Planning in Cuba Today

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In a world ideologically dominated for the last two decades by the theory of “markets über alles” (“market fundamentalism” in more academic terminology), Cuba’s rejection of this ideology and its tenacious commitment to comprehensive planning in both theory and practice, under extremely difficult economic conditions, merits investigation. This brief paper will address three issues concerning planning in Cuba: 1) the basis for Cuba’s continued commitment to planning, 2) Cuba’s commitment to popular participation in planning (this is really a sub point of the first issue, but one that is particularly important to the issue of planning, so I will address it as a separate point), and 3) the new modality of socialist planning being developed in Cuba. There is a moderate amount of easily available written material from Cuba on these topics, but it is largely unknown outside of Cuba, even among socialists who are intensely debating many of the same central issues throughout the rest of the world. This work is intended to present a short introduction to what the Cubans themselves have written on these issues.

I. The Basis for Cuba’s Commitment to Planning

There are scores of public statements spanning the 15 years since the end of the previous economic system in September 1990, that reflect Cuba’s continued commitment to planning. It is important to notice that these statements can be divided roughly into two groups that reflect two different arguments as to why Cuba should maintain its commitment to planning: 1) the history of planning in Cuba has overall been a successful experience in a narrowly economic sense, and 2) planning is an integral and essential aspect of socialism.

Argument 1 for maintaining planning: The History of Planning in Cuba Has Overall Been a Successful Experience.

The basic evaluation by Cuban economists of the results of planning from 1960 to 1989 is, in brief: “That process of development was addressed on the basis of a planned administration of the economy, which showed its effectiveness in that context.” (Alvarez, 2000a, 12). The current Minister of the Economy and Planning expressed this same idea in slightly more detail as:

The experience of planning during the almost three decades that passed from its application until 1989 can be evaluated positively .... the socialist planning always accompanied the revolutionary work facilitating the most rational use of the limited resources available, assuring the multilateral development of the Cuban society and
contributing to higher levels of satisfaction of the needs of our people. (Rodríguez, 2001a, 19)

Note that in the above quote the reference to success is not to “a high rate of growth of the GDP,” the usual criterion given publicly by the IMF and World Bank,¹ but rather to “achieving a higher level of satisfaction of the needs of our people.” Even if rapid GDP growth could be achieved by neoliberal recipes, that would not be acceptable for Cuba: the goal of economic development is fulfilling the social interests of the people, and planning is seen as necessary for that goal.

*... the social interests must be guaranteed,* which necessarily implies a certain degree of centralization; from that, the importance of maintaining planning in the foreseeable model of functioning of the Cuban economy. (Alvarez, 2000a, 15: emphasis in original)

Even by the narrow standard criterion of growth of GDP the planned Cuban economy did quite well. In the most careful study of growth in Cuba, Zimbalist and Brundenius (1989: 164-5) found an average real per capita GDP growth of 3.1% from 1960 to 1985, compared to 1.8% for Latin American as a whole, and only Brazil at 3.4% had a higher growth rate. But as just indicated, the real issue is the standard and quality of life of the country’s people that a given GDP is used to support. The impressive extent of the social gains over the course of the Revolution, including over the difficult period since 1989, has been commented on in many places by Cubans, and many of these gains are even admitted by the more honest of the Revolution’s opponents. A recent somewhat extensive and easily accessible article on this is “Calidad de vida y desarrollo social en Cuba” (“Quality of Life and Social Development in Cuba”) by Rita Castiñeiras in *Cuba Socialista #30.* For reasons of space I will here just highlight one aspect of the social gains that is not as widely acknowledged as the gains in education, health care and social security: food security. To the contrary, in much of the US press Cuba has been portrayed for 45 years as suffering from widespread hunger. In reality, in 1986 Cubans consumed daily on average 2984 calories and 79.9 grams of protein. (CEE, 1987, 176) As a comparison, this put their caloric intake just below that of wealthier Argentina (3,113) and

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¹ As a tangential comment I will note that despite their public claims, the IMF and World Bank do not really use GDP growth as the criterion for economic success for Third World countries. Rather, they are concerned with the ability of a country to pay off foreign debt, and hence the ability of international capital to extract surplus value. One can see this by observing how often the imposed adjustment programs *lower* the rate of growth of the Third World country, but increase its earnings of foreign currency, which is the key to debt repayment.
Mexico (3,052), and well above their close neighbors Jamaica (2,609), the Dominican Republic (2,359) and Haiti (2,013).\(^2\) (World Bank, 1992, 272-3: 1989 figures)

Not only historically has Cuba’s planned economy performed well in regard to growth and especially social development, but today socialism with its planning is seen in Cuba as the only viable option for the future.\(^3\)

Our socialism, and only our socialism .... has the necessary forces to transcend the special period and not only make the life of the Cubans richer, but also to demonstrate to the world the validity of the ideal of socialism. (Partido Comunista de Cuba, 1991, 109)

or further,

... in Cuba the possibilities of [planning] to confront the crisis were evident. Planning offered the platform starting from which the authorities designed the resulting program, an essential component in the initial strategy of survival, and the subsequent strategy for economic recuperation at the least social cost possible. (U-Echevarría, 1999)

**Argument 2** for maintaining planning: Planning is an Integral and Essential Aspect of Socialism.

While the first argument just discussed - ‘we’ve done better economically using comprehensive planning than our neighbors who didn’t use it’ - is empirical, the second argument, which could be argued to be more fundamental, is theoretical. The argument has four implicit components: 1) Our social/economic/political goal is human social development; 2) capitalism is incompatible with human social development, and so must be rejected; 3) socialism is the only viable social/economic/political alternative to capitalism today; and 4) planning is an essential and integral part of socialism - without planning, one does not have socialism.

Throughout the dramatic economic decline of the early 1990s (almost identical in the length and depth of the decline to the Great Depression in the United States, 37% in four years)\(^4\),

\(^2\) During the economic crisis of the 1990s, average caloric intake dropped dramatically to about 10% below the above cited figure for Haiti. That does not affect the point here, that whenever possible Cuba devotes more resources to human needs than capitalist Third World countries. As of this writing, Cuba has regained its high caloric levels of the late 1980s, and the levels are still rising.

\(^3\) And more generally, planning and socialism are seen by the Cubans as certainly the best, and possibly the only real, option for social and economic development in much of the Third World. Opting for capitalism there today more and more means opting for neoliberalism, which has had a poor record of development throughout the Third World generally, and particularly so in Latin America.
Cuba remained very open and adamant about its rejection of capitalism and its commitment to socialism. It did this despite the return to capitalism of the bulk of its former non-capitalist trading partners, and despite the significantly increased pressure from the United States aimed at causing its economic collapse if it did not revert to capitalism. As one example from the literally hundreds of such declarations by socially visible figures in government, academia, and important institutions in society, Fidel, speaking close to the economically worst time, when the recovery had barely begun, declared

> Capitalism and social development always have been, always are, and always will be irreconcilable. Capitalism and plunder plunder within and outside the country, are inseparable. (Castro, 1995, 6) There will be no return to capitalism. (Ibid, 11)

Even specific capitalist-like measures, such as the farmers markets, while far from representing a return of capitalism, were only adopted because they were “necessary”; necessary today because of the relatively low level of development of the productive forces in Cuba and its economic isolation in the post 1990 world, not necessary because markets and capitalism in general are intrinsically necessary or even economically better, or more efficient, in general.

> Clearly these were not the methods we had used before, when we could distribute pork, chicken eggs, milk and other food stuffs at minimum prices, which was a better way. .... For me, it is not an ideal solution, far from it. But it was a measure that had to be taken, with its advantages and disadvantages. (Castro, 1996, 162)

To the contrary, it is

> the uniqueness of our model, within a frame of revolutionary conceptions, within a frame of socialist conceptions, that definitively informs our country’s model of development. (Rodriguez, 2001b, 15)

> The building of socialism necessitates certain forms of production and precludes others, specifically because of their effects on how the people involved see the world and their relations to other people, especially concerning the issue of human solidarity which is essential to building socialism.

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4 For a detailed discussion in English of the nature of the decline, and the emergency measures of the first four years of the recovery until 1997, see Campbell, 1998/9. While the importance of those measures cannot be overstated concerning the essential goal of the survival of the Revolution, this author considers the changes after 1997 that are still going on to be much more theoretically interesting changes, in regard to the many debates in the world today about the theory and nature of socialism.
On the other hand, the model should tend to develop a society with more solidarity, in accord with the aspirations of a socialist society. Without a doubt, the relations of production that are established have an effect on the motivations and the development of a social consciousness. (González, 2000: 5)

More specifically, the given goal of socialism will require relations of production that rest on planning, as opposed to relations of production that rest on markets (capitalism).

[C]entralized planning is the mode of existence of the socialist society, its defining category and the point in which human consciousness finally succeeds in synthesizing and directing the economy towards its goal: the full liberation of the human being in the frame of a communist society .... (Che quoted in Alvarez, 2000b, 18)

or again

In this sense, since then planning was also conceived of not only as an economic mechanism, but rather it was identified as the defining category of socialism. (Rodríguez, 2001a, 17)

To understand the tenacity of Cuba’s commitment to planning one has to go beyond the important Argument 1 above concerning growth and even the improved standard of living, and recognize that Cuban policy makers nearly universally view planning as an essential component of socialism, which is the overall goal of their social development policy.

II. Cuba’s Commitment to Participation in Planning

First, a background point: the issue of Cuba’s commitment to broad social participation in planning can only be considered in the frame of Cuba’s commitment to broad social participation in all aspects of society (which of course is a central goal of socialism, empowering people to collectively control their own lives, turning people from the objects of history into the subjects of history). While it is beyond the scope of this paper to discuss this broader social participation, it is worth noting three aspects of this necessary frame: 1) participation in governance; 2) participation in building social institutions to help members of society with individual problems (“attention to the human being” - the new Schools of Social Work being a major recent example of this); and 3) participation in resolving economic problems.

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5 This of course is not the topic of this paper. For two accessible recent book-length studies in English of participation in the Cuban political system, see August (1999) and Roman (1999), and for a Cuban book-length study, García (1998).

6 Again, this is not the topic of this paper. The following two books and two articles in English give an overview of the economic role of workers in the Revolution across the first 35 years: Zeitlin (1967), Zimbalist (1975), Fuller (1992) and Lindenberg (1993). For two recent articles
I will make five points on Cuba’s commitment to participation in planning. 1) Cuba has always had a theoretical commitment to constantly increasing worker participation in planning and control. 2) The participation under the old economic model, while it existed and was important, was seriously inadequate, particularly concerning planning and control, and furthermore, the inadequacy was linked to the structure of that former economic model. 3) The new economic model that is evolving is structurally more compatible with worker participation in planning and control than was the old model. 4) To date there has not been a very significant expansion of the participation of workers in planning and control in the new emerging economic model beyond their participation in the old model. Finally, 5) while there is a significant amount of discussion in Cuba on the issue of expanding worker participation in planning and controlling the economy and its importance to the socialist project, and while the discussion that is occurring is very important, there has been much less discussion of possible mechanisms and modalities to effect it, not to mention experiments with doing so.

Cuban socialist theory has always given great political significance to the participation of workers in both economic planning and control. The central problem was that, leaving aside a few channels at various times, appropriate mechanisms to effect such participation were never implemented or even developed. Reflecting on the old system, the current Minister of the Economy and Planning concluded that

...the high political significance assigned to the participation of the workers in the formation and control of the plan should encountered mechanisms that promoted this participation. The absence of those mechanisms ..... (Rodríguez, 2001a, 18)

One important reason for this inadequate participation by workers in planning and control in practice, despite the theoretical commitment to these goals, was that the system of material balances that was at the heart of their pre-1989 planning system was inherently unfavorable to extensive worker participation in planning and control.

the allocation and control of the resources in physical terms favored the growth of the bureaucracy and reduced the possibility of the participation of the workers in the planning and control of the economic activities. (Ibid., 18)

by a Cuban author on the role of the workers in the emerging new economic paradigm in Cuba, see Martín (2002, 2003).
7 While this paper is about planning, for this section on broad social participation I will include economic control as well, since its situation is similar to that of planning, and they are both part of the healthy socialism Cuba aspires to.
8 Again, see Zeitlin (1967), Zimbalist (1975), Fuller (1992) and Lindenberg (1993).
The emerging new economic structure of Cuba, to the contrary, “will favor, furthermore, achieving a definitive solution to the insufficient participation of the workers in the tasks of planning.” (Ibid., 27).

The new enterprise-governing regulations specifically call for the development of worker participation.

The role of protagonist in the process is assigned to the directing executives, and they are entrusted with the capacity to mobilize and bring together the collective will. This is expressed through the union, the nucleus of the party in the enterprise and the Young Communists (UJC). At any rate, the new enterprise system calls for an orientation toward participation, in that it urges promoting and developing the taking of decisions by the workers as an element of management. (Martín, 2002, 49)

Because the collective discussion was converted into General Principal № 8 the broadest participation of all the workers as an element of the direction and management of the enterprise, and attention to the needs of the workers and their motivation became conceived of as the base of the system to create the possibility of participation in the direction and management of the enterprise, thus creating a climate of socialist work. (Alhama, n.d., 3)

This important increased emphasis in the new regulations governing enterprises in Cuba on developing worker participation suffers from two serious shortcomings, one a problem, one a limitation. The problem, as of the writing of this article, is the same problem faced by the old system (even if for different reasons) - a lack of concrete enabling mechanisms. Even while the regulations do not establish the development of new institutional structures for the direct participation of the labor collectives, the same do stress the importance of this factor ... (Massip, 2001, 20)

When we talk of the design of participation it is good to emphasize that the design exists; what is lacking is consistent work to operationalize this design. (Alhama, n.d., 3)

The increased emphasis on participation, notwithstanding its lack of specifics concerning mechanisms to operationalize it, has nevertheless resulted in increased participation.

The process of enterprise improvement that has been unfolding, through its different phases (diagnostic, study and application), creates a positive spiral of participation of all the personnel and an involving of the collectives in the changes, which without a doubt is one of the positive results of its application. (Ibid., 21)

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9 Again, one must always keep in mind that this is a process, it is under discussion, and it very well could change.
The participation has moved toward the positive, with biases that are in the Cuban culture of the work and management. (Martín, 2003, 45)

The limitation is a more profound theoretical issue: the types of participation called for in the plans for the new enterprise structure, while good in themselves, are not sufficient for the goals of socialism. In particular, the documents that define the relations in the process of Perfeccionamiento Empresarial specify a single manager and not the collective of workers as the highest authority in the enterprise.\(^\text{10}\) It is not even called for as an aspiration, as the plans specifically do with a number of not yet achieved goals.

The collective of workers is not declared the maximum authority, not even as an aspiration, as is made with quality, competitiveness, discipline and other desired elements of the new enterprise system. (Martín, 2002, 51)

To be sure, the many forms of participation that have been occurring and advancing under the new enterprise system are important. They are not, however, participation as implied by socialism, participation as the essence of socialism: humans acting collectively as the highest authorities in their own lives, self-governing and self-activating humans.

In the concrete the participation has grown without a doubt, but with an instrumental, subordinate and utilitarian character, ... and not in the sense of an integral empowerment of the workers. (Martín, 2003, 41)

\[\text{[P]}\]articipation is not an element, 'not a tool': it is the social and political nature of the enterprise in socialism. (Martín, 2002, 51)

There is an essential distinction that I have tried to emphasize throughout this work, that must be kept in mind, and that the Cubans do keep in mind themselves. It constitutes a key part of reality that must be carefully considered in regard to this important limitation of participation just discussed. As the Cubans repeatedly note, Cuba is not a socialist society, but rather a society working to build socialism.

... capitalism, given its characteristics as a mode of production, creates its gravediggers, argued Marx, but not the social actors of the new mode of production. Lenin saw clearly this contradiction that confronts the process of socialist transition, trying to construct communism “with a mass of human material contaminated by centuries and millennia of slavery, of servitude, of capitalism, of small production, each in a different direction, corrupted by the war of all against all to conquer a little stall in the market in order to sell at a better price the products of the work.” (Massip, 2001, 1)

\(^{10}\) And that manager is selected by the state, not the collective of workers.
To determine the correct amount of participation at a given moment in the necessary process of human development is to navigate between Scylla and Charybdis. Structuring too much participation, too much planning and control, and in general, workers’ control of an enterprise, before the workers are technically, but more important, politically and culturally, prepared to discharge that role, is a sure recipe for failure, not only of the enterprise economically, but more importantly, of the development of the workers into self-managing and self-governing subjects of society. But structuring too little participation, maybe even under the excuse that the workers are not ready for more, is just as sure a recipe for exactly the same result. To make it still harder, what will be most appropriate for the workers will vary from one enterprise to another, even one part of an enterprise workforce to another. Finding exactly the right amount of worker participation in planning and control to foster the ongoing development of these human capabilities is a political task, one that has to be conducted in a decentralized way specific to the group of workers (and the particular work process) involved, and one that is susceptible to errors in either direction. From the evidence I have seen in both written articles and in many personal conversations, this discussion is going on in Cuba and it is considered very important, but it nevertheless does not appear to me to have yet received the amount of attention this issue requires at the present stage of the Cuban process of building socialism.

III. The New Modality of Socialist Planning Being Developed in Cuba

The Cubans continually stress that the new mode of socialist planning that they are developing today is very much a work in progress, and what exists should not be taken as the final form they are working to create. And while there are many aspects to the new system, five aspects stand out as of particular interest for their difference from the former comprehensive planning system: 1) efficiency (or higher productivity) must be a central goal of planning (within specific limits); 2) using (generally) financial balances instead of material balances for planning and control; 3) planning and control must be more decentralized than they were; 4) a greater role needs to be given to other forms of (productive) property besides state property; and 5) markets, as the Cubans use the term, have a role to play at least in a transition toward a socialist economy, such as they consider themselves to be in at present. And while as noted the new system is still very much under development, it appears that these five aspects are at least very likely to be part of the new transitional system when it fully emerges.
One key aspect of the general understanding of planning in Cuba must be stressed before we turn to the specifics of the new planning mode. The essence of planning is not its surface appearance as one technique or another, but rather its role as the instrument for the expression of society’s general interests.

... planning should not be identified with a specific technique, but rather it is essentially an expression of the form in which economic and political power is distributed in the society. Therefore, in socialism, national planning is, above all, the way in which the most general interests of society are manifested. (González, 2001, 67)

Now we can turn to look briefly at the five characteristics of the emerging new mode of planning in Cuba indicated above.

1) Efficiency (or Higher Productivity) Must Be a Central Goal of Planning (Within Specific Limits)

Sometimes the Cubans state this very radically (to the point of being an inappropriate goal for socialism if actually pursued without constraints, in this author’s opinion):

The process of improving planning will have as the central axis the achieving of efficiency in the new conditions of the economy .... (PCC, 1998, 26)

The reason for this is:

Can one have a society based on solidarity at a low level of development of the forces of production? According to Marx, the response to this question is negative. In The German Ideology it says: “The development of the forces of production also constitute a practical premise absolutely necessary, because without it the scarcity would only be generalized and, therefore, at the same time with the poverty the fight for the indispensable would begin anew, and society would necessarily fall back into all the former misery.” (González, 2002b, 27)

But at other times their statements are much more conditional (and appropriate for socialism, again in this author’s opinion) in two distinct ways. First, the necessary intense pursuit of efficiency cannot come at the expense of socialist goals. The evolving new economic strategy must

[p]rivilege the social in its relation with the economic, as an expression of the ultimate objectives of the new society. (Ibid., 26)

Or, at slightly greater length:

Further, efficiency is the since qua non of socialism. Now then, different from capitalism, the socialist enterprise only is such if, in addition to being efficient, it is socially and politically effective; that is, it has to promote an unalienated process of work
that allows the person to encounter himself starting from the material and spiritual values that it creates. (Martín, 2002, 51)

Above all, an efficient and effective socialist enterprise should unambiguously attend to the workers’ needs, and the formation of cultural values based in solidarity and mutual assistance that make a cooperative and participative management possible should be an indisputable goal. (Alhama, 2004, 7)

This can not be taken to mean, however, that one should take the real limitations on what can be achieved immediately as a reason not to work today to build a society with more justice and solidarity than capitalism, a socialist future:

... socialism in the current historical stage tries to accelerate development and establish conditions of solidarity and social justice in the society. The relation with the capitalist countries has made this more complicated, since it is necessary to sustain links of complementarity and mutual benefit of a certain degree in the economic sphere, and at the same time maintain an emulation that demonstrates the possibility of a system with more solidarity - at whatever level of economic development one is dealing with - not only as a future possibility, but also as a contemporary example. (González, 2002b, 28)

While low efficiency (productivity) precludes that a developed socialism can be constructed, it does not limit the infinite possibilities of advancing toward socialism from whatever level of development one is at. At the same time it is necessary to conduct the process of advancement appropriately to the specific restrictions and difficulties that low productivity imposes, or the whole project could be destroyed.

In my opinion, every socialist project has infinite possibilities to advance within its historical frame toward a society that is more humane and has more solidarity, provided that they objectively pose and recognize the contradictions that confront them. (Ibid, 28)

Stated another way, while low productivity still leaves one with an infinite number of possible ways to advance, it will make such advancement more difficult:

Experience shows that the difficulties to maintain a dynamic of social advancement in conditions of low economic development and the influence of international capital are not few ....

To understand the new model of planning and the economy evolving in Cuba today, it is essential to understand that the Cubans are not asking “what are the best structures in general for building socialism from capitalism?”, but rather “what are the best structures for building socialism in a small country in a world dominated by a capitalism with a much higher productivity?” It is in this frame that Cuba is making a drive for increased efficiency a central
concern of their new planning model. The following four additional central concerns of the new model for planning and the economy in the transition to socialism all serve this pursuit of efficiency, and the related but distinct issue of flexibility\textsuperscript{11} of production necessary for interacting with the dominant capitalist world.\textsuperscript{12}

2) Using (Generally) Financial Balances Instead of Material Balances for Planning and Control

3) Planning and Control Must Be More Decentralized Than They Were

I want to address these two issues together because of their close connection, in the new mode of socialist planning that is evolving.

The previous overly centralized material-balances based system of production suffered from a number of problems, notwithstanding its overall success in developing Cuba as discussed above, and doing so relatively well in comparison with its capitalist neighbors. Insufficient efficiency, too high costs, and (some) poor quality products were three important weaknesses.

Thus, one of the most important changes in the way the economic agents operate is determined by the transformations in the form of allocation of the resources. Formerly, the resources were allocated centrally to the producer, basically in material form, and subsequently the production was also centrally distributed to the consumers, all conforming to a Plan, at fixed prices. The problems of quality, cost and competitiveness were not in the first considerations, nor did they constitute an economic imperative. (Alvarez, 2000a, 12)

In the new system planning will have a financial and decentralized character.

Three qualifications to the above must be noted. First, material balances are still used for a few goods that are considered to have great potential at present to develop into bottlenecks that could slow the growth of the whole economy. In particular, these include oil, food and cement. The goal, however, is to move these toward the same planning by financial balances once they expand their output capacity sufficiently in relation to Cuba’s needs. (González, 2002a, 131) Second, at present financial planning is extremely concerned with divisa (foreign exchange).

\textsuperscript{11} The need for “flexibility” in production is very often referred to, including in a number of quotes in this article. More precisely, what is being referred to is the necessity to create “enterprises with a commercial structure in order to favor their functioning in the conditions of the international market” (González, 2001,64); enterprises capable of reacting quickly to changes in demand or prices, which enterprises under the former material balances system could not do.\textsuperscript{12} Even if a country was large and extensively endowed with natural resources, a relatively low productivity would drive it to interact with the capitalist world, as was the case for the USSR. For a country that is both small and has limited natural resources like Cuba, the necessity to interact with the capitalist world is vastly greater.
The logic here is the same as for the maintenance of material balances for a few products just discussed: *divisa* is a major bottleneck in production in the whole Cuban economy. The particular extra attention to *divisa* is projected to lessen exactly as foreign trade restrictions become less binding on the overall Cuban economic performance; but that is not likely to happen very soon. Related to this is the acceptance of the “dual economy,” which has both negative social consequences and greatly complicates financial planning. An often noted goal of Cuban economic policy is to strengthen the Peso to where they can eliminate the dual economy (which actually rests on increasing labor productivity to where the economy can support its extensive human welfare structure without the restrictions that the dual economy effects on some types of consumption, especially, but not only, luxury goods). Just as this article is going got press, Cuba has moved to end the domestic circulation of dollars. This is not the end of the dual economy, as Convertible Pesos related to the dollar and other divisa will still circulate - but it is another step to limit the autonomy of divisa. And third, the Cubans have avoided the error committed by many western socialists, of losing sight of the importance of *central* planning as a corollary of their drive for extensive decentralization. They start with the simple idea that different decisions should be more centralized or more decentralized, depending on the economic and social nature of the issue. Put simply, what they advocate is centralizing decisions that should be made centrally (like how many cement plants the country needs), and decentralizing decisions that should be decentralized (like the nature of needed inputs for relatively small scale production, and where one can get them).

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13 An even stronger statement concerning the present moment: “... the principal obstacle to achieving the recuperation of the economy, which is the growing external financial imbalance” (Alvarez, 2000, 48)

14 A recent small step in reducing the autonomy and hence importance of divisa in the Cuban economy is the change of all accounts between enterprises that were in divisa to Convertible Pesos; again, one sees how planners are constantly working to reduce the autonomous nature of all market aspects of their economy and subordinate them to structures which the state has influence or control over, when and where they feel such steps are economically possible in the current conditions.

15 Of course the creation of this appropriate frame is just a first step. For each decision it is still necessary to determine at what level and by what institutions it will be made. But this is still an important advance over the frame of ‘look for whatever way one can find to decentralize all decisions’ advocated by many socialists from developed countries. In the frame of determining for each issue how centralized or decentralized the decision should be, a strong consensus has emerged in Cuba that the old system of planning was much too centralized. It is an historically
Cuban economy produced jointly by the United Nation’s ECLA (The Economic Commission on Latin America), the UNDP (United Nations Development Program) and INIE (Instituto Nacional de Investigaciones Económicas), they concluded in the final section “The challenges of the social policies at the beginning of the XXI century” concerning planning that

The new orientation in Cuba consists in maintaining centralized planning of development in relation to strategic interests, and at the same time deepening the diversification of relations of property, the decentralization of enterprise management and a greater role of the market. The new model and the making of planning more flexible do not modify the concept of integral development of the country, but rather determine new links between the social sphere and the economy. (Álvarez and Márta, 2004, 316)

While both supporters and opponents of Cuba’s anti-capitalist road outside the island are only now coming to understand the nature of the emerging planning mode, many of its features were indicated quite a while ago. Over seven years ago, in the Economic Resolution of the Fifth Congress the Communist Party of Cuba, the Cuban’s wrote:

Planning is changing from an excessively centralized model, resting on material balances to another - still in the process of implementation - starting from financial valuation and balances of external resources and other definitions and co-ordinations, integrating all the forms of property under the predominance of state property. (PCC, 1998, 10)

4) A Greater Role Needs to be Given to Other Forms of (Productive) Property Besides State Property

In Cuba this issue of allowing a greater role for other forms of productive property than state property is both widely subscribed to and, at the same time, widely debated as to what it should mean concretely.

We saw above in the proposal from the detailed study of the Cuban economy directed by Alvarez and Márta that sought a “stable and sustainable development” policy, that “a diversification in property relations” was seen as important for “strengthening the productive structures.”

Writing for an important National Seminar on “El Perfeccionamiento de la Planificación y el Papel del Estado en la Economía,” Alvarez enumerated nine general factors that have changed in planning. Two of those had to do with changes in property relations.

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congenial analysis that underlies their drive for increased decentralization today, not an abstract belief that more decentralization is always better.
• Changes in the property relations: Appearance of new forms of property and new economic actors (mixed enterprises, UBPC, self employed workers).

• Modification of the forms of state property (new types of state enterprises such as corporations and others). (Alvarez, 2000, 41)

Note the second one in particular - when people talk about changes in property relations in Cuba, they inevitably talk about the new role for private property, foreign or domestic. But what we see in both of these points (for the land in the UBPCs still belongs to the state, and empresas mixtas have state capital as well as foreign), is that changes in the nature of state property is also important in this process.

Already in 1998 the logic behind the adoption of all these new forms of property was indicated. All are better suited to commerce than previously existing property forms.

The transformations that occurred starting in 1990 also affected planning .... in the second place, by the appearance of new forms of property based essentially on relations of a commercial character (mixed enterprises with foreign capital, commercial societies of Cuban interests, expansion of co-operative property and small private property)...

(Alvarez, 1998, 70)

Increased commerce is intended to both raise the efficiency of the distribution network (a big problem in their former mode of planning and production), and also raise individual incentives for some producers - but all without allowing major personal accumulation that could destroy the degree of equality necessary for a socialist project. While the following is only a proposal, it reflects this concern with preventing capital accumulation from going beyond specified limited amounts.

To reduce the growth of the non-state forms of property, associating them to the state when they reach a determined size. This method is not as novel as it might appear, in that its feasibility was tested for this purpose in socialist countries, such as the former German Democratic Republic. (González, 2002b, 25)

A final thing to note is that when the Cuban’s talk about allowing multiple new forms of non-state property, there is not an attitude of ‘let the market decide what forms of property are best’ (as is theoretically but not really the case under capitalism), but rather there is still a preference for those forms that have more social content. The biggest non-state form of property is in fact the UBPCs, which as co-ops are an example of this desire.

Diversify the forms of non-state property in other directions of more social content, as can be collective property of villages and municipalities, similar to the type of
commercial enterprises developed in China; the co-operatives of producers and service providers, and others. (Ibid, 25)

5) Markets, as Cubans Use the Term, Have a Role to Play, at Least in a Transition Towards a Socialist Economy Such as Cuba Considers Itself to Be in Now

There has been, and still remains, a significant dispersion of opinions in Cuba concerning the gains to be had from markets, and their dangers to the socialist project. The following probably expresses the modal view among policy makers at present. “Do everything necessary in the matter of market reforms in order to achieve the survival of the social project, but nothing more.”16 (Ibid, 26)

“Everything which is necessary for survival” is not because of some armed threat from imperialism (though that certainly always exists). The argument is, as indicated above, that socialism will not be attractive to many of its people if it faces a capitalism with a much higher level of productivity. Until society and the economy develop to a level where markets become a fetter to further development of social labor, they are held to contribute to efficiency, and hence should not be abolished. When they use the term “markets,” however, they do not mean “free markets” or “autonomous markets,” but rather regulated and controlled markets. This then poses the question as it exists in Cuba today - how much control and regulation, in particular in the service of the socialist goals of solidarity and justice (which “autonomous markets” by their essence work against) is appropriate, and how much autonomy should be given to the markets (which they refer to as allowing the “operation of the law of value”)? The following briefly states the Cuban position not only on markets, but on all ‘capitalism-like-measures’ in general.

If we accept that socialism can not do without the market in the current stage, and that also it cannot lose its essential characteristics of a society based on solidarity, the contemporary dilemma posed to us is the limits and the compatibility between the law of value and conscious regulation of the economic and social processes appropriate for a socialist society. (Ibid, 24)

IV. Conclusions

1) Cuba remains committed to attempting to build a socialist economy.

16 Much earlier in the process, Castro made clear to the world that this was his view: “We had to establish joint ventures in a relatively short time period .... accept foreign investment, we had to do what we did in respect to the decriminalization of convertible currency ... We are aware of the inequalities that it created, the privileges it created, but we had to do it and we did it. (Castro, 1995, 9)
2) Cuba considers a centrally planned economy as one *essential* aspect of a socialist economy.

3) From conclusions 1 and 2, Cuba remains committed to building a centrally planned economy.

4) Cuba remains committed to increasing participation in planning, but that topic is not dealt with nearly as frequently or in as much depth as a number of other topics in the written articles in Cuba on the evolving new planning mode.

5) Cuba has been developing a new paradigm of planning for over 10 years. Before one jumps to discussing the differences of this mode from the previous modified Soviet planning mode, the most important thing to keep in mind is that its goal remains the same: “to progressively provide more and more fully for the needs of the Cuban people,” and beyond that and of deeper significance, “to progressively allow human consciousness to direct the economy towards its goal, the full liberation of human beings in the frame of a communist society.” Keeping in mind this identity in *essence* of the new and old planning systems, a number of *very significant* changes in *form (or appearance)* have been, and are continuing to be, implemented. Six of these (not an exhaustive list) are:

i) Concrete ways for increased broad social participation in planning and control must be developed.

ii) Efficiency (or higher productivity) must be a central goal of planning (within specific limits).

iii) Financial balances must (generally) be used instead of material balances for planning and control.

iv) Planning and control must be more decentralized than they were under the old system.

v) A greater role needs to be given to other forms of (productive) property besides state property.

vi) Markets (as they use the term - these will not be “autonomous markets”) have a role to play, at least in a transition toward a socialist economy, such as they consider themselves to be in at present.
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