

The MSME “myth” and bread with croquettes



Foiling machine of a private cell phone store in Havana (Source: Cubaheute)

Cuban MSMEs have become a thermometer of the “situation,” a compass of the reform, a sensor of “openness,” a means for the introduction of ideologies not related to the Revolution and socialism, the main causes of the problems that Cuba faces, the main cause of the growing inequality of our society, a decisive factor in the possible growth dynamics of the economy, hope of openness for some, ideological concern for others, objective of intelligence and counterintelligence, priority and objective for different institutions.

As almost always happens with everything that happens in Cuba, the extremes are overcrowded, sometimes far apart, and other times so close to each other that they are barely distinguishable.

What I would never have imagined is that, in addition, someone would call them a “myth.” And even less so that a subcommittee of the Congress of a country embroiled in conflicts on a global scale, dedicated a hearing to Cuban MSMEs in which they were impeached as agents — and apparently very dangerous — of the “Castro dictatorship.” And, on and on with the extremes! Around here on the island, there are those who consider them almost the same, but in reverse, as agents of external forces.

And while MSMEs in Latin America struggle every day trying to get to the next day and try by all means to achieve visibility, ours, the “made in Cuba,” are in the media every day, in those over there and in those here, and they are the object of concern there and here and even of the “anti-Cuban rant” of a U.S. congresswoman of Cuban origin set on “demythologizing” these MSMEs. According to her, they were surely created by the Cuban government to deceive the U.S. government and corrode its system. You could even make a thriller titled *The Cuban MSME Menace*. And, by the way, it would please both extremes.

But let's turn once again to the data. MSMEs are part of what we call "the non-state sector of the economy." According to the Cuban Minister of Economy's own presentation before the National Assembly in December 2023, the non-state sector groups:

9,652 MSMEs [there are already more than 10,070]
5,138 cooperatives
106 joint ventures
596,000 self-employed workers

The Statistical Yearbook of Cuba for the year 2022 contains the following data for that same year:

Total employed persons 4,505,900
In the state sector..... 2 896 200
In the non-state sector..... 1,609,700

Of them:

Agricultural cooperatives.....542,600
Private.....1,067,100

Wow, that's a big "myth"!

It turns out that the mythical Cuban private sector, already in 2022 when SMEs still did not reach 5,000, employed 35.7% of all workers. In other words, the "myth" has not only weight, but also many people walking the streets of Havana and many families depending on it.

Let's go a little deeper. If we look at the data by the same Ministry in December 2023, we have that the state business system employs 1,336,000 people. Let's do the math again.

Suppose that the number of total employees has not changed from 2022 to 2023, the result would be that while the state business sector is employing 29.6% of the country's employees, the Cuban private sector employs 35.7%. There goes María Elvira and her "myth"!



Cream cheese and butter "Made in Cuba" from MSMEs (Source: Cubaheute)

Today the same Ministry recognizes the existence of 262,000 employees in MSMEs and, of them, 183,000 are new employees. In other words, MSMEs, barely two years old, in very difficult conditions, facing prejudices from one side and the other, the restrictions from one side and the other, have created a quarter of a million jobs, of which 69.8% are new jobs.

They are Cuban men and women who today have an honest way of earning a living, which could be considered mythical, if we take into account the conditions under which these MSMEs have done it.

By 2024, the Ministry of Economy expects another 4,000 SMEs to join the sector, despite or thanks to the new measures to "organize the sector," which include some that frankly can dishearten/discourage/stop the entrepreneurial intentions of some to create their own business.

If this number of new private businesses is reached and assuming that on average these new SMEs employ 6 people, we will have 24,000 people with a job and with salaries that will not depend on the Cuban State.

The "mythical" Cuban MSMEs, those that the extremes look down upon, today contribute around 15% of the GDP, despite the fact that they have to operate under special conditions,

with very little access to credits from national banks, even less access to credits from international banking, resorting to an informal exchange market due to the non-existence or poor functioning of the current one, and still today very weak incentives that allow them to develop their activities in an adequate business environment.

The “myth” imported more than one billion dollars in goods in 2023, which is 10% of the country’s total imports of goods if we take the year 2022 as a reference. Imports made with their own resources, achieved with their own efforts.

More than a decade ago, at an event in the United States, one of the criticisms of the opening that Raúl Castro was trying to promote was that private businesses were not allowed to do almost anything; that they could not import, that they could not access facilities, they could not buy cars and adequate equipment to carry out their activities, they could not do business with foreign companies, they could not invest in State facilities or do business with them. Surprisingly, today Cuban SMEs can do everything that that criticism demanded.

Perhaps that is why “demythologizing” the Cuban SMEs by displaying a “deep knowledge” about Cuba and resorting to arguments as novel as those that identify/accuse the SMEs of being an instrument of the Havana communist government, that they all belong to relatives close to Generals and leaders of the “top,” of all working for the Ministry of the Interior and the Ministry of the Armed Forces, has become the new “task” from the “other shore.”

In the same way discrediting them, blaming them for all the problems that our country faces today, identifying them as the Trojan Horse of U.S. imperialism, and magnifying their errors, has become the “task” from this shore. Once again the extremes touch.

But while the one side and the other compete for first place in their attempt to discredit MSMEs, Cuban entrepreneurs create value, take advantage of spaces, and try to accommodate regulations that do not facilitate their activity in a sui generis market.

They help stopped factories recover some of their activities, they create jobs and pay salaries, they generate a supply of products and services, they assume risk by advancing their capital and without compromising that of the State, they link up with international markets looking for better offers. But they compete in these in disadvantaged conditions, because just mentioning the word “Cuba” inhibits many from materializing a deal, and because the banks’ compliance offices prefer not to take risk, thanks to the strangulation “measures” of the United States government.

They, the “mythical entrepreneurs,” are immersed in carrying out their personal project in Cuba, and they thus help our country improve despite the fact that they can almost always feel, rightly, like a croquette between two slices of bread, squeezed by both sides.

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