

Cuba's Co-operative Sector and the Project of Deep Reforms

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From the first official declaration that Cuba's Revolution was socialist on April 15, 1961, to the present, Cuba's 'model of socialism'¹ (the institutional structure Cubans have built to realise the goals of their general concepts of socialism) has constantly changed.² However, the changes to its model of socialism which have been continuously unfolding since the beginning of the Special Period on August 29, 1990, are arguably broader and deeper than any of the previous changes. The extent to which Cuba now holds that it is necessary to deeply rethink both of the related issues of what socialism is and how best to build it was poignantly expressed recently by President Raúl Castro. In his remarks to the National Assembly on December 18, 2010, Raúl Castro described the process of constructing socialism as, analogous to flight into space, *un viaje a lo ignoto* (a journey into the unknown).

At the end of 2010 Cuba took a first major step in systematising its two decades of experience with finding a new economic and social model for building socialism since the beginning of the Special Period. The Communist Party of Cuba (PCC) drafted what became known simply as the *Lineamientos* (hereafter 'Guidelines'), a document of 291 guidelines for the ongoing process

1 The author of this chapter, a trained economist, strongly rejects economic reductionism in general, and in particular for consideration of constructing socialism. The construction of not just socialism as an entire social system, but even of a socialist economy, is a political and social process as well as an economic one. The focus of this chapter is on economics because (i) Cuba has explicitly declared it will focus first on economic reforms in its current reconstitution of its socialist model and only subsequently on major political changes, (ii) the effects of the co-operatives to date, and for the near future, have been and will be primarily economic (with potential deep social implications to follow), and (iii) of the restricted length of this chapter.

2 The changes from the simultaneous experimentation with both the Auto-Financing System and Budgetary Finance System in the early 1960s, to the extreme voluntarism of the late 1960s, to the System of Economic Management and Planning (SDPE, a modified Soviet system) in the 1970s and first half of the 1980s, to the Rectification Process reaction against the SDPE in the second half of the 1980s, were each major changes in Cuba's economic model for socialist construction.

of constructing the necessary new model of social, and especially economic, socialist development. Particularly important to its nature as guidelines for Cuba's central social project, the original document was submitted for a national discussion from December 2010 to February 2011. At its 6th Congress from April 16 to 19, 2011, the PCC then approved the final form of the Guidelines, which were extensively changed from the original proposal on the basis of the national discussion.³

As this chapter is being written in the late summer of 2016, Cuba is taking a second major step in the ongoing process of its self-clarification of what the socialism is which it is seeking, and how it will attempt to achieve it. At its 7th Congress from April 16 to 19, 2016, the PCC approved two preliminary documents for national debate. The first addresses the conceptualisation of its evolving economic and social model of socialist development. (PCC, 2016a) It will hereafter be called the 'conceptualisation'. The second one, more like the Guidelines from 2011, addresses the current broad and general thinking on how those concepts will be applied in practice over the next 14 years. (PCC, 2016b) It will hereafter be called the 'LTP' (Long-term Plan). On June 15 a national discussion was opened on the two documents. This national discussion is scheduled to last until around September 20. This will be followed by changes to the documents resulting from the national discussion, and then adoption of the revised documents by the Party and the government at the end of the year, as central social guidelines for Cuba's socialist construction.

There is a broad spectrum of differing degrees of concern (as well as a broad spectrum of differing degrees of hope and optimism) among supporters of Cuba's project of constructing socialism about what the ongoing current economic changes will mean for that project. The deepest fear is that the changes could lead to the end of the project to build socialism, a return to capitalism.

3 Given the deliberately created dominant misconception outside of Cuba of the lack of social participation by Cubans in governing their society, it is important for this issue of creating its new model of socialism to briefly underline the breadth of the national input into these Guidelines. Cuba has a population of about 11.2 million, with a bit under one fifth of that being age zero to fourteen. 163,079 meetings were held across the country to discuss the Guidelines. Noting that of course many people attended more than one meeting (say one in their workplace and one in their community). the total number of 8,913,838 participants in the meetings nevertheless represents extensive participation by the adult population. There were 3,019,471 'interventions', which were grouped into 781,644 'opinions'. More than 395,000 opinions were accepted and included in the reformulation of the Guidelines. Of the initial 291 proposed guidelines, only 94 were accepted as originally proposed. 181 were modified, 16 were integrated with others, and 36 new ones were introduced. A complete listing of all the original guidelines, how they were changed and the sources of each change is available at PCC (2011b).

The spectrum of concern ranges from those who see the changes containing such a danger if they are not economically, socially, politically and ideologically correctly implemented,⁴ to those who believe that the changes will ‘very likely’ or even ‘inevitably’ restore capitalism.

Among the plethora of changes over the last two and a half decades, and those further projected in the 2011 Guidelines and the current two documents just referred to, two have been of particular concern to those worried about the changes leading to a restoration of capitalism. The first is the changes in ownership of the means of production, which I will often refer to simply as ‘property’. The second is the expansion of the role of markets in the economy.

As indicated by the title, this chapter is concerned with one major change in Cuba’s economic and social model, the expansion of workers’ co-operatives. Of the many potential effects of this change, it addresses one of central importance: how that expansion will interact with and affect Cuba’s project of constructing socialism. Since the theoretically deepest misgivings by supporters of Cuba’s project of building socialism with its projected expansion of co-operatives concerns their nature as non-state property and their use of markets, this chapter’s discussion of the interaction of Cuba’s expansion of co-operatives with its socialist project will be organised largely, though not exclusively, around a careful consideration of these two issues in the process of constructing socialism.

1 Expanding Non-state Means of Production, Co-operatives and Markets

Article 120 of the Conceptualisation document from the 7th PCC Congress defines five ‘principal forms of property of the means of production’. For the use of the most comprehensive and authoritative single source of economic data from Cuba, the *Anuario Estadístico de Cuba (AEC)* which will be used here, it will suffice as an approximation to consider just three of the five from article 120, ‘socialist property of all the people’, ‘co-operative property’, and ‘private property’.⁵

4 This position is held by many in the Cuban government, who also believe they have the ability to direct a social process that will implement the changes economically, socially, politically and ideologically appropriately.

5 In both the current documents from the 7th Congress and the Guidelines from the 6th Congress in 2011, ‘co-operative property’ is defined as a form of socialist property (as it has been in Cuba since the Co-operatives of Agricultural Production were set up in the 1970s) and not as private property. It is unimportant to this work to discuss the debated issue of

Employment figures give one useful measure of the relative size of the state and non-state⁶ sectors of the economy, and from that their change from the old economic model to what is emerging. Of the roughly 20 per cent of the total workforce in agriculture⁷ in 1989, just over 20 per cent worked in the non-state sector (ONE 1990, Tables IV.1 and IV.2).⁸ In agriculture in the evolving model as of 2014, the non-state sector had exploded to almost 95 per cent⁹ (ONEI 2015, Tables 7.2, 7.3)

The expansion of the non-state sector in the dominant non-agricultural sector of the economy is also dramatic, but its projected endpoint is markedly different. In 1989 this sector had 25,200 self-employed and 16,300 wage-salaried workers, for a total non-state employment of only 1.5 per cent of the total of 2,805,500 non-agricultural¹⁰ workers. (ONE 1990, Tables IV.1 and IV.2) It would not be seriously misleading to say that then the majority non-agricultural part of the economy, unlike the agricultural sector, was entirely state run. By 2014, the non-agricultural non-state sector of the emerging new model had 488,900 non-state workers out of a total of 4,030,700 workers, 12.1 per cent, in the slightly over 80 per cent non-agricultural part of the economy¹¹ (ONEI 2015, Tables 7.2, 7.3). Academic and political discussions in Cuba consider that the non-state part of the non-agricultural sector could rise to 40 or even 50 per cent. This would be a major further expansion from what has already occurred, but also qualitatively different from the non-state share in the agricultural sector.

Given this major expansion of the non-state sector in both the agricultural and non-agricultural sectors of the economy, the question arises, what part of that is expansion of the co-operative sector and what part is expansion of the private sector? Again, the issue of the expansion of co-operatives in the new emerging economic and social model in Cuba has been markedly different in

whether that is an appropriate definition, but it is important for understanding the data that follows to know that they define it that way.

6 The *AEC* frequently gives state and non-state totals, where non-state is the sum of private and co-operative.

7 This figure does not include forestry in 1989, which was just under one per cent.

8 Tables IV.1 and IV.2 are not quite consistent since one uses the population December 31 while the other uses the average for the year, but they are close enough to give the rough figures that will show the dramatic change to 2014.

9 $(1,147,000 - 483,400 =) 663,600$ private agricultural workers plus $(231,500 - 5,500 =) 226,000$ agricultural co-operativists equals 889,600 non-state agricultural workers, out of 939,100 agricultural workers.

10 Here including forestry.

11 $483,400$ self-employed plus $5,500$ non-agricultural co-operativists equals $488,900$ non-agricultural non-state workers. $4,969,800$ workers minus $939,100$ agricultural workers equates with $4,030,700$ non-agricultural workers.

the agriculture and non-agricultural sectors. In 1989 there were 64,500 agricultural co-operativists out of the agricultural sector workforce of 690,300, 9.3 per cent. By 2014 this sector experienced a major expansion under the evolving new model to 226,000 co-operativists, 24 per cent of the agricultural workforce of 939,100.¹² The private agricultural sector was nearly twice as large as the co-operative agricultural sector in 1989, with 123,100 workers, 17.8 per cent. By 2014 it was almost three times as large with 663,600 workers, 71 per cent of the agricultural workforce.¹³

The situation of the expansion of co-operatives in the dominant non-agricultural sector of the economy is entirely different. Here there has been very minimal expansion to date. There were no co-operativists in the non-agricultural sector in 1989, and there were still none at the end of the first two decades of the development of the new economic and social model. In the last five years non-agricultural co-operatives have been started. But as of 2014, of the 4,030,700 workers in the non-agricultural sector, only 5,500 were co-operativists, 0.14 per cent.

There are a number of strong reasons to believe there will be a major expansion of co-operatives in the non-agricultural sector in the near future. First, the government has launched an experiment with non-agricultural co-operatives, a procedure they frequently do before implementing major social programs nation-wide. They announced in December 2012 that they would create 498 non-agricultural co-operatives, and then study their performance for problems before promoting them further. The large majority of those were created between April 2013 and June 2014. There have been scores of careful studies of these (and the agricultural co-operatives). Second, as noted above, co-operatives were defined as socialist property in the Guidelines and the Conceptualization. This would suggest that the government might well favour them, in line with its goal of building a socialist society, as the form of non-state property that significant parts of state property should be converted to.

12 In 1989 agricultural co-operativists were in the Co-operatives of Agricultural Production (CPAs). A law for a new type of workers' co-operative was passed in 1993 creating Units of Basic Agricultural Production (UBPCs) (so a subcategory of 'co-operatives'), largely out of dismantled state farms.

13 In 1989 private agriculturalists consisted of individual private agriculturalists and members of Credit and Service Co-operatives (CCSs), which are producers' co-operatives, not workers' co-operatives. In 2008 a law was passed creating the category of *usufructuarios*, people given the right to work the land essentially as private farmers (so a subcategory of 'private'), although the state formally maintains ownership of the land. Of the 663,600 private agriculturalists in 2014, the old categories of individuals and CCSs were up to 350,300, 37 per cent of the agricultural workers, while the 312,300 *usufructuarios* alone made up 33 per cent (ONEI 2015, Tables 7.2, 7.3 and 9.4).

Third, while Cuba has not yet written its general law for the non-agricultural co-operatives,¹⁴ the government has stated repeatedly since 2013 that it will favour co-operatives over private enterprises in its tax policies, its state purchasing policies, its specification of what sectors of the economy non-state enterprises can operate in, and through other measures.¹⁵ And finally, the LTP and especially the Conceptualization documents currently being socially debated give much more attention to non-agricultural co-operatives than did the earlier Guidelines, suggesting not only a continuation but a deepening of the commitment to the project of a major expansion of non-agricultural co-operatives.

For the 'expansion of the role of markets' it is much harder to produce any quantitative measure than for the expansion of the non-state sector or the expansion of co-operatives. 'The fraction of economic activity that is market versus nonmarket' is not a standard economic statistic compiled by any country. Further, notwithstanding the largely accepted view that command economies related to the Soviet model had quantitative targets at the center of their production process, there is a debate far beyond what this chapter can consider about what role particular types of markets, certain processes of exchange based on values computed at administered prices, played in those economies. For the purposes of this chapter it will suffice to simply accept the standard view of both those who want to see Cuba's construction of socialism continue and those who want to see Cuba return to capitalism, that the emerging new model has an expanded role for markets. The concern of this chapter again is what this expansion means for Cuba's socialist project.

2 State and Non-state Property, Cuban Co-operatives, and Building Socialism

The starting point for considering the possible relations of state and non-state property to the project of building socialism has to be a consideration of the goal of socialism.

14 The idea is that the general law will be strongly informed by the results and experiences of the government experiment.

15 At present, however, it is much more difficult to form a co-operative than a private enterprise. This is not inconsistent with the government's stated intent to favour them. The government has indicated it wants to discourage co-operatives from forming until it has decided on the appropriate legislation, based on the experiments, so that when they are formed the co-operatives will function well socially as well as economically as part of Cuba's project to build socialism.

Throughout their entire *oeuvre*, Marx and Engels were very clear on the goal of capitalist production. In a particularly well-known pithy passage, Marx expressed it: 'Accumulate, accumulate! That is Moses and the prophets' (Marx [1867]: 591). The goal of production in capitalism is to obtain profits (through seizing surplus value), to be reintroduced into the circuits of capital and thereby drive capital's self-expansion. 'Accumulation for accumulation's sake, production for production's sake' (*ibid.*).

The goal of production (and all other aspects of society) in socialist theory is to promote human development¹⁶ by meeting human needs. This immediately poses the questions: first, who decides what society's human needs are, second, who decides how best to use existing resources to meet those needs, and third, who will execute and monitor those decisions? An essential corollary of the modern socialist vision is that the ensemble of people who compose the given society must themselves collectively be the agent that decides what their collective needs (society's needs) are, and how they (society) can best allocate available resources and human labour to meet those needs, including the desired distribution of the net output to individuals. For Marx and Engels this is more than just an economic recipe for having social decisions made, and actions for production and distribution undertaken, once capitalist decision makers are removed. For them this is the issue of popular sovereignty or collective self-determination by humans in all the institutions they are part of, here applied to their economic institutions, as part of socialism's support and promotion of humanity's goal of human development.

Under the assumption that the first step in a revolution to transcend capitalism would be the creation of authentic democracy¹⁷ by taking control of the state by the majority working class¹⁸ from the minority capitalist class, Marx and Engels saw nationalisation¹⁹ of the means of production as equivalent to socialisation (control by all society), which their vision of socialism required.

16 Many other expressions encountered in the literature refer to this same human goal of 'human development: 'development of one's human potential', 'realisation of one's potential capabilities', etc.' Freire ([1970]: 40) stated it particularly poetically; 'man's ontological and historical vocation to become more fully human'. For more on this central goal for socialism see Campbell (2006: 113 ff).

17 'The first step in the revolution by the working class is to raise the proletariat to the position of ruling class, to win the battle of democracy' (Marx and Engels, [1848]: 504).

18 Which the transition to socialism was to make into the entire society.

19 Both in common discourse and in socialist discussions, the term 'nationalised' has come to nearly universally mean 'statisised', the transfer of ownership to the state. It will be used in this chapter also in this standard way.

The proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralise all instruments of production in the hands of the State, *i.e.* of the proletariat organised as the ruling class (Marx & Engels, [1848]: 504).

A number of social experiments in the twentieth century claimed to attempt to construct a Marxist inspired socialism, nationalised the means of production, failed to develop anything that resembled Marx and Engels' ideas on socialism or a transition to it, and in the end returned to capitalism. There is an enormous ongoing debate on why these experiments failed. For the concerns of this section of this chapter on state property and the current discussions in Cuba, however, the following very brief and very general statements are all that are needed. Many socialists reflecting on the failed experiments concluded that contrary to what socialism requires, a bureaucracy became separated from and opposed to the rest of the people. It came to serve its own interests instead of being a tool for effecting the social will, controlled by society through socialist democracy. In the terms Marx used in the quote above, the proletariat did not become the ruling class.

By the end of the 20th century and in the 21st century the above considerations led many Marxist-socialists²⁰ to begin to call for social property, as specifically counterposed to the historical call for state property. This terminological counterpoint immediately poses the question of what the difference is, regarding the process of building socialism. This worldwide discussion takes a concrete form in the debates and resulting policies in Cuba today: are co-operatives, when part of a social process of building socialism, social property?²¹

A first possible answer to the question of the difference between state property and social property was dominant among the socialist critics of the processes in the USSR and China in the 20th century, who held those processes were not in fact building socialism. It continues to be an important current of socialist thought around the world today. This position holds that to be social property as required by socialism it must really be controlled by society

20 This term simply intends to partially sidestep the arguments about who is 'really a Marxist' by considering a broader group of people who consider themselves some variety of socialist, and consider their views to be significantly related to those of Marx, regardless of some number of secondary disagreements.

21 Note the answer to this is not determined by the modifying clause 'when part of a process of building socialism'. It is also not the same question as if co-operatives can help in the construction of socialism in Cuba today. Cuba holds that (regulated, small scale) capitalist property meets both these criteria in Cuba today, but it does not hold that therefore capitalist property is social property.

as a whole, and that the only vehicle by which society can operationalise its collective will is through a state controlled by society. Hence this position holds that state property of the means of production is a necessary but not sufficient condition for the socialist requirement of social property. The additional condition needed is, as Marx and Engels indicated above, that the state be ‘the proletariat organised as the ruling class’, that the state be controlled by proletarian or socialist democracy. Note specifically that this position does not consider workers’ co-operatives, even as a component of a national process of building socialism, as social property.

Another possible answer that has been growing in popularity in recent decades starts with the consideration above that at the heart of socialism is that all humans collectively determine the operation of all the institutions of which they are a part. In this approach the means of production are social property if their operation, and the distribution of the results of their operation, are determined collectively by those involved in their operation. Note in particular that under this approach workers’ co-operatives could be considered social property (discussed further below).

The Conceptualization document referred to in Section II, which is presently being nationally discussed, makes no pretense to being a final theoretical treatise on the nature of socialist property. Nevertheless, as presently proposed (and very likely as ultimately enacted) it clearly adopts the second approach to the issue of the nature of co-operative non-state property just indicated. Under article 158, co-operative property, the first point it makes (article 159) is ‘the types of co-operatives²² that the [Cuban Economic and Social] Model recognises form a part of the socialist property system, in that they apply the principles of collectivity to production and to the distribution of the results of its production’ (PCC 2016a, article 159).

Being understood as part of the socialist property system seems to suggest that co-operatives will be accepted as a permanent part of Cuba’s project of constructing socialism. At the same time, an echo of the first position seems to remain in a clear statement of the intended priority of state property in that project. Already the 2011 Guidelines declared that in the developing new model ‘The management model recognises and encourages socialist State-owned companies—the main national economic modality ...’ (PCC 2011a, article 2). This position of the intended centrality of ‘socialist property of all the people’ (state property) has been extensively further elaborated on in the (far from

22 Cuba classifies only workers’ co-operatives as co-operative property, and in particular not consumers’ (which it does not have) or producers’ (which it does have, the CCS) co-operatives.

complete) presentation of the theoretical basis of the evolving model in the Conceptualization.²³

There is a rich discussion in Cuba today on what is the potential of co-operatives, if economically, socially, politically and ideologically appropriately structured and introduced,²⁴ to contribute to Cuba's project of constructing socialism. Little of this is known, or even easily accessible, outside the Island.²⁵ An edited collection of articles by Piñeiro Harnecker (2013)²⁶ is intended to revolve around exactly the question of concern to this chapter, are workers' co-operatives an adequate form of organisation of work for a society committed to constructing socialism?²⁷ Four important points from her contribution to the collection, concerning the issue of the possible role of co-operative non-state property in building socialism, follow.

1. A central principle of 'real co-operativism' is autonomy. Decisions concerning operating the enterprise must be made collectively and democratically by the associated producers. Her chapter and the whole edited collection clearly state and discuss a central concern ('it is the one most addressed in this book') of many socialists regarding this issue: are

23 See article 10 in the Introduction, article 63 in the section 'Principles of our socialism that sustain our Model', articles 117 and 118 that introduce the section 'Property in the means of production', articles 121 through 157 that describe the 'socialist property of all the people' at length, and elsewhere in the document. (PCC, 2016a).

24 The discussion of course necessarily includes debate of what is the economically, socially, politically and ideologically appropriate structure of co-operatives, given the specifics of Cuba's process of socialist construction today.

25 First, most of the written discussion is only in Spanish, not in the world *lingua franca*, English. Beyond that, (many) Cuban books and journals that are published have limited availability outside of Cuba, particularly if not obtained when first released. This situation is beginning to change with electronic availability particularly for some Cuban journals, but it's still problematic for many journals, and still almost universally problematic for books, a format extensively used in Cuba for engaging in current debates in edited collections.

26 While the author of the piece is a respected voice in Cuba on this issue of co-operatives and their role in building socialism, it needs to be underlined here to avoid any misunderstanding that she is only one of a significant number of people there participating in this debate. While articles in English about co-operatives in Cuba are not numerous, ones addressing the concern of this chapter with a discussion of their relation to Cuba's project of constructing socialism are exceedingly scarce. This article has been selected to illustrate four central points in this discussion in Cuba because it is in English, and because it was published by a major First World publisher after its publication in Cuba and so is readily accessible to the reader of this chapter.

27 Note that this question is not presented as a consideration of if co-operatives should be the unique property form for constructing socialism, but rather in the frame of them being one form along with possibly others (in particular, state enterprises).

co-operatives 'too autonomous and therefore irreconcilable with the interests of society'? (p.3). 'Is it possible for a co-operative to respond not only to the interests of the group of people that constitute it but also to the social interests?' (p.5).

2. Considering this issue more concretely in terms of the standard institution in socialist theory (and past Cuban practice) for expressing the social interest in production, a national plan, that question becomes: 'would it be possible to *couple* an autonomous enterprise with a planned economy?' (*ibid.*). First, the chapter acknowledges what is practically defined by the words 'autonomous' and 'national plan': 'when looked at in terms of absolute autonomy and authoritarian (non-democratic) planning, in terms of the group interests of a collective unit that are considered in advance as being alien to social interests, then the response is obviously negative'²⁸ (*ibid.*). But at the same time, the chapter strongly asserts that yes, 'it is possible to reach agreements and coordinate with [co-operatives] so that they orient of their activities toward the satisfaction of social needs identified in the planning process' (p.3). The author refers to, only as examples to show that it is possible, the works of Devine (1988) and Albert and Hahnel (1991) as two different worked-out models with both social planning and relative work-place autonomy.
3. Given the incompatibility of workplace autonomy and social planning if they are defined as in the first part of point 2, their possible compatibility, which the author asserts, requires either that the planning be democratic and participative, or that the autonomy be only of a 'high level' (p.8) Or both, which is clearly Piñeiro Harnecker's position. The nature of their relative autonomy is determined by the laws that establish the nature of co-operatives and the environment they operate in (pp.17–18), and by regulatory bodies that see that those laws and co-operative principles are adhered to. (p.19)
4. A final point concerning co-operatives and state property in the means of production, broached both by the author and by some current Cuban practice, partially sidesteps the potential conflict. The author holds that 'what characterises a co-operative is not the legal ownership of the means of production (facilities, land, equipment) by the collective or group of people who make up the co-operative, but the fact that the decisions about their utilisation are made collectively by all members' (p.16). While co-operatives have come to be thought of as owning their means of production, that is because they evolved in capitalist societies where

28 Note this would be just as true for Marx's 'freely associated producers' as for co-operativists.

generally control is determined by ownership. Control and ownership (and even what the latter means) could have an entirely different relation under socialism. This understanding of co-operatives raises the possibility of the state (collective society) continuing to own the means of production while the co-operatives rent them, which is currently the case with some of the means of production used by some Cuban co-operatives. Note that this does not in itself resolve the issue of concern to this chapter of the potential conflict between workgroup autonomy and social interests. Society would still need to determine what sorts of decisions should be part of the workgroup's 'high degree' of relative autonomy, and what decisions should be retained for society as a whole as part of what it would mean that society socially own the means of production.

3 Markets, Planning, Cuban Co-operatives, and Building Socialism

Many supporters of Cuba's commitment to build socialism fear, and all the advocates of a restoration of capitalism hope, that Cuba's 'expanded use of markets' will return it to capitalism. Members of the latter group often use the word 'markets' to mean 'capitalism' in order to be less open about their actual goal, the return of Cuba to the world capitalist system. As early as 1994 the dean of US anti-socialist Cubanologists, Carmelo Mesa-Lago, wrote a booklet hopefully entitled *'Are Economic Reforms Propelling Cuba to Markets?'* For two and a half decades *The Economist* magazine has applauded every reform they call 'pro-market' and bewailed every 'retreat from markets', in the name of the need to promote a 'market society' in Cuba. Presidents Obama and Bush included the same requirement of a 'market society' as one of their central demands for 'fully normalising relations'. All use the word markets as a euphemism for their desired capitalism.

The discussions on the role of markets in building socialism is seriously confused by the failure to distinguish markets in general from capitalist markets.²⁹ Four brief definitions are necessary to address this conflation of markets and capitalism. As defined in a dictionary, *markets* are any place (or institution, or process) for the regular exchange of anything. Hence as long as a society has a division of labour and people get through exchange what they need but do not produce themselves,³⁰ such a society will have markets. *Commodities*

29 The following three paragraphs draw heavily on Campbell (2016).

30 Note this would exclude Marx's higher stage of communism where people get what they needed on the basis of their need, but it would include his lower stage. See Marx ([1875], respectively pp. 87 and 86).

are anything produced not to be consumed by the producer, but to be traded. Then *capitalist commodities* are commodities that are part of a capitalist process, commodities produced to be exchanged in order to accumulate and expand capital.³¹ *Capitalist markets* involve the exchange of capitalist commodities.

With this terminology one can easily present the role Cuba intends for markets in its updated economic model. Commodities will be exchanged in Cuba's new markets, but commodities produced mostly by self-employed workers to exchange, via money, for what they want to consume. This will resemble the producers in the first chapters of *Capital* or the feudal shoemakers in footnote 31. In particular, production will not be 'determined by markets', meaning by the drive of capital for accumulation and expansion through exploitation, achieved by the production of capitalist commodities that are sold in capitalist markets. The Guidelines from 2011 already indicate at their beginning Cuba's chief legal barrier to the petty commodity production morphing into capitalist production: individual capital's goal of continual self-expansion is disallowed. 'In the forms of non-State management, the concentration of property in the hands of any natural or legal person shall not be allowed' (PCC, 2011a, article 3). Thus the intention is for (most of) Cuba's markets to not be capitalist markets, and hence for them to be unable to contribute to the creation of large-scale domestic capital and a domestic capitalist class, and through them the restoration of capitalism.

The foreign press often refers to Cuba's market reforms as steps toward market socialism. While the term 'market socialism' is used in sharply different ways by different authors, the common meaning is that enterprise members will produce for their collective profit (hence produce capitalist commodities) and the state will intervene to limit the system's tendency to inequality. But Cuba has stated that it does not intend to establish this sort of system of production. Cuba has repeatedly declared that it will have socialism with markets (*socialismo con mercados*), but not market socialism (*socialism del mercado*).

Eliminating capitalist markets as the engines of the economy requires the replacement of their role in capitalism of determining production. Marxist-socialists have always seen planning in a dual role. Functionally, it enables production to occur in the absence of capitalism by establishing

31 Note the commodities described in the first chapters of *Capital* are not produced or exchanged to expand capital (that concept has not yet been introduced in those chapters). Likewise, shoes produced by feudal shoemakers were mostly produced for exchange for food and other necessities, or even for luxuries, made by other producers, not for the expansion of capital. Neither this theoretical nor this real-world example involve capitalist commodities.

its goal. More broadly, democratic social planning represents the collective self-determination, here applied to the economic sphere that is part of socialism's goal of humans 'becoming more fully human'.

In the Guidelines from 2011 and again in the current Conceptualization from 2016, Cuba stresses that planning will be central to the operation of the economy. The first sentence of the first guideline reads: 'The socialist planning system will continue to be the main way to direct the national economy' (PCC, 2011a: 8).

Because for historical reasons 'socialist planning' came to be identified with the type of planning carried out in the USSR and countries that later developed related economic structures, it needs to be stressed both that there is nothing in Marxist-socialist theory that indicates that planning (and the related economy) needs to be organised that way, nor is anything even similar to that an option for Cuba's socialist project today. Partly because the new economic structure for building socialism is still evolving, there is minimal writing on the appropriate new planning system even in Cuba. Just as one indication of how different the new planning system will be, it is worth noting that there is a broad consensus in Cuba that the new system will give a much greater role to planning using price mechanisms instead of the almost complete centrality of quantitative planning in the old system.³² For the purposes of this chapter, the point about planning is that because the direction of the economy by the drive of capitalist markets to accumulate is precluded by Cuba's human-centred goal of constructing socialism, some sort of system for humans to socially and collectively determine the nature of their economic activity and the distribution of its output needs to be developed. Any such system constitutes a form of planning.

4 The Potential Contribution of Co-operatives to Building Socialism in Cuba Today

The previous two sections have argued against the position of some supporters of Cuba's process of constructing socialism that co-operatives are harmful

³² This is not to say there will be no quantitative planning in the new system. Recall that during WWII both the UK and the US had extensive and effective planning systems that involved both quantitative targets, particularly in several key industries, and planning through controlling prices. While as indicated the debates on the specifics of the appropriate new planning have basically not even begun, many Cubans involved in developing the new economic structure assume that overall it will be a hybrid, in the sense of involving a greater use of prices and yet still involving some priority quantitative targeting.

to that project. This section will take the stronger position that today in Cuba co-operatives, properly designed and properly embedded in the socialist project, would actually strengthen the process of building socialism. While there are other arguments that could be made to support this position, this section will present only the following four, which this author considers the most important in Cuba today: co-operatives will impede the expansion of capitalist markets, they will impede the formation capitalist property, they will impeded the concentration of capitalist property, and they will contribute to the human transformation that is necessary for a socialist society. The first three of these points will draw heavily on the material developed in the last two sections.

1. As noted in the last section, to the extent that co-operatives are considered to be created as substitutes for the creation of capitalist enterprises, they do not harm Cuba's socialist project by expanding the use of markets, since both use markets. But here it is argued further that, to the extent that they are formed as 'genuine co-operatives' as advocated by many proponents of co-operatives on the Island, they strengthen Cuba's socialist project. As Harnecker (2013: 13) argues:

Our aim is to show that real co-operatives operate under a logic diametrically opposed to that of capitalist businesses. Instead of maximising the individual profits of shareholders, co-operatives are motivated by satisfying their members' needs of the necessities of the human development of their members, which are inevitably linked to the needs of their surrounding communities and of the nation, and even the *greater human family*.

As discussed in the last section, such units would produce non-capitalist commodities. They would thus impede the expansion of capitalist markets by their supply of the desired goods through non-capitalist markets. This would reduce the expansion of capital and thereby strengthen Cuba's socialist project through the reduction of this threat to it.

2. Co-operatives strengthen Cuba's socialist project by impeding the formation of capitalist property in the means of production. As discussed above, to be capitalist production the goal of production must be the self-expansion of capital. As that is not the goal of co-operative production, destatised means production which is made co-operative in form rather than as new capitalist property. Additionally, the ongoing operation of co-operatives creates no additional capital property as does the constant expansion of capitalist means of production, again impeding the formation of capitalist property.

3. Co-operatives strengthen Cuba's socialist project by impeding the concentration of capital. The restoration of capitalism is only possible if not only a significant part of the economy is capitalist,³³ but if that capital has sufficient concentration to coordinate itself to act politically. Co-operatives do not have an inherent tendency to concentrate while private capital does. Hence any displacement of capitalist production by co-operative production does more than just reduce the amount of capitalist property discussed in the last point, it also contributes to preventing the concentration of capitalist property that is necessary for a capitalist restoration.³⁴

4. Advocates of socialism have long argued that being a worker in a capitalist enterprise deforms a person (relative to their potential to 'be more fully human') in various ways.³⁵ Certain potential human traits and skills are penalised, or at a minimum allowed to atrophy. Among these, five are particularly important for building a socialist society. First, the human trait of solidarity (the ability to feel empathy with other individuals). Second, the human trait of collectivity.³⁶ Third, the skill of complex social communication. Fourth, the

33 Logically, if anything approaching 100 per cent of the economy were capitalist, it would indeed be a capitalist economy. The point being made here is that the restoration of capitalism in the real world does not result from the simple growth of the capitalist sector, but requires a political act. If a government committed to building socialism had power and 50 per cent of the economy was capitalist (far above the current per cent in Cuba) without a significant economic concentration to give it political coordination, that large capitalist sector would not have the power to disrupt the process of building socialism, not to speak of restoring capitalism. Note that this claim does not ignore the potentially lethal ideological influence such a large sector could have either on the population or particularly on the political leadership of the country, especially in the presence of some combination of a capitalist domination of the world economy, a domestic economy that the population considers to be performing weakly, and insufficient socialist political and economic democracy in the country.

34 The recognition by the Cuban government of the importance of a concentration of capital to a restoration of capitalism, independent of the contribution to impeding that by co-operative discussed here, is indicated at the very beginning of the *Guidelines* where it sets out a frame for the legal prohibition of such concentration. 'In the forms of non-State management, the concentration of property in the hands of any natural or legal person shall not be allowed'. (PCC 2011a, guideline 3).

35 While the situation is different, there are numerous important similarities for workers in state enterprises in societies attempting to build socialism, if they are not involved in collectively managing their enterprise.

36 Marx saw this as part of our species-nature. What this involves is the way we see the relation of ourselves to larger collectives of humans that we are part of. It involves viewing our potential individual actions as being a part of the collective activities that are necessary for our survival in the first place, and our human development beyond that (of which production is just one important part). It stands in opposition to the Robinson

closely related but distinct skill of complex social decision-making. Finally, and this requires the third and fourth skills, the skill of acting collectively.

Working in a co-operative clearly would promote these human traits and skills that humans must develop for a socialist society to function. Human history has shown, however, that the issue of scale is important for this issue. From the time of hunter-gatherer societies forward, solidarity, collectivity, and the development of the skills for collective communication, decision-making and activity, have often arisen quite naturally and readily in small groups with extensive personal contact. Beyond such a scale, however, extensive development of these traits and skills has been rare. From this comes the general position of most of the Cubans who advocate co-operatives as potential contributions to Cuba's socialist project. The development through work in co-operatives of a number of human traits and skills that must be developed in Cuba for socialism to function tends to occur 'rather automatically' on the level of the co-operative workplace.³⁷ Their extension to the local, regional and national levels, to the contrary, requires a conscious political-ideological-educational process. Hence, while the development of these traits and skills at the level of the co-operative is not sufficient for building socialism, it can form the concrete social basis for their necessary conscious construction on all scales of a socialist society.

5 Conclusion

Cuba is twenty-five years into a process of deep economic reforms, with projections of more economic updating to come. The Cuban government maintains that these reforms will strengthen its social-economic goal of building socialism. Some supporters of Cuba's socialist project fear, and all opponents hope, this updating will in fact take Cuba back to capitalism. Key reforms have included expanding non-state property in the means of production while declaring its intent to keep state property central, expanding the use of markets while maintaining planning, and decentralising and de-bureaucratising (not yet enough) the economy.

Crusoe view of the relation of the individual to the collective that underlies neoclassical economics and classical liberal political theory.

37 There will be some rather automatic spill-over effects, especially to their communities, as some people who develop these skills in the workplace then want to exercise them in other institutions that they are part of. 'The desire to participate and the ability to participate develop in a symbiotic relationship ... participation feeds on itself' (Devine 1988: 159).

This chapter has addressed the expansion of co-operatives throughout the economy, a change that involves all three of the reforms just mentioned. Its focus has been the interaction of the projected expansion of co-operatives with the Cuban Revolution's historical project of building socialism. It has specifically looked at this interaction in terms of the two forms it is most discussed in. The first form is the feared/hoped for restoration of capitalism. The chapter concludes this is not an inevitable outcome of the ongoing updating process. It is, however, a danger, where that danger is strengthened whenever the process of implementing the reforms makes economic, social, political, or ideological errors. The second form the interaction is extensively discussed in is if the reforms have the potential to improve the process of building socialism in Cuba, the position of the government. The chapter agrees with this position as to their potential, while again arguing the danger of those potential improvements not being obtained if the implementation process makes too large and/or too many errors. The chapter holds that the final determination of whether the reforms will restore capitalism or improve the process of building socialism will be determined by the outcome of the class battle between capitalism and socialism in Cuba and on a world scale. The quality of how the updating process is constructed and implemented in Cuba, including how the potentially important co-operatives are constructed and implemented, are important factors in that battle.

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