

Cuba: “Free” Market or Democratic Planning

written by Samuel Farber | October 24, 2024



Cuban currency.

This article was written before the recent power failure and black-out and the accompanying protests in Cuba.

Many Cuban economists who argue for a bigger role for the market in the island, insist that they are not advocates for capitalism because according to them markets are not equivalent to capitalism given that they preceded it for many centuries. Although this is true, these economists do not mention that with the establishment and consolidation of capitalism markets not only became the economically dominant force in many societies, where they had never been so before, but that they also structured the economic life as well as the social, political and cultural relations of those societies.

These changes were brilliantly analyzed by the economic historian Karl Polanyi in his book *The Great Transformation*, which became a classic after its publication in 1944. Besides describing in detail how the precapitalist markets functioned, Polanyi develop a conceptual framework that distinguished the societies that had markets but were not capitalist, from those that had typically capitalist markets that he called “market societies”. For Polanyi, as Marxist scholar Ellen Meiksins Wood underlined in her book *The Origin of Capitalism*, in precapitalist societies economic practices and relations were embedded or submerged in non-economic relations based on kinship, communal, political and religious institutions. Material gain was not an important motivation; what people sought was to obtain status and prestige and to maintain and reinforce communal solidarity. Trading, whether in local or long-distance markets, was not guided by competition. Commercial activity in local trade was strictly regulated; in long-distance trade the role of the trader was to move merchandise from one market to another to take advantage of unequal exchange rates.

None of the above-mentioned distinctions imply in any way a proposal to adopt Polanyi’s precapitalist model for any contemporary economy or society including Cuba. They are mentioned to point out that the notion of capitalism as being as old as history itself might be “common sense” but is not “good sense” and is simply false. It is a fallacy that has had an echo among many people in Cuba due to exhaustion, disillusion, and the generalized scarcity being confronted every day in the island, reinforced by the sophistries propagated by some educated defenders and ideologues of the international economic status quo.

The Progressive Political Opposition and the Market

The progressive political opposition in Cuba has justifiably criticized the ruling regime in the political field for its antidemocratic authoritarianism that does not recognize the individual and collective rights of the Cuban people and has no qualms in repressing the resistance to its abuses with the arbitrary imprisonment of many hundreds of compatriots. Based on these criticisms, this progressive opposition has outlined many of the important features of the new democratic order to which it aspires. However, that is not the case in the economic field, where even though the critique of this opposition to the disaster of the bureaucratic order that prevails in the economy has been indispensable, it has written and said very little in respect to its general vision of the type of economy that it favors for the island.

Thus, whereas the right-wing opposition in Cuba has clearly come out in favor of a capitalist system for the island, the progressive opposition has not gone much beyond registering its support for very specific reforms and limited changes in the economic order. It is time, however, that the most progressive sectors of the opposition to the authoritarian regime begin to develop a general vision for the future of the island, beginning with asking themselves whether a democratic Cuba should include a dominant or complementary role to the market. The option for a market that plays simply a complementary role in the economy requires, as a minimum, the public control of the commanding heights of the economy, which to be democratic require the creation of a system of democratic planning to make crucial decisions for the economy such as how many resources should be allocated to consumption, in contrast to the quantity and quality of resources assigned to the savings and accumulation necessary for economic progress, especially in countries that like Cuba confront an unfavorable situation in the context of the enormous reconstruction needed for its economic recovery.

Democratic planning should not be primarily approached simply from a technocratic point of view, but from a perspective of political self-education through a national debate, especially among workers in the offices as well as in the workshops and factories that constitute the indispensable columns of today's economy. Obviously, any planning at the national level must consider the possible conflict among various goals and priorities, the existing resources in the country, and the possibility of imports. But the inevitable conflicts regarding planning priorities make necessary a negotiating process among these differences in an open, public and democratic manner, especially among the most affected sectors.

A system like this can only function in the context of complete freedom of information and its widespread distribution, where the political and economic flaws, errors and the crimes of functionaries and institutions are openly expressed and denounced. Ample and free publicity is the best remedy for arbitrariness, abuse of power, inefficiency, poorly designed and produced consumer goods, and economic and administrative corruption. It is to be expected that the Cuban people justifiably associate any notion of economic planning with the so-called planning of the present regime, characterized by shortages of consumer goods and the poor state of public utilities, transportation, and housing, among other serious economic problems. These failures, however, are not surprising: while the U.S. economic blockade has obviously had a negative impact, this has been of relatively less importance compared with the disastrous consequences of an economic planning formulated and implemented by the government since the beginning, devoid of truthful and trustworthy information about the economy without the free and open discussion and debate of those plans at every level of Cuban society. This kind of bureaucratically centralized planning has always lacked transparency and has never been opened to any kind of free debate without the manipulation of the Cuban Communist Party. Information about the economy has not only been systematically distorted, but has been hidden and secret, as has occurred, to give an example, with data pertaining to poverty and inequality in the country, which has been suppressed for well over

twenty years. This antidemocratic control, manipulated from above, blocked the transmission of the indispensable clear signals (as, for example, the real production of inputs needed by other enterprises) for the adequate functioning of an economic system. Neither the supposed “free” market nor democratic and rational planning can properly function in an environment where lies and bureaucratic falsehoods prevail.

This antidemocratic and bureaucratic control has also prevented, created obstacles and discouraged the solution of problems on the spot, because of the prevailing work culture of evading and passing on the responsibilities to others. The absolute lack of power that workers must have to make decisions at the local level, together with the absence of meaningful economic or political incentives – like for example, worker self-management, – has generated indifference, apathy, carelessness and lack of coordination of tasks especially at the local level.

That explains why, as the Cuban economist Carmelo Mesa-Lago reported about the Cuban economy in the 1970s, imported equipment was left to rot outdoors: the necessary structures to store them had not been prepared beforehand. Apparently, nobody dared to call attention to this “detail” and to criticize the administrators for such a serious lack of responsibility. In addition to the above considerations, is the irresponsibility and many instances of economic arbitrariness as in the case of Fidel Castro’s damaging interventions in the economy like the disaster of the ten-million-ton sugar crop in 1970, the failure of the F-1 cows, or of the Havana [agricultural] Belt, among other instances of economic capriciousness.

None of this is to suggest that democratic economic planning may not have its own problems, However, it is presented here as a reasonable alternative to, on one hand, the disaster of the bureaucratic planning of the regime, and on the other hand, to the great distortions, injustices, and dislocations of the capitalist “free” market. The notion of democratic economic planning expressed here is, in the last instance, an attempt to apply democracy to the economic world.

It is presented as an alternative to the prerevolutionary past where the mechanisms of the capitalist market inevitably led to economic and social inequality, as well as to the bureaucratic and economically disastrous regime of official Communism. With respect to the past, it was that type of capitalist market that determined that 60 percent of medical doctors and 62 percent of dentists were concentrated in Havana, where only 21 percent of the Cuban population resided. This signified the shameful abandonment of most of the population. Similarly, that same capitalist market determined that the boom in the construction of private houses and apartment buildings in the postwar period benefited the middle and upper classes, leaving other Cubans, especially Black Cubans, confined to the numerous deteriorated rooming houses and tenements buildings, and in the most extreme cases to the very marginal Havana neighborhoods such as *Las Yaguas* and *Llega y Pon*. That such phenomena have reappeared on the island does not deny in any way that it was the product of the “free” capitalist market before 1959.

This does not mean that planning by itself may be sufficient to remedy great social injustices, especially racism, unless there is the political will and democratic control throughout Cuban society to confront them and make the necessary changes. Currently, the poorest parts of the country, like the southeast part of the island, are inhabited by a clear majority of Black people, who continue to disproportionately suffer material scarcity and poverty. Social inequality is also visible inside the Havana metropolitan region, with the relatively better of neighborhoods, near the Gulf of Mexico shore on one hand, and, on the other hand, the poorer Cubans living in the quickly deteriorating area of “interior Havana”, farther from the sea, who live in neighborhoods that are becoming deteriorated at a much more rapid pace. It is very doubtful that such structural problems and inequalities could be eliminated by the capitalist system, even in its more moderate version of the ill named “welfare state.”

An essential element of a democratically planned economy is the workers' control of their workplaces. Control over how things are produced and how to rationally use the available resources is a powerful political incentive for the worker to pay attention and get more involved in deciding how to carry out their jobs, which would generate a sense of self-fulfillment and responsibility for a job well done. In addition, workers control would facilitate the introduction of new and better ways of conducting the work process in the workplace since workers tend to be more familiar than management especially about the details of what happens and how things really function in the offices, workshops and factories.

So far, however, there have been no significant indications that Cuban workers are interested in such a perspective, perhaps because they see emigration and, to a lesser degree, self-employment as more reachable goals. Moreover, there is no doubt that under present circumstances, the poor state and often the de facto bankruptcy of state enterprises constitute a disincentive for workers' self-management. The bureaucratic and antidemocratic government control of the unions, as well as the very legitimate fear of reprisals by the authorities, constitute a major obstacle for the free discussions that could stimulate a potential interest in workers to control their workplaces. Unfortunately, the Cuban opposition has been preoccupied with the expansion of private work and remained mostly silent regarding the problems faced by workers in the island's state enterprises.

Cuba's Urgent Situation

Cuba is going through a profound economic and demographic crisis, comparable and perhaps even worse than the crisis of the nineties after the collapse of the Soviet bloc. Crises, however, may have positive consequences; as the great scientist Albert Einstein is alleged to have said "in the midst of every crisis, lies great opportunity." Yet, it is the social sectors in Cuba which are not interested in the future of democracy or in social equality and prosperity for all, that are the ones taking advantage of the opportunities offered by the present crisis. Thus, for example, it appears that the principal effect of the newly created PYMES (small and medium size private enterprises) has not been the very necessary increase in the country's economic production and productivity, but the importation of consumer goods from abroad - including even automobiles - mainly intended for the owners of the new businesses and for people who have the possibility of obtaining dollars and euros, generally from family members living abroad. It is due to this kind of economic change that social and economic inequality is increasing without any growth in the productive apparatus of the country.

In turn, the government has reacted with the sterile and bureaucratic policy of harassing the very PYMES that they themselves authorized, instead of concentrating their efforts in increasing state production to effectively compete with those private enterprises. Meanwhile, GAESA (the business wing of the Cuban Armed forces that has long dominated the Cuban economy) has been squandering the country's scarce resources to build more and more hotels without the tourists to fill them, while at the same time laying the basis and ensuring its dominant economic position in Cuba's likely state capitalist future.

The Costs of a new capitalist market in Cuba

It is very important to begin to speak in very concrete terms about the impact of a new capitalism likely to be introduced by the high-ranking members of the regime, like the military officers that control GAESA, especially after the historic leaders of the revolution (already in their nineties) pass from the political scene. The introduction of that new capitalism will threaten many rights and social conquests which will need to be defended, included those that preceded the successful revolution of 1959, such as the defense of the strict separation of the state and religion, and the right to abortion, which in spite of having been illegal in that period, was widely practiced, although frequently under

conditions that were far from suitable.

Medical services as well as public education are experiencing a very serious crisis too. But if a political change favoring privatization, which goes hand in hand with the capitalist market were to take place, these institutions would become a favorite target for a policy of an out-of-control privatization. Unsatisfied as all Cubans are with the terrible state of these public services, it would be the emerging social classes in the island such as the new bourgeoisie and middle class, that would mobilize to demand not an improvement of these services for everybody, but their privatization for their own advantage.

Inevitably, the new situation would lead to the creation of a Medicaid type service in the style of the United States – a public service that a lot of U.S. doctors don't even offer because of the inadequate compensation they receive from the government to treat the poorest patients – to attend to poor Cubans. As in the United States, this division of medical care between the poor and the upper and middle classes would considerably weaken any political support to build and maintain a medical service that would serve in a competent and respectful manner not only the rich and the middle classes, but all Cubans.

The pressure to allow private education is likely to increase too. And as privatization starts it, it will rapidly increase, be it lay or religious. These new institutions will be able to recruit the best teachers and get the best facilities to educate the sons and daughters of the successful private proprietors, specialists, technicians and functionaries. It is important to clarify that the universality of obligatory public education does not need to interfere with religious freedom, since all creeds and religions should have the freedom to offer religious instruction provided this take place on their own premises during the free time of those public-school students that are interested in receiving it. After all, a public school system well financed by the nations' public budget with a curriculum democratically controlled, not by the state but by teachers, the education faculties of Cuban universities and the student body would perhaps become the most important institution promoting the democratization, equity and the social, racial and gender integration of Cuban society.

The relevance of my political experience

Facing the present situation, I speak with the benefit of the experience of having lived in Cuba for four months in the summer of 1959, shortly after the revolutionary victory. This was an experience that profoundly radicalized me and in fact changed the course of my life. But, at the same time, having developed by then a certain amount of knowledge of the history of the USSR and of the countries it had conquered after World War II, I became concerned that young people like myself, who had no Communist past, were increasingly following uncritically the political direction, not as much of the PSP (Partido Socialista Popular, the old pro-Moscow Communist Party), but of the so-called "water melons" (green on the outside, but red in the inside), namely leaders such as Raúl Castro and especially Ernesto "Che" Guevara. These leaders were calling for authoritarian measures such as a "unity" of the Cuban people that stifled dissenting revolutionary voices and imposed silence regarding any mention of the growing antidemocratic decisions being taken by the revolutionary leadership. They argued that the only and real enemy was U.S. imperialism and that any critical stance regarding the regime also served the political interests of the Cuban bourgeoisie and landlords. This became unfortunately a widely shared attitude that facilitated the introduction by the leadership of the one-party state's "tropical Stalinism."

The exclusive concentration on the enemies of the present situation left the Cuban people politically unprepared to deal with the potential enemies to be confronted in the upcoming future. This is like the current position of many Cubans who, based on the old stage theory, argue for exclusively focusing on getting rid of the Castroite dictatorship and "them we will see," avoiding any

consideration of what comes next. It is a vision that ignores the fact that the political strength and influence that might be developed today can play an important role in fashioning the future that all of us would like to see as democratic upholders of social and economic democracy and equality.

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