

Draft 1.

Cuba. Moving Beyond Capitalism in Pursuit of Human Development

I. Introduction

This author reads history to have unequivocally validated the broad reformist (or “liberal,” or “social democratic”) position that capitalism can be less brutal, less inhumane, than today’s world-dominant neoliberalism. It was so in the two to three decades immediately after WWII, arguably as a social, political and economic reaction to that immense human atrocity. It was so in both the First World (“Developed World”) and the Third World (“Developing World”), though of course always more brutal and inhumane in the latter than in the former. While there clearly have always been “many capitalisms” throughout the world, the “center of gravity” of the differing capitalisms has obviously moved toward increased brutality and inhumanity over the last four decades.

A common response to humanity’s deteriorated situation is to argue for “going back” to how it was, for reconstructing the previous situation. In the United States, Paul Krugman is today the most widely known advocate of this position, which is held (with many different nuances) by thousands of economists, and millions of citizens.

There are two basic types of arguments against this position: it can’t be done, and it shouldn’t be done. This chapter will only sketch the first argument in the briefest of terms, since its topic arises out of the second position.

The first argument is not that reforming the various existing capitalist systems to decrease their inhumanity is not technically possible. If the rich and powerful minority that dominates social decisions under capitalism chose to do so, it could. What cannot be done is return to the situation of the first two or three decades after WWII. Capitalism in all its various current forms is so technically and culturally different from how it was then that such a return is simply not possible. Important reforms bettering the lives of the broad masses are possible, at the same time that putting the genie of increased brutality and inhumanity back into the bottle to return to those years is not. Things can be made better (or “less bad”) without replacing capitalism, but capitalism cannot be made as good as it was before the neoliberal revolution. In any case, even that better state was unacceptable in comparison to a technologically possible alternative economic system that would produce with the goal of maximized collective (democratically determined) human well-being and human development.

“Political Economy” today is broadly a synonym for “economics” (which is supposed to be the study of society’s economic system), often with two loosely associated additional connotations. First, “political economy” suggests more of an awareness and acceptance of the thorough interconnection of “the economic system” with other aspects of society – politics, ethics/morality, all sorts of aspects of culture such as views on hierarchies of power, material and social equality, isolated individualism versus social collectivity, and so on. Second, “political economy” has come to indicate that the description of the economic system so labeled is not the neoclassical fairytale that by far dominates what capitalism teaches as “economics.”

There is debate both about how best to define “radical” in general in “radical political economy,” and about whether various “schools of thought” in contemporary political economy (e.g., Sraffian Economics, Feminist Economics, Institutional and/or Evolutionary Economics, etc.) should be considered “radical political economy” or not. For this chapter, the author will draw on the etymology of “radical,” “to the roots.” “Radical political economy” will imply a description of the current capitalist systems that, in contradistinction to the reformism just discussed, sees moving beyond capitalism (“transcending capitalism,” “overthrowing capitalism,” etc.) as necessary to eliminate the brutality and inhumanity of the current systems, to the extent that is possible with our existing technology. (Concerning the question of schools of thought, note this criterion means that some people in given schools are radical and some are not; one can therefore generally not classify a school of thought itself as radical or not.)

In this frame, this chapter argues that exactly because Cuba has aimed to reduce the brutality and inhumanity that it inherited in 1959 by transcending capitalism (building socialism), the political economy of its Revolution can only be understood through a radical political economic analysis. Directly targeting human development, as opposed to targeting profits supported by the trickle-down fairy tale, generates a human-centered economy (“people before profits,” “economics as if people mattered,” etc.). This chapter will briefly look at eight dimensions of Cuba’s efforts to promote human development, and in doing so build an economy that transcends capitalism, and also discuss Cuba’s greatest weakness in the process of building socialism that was developed there.

II. Cuba's Efforts over Fifty Years in Promoting Human Development¹

Given the space needed to make even introductory comments on aspects of human development, comments here will be restricted to doing so through a short remark on the UN's Human Development Index (HDI), and then consideration of eight aspects of human development promotion. These begin with what are usually considered the two most basic physical needs, i) food and ii) shelter. Two issues that underlie two of the HDI's three components, iii) health care and iv) education, could be argued to be the next-most basic issues from a human development perspective among the eight discussed here. Only then will this chapter consider neoliberalism's universal indicator of development, v) national wealth, which is also the third component of the HDI. The section ends with a consideration of three additional aspects of human development, with the last two essentially not reflected at all in the HDI, but equally important for human development: vi) poverty and unemployment, vii) social participation and viii) self-governance. It is stressed that these are not intended as an exhaustive list of aspects of human development supported and promoted by the Cuban Revolution. Among a number of others, additional major aspects not discussed here are social security, the permanent multifaceted social campaigns against racism and sexism, the promotion of culture and sports, and arguably the most basic, physical safety against politically or economically motivated assault or murder. The eight discussed are presented as both reflective of all aspects, and as among the centrally important ones.

A standard (very simple) indicator of a country paying particular attention to the human development of its citizens, for its given national wealth, is an HDI ranking above its national wealth ranking. In 1990 when the HDI was introduced, Cuba ranked 39th in HDI out of 130 countries. The GDP numbers used were not given, but Cuba was certainly evaluated by GDP as a low income country, making its HDI ranking indicative of strong attention to human development. By the 2013 HDI rankings the UN had switched to the more appropriate measure of national wealth, Gross National Income measured at purchasing power parity (PPP). By this measure, Cuba at \$19,844 per capita (due to the large PPP adjustment) ranked 55th of 187

¹ Given the intentions of these chapters as introductions to the issues, and their tight length limitations, references for all the numbers given cannot be included. Extensive references for most of the numbers can be found in a significantly different but partially related article by the author, "Updating Cuba's Economic Model: Socialism, Human Development, Markets and Capitalism," *Socialism and Democracy*, 2016.

countries. Notwithstanding the UN's standard but always debatable calculation procedure, this value, which is 38% of the U.S. level, is quite a bit higher than most economists would rank Cuba's relative national wealth. Even with this high wealth value, however, Cuba's HDI ranking of 44th still significantly exceeded it. The UN's HDI rankings have always been used as a simple indication of Cuba's strong commitment, for its available national wealth, to supporting and promoting human development.

i) Food. In 1962, at the beginning of the Revolution, Cuba implemented a rationing system to assure adequate food for the entire population. It could then only guarantee a minimum daily consumption of 2,000 – 2,100 kilocalories. Its fundamental commitment from the beginning to improving this was reflected by an increase of over 20% in three years, to 2,552. Prior to the onset of Cuba's depression in 1990 it had grown to 3,000. A US delegation found that at the low point of Cuba's depression in 1993 it crashed to 1,863. By 1995-7 it was back up to 2,450, surpassed its pre-crisis level with 3,110 by 2000-2, and reached 3,420 by 2006-8. The other two "standard basic" indicators of food sufficiency, protein and fat, basically followed the same pattern. Following a visit to the island in 2007, the UN Special Rapporteur on the right to food was widely reported in the international press to have said that Cuba is a model for feeding its population.

It is too often forgotten by commentators from the Developed World that a significant part of humanity still either has no access to adequate amounts of safe drinking water, or needs to spend large amounts of time obtaining it. Like many countries at its level of development in 1958, safe water was largely available in Cuba's cities (excepting the significant shantytown parts), but not throughout the countryside. Its extension to the entire population is a now largely forgotten important early achievement in human development by the Revolution.

A point to stress here about Cuba's food and water policies, which will also show up repeatedly in the short examples that follow, is the commitment to development "for the entire population." Solidarity and equality have long been understood to be central components of socialist human development, and features that strongly differentiate it from capitalist economic development.

ii) Housing. There are some important, and for human development positive, aspects of Cuba's housing policies over the course of the Revolution, that are not frequently highlighted today. The primary is the reduction through three channels of the ability to evict people from

their homes. First, legislation at the very beginning of the Revolution directly halted evictions of tenants by landlords. Second, the underlying cause for evictions, rents above the tenants' ability to pay, was sharply reduced. Rents were quickly reduced by up to 50% for most tenants. Following the momentous October 1960 Urban Reform Law, the roughly half of the tenants who lived in what were considered slum tenement buildings were given long-term rent-free leases. After 1961 all housing units built by (or previously existing houses distributed by) the government had long-term leases with rents no more than 10% of family income. The third channel was the massive development of homeownership. The Urban Reform Law converted the other half of the urban tenants into homeowners. By 1984 (when another major housing law was passed) slightly over half of Cuba's households were owner occupants, which rose to 84% by 2014.

Anyone visiting Havana is immediately struck by the deterioration of a large part of the housing stock. One major reason for this is a successfully implemented decision made at the beginning of the Revolution to work on closing the enormous gap, typical of underdeveloped countries, between the urban and rural living conditions (again the concerns with solidarity and equality manifesting themselves). As a result of this, average rural housing has improved greatly over its pre-Revolutionary condition.

Overall, while Cuba has met its "minimal housing needs" in the sense that there is very little housing of the humanly inadequate levels that tens of millions of Latin Americans (and increasingly U.S. Americans) in the worst slums and the countryside live in, the Cubans find their housing inadequate, compared to housing appropriate for a country of Cuba's wealth in the twenty-first century. With a current housing stock of roughly four million units, a 2013 report by Cuba's National Institute of Housing indicated a need to construct between 60,000 and 70,000 homes a year to address its deficit of 600,000 acceptable homes.

iii) Health Care and iv) Education. These two aspects of Cuba's support for human development, widely considered outstanding successes (not without any problems, of course) even by many opponents of the Revolution, are written about extensively in many English language sources. Given the length restriction of this introductory chapter, these will therefore not be specifically discussed here to provide maximum space for the other six less-known aspects of Cuba's human development promotion, beyond simply noting that their "poster child" status as achievements of the Revolution is both deserved and extremely socially important.

v) Growth of Societal Wealth (proxied by GDP). The simple idea here in terms of human development is that if one is under a constraint to spend all one's time providing for physical survival, one does not have time to pursue the development of other aspects of human potential. This makes the issues of raising labor productivity and thus the accumulated wealth of society, which can then be employed to promote human development, important goals in the process of constructing socialism, notwithstanding neoliberalism's inappropriate deification of GDP.

Cuba's record concerning the growth of its GDP prior to 1990 is sharply debated. Cuba then kept its national economic statistics in the old Soviet accounting system, whose conversion to standard National Accounts has always been an academically and politically contested issue. This author considers *The Cuban Economy. Measurement and Analysis of Socialist Performance* to be the conceptually best, and most carefully executed, conversion. The authors found that from the year after the beginning of the Revolution until the most recent data available when they conducted their study, 1960-1985, in Latin America only Brazil's average yearly real GDP growth of 3.4% exceeded Cuba's 3.1%. Subsequently, using Cuba's official GDP growth rate from its flagship statistical publication, the *Anuario Estadística de Cuba*, it averaged a 2.0% rate of growth of its GDP from the first year of its depression in 1990 to the most recent data in 2013. Even including Cuba's four-year major depression, its performance over this most recent quarter century was roughly average for Latin America. This author considers Cuba's GDP growth over the full 55 year history of the Revolution to have been neither extraordinary nor a disaster by Latin American standards, but rather somewhat above the regional average.

It is important to highlight that the issue of the appropriate level of supply of material consumer goods is a central issue under debate in Cuba today. Notwithstanding the evidence just provided that Cuba's GDP growth over the course of the Revolution has been rather average for a country in Latin America, the conclusion among Cubans today is very clearly that the Revolution did not improve the standard of living, specifically in material consumer goods, as much as was desirable for dignified lives. This conclusion is centrally reflected in the appellation "prosperous and sustainable socialism" frequently used for the new economic system being built, an issue that will be discussed further below.

vi) Poverty. The careful study *Erradicación de la Pobreza en Cuba* published in 1983 argued that, in agreement with the general perception among Cubans, Cuba had achieved the impressive human development goal of eliminating poverty. From the beginning, Cuba

conducted its campaign to eliminate poverty very much along the lines of the broad social approach that was later extensively discussed by the United Nations at its World Summit for Social Development in Copenhagen in 1995. As opposed to simply focusing on raising the income of those in poverty to some predetermined level, Cuba committed itself to trying to assure that its poorest citizens could actually access the many things necessary for a dignified life and the development of each person's potential that poverty prevents.

There is essentially no government official, academic or general Cuban who would argue that after its 1990-1993 depression, Cuba is free, or even "almost free," from poverty. However, the access of the poor in Cuba to numerous basic goods such as food, shelter, healthcare and education makes the humanly destructive nature of that poverty fundamentally different (though still bad) from poverty in other Less Developed (or even Developed) capitalist countries. While referring to this particular form of poverty as the "population at risk" to underline its significantly different nature from standard poverty, Cuba recognizes that its re-elimination is essential to its socialist project of human development. The common label of "prosperous and sustainable socialism" for today's deep economic reforms underlines this point. A reasonable rough estimate of this specific type of poverty today could go as high as 20%.

vii) Social Participation. Broad social participation, an essential aspect of human development, has always been held up by supporters of the Cuban Revolution as one of its defining characteristics. Two channels that were particularly attractive to, and therefore written about by, international supporters of Cuba's socialist project, were the multiple "mass organizations" that arose, and the degree of participation of workers in the workplace.

The mass organizations, many of which arose very soon after the triumph of the Revolution, were seen as important vehicles for articulating different specific popular interests. The 1976 Constitution listed mass organizations as central to Cubans' social participation and hence human development: the Central Organization of Cuban Trade Unions (CTC), the Committees for the Defense of the Revolution (CDR), the Federation of Cuban Women (FMC), the National Association of Small Farmers, the Federation of University Students, the Federation of Students of Intermediate Education, the Union of Pioneers of Cuba, and "others." From the time of the nationalizations and then through the reorganization of industry in the 1960s, worker participation in (but not self-governance of – see the next point) the running of their workplaces has been extensive.

viii) Self-governance. Collective self-governance in all social institutions has always been arguably the highest human development goal of socialism. The line between social participation and self-governance is often not clear. This implies an ongoing debate as to if, and if so, to what extent, people with extensive social participation have self-governance. A balanced investigation of this issue for Cuba over its half century Revolution, carefully indicating what this author would argue are its significant achievements in self-governance and its important deficiencies in this regard for constructing socialism, would require at least a book-length work. Instead, only two brief assertions will address this issue here, with the second being considered a factor of central importance for the future of socialism in Cuba.

a) Average Cubans have extensive “voice,” or “input,” in most of the institutions they are part of. Final decision makers both actively consult them, and very often listen even when not officially consulting them. This of course is extremely important for popular demands being met, and a balanced treatment of this issue needs to avoid underestimating its importance. It is not, however, the same thing as the human development that comes from self-governance, a necessary part of socialism.

b) The discussion about the need for increased participation in Cuba as part of its current deep economic reforms is currently widespread, including being backed in certain dimensions by the government. Frequently in public meetings, and also, though less frequently, in written materials, the discussion moves from participation to self-governance, without any sharp distinction between the two. While the government at present is not promoting the issue of expanded self-governance in workplaces, it is making no efforts to limit popular discussions on the topic. A (small) stream of books and academic articles, and an occasional newspaper article, continue to be produced in Cuba (by state presses) that go beyond the broadly accepted need to expand participation in workplaces and call for continually expanded self-governance.

III. A Terse Summary and Conclusion

Given Cuba’s declared and demonstrated commitment to directly promoting human development and well-being by moving beyond capitalism, its economic policies can only be intelligently studied and evaluated by radical political economic analysis. When thoroughly considered, its economic record of achievements in advancing human development in many dimensions over the last half century is impressive. Still a “developing country,” it is in no

position to “rest on its laurels” in today’s hegemonically neoliberal world. Its fifty year project now rebranded as “prosperous and sustainable socialism” requires it to continue to advance in all the dimensions of human development that it has supported and promoted over its entire Revolution. Two dimensions of further human development stand out as the most challenging. First, as reflected in discussions and debates going on today throughout Cuba, it needs to significantly increase its already important development of participation both in the economic sphere and through the rest of society. Beyond that and even more challenging, it needs to significantly expand and deepen its already significant self-governance in the political sphere, and especially it needs to develop over time its almost non-existent self-governance in its workplaces.