

## **Towards a Market Economy in Cuba? Social and Political Considerations Marifeli Perez Stable**

### **Comments by Lorenzo Perez**

Dr. Perez-Stable's paper argues that Cuban socialism is increasingly unviable because of the reduction of the Soviet Union subsidies, the continuation of the United States blockade, and the increasing demands for political changes by the middle class. She notes that this has led many observers to believe that the restoration of a market economy and democracy are inevitable in Cuba. However, the author does not believe that the only alternative for change is the "unmitigated" (my italics) market economy, and she argues that to analyze possible future changes in Cuba one should keep in mind the nature of the Cuban development in the 1950s and where is Cuba heading in the 1990s.

Dr. Perez-Stable identifies as the main characteristics of Cuban capitalism during the 1950s a relative stagnant sugar sector, relative lack of diversification of the economic structure, a highly unionized labor force, and a weak political system. She notes that notwithstanding these factors, it was reasonable to expect that Cuba would have still developed in the decades after the 1950s and that with a friendlier international ambiance the economy would have diversified. Although Dr. Perez-Stable identifies important economic and political characteristics of the Cuba of the 1950s, I feel that her analysis does not include important factors which might explain the Cuban pattern of development prior to the revolution. For example, to what extent were there relative price distortions? How protected was the manufacturing sector? How open was Cuba to foreign investment?

Dr. Perez-Stable believes that the transition in Cuba in the future would have to contend with a legacy of militant unionism and the widespread sentiment in favor of social justice. The author believes that the Cuban population is likely to accept some tolerable level of unemployment associated with the introduction of a market economy, if accompanied by improved living standards but that efforts to privatize public health and educational systems and a significant undermining of the social safety net, as well as efforts to recover confiscated properties would be resisted. She also feels that how the political transition takes place would be important implications for the transition to the market economy.

I believe that Dr. Perez-Stable has identified some possible important factors of recent years that need to be taken into account when developing a strategy toward a market economy. Indeed, a sound political strategy might call for a policy of gradual change, but I would warn against going too slow in making necessary changes. It would be important "to set the prices right" and to establish a clear system of property rights. I also believe that the Cuban population might react more favorable to these type of changes than the Dr. Perez-Stable feels because of the opportunities for improving the standards of living.

On the negative side, I find some of the author's assertions rather subjective or without any clear justification. For example, assertions such as that the Cuban population today is the best educated, healthiest, and most urbanized needs to be documented. Other assertions such as that the Cuba has never been more independent or that the Cuban population has a strong "sentido de derecho" appear to be highly questionable.