach an agreement on the issue, the NCP may issue a statement, and make recommendations on the implementation of the Guidelines.¹⁶⁶

Each National Contact Point will report annually to the Investment Committee. Reports should contain information on the nature and results of the activities of the NCP, including implementation activities in specific instances.¹⁶⁷ The OECD further defines NCPs role and responsibility: “While it is recognised that governments should be accorded flexibility in the way they organise NCPs, it is nevertheless expected that all NCPs should function in a visible, accessible, transparent and accountable manner. These four criteria should guide NCPs in carrying out their activities.”¹⁶⁸

The function and responsibility of NCPs may have created confusion, as it is not entirely clear with regard to whether the NCP shall maintain confidential the whole process. The Guidelines provide:

“The NCP will ... In order to facilitate resolution of the issues raised, take appropriate steps to protect sensitive business and other information. While the procedures under paragraph 2 are underway, confidentiality of the proceedings will be maintained. At the conclusion of the procedures, if the parties involved have not agreed on a resolution of the issues raised, they are free to communicate about and discuss these issues. However, information and views provided during the proceedings by another party involved will remain confidential, unless that other party agrees to their disclosure. ... After consultation with the parties involved, make

165. <http://www.oecd.org/dataoecd/56/36/1922428.pdf>, page 36.

166. <http://www.oecd.org/dataoecd/56/36/1922428.pdf>, page 36.

167. <http://www.oecd.org/dataoecd/56/36/1922428.pdf>, page 37.

168. http://www.oecd.org/document/60/0,3746,en_2649_34889_1933116_1_1_1,00.html

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

publicly available the results of these procedures unless preserving confidentiality would be in the best interests of effective implementation of the Guidelines.”

The Guidelines merely state that the NCP *will* take appropriate steps to protect sensitive business or other information, when the issue raised is under proceeding. In other words, even when the issue is under proceeding, the NCP does not seem to have an affirmed duty to protect confidential business information. Further, the NCP may disclose the results of these procedures, merely, after “consultation with the parties involved, unless preserving confidentiality would be in the best interests of effective implementation of the Guidelines.” Again, the Guideline refuses to impose a duty on the NCP to keep confidential any parties' sensitive information.

Recent decisions of the U.K. National Contact Point suggest a broad application of international labor norms to the question of the control by enterprises over the indirect employment of workers. Though these cases do not involve state owned enterprises, they do suggest that private companies that are complicit in these sorts of arrangements may themselves find they are in violation of the OECD Guidelines. In one case, settled before hearing, the complaint centered on the use of and the termination of temporary employees replaced by agency contract workers. The resulting reduction in employment security prevented the company from contributing to the sustainable development of the host state.¹⁶⁹ A similar action was asserted against a multinational corporation who had deliberately constructed a system of employment at its Khanewal, Pakistan factory based almost exclusively on temporary workers and was refusing to change the workers' status from temporary to permanent after the mandatory nine-month period of continuous service, allegedly in breach of Pakistan's employment law.¹⁷⁰ In yet another case in India, an employer was alleged to have violated the Guidelines by selling its factory and terminating the workers without notice.¹⁷¹ These cases suggest the possibility that the Guidelines could be

169. *Final Statement by the UK National Contact Point for the OECD Guidelines for Multinational Enterprises*, Complaint from the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations against Unilever plc on Pakistan's Rahim Yar Khan factory 13 Aug. 2009.

170. *Final Statement by the UK National Contact Point for the OECD Guidelines for Multinational Enterprises*, Complaint from the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations against Unilever plc on Pakistan's Khanewal factory, 20 Nov. 2009. The IUF explained that temporary workers do not have the same access to collective bargaining as permanent workers in Pakistan and also do not receive the same benefits. The IUF also alleged that those temporary workers demanding permanent status had been subject to threats, coercion and violence from members of management. The conduct was alleged to have violated Chapters II(1), (4), (9) and IV(1) of the Guidelines. In its settlement, the multinational enterprise agreed to hire a large number of the employees as permanent employees and provide others a range of benefits.

used to question the power of the Cuban state to deploy people for work abroad under circumstances in which the state determined the working conditions of the workers and acted as an employment intermediary between the workers and the ultimate employer. This is not to suggest the outcome of the cases, but it is to suggest the possibility that such actions would not be surprising under the appropriate circumstances.

There is a similar possibility of exposure to action under the U.N.'s Protect-Respect-Remedy soft law framework. The United Nations' Protect-Respect-Remedy "framework rests on three pillars: the State duty to protect against human rights abuses by third parties, including business, through appropriate policies, regulation, and adjudication; the corporate responsibility to respect human rights, which in essence means to act with due diligence to avoid infringing on the rights of others; and greater access by victims to effective remedy, judicial and non-judicial."¹⁷² Like the OECD framework, where liability is grounded in breaches of international norms, the U.N. three pillar framework (Protect-Respect-Remedy) includes an expansive understanding of complicity liability, extends liability up and down the supplier and consumption chains and is not limited to private enterprises.¹⁷³ The remedial framework looks with approval to the remedial framework provided under the ATCA in the United States and suggests it as a useful template for the enforcement of the Three Pillar framework against either states or corporations for human rights violations.¹⁷⁴ This framework, unlike that of the OECD, would require all states and enterprises to provide adequate venues for the determination of claims, and is not limited to certain groups of states, but applies to all actors.

As developed in the form of its Guiding Principles,¹⁷⁵ the framework suggests points of potential conflict with Cuba's EG barter program. Strong

171. *Final Statement by the UK National Contact Point for the OECD Guidelines for Multinational Enterprises*, Complaint from the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations against Unilever plc on India's Sewri factory, 9 Nov. 2009. The parties ultimately reached a settlement outside the NCP process.

172. Guiding Principle 15.

173. Backer, *Supra* note 11.

174. United Nations, *Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, Protect, Respect and Remedy: a Framework for Business and Human Rights*, U.N. Doc. A/HRC/8/5 (April 7, 2008), available at <http://www.business-humanrights.org/SpecialReport/Home/ReportstoUNHumanRightsCouncil/2008>.

175. Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie, *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, A/HRC/17/31, 21 March 2011, available <http://www.business-humanrights.org/media/documents/ruggie/ruggie-guiding-principles-21-mar-2011.pdf>.

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

support of extraterritorial principle for enforcement of human rights by states.¹⁷⁶ The Guiding Principles also incorporate complicity theories.¹⁷⁷ Lastly, the Guiding Principles develop a framework for the construction of a set of obligations on commercial enterprises independent of any law or rule binding on states.¹⁷⁸ These can incorporate, for example, NCP decisional precedents as part of its jurisprudence. Most importantly, with respect to the obligations of enterprises under the standard, the responsibility to respect is a global rather than a national legal standard.¹⁷⁹

If read broadly enough, Cuba's barter system and notions of just trade, might contribute to a violation of the (Cuban) state's duty to protect and the state sponsored enterprises responsibility to respect human rights. To the extent that remedies are not available for complaints, both may also breach their obligations to provide a remedial framework for complaints. The barter system of the MBA *grannacional* EG might implicate the Cuban state's duty to protect human rights. In particular General Principle 5 may apply.¹⁸⁰ It may also apply directly to the EG itself under the second Pillar responsibility to respect. General Principle 12 sets the standards for human rights obligations of business as grounded in the avoidance of infringement and mitigation of human rights harms. This is to be undertaken through human rights due diligence programs.¹⁸¹ In the case of the MBA EG, Guiding Principle 4 may have an effect as well.¹⁸²

These provisions are not yet effective. They are likely to come into effect sometime in the next several years. It is important, though, to remember that

176. General Principles 2, 10, 21.

177. General Principles 12, 22.

178. General Principles 12-22.

179. The commentary to Guiding Principle 11 explains: "The responsibility to respect human rights is a global standard of expected conduct for all business enterprises wherever they operate. It exists independently of States' abilities and/or willingness to fulfil their own human rights obligations, and does not diminish those obligations. And it exists over and above compliance with national laws and regulations protecting human rights."

180. General Principle 5 concerns the application of state duty to the regulation of business, including setting out human rights expectations (get the law right), and taking steps to implement via voluntary and mandatory rules (law and policy approaches).

181. Guiding Principle 12 incorporates the International Bill of Rights and ILO Core Conventions. It applies not only to the corporation but down its supply chain. And it applies to commercial enterprises in whatever form organized.

182. That Principle provides that: "States should take additional steps to protect against human rights abuses by business enterprises that are owned or controlled by the State." The Commentary notes: "Where a business enterprise is controlled by the State or where its acts can be attributed otherwise to the State, an abuse of human rights by the business enterprise may entail a violation of the State's own international law obligations. Moreover, the closer a business enterprise is to the State, or the more it relies on statutory authority or taxpayer support, the stronger the State's policy rationale becomes for ensuring that the enterprise respects human rights."

Cuba has been an active and willing supporter of the work of John Ruggie in the formulation of this framework within the Human Rights Council. Yet, if read broadly enough, Cuba's barter system and notions of just trade, might contribute to a violation of the (Cuban) state's duty to protect and the state sponsored enterprises responsibility to respect human rights. To the extent that remedies are not available for complaints, both may also breach their obligations to provide a remedial framework for complaints.

These emerging frameworks point to a more global future for Cuba as people seek to test the legitimacy of its singular and ideologically driven establishment of trade and commercial relationships and methods. A globally engaged Cuba will not be able to expand on its own terms. It will inevitably have to confront global standards that it may not share. In the area of human rights, that may pose significant difficulties for the program of economic engagement conceived through ALBA. The result is potentially significant for Cuba. This is not to suggest that Cuba's system of bartering its labor force for goods and cash is in fact a violation of international norms. But it is to suggest that Cuba's economic activity—whether undertaken in its sovereign capacity or through enterprises—will be increasingly subject to attack on the bases of these norms. Those attacks will become more potent as Cuba emerges more vigorously within networks of global trade. Cuba's efforts within ALBA provide a substantial exposure point. Cuba's efforts to engage in joint ventures with private and public trading and commercial partners from non-ALBA states will provide a basis for expanding liability through notions of complicity. Some of Cuba's ALBA partners, particularly Venezuela, might have a substantial exposure to suit in the United States through its U.S. oil subsidiary, Chevron.¹⁸³ Though some of these engagements will be politically motivated, especially by those who would see a fundamental change in Cuba's political, social and economic regime, it is important to note that the Cuban labor barter system might well present an important instance of conflict between conventional notions of labor rights and conceptualization of labor under Marxist Leninist regimes. Moreover, such an amalgamation of the ideological with law is, ironically enough, the essential notion underlying both the organization of the Cuban state and the implementation of ALBA's economic activity. That such amalgamations are applied against the Cuban state and its enterprises reminds us that interna-

183. Monica Mend, "Docs Say Cuba and Venezuela 'Enslaved' Them," *Courthouse News Service* (Feb. 23, 2010), available at <http://www.courthousenews.com/2010/02/23/24943.htm>.

Globalization and the Socialist Multinational: Cuba and ALBA's Grannacional Projects

tional law, and its substantive norms, is not captive to any one state, but may reflect a foundational ideology inconsistent with some of the implementary applications of ALBA ideology through PGs and EGs. To that extent, Cuba's exposure to liability provides a window on the ideological basis of international law norms as well.

Conclusion

Cuba has begun the process of seriously integrating itself within an international economic architecture. It is seeking to engage in globalization on its own terms. It means to use global engagement to open another front in its great ideological campaigns against the emerging conventional system private markets driven economic globalization in favor of a more state directed and controlled system of commercial activity among states. An important venue for that engagement has been through ALBA. ALBA has served as a vehicle for regional integration through which the ideology driving the Cuban state is leveraged, applied and furthered by others, principally Venezuela. In the form of ALBA's grannacional projects and enterprises, ALBA states seek to mimic, and by mimicking to subvert, the conventional framework for economic globalization.

It is one thing to describe the ideological and functional framework for the grannacional project. It is quite another matter to consider the way these enterprises might operate on a day-to-day basis. And more importantly, it is necessary to consider the implications of such operation of these supranational corporations under standards of international soft and hard law. This paper has suggested the contours of the violation exposure of grannacional projects under these international norms. The very ideological foundation of the grannacional projects serves as the basis for conflict with normative standards in effect elsewhere. In a command economy in which there is no distinction between the political and economic sphere and where the line between obligations of citizens and of workers is blurred, the difference between a citizen's duty to the state and involuntary servitude can be quite thin. It is unlikely that international standards will bend to accommodate substantial deviations where the functional effect of state action appears to substantially impede recognized human rights, as those are generally understood. It suggests that while Cuba and the ALBA states may avoid the

consequences of breach within their own territories, their assets elsewhere may be exposed to actions based on those breaches. And, perhaps more importantly, private and public enterprises of other states will also be exposed to liability for complicity in the violations of grannacional enterprises with which they might partner. That can have significant effects on the ability of grannacional enterprises to forge significant business relationships outside the ALBA area. Global human rights norms, then, might confine grannacional activity to the territory of the sponsoring states more effectively than any sort of politically motivated embargo. The possible exposure of Cuba for human rights violations in connection with its labor barter transactions illustrates the nature of the problem. Cuba (and ALBA) may well have to pay a price for the choice of their collective form of economic global engagement as it collides with the emerging legal and normative framework for international human rights applies to economic activity that, ironically enough, Cuba has helped to construct.