

For a Cuba with Democracy and Solidarity

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This article, which originally appeared in Spanish in *La Joven Cuba*, the principal independent left-wing blog in Cuba, on Feb. 21, 2022, under the title “An Alternative for Cuba: political and economic democracy,” provides a critical perspective on the economic policies of the Cuban government and of some of its critics, and offers an alternative to both.

The Economic Reforms Implemented by the Government and Proposed by its Critics

The economic reforms in Cuba should be analyzed in economic terms as well as in terms of their social and political consequences, especially with respect to their impact on the social integration, equality, and solidarity of Cuban society, the essential elements to build a superior democratic alternative to the system that currently prevails in the island.

It is precisely that socio-political dimension that tends to be absent from the analyses and proposals generated in response to the failure of the government’s economic reforms. One example is the proposal to abolish the state monopoly of foreign trade and allow Cubans to import merchandise without any limit or state interference. This proposal assumes that market *laissez faire* is the only alternative to the state monopoly of foreign trade. What it leaves out, though, is that it would end up favoring the interests and preferences of the economically powerful people in the island, including many members of the present government, who would waste the island’s scarce foreign reserves in importing goods, such as luxury items for the personal use of their families—home appliances, jewelry, paintings, furniture—that would contribute very little to the economic development of Cuba but would significantly increase inequality in the country.

The government’s current imports policy is certainly no less unfair or arbitrary than the proposed *laissez faire* economic policy, as it favors certain economic sectors like tourism at the expense of, for example, agriculture. But there is a third alternative that offers a more equitable solution, which involves the transparent regulation of foreign trade. From an egalitarian point of view that also

seeks to reduce social disparities, the main priority of this policy should be the importation of goods and inputs to feed, educate, and provide health care to the population in the island, and that also contribute to the economic development of the country. Such priorities would be applied to the goods imported by the government as well as by private entities.

In fact, this was, in its more general outline, the policy implemented by the National Bank of Cuba in 1959, the first year of the revolution in power. (Although because at that time the economy was primarily in private hands, very effective methods were developed to undermine the regulations established by the National Bank, as in the typical case of foreign suppliers who falsified the import invoices to facilitate the legal flight of capital from the country.)

The Problem of Subsidies

Other proposals for economic reform focus on the subsidies that the Cuban people have been receiving since the 1960s through the rationing book. Even though the government has been reducing the number of different items included in this book, it continues to base itself on the same principle that has guided the subsidy program since its origins: it is the products that are subsidized, not the people that receive the subsidy. Many voices critical of the government have been advocating for the opposite principle: to subsidize persons, and not products. Obviously, there is a certain economic rationality in this latter principle in the sense that there would be a reduction in the unnecessary expense of the subsidy if it was limited to the economically more needy people.

But when a specific income limit is established as the dividing line for granting a particular subsidy, those who remain above that line but who are nevertheless economically strapped will sooner or later end up resenting those who do receive the subsidy. This resentment has been the source of a big political problem in the United States, which the political and cultural right has used to encourage a climate of contempt for so-called welfare recipients (poor people who receive social assistance). This contempt has a very important racial aspect. For even though the absolute majority of welfare recipients are white, it's the African Americans and people of Latin American descent who, being much poorer than the whites, end up being disproportionately represented in the welfare ranks, a fact that has been used to discredit welfare itself as a policy exclusively dedicated to materially support these ethnic-racial minorities.

It was this racial resentment that was used by the neoliberal Democratic administration of Bill Clinton (1993-2001) to dramatically reduce the welfare program and to extend his party's political support among the lower strata of the middle class, especially among whites. In contrast, a social program like social security—a universal program of pensions for retired workers—enjoys the vast support of the American people, with almost all presidents and politicians, both Democrats and Republicans, presenting themselves as its great defenders.

In Cuba, a possible alternative to the establishment of a specific level of income that would divide the beneficiaries of subsidies from those who are not entitled to them but who need them, could be the establishment of a sliding scale of subsidies inversely proportional to the income of the recipients. That would be more equitable and politically desirable because a clear majority of the population would benefit from such a program.

The Issue of Free Goods and Services

Leaders of the Cuban government such as Raúl Castro, have proposed to eliminate free goods and services as a way of reducing expenses for the provision of social services. The problem with Raúl Castro's approach and of those who support this idea in and outside the government is that they tend to analyze the provision of free goods and services as a problem in itself, separate and

independent from the country's low economic productivity and economic growth, and they sometimes conceive—although not explicitly—the provision of free goods and services as a social and even moral evil.

It is obvious that an economy that does not grow, has low productivity and subsidizes most of the goods it produces and the services it provides, is headed towards bankruptcy. But the other side of the same coin is that as the growth and productivity of an economy increase, it becomes materially possible to maintain and even expand the provision of free goods and services.

This does not mean that the beneficiaries should passively accept the government's use of a decline in the economy as a pretext to reduce the number of things that are provided without cost: it is the government that is primarily responsible for the current economic situation and that therefore is responsible for solving the problem of the economic crisis, but not at the expense of the poorest people. An egalitarian and democratic policy should support the expansion of free goods and services as the country's economy expands, as well as the resistance, by those who most depend on those provisions, to the government's decision to take them away from them when the economy contracts.

Obviously, none of this has anything to do with the official notion concerning "the social gains that the revolution has provided to the Cuban people," as if the Cubans were the object instead of the revolutionary subject. In light of this official version, one asks oneself who are the subjects that constitute "the revolution" other than the beneficiaries themselves? Unless the citizenry is seen as people who should be grateful to the paternalist power that uses "the revolution" as a flag as well as a shield.

In contrast to the capitalist society and economy at the center of which are the commodity and the social relations of competition—the antithesis of solidarity—that emerge from it, a democratic and egalitarian politics derives from a general vision at the center of which are equality, solidarity, and social integration. From that point of view, free goods and services are not a mere economic fact, but also a common good that promotes equality and solidarity and that must be expanded and carefully maintained. As political experience and the social sciences have shown, people are more likely to appreciate, take care of, and especially defend those common goods when they are the result of the debates and decisions they have consciously and democratically adopted by themselves, than when they are "given" from above.

Beyond the Economic Reforms: A Socialist Democracy

The economic policies proposed by the government and its critics derive from a general vision of society that each of them considers desirable. Each of these visions point to a socio-economic model of society. Two of these models are especially worrisome because of the types of anti-democratic societies that they espouse.

The first one—associated with some of the system's critics, and privately held among a good number of government functionaries—proposes the Sino-Vietnamese model based on a one-party state linked to an economic system that combines state enterprises with a powerful capitalist sector. In China, the capitalist sector has been widely supported, and to a certain degree directed, by the state banks. This has been accompanied by the repression of any expression of independent unionism in both the private and the state sectors, in addition to the forceful expropriation of land, without just compensation, from a good part of the peasantry, all aimed at expanding industry and promoting urbanization.

The Chinese government itself has had to recognize that the thousands of worker and peasant

protests against the arbitrary and repressive authorities have become a chronic phenomenon in that country. It is also worth noting that the official worker and peasant organizations have functioned as agents of the government and not as organs for the defense of its members. In light of the present economic and political composition of Cuba, any transition towards the Sino-Vietnamese model in the island would be headed by the military, which in fact already participates and has developed its own networks in the international business world through the GAESA corporation, which manages and directs the large number of profit-making enterprises of the FAR (Revolutionary Armed Forces).

The second model, shared by many right-wing critics both inside and outside the island, proposes the establishment of a neoliberal capitalist Cuba, committed to a Plattista politics (after the 1901 Amendment giving the United States the right to intervene in the island), in the sense of doing Washington's bidding, and inevitably dictatorial given the likely popular and working-class resistance to those politics. The implementation of a model like this one, from above and without significant popular support, would need to count on, either the approval of a good part of the powerful Cuban bureaucracy that would require its joining the new ruling class as an equal partner, or a military occupation by the United States, most likely disguised as a *humanitarian intervention*.

The danger that these two visions and their variations portend for democracy and national self-determination in Cuba becomes ever more real as the economic situation in the island worsens, opening the road to these kinds of politics. That is why it is important for the new Cuban left to develop a coherent vision of the model of the new society that it proposes as an alternative to the other visions, that at the same time can serve as a strategy around which to organize its plans and political activity, and as a means to seek support and establish roots outside the academic and intellectual circles in which many of us move. The following presents a series of proposals—that only cover part of Cuban reality—regarding that vision, which I am hereby submitting for a debate with the readers of these pages.

These proposals are very controversial because they advocate an alternative to the “free market” generally seen as inherent to human nature instead of a historic product, as Karl Polanyi shows in his classic *The Great Transformation*. That is why the proposals concentrate on economic issues. They derive from a vision that posits as its goal a socialist society with democracy: both *political* democracy—the right to organize politically and upholding the rights of the citizens—and *economic* democracy—democratic control over decisions pertaining to the national economy. It is a goal that can only be realized in an economy whose “commanding heights” are publicly owned and subject to: 1) a system of oversight (workers’ control) with independent unions with the right to strike, and 2) democratic and transparent economic planning that incorporates every Cuban, and that promotes a sustainable economy conscious of the ecological dangers that confront the country. Based on their democratic control of what happens in their workplaces, Cuban workers would decide how best to implement the plans democratically adopted at the national level by the representatives of the population as a whole. These democratic mechanisms are critical to the promotion of social solidarity as an alternative to a free-market economy ruled by the principles of profit, competition, and unbridled individualism.

The economy would also make space for self-employed workers, for independent cooperatives, and for small private enterprise—although not for the so-called mid-size enterprises that can employ up to 100 workers, which makes them into essentially capitalist enterprises—in all economic sectors, including professionals such as engineers and architects, who would not only be granted legal standing, but also access to bank credits and governmental technical aid for their projects.

There would be a few exceptions to this rule, such as the practice of medicine, which would remain a non-private public service in order to avoid the creation of one medical system for the rich and an inferior one for the poor. It is necessary to clarify that there is widespread confusion in Cuba as to

whether the medical services they receive are free. In reality, they are not. They are paid by the citizenry through taxes, direct or indirect, or through the assignments made by the state in the national budget, itself a product of the labor of the Cuban workers.

It is a method by which every person indirectly pays for medical attention instead of paying directly to the medical service provider. It also functions as a method to distribute the costs of medical care among the whole population thereby avoiding, for example, a situation where the sickest patients are obliged to pay astronomical sums to be able to survive. But in contrast with the present situation, which forces medical personnel to pay society back for their professional education by working for the state for the rest of their lives, it would limit this obligation to the Cuban system to three years of social service to pay back for the free university education (as has been the case with the similar free medical education that has existed for many decades in Mexico). Once their social service is over, the new doctors could work for the state or for civil society organizations, such as unions and community associations, provided that the medical attention to patients is financed, in the last instance, by the public purse. In addition, the state would be obliged to respect the right of medical personnel to organize independent unions and professional associations to negotiate with the government their salaries and working conditions.

This would likely lead to an overall increase in the salaries in the health-related sector. But given the low salaries that prevail there, that would not be asking for too much, and would also make for a more just compensation for the long-term education and training required to practice medicine. The salary increases would also be an incentive for medical personnel not to emigrate, which in a democratic society would be their unqualified right to do or not to do, and not a concession by the government as it currently is.

Among all common goods, besides health services, education is most important, especially public education. The emphasis on public education is due to the fact that it not only provides instruction to the people so they can work and live a dignified life, but also develops in the student body educational, scientific, and especially democratic values in an atmosphere of respect for the rights of political and other minorities, free of governmental harassment and its "patriotic" cult of violence and death. It is for these reasons that attending public schools should be obligatory at least at the elementary and secondary levels. None of which would prevent parents from sending their children to private institutions in their free time to receive, for example, religious instruction, if they so wished.

Last but not least is the topic of foreign investment in Cuba. It presents some tricky issues since it is a type of investment that would remain outside the control by the state of the "commanding heights of the economy" in the island. There is no doubt there is, and will be, a tremendous need for it considering the advanced process of decapitalization that the island has suffered for many years. A possible solution would involve the creation of a special system for foreign investment enterprises that acknowledges the existence of workers control and free, independent trade unions.

To avoid a repetition of the government abuses under the reign of the Cuban Communist Party, these enterprises would directly contract their employees instead of indirectly doing so through the government, and would be obliged to observe and respect labor legislation, which would include the collective bargaining agreements that establish workers' rights, such as seniority, and other dispositions, such as those coming under the label of what is called "affirmative action" in the United States, to combat racial and gender discrimination.

Planning and the Market

It is obvious that in this democratic socialist economy the market has a role to play, as in the case of

the self-employed, the cooperatives, small private enterprises, and even more so in the international trade relations that an open economy such as Cuba's is involved with. In fact, socialist planning in a country like Cuba would function to counteract, or at least to balance, what would otherwise end up being under the inevitable absolute domination of the international market. Planning would be especially necessary to avoid the historic single crop economy, or its equivalent in the service sector. Otherwise, Cuba could end up—as it might have already ended up—living up to the notion that “without tourism there is no country,” in the same way that in another period it lived up to the well-known sugar magnate José Manuel Casanova's proclamation that “without sugar there is no country.”

However, the fact that the market functions in an economy does not necessarily mean that it controls and rules the functioning of that economy. In his book *Democracy and Economic Planning. The Political Economy of a Self-Governing Society*, the British socialist economist Pat Devine distinguishes between “market exchange,” where a commodity is exchanged for money (depending on the supply and demand for that commodity), and what he calls “market forces” that determine the pattern of investment, the relative size of different industries, and the geographic distribution of economic activity, all of which determine the dynamics of the economy.

Those “market forces” can be contained through the planning of the economy's “commanding heights” dominated by the public sector. Devine describes that planning as a process of coordination and open and transparent negotiations between the public sector enterprises and the various economic sectors, subject to the democratic mechanisms of workers' and popular control. It is this transparent and democratic planning that is here presented as an alternative to capitalism, as an alternative to the bureaucratic and inefficient planning of the Cuban economy, and also as an alternative to so-called “market socialism,” a model of workers control that had a certain degree of support among East European dissidents before the collapse of the Soviet bloc, and that some Cuban dissidents are presently proposing for the island.

“Market Socialism”

“Market Socialism” proposes worker self-management in the framework of an economy of self-sufficient enterprises competing with each other. This model is similar to the one established by Marshal Josip Broz (Tito) in the 1950's in the now-disappeared Yugoslavia, and then dismantled in the 1970s. This model limited worker self-management to the control and planning of their own enterprise. Planning at the national level was in the hands of a bureaucracy that functioned in the Soviet style, until 1965, when national planning was abolished, which opened the road to the market becoming the regulator of the economy at the national level.

This model of worker self-management was successful at the local level, in the sense that it increased production and workers' productivity. Nevertheless, due to the fact that the enterprises competed amongst themselves, and especially in the absence of national planning after 1965, the model also generated unemployment, pronounced ups and downs in the economy's commercial activity, substantial income inequality, and the development of economic differences between the Yugoslavian republics that benefited those that were more economically developed in the northern part of the country.

The lack of power of Yugoslavian workers to decide on anything beyond their own workplaces, encouraged the development of parochial attitudes: exclusively concentrated in the management of their own enterprises, they had no desire to support investment in other workplaces, especially those located far from where they worked and lived. It is not difficult to predict the negative impact that a system like this one would have on Cuba, with the continuing impoverishment that exists, for example, in the southeastern part of the Oriente region, where Black Cubans constitute the majority.

As Catherine Samary points out in her book *Yugoslavia Dismembered*, the model of “market socialism” implemented by Tito was powerless to resolve the economic problems generated by the bureaucratic plan, before 1965, as well as by the domination of the market afterwards. The lack of political democracy in the one-party state, led by Tito and his party *League of Communists*, and of any democratic control of the overall economy undermined any possibility for solidarity; and the market relations at the national level fragmented the working class even more. The end of “market socialism” began in the seventies, with the intervention of the International Monetary Fund (IMF) to settle the foreign debt of twenty billion dollars that the Yugoslavian economy had generated.

*Capitalist Planning**

National planning has a bad reputation due to its great failure in the old Soviet Union and presently in Cuba. That failure has been attributed to planning as such. But this attribution ignores that planning in those countries has taken place in the context of one-party states, controlled by a bureaucracy that decides from above what is to be produced, when and how, without the control, the participation and the information of those that produce and administer at the local level who truly know what is happening in their workplaces.

It is this political context of planning that led to the economic failure of the USSR and has been a key factor in the economic crises in Cuba. In addition to ignoring this political context, those critics of planning pass over the fact that economic planning exists inside the large capitalist enterprises. Planning is, for example, an integral part of the functioning of the giant US corporations that employ hundreds of thousands of people, from the most modern, such as Amazon and Microsoft, to the more traditional such as United Airlines and General Motors.

They also disregard that in advanced capitalist countries that are politically democratic, national planning successfully replaced the market as the principal method to regulate the economy in war time. That type of planning allowed them to confront and resolve planning problems that, as we shall see later, were considered to be unsolvable. This also puts in doubt the notion that planning at the national level functions independently of the political system within which it exists.

An example of national planning that included the public as well as the private sector of an advanced capitalist economy was Great Britain during World War II. Unlike the United States, that country suffered in its own territory significant loss of life and material damage as a result of Nazi aerial aggression both at the beginning and at the end of the war, not only in the capital but also in cities with major industrial concentrations such as Coventry. Pat Devine describes the economic life of the United Kingdom during the war as being directed not by market mechanisms, but as the result of administrative decisions concerning what and where to produce goods and services.

This does not mean that there was a single plan that covered the whole economy. There were rather a number of sectoral plans interconnected more or less coherently as the result of a complex process of negotiations among different firms and economic sectors. The only decisions that affected the economy as a whole dealt with the distribution of resources among different categories of users—military, domestic consumption, export—that did not require a detailed knowledge of what was happening within each one of those sectors.

There was also planning of the labor force working in the public as well as in the private sectors. This operated through a series of surveys, realized after 1941, the results of which became the bases for the calculation of the needed labor force. Regions with labor surplus and deficits had to cooperate with each other, although it was more efficient to take work to people than to promote the large-scale movement of people from one region to another.

National planning even included agriculture, where a policy of subsidies to farmers was combined with the instructions of the War Agricultural Executive Committee, an agency that decided what crops to grow in different regions, and even had the authority to take over farms in certain cases. One notable result of this agrarian policy was that, for example, between 1939 and the spring of 1940, the cultivated land in Great Britain increased by 1.7 million acres. In 1940 and 1941, the campaign to plough land ("plough up") was successful in improving the supply of scarce food that could no longer be imported because of the war.

According to Pat Devine, enterprises in the private and public sectors cooperated with each other to avoid requesting more workers than their contracts justified, in spite of the fact that the sanctions for not complying with production goals were generally greater than the sanctions for requesting more workers than necessary. This is an important issue, because the hoarding of material resources and labor were one of the principal contradictions studied by the Hungarian economist János Kornai in what he called "shortage economies" in the countries of the Soviet bloc. The necessity for cooperation suggests that there is no insurmountable barrier in real life between the economy and the rest of social and political life. In other words, it is often the supposedly extra-economic factors that can determine the success of this type of war economy, as it could also be the case in a society where democratic workers' control in the economy could notably affect the motivation of its participating workers with the enthusiasm, effort, and care that is reasonable to expect from people who have considerable power and responsibility in their respective workplaces. It is also obvious that any initiative to establish workers control would have to be based in a workers' movement ready to fight for this and other demands.

During the British war economy, the profit rate for capital was negotiated with the government, generally at a lower level than before the war. But the enormous demand generated by the growing war production insured a rate of industrial utilization close to one hundred percent, something that had no precedent in the history of British capitalism. That significantly increased the total mass of profits of the capitalists, although not necessarily the rate of profit. The income of the population increased, in part because there was little unemployment due to the war economy, and the resulting inflationary pressure was contained through taxes, obligatory savings, price controls, and rationing. Public health notably improved with respect to working conditions. The rigorous war rationing system was successful because the poorest Britons were able to eat more and healthier food than before the war. If on one hand the level and standard of living declined, the available goods were distributed more equitably, although that type of distribution was temporary and did not alter the fundamental inequalities of a British society that after all continued being a capitalist society.

As a consequence of the military and work mobilization provoked by the war, the British economy changed rapidly from the unemployment that prevailed in the thirties to the labor shortages of the forties. There was a dramatic and extended conversion of the industrial plants to war production, as in the case of automobile and aerospace plants that began to produce war planes, tanks, and munitions among other war products. The coalition government presided over by Winston Churchill coopted the union leaders with the clear purpose of avoiding labor conflicts, and especially strikes. With the creation of the National Arbitration Council, strikes became practically illegal, clear evidence of the class nature of the coalition government, which in fact established the bosses' distrust of the workers in the workplaces as a general guide for conduct. Nevertheless, the labor policy of the coalition government propitiated a great increase in the number of unionized workers and a greater power of the workers in their local workplaces. This was reflected in the important strikes that took place in the last years of the war in the shipyards, engineering plants, and among coal miners. These strikes were frequently organized by the local union committees instead of the national union leaders that had been coopted by the coalition government.

Pat Devine estimates that the system of national economic planning operated reasonably well in

Great Britain due, to a great extent, to the general climate of consent, good faith and honest cooperation with the authorities in pursuit of victory against Nazism. According to his analysis, there were two conditions present in the Great Britain of the war that made coherent planning possible: adequate information and adequate motivation. As we know, those two conditions have been generally absent in Cuba, as they were absent in the countries of the Soviet bloc in Europe. At the same time, however, there is no doubt that political democracy declined in Britain during the war years because of the introduction of limits on civil liberties, such as the military censorship of correspondence and the mass media. The very fact that a coalition government was established since the beginning of the war involving the two most important political parties (Conservative and Labor) with the external support of the third party (the much smaller Liberal Party), and that elections were cancelled during the war period, temporarily eliminated the possibility of alternation in power that defines parliamentary democracy.

But in spite of the war and the absence of elections, Great Britain did not become a civil or a military dictatorship. In fact, shortly after the war was over, the Labour Party decisively won the 1945 general elections, defeating Winston Churchill and the Conservative Party and installing in power a government that carried out important reforms, especially in the area of health care, with the inauguration in 1948 of the National Health Service (NHS), a version of socialized medicine. To this day, the NHS enjoys widespread popular support in Great Britain in spite of the difficulties created by the pandemic and the institutional changes and even budget cuts that the NHS has suffered in the last decades due to the neoliberal policies pursued by both the Conservative and Labour parties.

Why the market economy seems to be incompatible with war, and in fact has been set aside by war time governments, even in the United Kingdom, the birthplace of industrial capitalism, needs to be explained. There are many reasons for it, but above all it is due to the clash between the tendency of the great capitalist corporations to increase their rate of profit by all possible means, and the needs of a war economy that depends on the predictability of war production and the cost controls of military inputs, which would not be possible in a “free” market, especially when the economy confronts shortages of armaments as well as of consumer goods.

War economies also tend to eliminate by every possible means the systematic waste of resources that characterizes “normal” capitalism. One example is the chronic unemployment that generally characterizes the latter. Because the “normal” capitalist economy is organized on the basis of competition that produces “winners” and “losers,” there is a significant time lapse before the “losers” can, in the best of cases, obtain alternative employment; meanwhile, they are unemployed and do not contribute either to their individual well-being or to the national economy. It is that lost time that prevents the market economy from adequately functioning in war time because it can bring about delays in the production and delivery of war inputs that can turn victory into defeat.

None of this means that there was no waste in the planned economy of wartime Britain—wars constitute by definition a catastrophic loss and waste of human beings and economic resources –or that they were optimally efficient. Only a rationally planned economy, based on the democratic control by workers and society in general, in close association with technicians and scientists, can aspire to that goal.

Be that as it may, from the point of view of the critical Cuban left, the most important thing to know is that economic planning at the national level is not only desirable but also possible. The great problems and contradictions of bureaucratic planning in the Soviet and Cuban systems are not relevant and certainly do not exhaust the possibilities of a rational and democratic national plan for the island.

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