

## *Updating Cuba's Economic Model: Socialism, Human Development, Markets and Capitalism*

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The large majority of articles written outside Cuba about its process of “updating”<sup>1</sup> its economic model (appropriately) address what they consider the economic effects, both of what has already been implemented, and of what will come next, a comprehensively debated issue. This work will consider an intimately-related but fundamentally different aspect of the reform process. Many supporters of Cuba’s 50-year effort to begin building socialism fear, and many opponents hope, that the economic updating process is the beginning of the road back to capitalism. This article will consider some important aspects of the relation of Cuba’s economic reforms to its project of building socialism.

As background to what follows, the first section will briefly review some of Cuba’s preliminary achievements over the years in building socialism, and one important shortcoming. It will consider the construction of socialism through the particular lens of human development. The second section will present four broad central changes (each encompassing many individual changes) of this updating process. A paragraph at the end of each of these will briefly relate these changes to the issues in building socialism discussed earlier. The third section will address a particular question about the relation

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1. The Cuban government uses the word “updating” (*actualización*) to underline continuity with the heart of their economic policies for over 50 years, their efforts to build socialism. In particular, “reforms,” when applied to the former Eastern Bloc countries, implies changes that took them back to capitalism, which Cuba stresses it intends to avoid. Cuba’s changes are in fact profound enough to be called reforms, and in this article the two terms will be used interchangeably.

of the economic updating to Cuba's socialist project, the great fear of many supporters of Cuba's socialist orientation: will the economic reforms lead Cuba back to capitalism? The topic of the final section is logically a sub-topic of the previous section, but it is so often considered on its own that it will be dealt with here by itself: will a significantly expanded use of markets take Cuba back to capitalism?

### **I. Cuba's efforts over 50 years in constructing socialism**

Among those who find the existing capitalist societies "unsuitable for human habitation," two different responses immediately present themselves. The first is to advocate reforming the societies to eliminate their unacceptable characteristics while maintaining their capitalist nature. If one believes that the dominant unacceptable aspects of the current societies are inherently linked to their capitalist nature, then this position is of course untenable. The alternative response is to advocate "overthrowing" the existing societies and building non-capitalist replacements, but deeper than that, "transcending" them in the sense of eliminating the primary unacceptable (inhuman) aspects of the current societies. For over 50 years Cuba has consciously maintained the second position. How successful has it been?

From "man's ontological and historical vocation to become more fully human" (Freire 1992: 40), humans collectively (over time, not at every moment) attempt to eliminate what they perceive as the primary barriers to their fuller human development,<sup>2</sup> present in the existing social structure. Socialism then is defined as a social organization that negates and transcends capitalism, first negatively by eliminating capitalism's primary barriers to further human development,<sup>3</sup> and then positively by promoting those previously blocked aspects of human development.

Understanding Cuba's Revolution as human development then will be the framework used here to consider the existing and potential effects of the updating process on Cuba's project to build socialism. Eight representative aspects of human development in Cuba will be

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2. Many other expressions encountered in the literature express the same central goal of socialism in different words, such as "the development of one's human potential," or "the opportunity to develop potential abilities," etc. For more on this issue, see Campbell (2006).
  3. "Further" stresses that this process is open and non-teleological. With the primary barriers to human development eliminated, other barriers that were secondary in capitalism (and even aspects of the new system that originally promoted human development, but later became barriers as humans developed) will become the primary barriers of the new social formation to further human development, and the process will continue through transcending socialism.

discussed. These will allow us to examine the consistency of Cuba's deep economic reforms with its continued declared central goal of building socialism.

The UNDP's rough Human Development Index (HDI)<sup>4</sup> gives two indications of the centrality of human development in Cuba's approach to national development. First, although the inaugural report appeared in 1990 when Cuba was just beginning to suffer from the rapid disruption of its economic ties with the Eastern Bloc, it still was ranked 39<sup>th</sup> out of the 130 countries listed that year, placing it in the High Development Group (UNDP 1990: 111). Although that report did not list the GDP figures used to calculate the HDI, Cuba was clearly a low, or low middle, income country. By focusing on distributing existing resources in accord with human development needs in addition to its concern with increasing its GDP, it was able to achieve what the UNDP found, a relatively high HDI for its GDP.

The second way the HDI reflected the centrality of the goal of human development in Cuba was by how it changed during the country's crisis. Following the 1990-93 economic implosion, Cuba responded exactly contrary to the neoliberal austerity recipe by increasing social expenditures as a percentage of the country's sharply reduced budget. The result was that the literacy rate was maintained at basically 100 percent, and life expectancy, which fell so sharply in the USSR when it went through a related contraction, continued to improve throughout Cuba's depression. Cuba's HDI ranking did fall, but it fell by much less than its GDP. During the slow economic recovery that followed, Cuba's HDI ranking began to climb again and eventually surpassed its former relative ranking, moving up to 44<sup>th</sup> out of 187 countries by 2013 (UNDP 2014).

The rest of this section will, while necessarily remaining very abbreviated,<sup>5</sup> move to deepen the examination of the Revolution's human development beyond the HDI. Given the space needed to make even introductory comments on such aspects of human development, it will be restricted to doing so through discussion of the following eight aspects. It begins with what are usually considered the two most basic

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4. While "rough" as a measure of the complex issue of human development, HDI is an important advance beyond the neoliberal use of GDP and its growth as the sole indicator of development. The first Human Development Report clearly stated its broader vision: "People are the real wealth of a nation. The basic objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives" (UNDP 1990: 9).

5. Supplementary, lengthier material will be referenced for interested readers. The materials will mostly be in English, given the language of this article.

physical needs: (1) food; and (2) shelter. The next two topics, which underlie two of the HDI's three components: (3) health care; and (4) education, are arguably the next-most basic issues from a human development perspective among the eight discussed here. Only then will we examine neoliberalism's universal indicator of development, (5) GDP, which is also the third component of the HDI. After next reviewing (6) poverty and unemployment, the section ends with two aspects of human development that are not reflected in the HDI but are equally important for human development, (7) social participation; and (8) self-governance. These are not all the aspects of human development supported and promoted by the Cuban Revolution. Among a number of others, six major ones are the permanent multifaceted social campaigns against racism and sexism, social security, the promotion of culture and sports, and arguably the most basic, physical safety against politically or economically motivated assault or murder. The eight discussed here are presented as both reflective of all aspects, and as among the centrally important ones.

**1) 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 (Balari 1990: 157–158).<sup>6</sup> Its fundamental commitment to improving this was reflected by an increase of over 20 percent in three years, to 2,552 kilocalories (CEE 1987: 176).<sup>7</sup> Prior to the onset of Cuba's depression it had grown to 3,000 kilocalories. A US delegation found that at the lowest point of Cuba's depression in 1993 it

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6. Experts on "human energy requirements" avoid giving a single number for "necessary caloric intake." This is because individual needs not only vary, but do so greatly. Age, gender (women "on average" need 2/3 of what men need) and type of work are the three main factors. See FAO/WHO/UNU (2001). With this caution in mind, one can get some idea of the significance of the numbers presented from the following. The numbers 1,800 and 2,300 kilocalories appear occasionally as the "average" necessary (sustainable) minimum and (old) FAO-recommended minimum, respectively. Haiti, the lowest country in the Western Hemisphere, was at 1,730 in 1990–92 and 1,850 for 2006–8, while Eritrea and the Democratic Republic of the Congo both had 1,590 in 2006–8. The US had 3,510 in 1990–92 and 3,750 in 2006–8, slightly higher than, but roughly similar to, the level of most other developed countries (FAO n.d.). The most basic consideration of an adequate diet considers grams of protein and fat consumed as well as calories, and this same source gives these, and they reflect roughly the same conclusions.
7. When the *Anuario Estadístico de Cuba* was published in the 1980s, it gave Cuba's average calorie, protein and fat consumption. It suspended publication in the depression of the early 1990s as part the suspension of the majority of printing in Cuba. When publication resumed in the mid-1990s it ceased regularly providing this information.

crashed to 1,863 kilocalories (AAWH 1997: 129). By 1995–97 it was back up to 2,450 kilocalories, surpassed its pre-crisis level with 3,110 kilocalories by 2000–2, and reached 3,420 kilocalories by 2006–8 (FAO n.d.).<sup>8</sup> Following a visit to the island in 2007, the UN Special Rapporteur on the right to food was widely reported in the international press as saying that Cuba is a model in feeding its population (e.g., Weissert 2007).

A point to stress here about Cuba's food 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.

**2) 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. Foremost is the near elimination of the ability to evict people from their homes, which occurred through three channels. 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 curtailed. Rents were quickly reduced by up to 50 percent 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 percent of family income. The third channel was the massive development of homeownership. With slightly over half of Cuba's households being owner occupants in 1984, the important major housing law of that year, and its revision four years later, quickly increased homeownership by the end of the 1980s to the 84 percent<sup>9</sup> one finds today (Hamberg 1990: 235–238; Peters 2014: 1).<sup>10</sup>

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8. On Cuba's pre-crisis food distribution system, see Collins, Benjamin and Scott (1984) or, for a more concise report, Collins and Benjamin (1985). Funes et al. (2002) assembles 16 articles, the majority written by Cubans, that addresses not only the distribution system, but also the recent extensive (though not complete) embrace of sustainable agriculture after the onset of Cuba's "special period."

9. Cuba's housing policies thus have performed significantly better in this aspect of "the American Dream" than the US was able to achieve even under the Bush Jr. housing-bubble policies, whose unsustainable character made them the trigger of the Great Recession, which included massive home losses.

10. Another important improvement in housing is the extension of electricity, from under two thirds of the households in 1958 to almost complete coverage today, again reflecting the importance of improvements "reaching the entire population."

Cuba was aware of the need for improved housing from the first day of the Revolution, but after a few small-scale early attempts to address it, a fundamental decision was made in 1961. “We could produce 100,000 houses ... but we cannot do it because priority ... will have to be given to factories and others centers of production ... after factories come other things ... schools, hospital, aqueducts” (Castro, quoted in Mace 1979: 122).

Anyone visiting the older parts of Havana<sup>11</sup> is immediately struck by the deterioration of a large part of the housing stock.<sup>12</sup> 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 (Kapur and Smith 2002: 8).

Overall, Cubans still find their housing inadequate, compared to housing appropriate for a country of Cuba’s wealth. Concerning maintenance, a report in June 2005 by Cuba’s National Institute of Housing (INV) that was widely reported on in the international press found that 43 percent of the housing nationally was in mediocre or poor shape (e.g., *The Guardian* 2005), while eight years later INV listed 85 percent of homes as needing some repairs (*El Mundo* 2013). INV’s 2013 report also found Cuba needed to construct between 60,000 and 70,000 homes a year to address its deficit of 600,000<sup>13</sup> homes.<sup>14</sup>

**3) Health care and 4) education.** There is a relatively large literature in English on the Revolution’s achievements in these fields by supporters of its socialist development project. Compared to anything else

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11. There are two additional reasons besides the priority to rural construction for this universally commented on aspect of older Havana. First, other urban areas were also prioritized over (historically prioritized) Havana, and the other provincial and many municipal capitals grew rapidly while Havana grew more slowly. Second, salt spray, periodic flooding and high humidity had particularly strong effects on the older buildings in the older parts of Havana. While these effects led to both the simple need for paint and the more serious need for structural repairs throughout Havana, other parts of the city – and certainly other urban areas – did not experience the same “deterioration” so painfully evident in much of older Havana.

12. It was significantly worse 10 years ago.

13. Compared to an existing housing stock of approximately four million units (Peters 2014: 6).

14. For an overview of the Revolution’s housing policies including today’s changes, see Hamberg (2012); on the situation of Havana’s worst housing, see Coyula and Hamberg (2003).

concerning Cuba, the Island's impressive achievements in health care and education are relatively (not entirely, of course) uncontested. To limit the length of this article, these centrally important achievements will therefore be mentioned here only briefly, in favor of attention to the much less discussed achievements in the other six aspects of human development.

In relation to human development, two aspects of the Cuban health system should be underlined: health care is conceived of as a human right, and following from that, it is universally and equitably accessible.<sup>15</sup> Article 49 of the 1976 Constitution states: "Everyone has the right to health protection. The state guarantees that right" (NAPP 1976: 15). As with any such declaration of intent, its importance is then determined by whether it is socially pursued or ignored. In a brief current overview of Cuba's health system, Gorry and Keck (2015: 407) reaffirm the standard evaluation, which has also been extensively documented by many supporters of the Revolution for decades: "Since 1959, the Cuban health system has undergone a series of radical transformations that have resulted in health outcomes on par with or surpassing those of developed countries." Cuba's commitment to human development was reflected in the Special Period by its anti-neoliberal response to its imploded budget by boosting the share spent on health care. The nevertheless reduced spending above all led to (significant) shortages of imported medicines, while the system's basic health care infrastructure was maintained intact.

Education has always been presented by supporters of the Revolution very similarly to health care. It is also conceived of as a human right, universally and equitably accessible, and the Island has put into practice its declared intentions. "The Cuban educational system has long enjoyed a reputation for high quality. . . . Cuban students score significantly higher than do students in other Latin American countries" (Gasparini 2008: 299). The Special Period had deeper negative effects on Cuba's educational system than on its health care

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15. A topic often dealt with by supporters of the Revolution is how not just the universal provision, but the very nature of the health care provided, is dramatically impacted by its non-capitalist nature. This begins with the focus on prevention instead of restricting attention to the more profitable treatment. This in turn involves medical concern with diet, exercise, other relevant lifestyle issues, housing, and so on, and then building (not for profit) the infrastructure to individually and universally address these, such as the world renowned community-rooted family doctor and nurse program started in 1986. This important health care-based reflection of the potential superiority of a post-capitalist society is beyond the scope of this article.

system. Behind Fidel Castro's true, important, and often repeated claim that not a single school (or hospital) was closed during the worst times of the Special Period, the education budget was 42 percent lower in 1998 than in 1989 (Blum 2015: 423). While the overall conclusion of Cuba's strong commitment to, and success in, producing a well-educated citizenry and workforce remains true, at the same time it is important to recognize that various standard indicators of performance of Cuba's educational system have not yet returned to their 1989 levels.

**5) 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. At that time Cuba kept its national economic statistics in the old Soviet accounting system, whose conversion to standard National Accounts was always an academically and politically contested issue. I consider Zimbalist and Brundenius (1989) to be the conceptually best, and most carefully executed, conversion.<sup>16</sup> They found that from the year after the beginning of the Revolution (1960) until the most recent data available when they conducted their study (1985), in Latin America only Brazil's average yearly real GDP growth of 3.4 percent exceeded Cuba's 3.1 percent (165). Subsequently, using Cuba's official GDP growth rate from its flagship statistical publication, the *Anuario Estadístico de Cuba*, it averaged a 2 percent rate of growth from the first year of its depression in 1990 to the most recent data in 2013 (ONEI). Even including Cuba's four-year major depression, its performance over this quarter century was roughly average for Latin America. Cuba's GDP growth over the full 55-year history of the Revolution has thus 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 topic of debate in Cuba

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16. The Cubans themselves have done a number of conversions since 1990, both academic and governmental. The results are generally consistent with what is reported here. For most of these, however, the details of the conversion process are not published with the results (contrary to the results referenced here, where the conversion process is reported in extreme detail).

today. Notwithstanding the evidence that Cuba's GDP growth over the course of the Revolution has been rather average for a country in Latin America, the conclusion among the majority of Cubans today is very clearly that the Revolution has not performed satisfactorily in all economic dimensions, particularly in providing many consumer goods and services.<sup>17</sup> This conclusion is centrally reflected in the frequently-used appellation for the new economic system being built, "a prosperous and sustainable socialism," an issue that will be discussed further below.

**6) Poverty and unemployment.** A careful study published in 1983 argued that, in agreement with the general perception among Cubans, Cuba had fundamentally achieved the impressive human development goal of eliminating poverty (Rodríguez and Carriazo Moreno 1983). 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 post-1990 Cuba is free, or even "almost free," from poverty. However:

[b]ecause poor Cubans are able to receive general social protection and a number of essential goods and services not accessible to the poor throughout the rest of Latin America, the term "population at risk" has been proposed to refer to the portion of the Cuban population with insufficient income to purchase all the basic food and nonfood items it needs. (Ferriol 2013: 174)<sup>18</sup>

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17. This statement, which is important for understanding today's economic changes, is not inconsistent with my view, based on personal observation, that by the mid-1980s the large majority of Cubans (allowing for the usual wide spectrum of attitudes) considered that the Revolution had been able to provide all the basics for a relatively dignified standard of living for the entire population, and that those old enough to have lived then still hold that view today.
18. In her short section "Does Poverty Exist in Cuba?" Ferriol briefly elaborates some of the principal goods and services accessible to the "at risk population" in Cuba that require us to modify the label "poor." These largely match the dimensions of human development I have highlighted – food, medical care, education, social security, etc. – once again indicating Cuba's commitment to human development for all, including its poorest. Coyula and Hamberg (2003) also discusses at some length the different situation of the poor in Cuba.

Even if this “softer form” is much less humanly destructive than standard poverty, there is no argument that this makes it not a serious social problem, and in particular incompatible with socialism. A reasonable rough estimate of this type of poverty today would be 20 percent.<sup>19</sup>

The humanly destructive aspects of unemployment beyond its contribution to poverty are well known, and like poverty its elimination in Cuba<sup>20</sup> before its reappearance after 1990 was a major achievement in support of human development. Cuba’s official unemployment in 2014 was 2.7 percent (down from 3.3 and 3.5 in 2013 and 2012, respectively), which like the official rate of almost every other country in the world is certainly an understatement (ONEI 2015: Table 7.1). There are two important considerations that must be kept in mind for a balanced examination of Cuba’s current problem with unemployment. First, like poverty, while it is a major problem for those affected and hence for society, its effects are nevertheless very different from capitalist unemployment, because of the socially guaranteed food, shelter, health care and education. Second, Cuba is constitutionally committed to eliminate unemployment (NAPP 2002: Article 45). Of course, words in a constitution do not make something a reality, but this nevertheless reflects an important difference from the capitalist position that accepts unemployment not only as something inevitable, but beyond that, as something desirable, something that helps keep profits high by keeping wages low. It reflects a socialist commitment to targeting the elimination of this barrier to human development, which, if maintained, will eventually re-achieve the elimination of unemployment, unlike capitalism which by design never will.

**7) Social participation.** Broad social participation, an essential aspect of human development, has always been held up by supporters

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19. Aba and Campbell (2015) provide a very brief introduction to poverty in Cuba, with additional references. Ferriol (2013) reviews at greater length developments since the early 1990s.

20. While that was an important achievement, the way it was done had a serious economic cost. Soviet style economies were known for eliminating unemployment partially through “under employing” or “hidden unemployment.” When the depression hit in the 1990s Cuba took unprecedented measures to mitigate the costs to individual workers who in other countries would be laid off, by keeping large numbers of them on payroll even when they had no work. An in-depth study of the Cuban economy published in 2000 indicated that hidden unemployment in the state sector in 1998 exceeded that of 1989 by more than 700,000 (CEPAL 2000: 253). This is particularly relevant to a major component of the planned economic restructuring today, reducing the state-sector workforce by 1 million (Campbell 2013: 22).

of the Cuban Revolution as one of its defining characteristics.<sup>21</sup> Two aspects of this phenomenon were the multiple “mass organizations” that arose, and the degree of participation of workers in their workplaces.<sup>22</sup>

The mass organizations, many of which arose very soon after the triumph of the Revolution, were seen by many as important vehicles for articulating various specific popular interests. The 1976 constitution indicates the role of 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,” to “represent specific interests of [the various sectors of the population]” (NAPP 1976: Article 7).

Just before Cuba’s depression, LeoGrande (1989: 190) wrote “[m]ass organization membership is so extensive that virtually everyone belongs to at least one mass organization, and a majority of Cubans belong to at least two.” Although such large memberships may sometimes be deceptive, LeoGrande found that “the mass organizations are still the main vehicle for political participation.”<sup>23</sup> Mass organizations still play an important role in the new social/political reality, though it is widely agreed that their importance has been declining, to differing degrees, over the last quarter-century.

From the time of the nationalizations and then throughout the reorganization of industry in the 1960s, worker participation in the running of their workplaces has been extensive (O’Connor 1970: Chapter 6). Fuller (1992) documents the many different channels and modes of worker participation in running their workplaces that had been developed by the mid-1980s, and these formal channels remained fundamentally the same throughout the Special Period (Evenson 2001) to date. There is extensive speculation by supporters of Cuba’s socialist project, both inside and outside Cuba, on what the currently still evolving new management model for state enterprises will mean for the future of worker participation in management.

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21. Specifically, in contradistinction to the “real socialism” of the Eastern Bloc. Most opponents of Cuba’s socialist project also acknowledge the extensive participation over the years, but usually argue it was largely coerced and therefore not genuine.
  22. All books giving a positive overview of the Cuban Revolution mention both of these, starting from the earliest ones, such as Huberman and Sweezy (1960), Zeitlin (1967) and O’Connor (1970).
  23. For additional brief accounts of a number of mass organizations, see Rabkin (1985: 261–266) and Azicri (1988: 110–117)

**8) Self-governance.** Collective self-governance in all social institutions<sup>24</sup> has arguably always been the highest human development goal of socialism.<sup>25</sup> The line between social participation and self-governance is often not clear, prompting an ongoing debate as to whether, and if so, to what extent, people with extensive social participation have self-governance. A balanced investigation of this issue for Cuban workplaces over its half-century Revolution, indicating both its significant achievements and its important deficiencies in self-governance for constructing socialism, would require at least a book-length work. Here we must limit ourselves to two terse assertions, of which the second is the more important one for the future of Cuban socialism.

a) Cubans have extensive “input” or “voice” in their workplaces. 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 self-governance that is a necessary part of socialism.

b) Discussion of the need for increased and improved participation in Cuba’s workplaces is currently both broad and deep, including being backed in certain dimensions by the government. Frequently in public meetings, and also, but less frequently, in written materials, the discussion moves from participation to self-governance, without making the necessary 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 debate on the topic. For example, the head of the former Department of Planning at the University of Havana published “De la participación pasiva al control efectivo” in the January 15, 2015, issue of the widely read trade union newspaper, *Trabajadores*, which seldom runs articles

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24. The phrase “self-governance” immediately causes one to think of the political system. Since many decisions on the Cuban economy are made by the government above the workplace level, the issue of self-governance in the political sphere is closely related to economic concerns. Cuba’s updating process, however, has so far deliberately avoided major engagement with the issue of changes in the political structure, despite ongoing discussion by both the government and society about the essential need to do so as part of Cuba redefining its road to socialism. For background on Cuba’s political system and its theoretical underpinnings, see Roman (1999). See also August (2013), section III.

25. The barrier constituted by having fundamental social decisions made by capitalists (directly in the workplaces, and indirectly in the political sphere), is arguably the most crippling barrier to human development.

contrary to government positions.<sup>26</sup> As indicated by the title, this article specifically argues that socialism needs self-governance beyond participation in workplaces. A (small) stream of books continue to be produced in Cuba that go beyond the broadly accepted need to expand participation in workplaces, and call for continually expanded self-governance.<sup>27</sup>

## II. “Updating” the Cuban economic model: the major changes

The best way to understand the extent of the changes that have occurred over the last quarter-century, and are still ongoing, is to begin with the essential characteristics of the economy in 1989. At that time, the economy: (1) was essentially entirely state run and owned;<sup>28</sup> (2) was extremely centralized;<sup>29</sup> (3) produced according to a combination of long- and short-term plans;<sup>30</sup> and (4) received external capital for productive investment, and hence both growth and development, beyond that available from domestic savings.

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26. [www.trabajadores.cu/20150125/de-la-participacion-pasiva-al-control-efectivo/](http://www.trabajadores.cu/20150125/de-la-participacion-pasiva-al-control-efectivo/).

27. For example, Alhama from the Institute of Studies and Investigations of Work has for years (2001, 2005, 2013) advocated expanded self-governance in the workplace as part of the evolving new enterprise model. Piñeiro (2013) recently described the debates on Cuba’s economic model among three currents, with her preferred one being that of self-governance (in her case, but not for that entire current, directed toward cooperatives operating within a national plan). Carballo del Rio (2011) wrote a detailed proposal on how a non-hierarchical collaborative productive structure could address all the issues normally facing a productive enterprise. On a deeper philosophical level and also broader than just the economy, but particularly related to the focus of this article, Linares, Moras and Rivero (2004) consider the role of participation in human development, subjective transformation, and Cuba’s project of human emancipation.

28. In the nonagricultural sector there were officially only about 10,000 self-employed, and there was no ownership of any productive assets beyond the minuscule amount owned as tools of their trade. In agriculture individual private farmers, Credit and Services Cooperatives (CCS) and Cooperatives of Agricultural Production (CPA), which together made up roughly 15–20 percent of the agricultural sector (depending on the year, and if one measured the value of output, amount of land or number of workers), had non-state ownership, particularly of land but also of capital goods needed for their work. The state, however, still exerted strong control over their production in that it was the only buyer of their products, and it set the prices at which it would buy.

29. More decisions were made by the ministries (as opposed to the enterprises) and at the national level (as opposed to regionally or locally) than for example in the related system in the USSR.

30. The plans included guarantees of the necessary foreign inputs, markets for their outputs, and short-term financing of production.

The rest of this section will briefly indicate the nature of the extensive changes that have unfolded and continue to unfold in these four dimensions.

1) The intention is for the new non-state sector to further promote human development by providing those necessary goods and services which the Cuban state up to now has not been able to satisfactorily provide. The simplest gauge of the ongoing shift from an essentially state-run and -owned economy to one with significant non-state<sup>31</sup> sectors is employment data. In 1989 almost the entire workforce in the majority<sup>32</sup> nonagricultural part of the economy was employed by the state. By 2014 that had radically changed. Of the 4,030,700 workers in the nonagricultural part of the economy, 488,900 (12.1 percent)<sup>33</sup> worked in the non-state sector. The much smaller agricultural sector<sup>34</sup> already had a non-state sector in 1989, with private farmers, CCSs and CPAs forming roughly 20 percent of that sector. By 2014, with the addition of the UBPCs in 1993 and the *usufructuarios* in 2008, the non-state sector in agriculture had exploded to 889,600<sup>35</sup> workers, constituting 94.7 percent of the 939,100 people working in agriculture (ONEI 2015: Tables 7.2 and 7.3).

In the *Guidelines* (CPC 2011), which are the most authoritative indication of the intended nature of the current updating process, and consistently elsewhere, Cuba has officially declared that it intends to keep the state sector as the dominant part of the economy, as part of its vision of building socialism. At the same time, the above data show an ongoing and currently rapid “destatization” (*desestatización*) of the economy. While current levels are much less, Cuban government and academic figures at present are talking about non-state employment, including the cooperative sector, reaching 40 or even 50 percent.

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31. Cuban categories for this are as follows. The non-state sector is composed of the private sector and the cooperative sector. The private sector is composed of the self-employed (TCP), private farmers, members of CCSs, and a recently appearing category that has become large and is often overlooked, people who have received land in usufruct (*usufructuarios*). The cooperative sector is composed of the CPAs, the Basic Units of Cooperative Production (UBPCs), and the emerging nonagricultural cooperatives.

32. Just over 80 percent in 2014.

33. 483,400 TCP and 5500 in nonagricultural cooperatives.

34. In Cuban statistics as in most countries this includes people who raise cattle, but also the related relatively small category of fishermen and the extremely small category of forestry workers.

35. 663,600 private farmers, *usufructuarios* and members of CCSs, plus 226,000 cooperativists in UBPCs and CPAs. Note the huge shift to over 90 percent was driven in the first place by the conversion of the majority of state-farm workers to UBPC members, and then by the 312,296 new *usufructuarios*. (ONEI 2015: Table 9.4)

2) The necessity for significant decentralization is stressed repeatedly in the *Guidelines*, and important changes in this direction have been introduced over the last 10 years. Two observations need to be added to this widely recognized aspect of the current economic reforms to understand how decentralization is understood in Cuba.

a) Most writing about Cuba's updating process from outside the Island conflates the very different issues of the degree of state direction and control of the economy with the degree of centralization of economic decision-making. The essential difference can be highlighted by considering the two different types of decentralization going on. "Destatization" involves a shift of economic activity from a centralized state to decentralized institutions in the non-state sector, and so is a form of decentralization. But a major decentralization of economic activity *within* the state is also occurring. This latter type of decentralization itself has two different forms. One is repeatedly talked about in the *Guidelines* – the shift of (some) economic decision-making from the state administration to the state enterprises. The other is the shift of (some) economic decision-making from the national to the local state. Extensive discussion, literature, and experimentation in Cuba on "local development" (state as well as non-state) has been generated over the last decade.<sup>36</sup> Both these forms of within-state decentralization are seen by the Cubans as ways to dramatically improve the economic performance of the state as required by their vision of socialism.

b) It is accepted by those working to build a new road to socialism, just as much as by those advocating more markets, that the Cuban economy was too centralized. But while the latter want as much decentralization as possible (in the form of as large a non-state sector as possible), the former want a centralization/decentralization balance appropriate for the socialism they want to build. The theoretical criterion is straightforward, though of course putting it into practice always involves a political debate: each economic decision should be made at the most appropriate level of centralization/decentralization. Local communities should not be deciding by themselves if there will be a steel plant in their community (given the small number needed for the country), and central authorities should have next to nothing to say about how many tomatoes are grown in a given region. The *Guidelines* make clear that while extensive decentralization is a key characteristic of the projected system, some centralized aspects also remain essential.

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36. This is also one of the central dimensions of many of the limited aid projects Cuba receives, with the UNPD and the Swiss COSUDE in particular producing much material and supporting seminars on this over recent years.

For example, the economy is to remain directed according to a plan. And while the planning process necessarily involves continuous back-and-forth between the center, the regions and the enterprises, the result necessarily involves central coordination of all the local preferences and requests.

From the perspective of the necessity for people to collectively control all the institutions they are part of, a correct centralization/decentralization balance is necessary. People have local, regional and national interests.<sup>37</sup> The appropriate group for a person to collectively make decisions with is all others “significantly affected” by such a decision (this being another issue that must be repeatedly decided). Either too much centralization or too much decentralization curtails people’s ability to democratically control all the institutions they are part of.

3) Planning, or consciously and collectively determining how the available social labor power will be used to produce what, and how the product will be distributed, is the economic expression of popular control. A Cuban statement of this position was given by Ché in 1964: “centralized planning is the way of being of a socialist society, its defining category and the point where man’s consciousness eventually manages to synthesize and channel the economy toward its goal: the full liberation of human beings in the frame of a communist society” (Álvarez 2013: 114).

The *Guidelines* make clear that despite a necessary major change in form, this is a characteristic of the pre-1990 model intended not to be changed; that the same general idea of planning and its essential role in socialism still obtains and is central to the proposed nature of the updated economic model. The *Guidelines* also specify that planning will embrace the non-state sector as well as the state sector (if not, it could not fulfill the desired role just indicated). What is unclear, not only to outsiders but also to Cubans and their government, is exactly how this planning will work, particularly with regard to the non-state sector. It is clear that it must operate quite differently from Cuba’s pre-1990 planning, that some fundamentally new method of planning must be developed. Discussion on this is unfolding in Cuba, but is only preliminary because it has not yet been determined how various aspects of the new economic model will work.<sup>38</sup>

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37. And international, but that brings up the different issue of the current political organization of the world, which is outside the scope of this work.

38. There is a rich discussion in somewhat limited circles in Cuba on how the desired planning can be realized in the new economy, but as there is very little interest

4) As a member since 1972, Cuba received from COMECON (the USSR-based economic bloc) external capital for productive investment until a few years before its dissolution 1991. This allowed both growth and development beyond that possible to the Island from domestic savings. The inflows came largely through two channels. One was long-term low-interest loans. The other, although the details are complicated and the claims of magnitudes involved are enormously inflated by opponents of Cuba's socialist orientation, was through favorable prices in trade.

In the 1990s both these channels for supplementary investment funds closed abruptly. With the economy in depression, even normal state funds for investment dropped sharply, and Cuba's total investment plummeted. In response, Cuba launched an energetic campaign to attract private Foreign Direct Investment (FDI), of which it had almost none in 1990. The story of the explosive success of that strategy in the tourism sector, which became the engine of the entire economy through the 1990s, is well known. The concern here is the change in the foreign capital inflows from the pre-1990 economic model to the reformed model emerging today. Four points need to be made on this.

a) Cuba publishes very few data on the most important aspect of this issue, how much capital is actually flowing in each year. There is very little written on this in English.<sup>39</sup> The small amount of writing on this topic in Cuba addresses the evolution over time of the number and types of investments, the countries involved, and so on.<sup>40</sup> Cuban authors also can only minimally address the key issue of the amounts of capital inflows because of the unavailability of that information.<sup>41</sup>

b) Notwithstanding the lack of detailed information, Cuban economists across the political spectrum feel that Cuba needs to attract more FDI in order to elevate its rate of growth and development, to create its desired "prosperous and sustainable socialism" in a reasonable timeframe. Given the paucity of information on the current

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outside Cuba in this aspect of the reforms, none of this that I know of has been translated into English. For a good brief introduction to this discussion, see Fernández (2012). For a review of the history of planning in Cuba through the last decade, see Álvarez (2013).

39. Feinberg (2012) is the factually richest piece on FDI into Cuba in English.

40. See for example Pérez (2014) for a particularly extensive article.

41. Particularly problematic is that when money values of a project appear in the press, it is generally not made clear if the value refers to what is promised, what is signed, or what is disbursed in a given year - making the numbers given of some, but little, value.

amount of FDI, it is not possible to say how much more would be necessary. Many economists in Cuba talk of a need to increase it massively, by threefold or more.

c) Since about 2000 two new major developments have occurred regarding capital inflows. First, Cuba has entered a number of FDI agreements with foreign governments' enterprises. Well known examples are numerous state companies involved in Cuba's search for oil in the Gulf of Mexico, Venezuela's participation in renovating an oil refinery and in laying a Venezuela-Cuba cable, and China's (to date unsuccessful) negotiations over a nickel mine. Second, long-term low-interest credits have once again become available for development. Two well-known examples are China's credits for upgrading Cuba's rail and intercity bus systems (tied to buying Chinese goods), and Brazil's credits for the huge Mariel Special Development Zone project.

d) Cuba is currently taking proactive steps to increase FDI. The most fundamental have been changes to its basic law on foreign investment (and subsequent enabling legislation and policies), with Law 77 in 1995 and Law 118 in 2014. Their central concern has been to make the investment process faster and less onerous. Most observers would agree both that the changes have been significant, and that Cuba still has to make significant further changes. In this regard it is important to remember that Cuba has a major disadvantage in attracting FDI in that, unlike most of its competitors, it is committed to only accepting proposals that will help its national development and its people's well-being.<sup>42</sup> A recent new initiative is the preparation and dissemination of an official Portfolio of Opportunities for Foreign Investment. The inaugural 2014 version which was presented at the Havana International Fair in November solicited 246 projects worth 8.7 billion dollars (Rodríguez 2014).

### III. Restoring capitalism?

A deep fear of supporters of Cuba's half-century effort to begin to construct socialism – and an equally fervent hope of its opponents – is that the present reforms will take Cuba back to capitalism. This section will first make four short observations concerning this issue, and then discuss the two types of (not insurmountable) barriers that exist against capitalist restoration.

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42. The restrictions, which have existed since FDI began at the end of the 1980s, are reaffirmed in the *Guidelines*, in particular guidelines 97, 99, 100, and 104.

1) There is no guarantee that Cuba will not return to capitalism, nor was there one before the introduction of the economic reforms. In a world dominated by capitalism, part of the general population of any country with a level of material consumption well below that of the high income capitalist countries can always be convinced that only their non-capitalist system prevents them from being "high income." No reliable data exist on exactly what part of the Cuban population today has accepted this view (more on this below). My sense from personal experience is that it is a definite minority, but not a negligible one. Less discussed in the "transition literature" (literature on capitalist restorations) than the degree of appeal of capitalism to the general population is its promise of high-income (and in many cases very high-income) lives to an emerging pro-capitalist political and economic elite if they drive through the capitalist restoration, even as the general population benefits minimally.<sup>43</sup>

2) The official government position is that the Revolution will work to find a new road to build socialism. In practice, different people in the government, in academia and throughout society have very different ideas about what they would like the nature of the updated economy to be. Among the wide spectrum of desired results, two that are different from the official government goal, and which have particularly significant social weight, are Social Democracy (as it existed in Europe in the 1960s and 1970s), and the Chinese and/or Vietnamese models.<sup>44</sup>

3) There are no sharp pro- versus anti-capitalist polemics in Cuba, as there are for example in Venezuela. No currents in the government or academia, or any except the most socially marginalized opponents of the Revolution, call in writing for a restoration of any type of capitalism. Essentially all positions on reforms are presented as optimal ways to improve the Revolution, and in particular its central concern of human well-being.

4) The ultimate socialist-versus-capitalist nature of Cuba's reform process will be strongly influenced by world-wide developments of capitalism and the struggle to transcend it. Capitalism's lethargic performance for almost a decade, and especially the relative deterioration of the condition of its working classes in both the "Developed" and "Developing" countries, has greatly reduced its appeal as a "high

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43. This was centrally important to the transitions in both the USSR and China

44. The official government position on China and Vietnam is that "every country needs to find its own appropriate road to socialism, and Cuba will not copy others." Cuba has important economic relations with Vietnam, and very important ones with China.

income generator." The reversal of the neoliberal hegemony in Latin America after 2000 with the rise of Venezuela, and later other pink tide countries, provided extremely important ideological/spiritual support to Cuba's continued efforts to build socialism, beyond the more recognized political and economic support. Developments such as these encourage and support currents in Cuba arguing and struggling for building a new road to socialism. A revival of world capitalism, on the other hand, or a reversal of any anti-neoliberal projects, would encourage and support currents which see at the heart of Cuba's necessary "economic updating" the promotion of minimally regulated private enterprise.

But while there is no guarantee against a capitalist restoration in Cuba, there do exist important barriers to that happening - both in popular consciousness and in legal terms.

The population's understanding that they are better off building socialism than they would be if they were not doing so, constitutes the consciousness barrier to a restoration of capitalism. There are no independent polls establishing whether Cubans today consider that their lives are better than if the Revolution had not occurred. As an anomaly, Cuba allowed the Gallup organization in 1994, at the nadir of Cuba's depression, to poll 1,002 randomly selected Cubans. They found that 58 percent held the Revolution was on balance positive, 31 percent negative (CU February 1995: 9). Recent "clandestine polls" by the biased anti-Cuban International Republican Institute<sup>45</sup> coincide with the experience of this author and many others who travel frequently to Cuba, that a cautious optimism about its economic future has grown over the last years. Their 2013 poll reported that 52 percent found the economic situation of their family good or very good, while 48 percent found it bad or very bad. Further, 45 percent thought it would get better over the coming year, 35 percent thought it would stay the same, and 10 percent thought it would get worse (10 percent didn't know) (IRI 2013). While the bias of the polling organization causes one to suspect these numbers probably somewhat underreport the current levels of cautious optimism, the important point is the trend of the results reported by the same organization compared to previous years, which is significantly positive. A major consciousness barrier to an Eastern European type return to capitalism is that Cubans, notwithstanding their long list of complaints, have a much more positive view of their Revolution than the populations of those countries had of their systems.

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45. A branch of the US government's infamous National Institute for Democracy.

At present and for the immediate future, three important factors diminish the attractiveness to Cubans of a capitalist restoration. First, a significant number of Cubans have personal ties to people in the former Eastern Bloc, and particularly Russia, while an even greater number have an image of those countries strongly influenced by the Cuban news media. Hence they are acutely aware of how far short the transitions there fell from what was promised. Second, when Cubans consider capitalism in non-transitional Less Developed countries, the Latin American neoliberalism that they would return to has not performed well. Leaving aside debates about rankings of average national growth, it is clear that the large part of the population that is poor in those countries is significantly worse off than the poor in Cuba. Finally, even the Developed capitalist countries such as the US and Spain, whose capitalist model Cuba is supposed to replicate within some unspecified but implicitly reasonably short time, are much less motivating than they were ten or twenty years ago.

The most important legal barrier to the restoration of capitalism in Cuba is the limitation on the size of private capital. Restoring capitalism requires creating domestic capital and a corresponding domestic capitalist class, on a large enough scale to impose its logic on the economy and to establish a political system suitable for capital's *raison d'être*, its continued accumulation and expansion. Cuba has specifically and repeatedly declared that while private capital will be part of its updated economic model, it will not be allowed to become large. This position is stressed at the very beginning of the *Guidelines*: "In the forms of non-State management, the concentration of property in the hands of any natural or legal person shall not be allowed" (CPC 2011: guideline 3).

Like all the pro-socialist declarations in the *Guidelines*, their actual contribution to the determination of Cuba's socialist/capitalist future depends on whether they are implemented or not, and if so, concretely how. Owners of capital, who profit from hired labor, will inevitably (as a group) fight against any such limitations on the size of capital. To date, however, Cuba has adhered to the stated intention, which is essential for its socialist project. On the one hand, a number of its laws and policies for the private sector reflect this (example below). On the other hand, much less commented on but actually of greater importance to the process of growth of the private sector to date, Cuba has declared that it will not privatize existing major state enterprises. Such privatizations were centrally important to the restoration of capitalism in the Eastern Bloc, as they rapidly created the necessary large-scale capital and a domestic capitalist class.

Cuba has a very different vision of the role of the private sector in its economy. As opposed to the private sector determining the logic of the economy (capitalism), “The socialist planning system will continue to be the main national management tool of the national economy” (CPC 2011: guideline 1). Small, mostly self-employed, capitalists will mobilize their own capital from friends or family (including extended families abroad), and provide services or (eventually) small-scale production goods that the dominant state part of the economy has never done a satisfactory job of providing. This sector might reach 40 percent or even more of employment, but the essential point is that no concentration of this capital is to be allowed.

The best known example of Cuba’s intent to limit the concentration of capital is the *paladares* (small private restaurants). The repeated changes in the restrictions on the allowed number of tables and of employees over the last decade reflect the reality of Cuba’s intention to limit the size of individual capitals. The less discussed and actually more important restriction on their concentration of capital is that chains are not allowed; individuals cannot own more than one *paladar*.<sup>46</sup>

An important new barrier to the restoration of capitalism<sup>47</sup> is projected to be developed over the coming years. While the Constitution only recognized cooperatives in agriculture, in 2011 the *Guidelines* called for their development in the dominant nonagricultural part of the economy. The enabling legislation for “experimental nonagricultural cooperatives” in December 2012, and subsequent statements by various leading government officials, indicated that these are to be the preferred form of micro and small enterprise management in the non-state sector. In comparison to non-cooperative private enterprises, the state will promote their development and growth through, among other things, favorable tax treatment, preference in receiving state contracts, and access to sectors of the economy closed to private enterprises. As advocates of cooperatives around the world are beginning

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46. Of course some people try to work around this by having family members and relatives as official owners of additional units. While the barrier is not airtight, it does prevent big chains, its purpose.

47. The issue of the inherent or potential relation between cooperatives and socialism has been debated for over a century and a half by proponents of socialism throughout the world, and continues to be actively debated today, including in Cuba where there is a wide spectrum of views on the issue. For the very brief point being made here the only consideration is that the government has indicated it considers them to be part of its project of building socialism, and as such a barrier in the non-state sector to the growth of large-scale capital and a capitalist class that are necessary for a restoration of capitalism.

to consider, Cuba has the potential to become the most cooperativized economy in the world. Hence beyond its role as a barrier to the restoration of capitalism, this intended explosion of cooperatives in Cuba will, when effected, be one fundamental part of the current reforms which will determine the nature of Cuba's future project to build socialism.<sup>48</sup>

#### IV. Markets, capitalist markets and market socialism

General considerations concerning the possibility of a restoration of capitalism in Cuba were discussed in the last section. This section will consider a particular component of the reform process not discussed there, which many supporters of Cuba's socialist project have found to be one of the process's most worrisome aspects: the major expansion of the use of markets.

An important confusion in discussions on the role of markets in Cuba's updating process is caused by the failure to distinguish markets in general from capitalist markets. Four brief definitions are necessary to address this issue. As most dictionaries will roughly define the word, *markets* are any place (or institution, or process) for the regular exchange of anything. *Commodities* are anything produced not to be consumed by the producer, but to be traded. *Capitalist commodities* (commodities as part of a capitalist process) are commodities produced to be exchanged in order to accumulate and expand capital. *Capitalist markets* involve the exchange of capitalist commodities.

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48. Cuba often runs small-scale experiments before adopting important new programs countrywide, and is presently doing so for nonagricultural cooperatives. Four hundred and ninety-eight co-ops were authorized for Cuba's official experiment, and between April 2013 and June 2014 most of these were initiated. Some other co-ops formed, though the registration process to do so is still extremely burdensome, and members of many groups simply all registered as self-employed workers and then operated as a co-op. Hence the official number of nonagricultural co-op workers was only 5.5 thousand in 2014, so even adding all the unofficial cooperativists the number is minuscule compared to Cuba's workforce of 5.0 million, or even compared to its 226,000 agricultural cooperativists (ONEI 2015: Table 7.2). Large-scale expansion of nonagricultural co-ops will not occur until the official cooperative enabling legislation, based on the results of the experiments, is passed, which is presently projected to be in 2016. This legislation will also determine their nature, as part of Cuba's project of building socialism. For an excellent overview of Cuba's project to promote nonagricultural cooperatives, including extended consideration of its relation to the Island's socialist project, see Ludlam (2014).

Not all important markets in history have been capitalist markets. For example, in feudalism all cities had local markets for shoes. These were not produced for the expansion of capital, but as part of the division of labor, to be traded for sustenance (or money to purchase sustenance) for the producers. They were commodities but not capitalist commodities, and so these were not capitalist markets.<sup>49</sup>

Note in particular that having prices set according to supply and demand is neither necessary nor sufficient to make a market capitalist. On the one hand, as is well known, capitalist monopolies/oligopolies select a profit maximizing price and set their supply accordingly. On the other hand, and more relevant to debates about Cuba, non-capitalist markets, where commodities are produced and exchanged for the sustenance of the producers and not to expand capital, can still have prices determined by supply and demand.

With this frame 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. 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. Instead, as we have seen, it will be determined according to "the socialist planning system." Cuba's markets will not be capitalist markets, and hence will not contribute to the creation of large-scale domestic capital, a domestic capitalist class, and 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: Socialism with markets (*socialismo con mercados*), yes; market socialism (*socialismo del mercado*), no.

There are at least two major dangers to Cuba's socialist project from the greatly expanded use of markets. The first obvious one is that, contrary to intentions, or following a change of government that

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49. This point should not be confused with the correct point often made that capitalist markets existed in the interstices of earlier modes of production, such as the feudal and slave, in particular in long-distance trade.

changes the intentions, the non-capitalist markets will become capitalist markets as part of production becoming organized according to capital's imperative for accumulation and expansion. This of course is possible in the sense argued above, that there can be no guarantee that Cuba will not go back to capitalism. But the issue then is exactly that – will Cuba maintain its project to build socialism, or will it revert to capitalism? That is a political fight that has been going on since Cuba broke with capitalism at the beginning of the 1960s, and is very much still going on today. There is no reason to think, however, that non-capitalist markets, if consciously subordinated to socialist planning, will drive that restoration by somehow transforming themselves, unnoticed, into capitalist markets.

The other danger is more subtle. Markets shape and reshape the way people who participate in them view themselves, their societies and their social connections to other people. Among other traits, markets promote “anonymity, indifference to others, mobility, lack of commitment, and autonomy.” They contribute to the erosion of “feelings of solidarity with others, the ability to empathize, the capacity for complex communication and collective decision making” (Bowles 1991: 13). Socialism cannot be built by people so conditioned. Of course, the propensity of markets to reshape people in these anti-socialist ways can be challenged by other institutions in society. Historically, small societies, some religions (sometimes), and later some states have contested these capitalist traits. Cuba's socialist project requires that its expanded use of markets, even when they remain as intended non-capitalist markets, needs to be accompanied by the appropriate socialist political and economic education, assuring that the population understands why, at present, markets as constituted promote overall social well-being.

## V. Conclusion

Cuba's leaders affirm that the current deep economic reforms will generate a “prosperous and sustainable socialism,” a socialism-in-construction that maintains what was best and most popular, and eliminates what was most problematic, from the Revolution's previous efforts. Yet some supporters of the socialist project fear that the reforms could potentially take Cuba back to capitalism.

Without any implication that its achievements release it from the need to correct its problems and shortcomings, an evaluation of Cuba's half-century Revolution shows impressive achievements in human development. Its economic updating process must be

evaluated against its project of constructing socialism, its project of human development: will the changes strengthen that project as asserted, or will they weaken it, and in the worst case, bury it with a resurrection of capitalism?

Of the four broad areas usually considered among the central changes in the updating, “destatization” and decentralization are major structural and institutional changes. Planning and foreign capital sources also involve major structural and institutional changes, but they both continue to pursue their pre-1990 purpose. None of these changes, in themselves, involve anything that will automatically and mechanically take Cuba back to capitalism. All of them involve new ways of interacting with world capitalist forces, and with those that look to those forces who live in Cuba. Just as before, but in a radically changed landscape, a struggle continues in Cuba (as in every other country in the world, non-capitalist or capitalist) between those trying to construct a genuine socialism and those trying to restore or maintain capitalism. The new ways of interacting with world capitalism indeed pose real threats of capitalism making new inroads against Cuba’s project of building socialism. And as the old folk saying warns, such dangers do not come knocking at the front door, but rather enter through any unlocked windows they can find. At the same time, there are major barriers to those capitalist efforts, both current formal legal barriers, and the deeper essential barrier of popular consciousness. Success in the struggle against capitalism in today’s world is never assured. There are good reasons, however, to be guardedly, critically, and especially actively, optimistic about the continuation of Cuba’s socialist project.

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