

All quiet in the West



Polyclinic of Granma province: The wage increase for health workers was the first measure of the announced structural reforms (Source: [Portal Granma](#))

Three weeks after the planned introduction of new prices for fuel and transport services in Cuba was postponed, the planned "macroeconomic stabilization programme" went quiet - until now. On Monday, the Cuban Council of State returned to the subject at its regular monthly meeting, but information remains scarce.

A cyberattack by a "foreign computer virus" was cited as the reason for the postponement of the measures at the end of January. Observers speculated that the postponement could have more to do with a lack of preparation and the interaction of other measures in the package.

In addition to the adjustment of fuel prices, the program includes salary increases for the education and health sectors, new import duties for tobacco and alcohol and lower duties for the import of raw materials, the abolition of subsidies for long-distance buses, trains and domestic flights as well as a 25 percent increase in electricity prices for frequent consumers of 500 kWh or more per month. In addition, for the first time in decades, major changes are to be made to the state subscription booklet "Libreta", the contents of which will only be sold at a heavily discounted rate for vulnerable groups in order to "subsidize people rather than products". The introduction of a new "economically based" exchange rate and the decentralization of approval for the establishment of private companies are also on the agenda.

At the most recent meeting, the Council of State took stock of the conclusion of an initial preparatory campaign on the "measures to correct distortions and stimulate the economy", as the program is also known, which lasted from 15 January to 15 February. Cuba's President Miguel Díaz-Canel [has visited](#) numerous provinces in recent weeks, explicitly choosing places and institutions "where things are not going so well".

At the meeting, he reiterated that "no measures will be taken until the appropriate conditions have been created in the country, with special attention being paid to people in vulnerable situations", "taking into account the principle of the revolution that no one should be left unprotected". The package, which has been criticized by some as "neoliberal shock therapy" (although it lacks essential elements such as the privatization of state-owned companies), will therefore come. The only question is when and in what form. The recent change at the top of the Ministry of Economy already makes it clear that the former head of the Central Bank, Joaquín Alonso Vázquez, is a trained economist who will be in charge of implementing the structural reform.

On the state news portal "Cubadebate", one commentator [says](#): "They are controlling the implementation of a plan of measures that nobody knows". In fact, no new information has come to light since the announcement at the turn of the year. Both the exact content of some points and the sequence of their implementation leave questions unanswered: By what measures will the vulnerable groups for whom there is to be targeted support be identified? When will the "Libreta" prices be changed? Will those in need receive more in future, or will the state budget be saved by abolishing subsidies? And how will the announced intervention in the foreign exchange market take place? Both private individuals and companies currently lack planning certainty.

So far, only two of the announced measures have been implemented: The customs reform for private sector imports and the wage increase in the healthcare and education sectors. Since January, customs tariffs for the import of tobacco and alcoholic beverages have been increased by 15-30 percent in order to make domestic products more competitive in this area. At the same time, the customs tariff for intermediate goods has been reduced by 50 percent in order to boost local production.

The AFP news agency recently [reported](#) on the wage increase in the healthcare sector. More than 40,000 Cuban doctors left their posts between 2022 and 2023, mainly due to the massive drop in the purchasing power of their salaries. The bonus payments that have been in place since January are making a difference for the first time in years. Instead of 6500 pesos with all bonuses, a cardiologist at Havana's Calixto García emergency clinic interviewed by the agency now earns more than twice, 17,000 pesos,. According to the informal exchange rate, his real wage has risen from 22 to 57 US dollars. The increase roughly corresponds to the last major salary reform in the healthcare sector in 2014: at that time, the salary of specialist doctors rose from 600 pesos (around 24 US dollars at the time) to 1,600 pesos, equivalent to 64 US dollars.

Whether this level can be maintained depends on the development of inflation. The dollar recently broke through the 300 peso barrier on the informal market, but since then the trend has slowed somewhat. The budget deficit of 18% agreed in December is contributing to inflation, and the pressure to implement the structural reform is correspondingly high. However, even after the latest "review of the timetable" by the Council of State, it remains unclear when the most far-reaching transformations of the Cuban economy since the currency reform in 2021 will actually get underway. ([Cubaheute](#))