

The End is Near?: Why Cuban Socialism Failed!

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Addressing at this time the marketization of the economy of socialist Cuba is admittedly premature. The Cuban leadership, still firmly entrenched in the control of economic policy, has rejected all attempts at economic reforms consistent with implementation of the market system. Indeed, Castro recently equated private property with theft and vowed that Cuba would not and could not repeat the "mistakes" that led to the dissolution of the socialist bloc. However, it is also true that the Cuban economy is in an untenable situation: dependent upon an failed economic system and devoid of foreign economic assistance, while attempting to enter a world economy based on the rules of the market system. It is not inconceivable that the combined effect of internal failure and external rules may unleash a process of change toward some kind of market economy. Based on evolving conditions since 1990 in Cuba, it is possible to envisage a potential path leading to the marketization of the Cuban economy.

One of the shortcomings of traditional economic Cubanology, as practiced over the years by many scholars present in this conference and others, has been the tendency to analyze Cuba as a unique, *sui generis* case, while minimizing its general socialist features. While mindful of its key distinguishing features and salient idiosyncrasies, it is possible and necessary to examine the Cuban economy from the broader perspective of the theory and practice of centrally-planned economies. Given the radical transformations in Europe and elsewhere in the last few years, to inquire about Cuba's systemic socialist features and its changes becomes a worthwhile undertaking. How much of the socialist economic "genetic code" was transferred to the island? Can the same disease "markers" be detected? How different has the process of deterioration proceeded? While the immediate and proximate factors leading to the economic calamity buffeting Cuba may be traced to the collapse of the Soviet Union, the presence of a socialist economic system itself determined that the Cuban economy would undergo an essentially similar path to its own collapse. Obviously, differences will arise with respect to the timing of the reform path and its political origins and consequences.

The extended period of deterioration and eventual collapse of the economies of Eastern Europe and the USSR has been analyzed by Janos Kornai in painstaking fashion.[\[1\]](#) However, he admitted that two countries (Cuba and North Korea) had so far proved exceptional to the process of economic reform leading to systemic change. Kornai questioned the applicability of his findings to these two cases and encouraged specialists to examine them from that perspective. This challenge is what prompted me to proceed with this limited inquiry which addresses only the issue of the rise of the private sector within the socialist economy. This paper does not represent an attempt at forecasting nor does it purport to predict the future course of economic events or policies in Cuba. The sequential scenario used here represents only one possible pathway along which developments may unfold.

The paper is divided into three parts. First, the theoretical framework for the analysis of economic reform under Cuban socialism, based on the work of Janos Kornai, is outlined. Second, two scenarios are presented and developed: baseline (1976-1989) and liberalization (1990-?). Third, some concluding comments and suggestions are presented.

I. Theoretical Framework

The theoretical basis for examining Cuba's process of economic change, as interpreted in the sequential scenarios, is Janos Kornai's *The Socialist System*. In this work, Kornai masterfully explains how the economies of Eastern Europe and the Soviet Union unraveled to the point of collapse on the basis of their own intrinsic economic contradictions which, at first, were addressed to be solved by "perfecting" the socialist economic mechanism. In other words, the systemic flaws that ultimately lead to the collapse of

the socialist economic model were subjected to repeated attempts at improvement or "perfecting," which in turn contributed to accelerating the demise of the existing order. Kornai put it this way:

The book's ultimate conclusion on the reforms is a negative one: the system is incapable of stepping away from its own shadow. No partial alteration of the system can produce a lasting breakthrough. For that a change of system is required.

The final political conclusion of the book is easy to sum up. Stalinist classical socialism is repressive and inefficient, but it constitutes a coherent system. When it starts reforming itself, that coherence slackens and its internal contradictions strengthen. In spite of generating a whole series of favorable changes, reform is doomed to fail: the socialist system is unable to renew itself internally so as to prove viable in the long run. So the time for really revolutionary change does come in the end, eliminating the socialist system and leading society toward a capitalist market society.[\[2\]](#)

Kornai's model of classical socialism consists of five separate "blocks," each composed of essential elements of the economic structure in descending order from political power through macro coordination to micro imbalances (see Chart A). Block 1, containing "the undivided power of the Communist party imbued with its specific ideology", is the key to explaining the other systemic phenomena. Thus, Block 1, "the first link in the causal chain," determines the dominant position of state ownership (Block 2), the preponderance of bureaucratic coordination (Block 3), and so on.[\[3\]](#) After discussing the coherence of the classical system, Kornai proceeds to analyze the dynamics of the changes starting with the "perfection" of control and continuing with the rise of the private sector, self-management, market socialism, price reforms and others.

Ultimately, change is compelled by the accumulated tensions and contradictions of the classical system. Kornai identifies "four main groups of inducements obliging the system to change": 1) the accumulation of economic difficulties, 2) public dissatisfaction, 3) loss of confidence by the power elite, and 4) international example. In the end, the failure of socialist reform leads to the path to the market system.

In its application to the Cuban case, it may be useful to consider Kornai's book as a broadly marked map with only a few signposts instead of a detailed block-by-block city guide. Indeed, given Cuba's uniqueness in historical, geopolitical and economic-model terms compared to the Eastern European and Soviet cases, the proper analogy for the use of Kornai's scheme may be that of an ancient map with missing clues and incomplete information. But a partial map is preferable to a random walk. In sum, it is instructive to follow the development of Cuban economic practice under classical socialism with the aid of Kornai's model.

In terms of the dynamics of change, this paper traces only the evolution of the private sector or the issue of privatization. Kornai also examines the changes in political liberalization, self-management, market socialism, price reforms and macroeconomic tensions. Clearly, the analysis of other systemic changes, occurring concurrently in a policy-induced fashion or autonomously, is beyond the scope of this paper.

II. Sequential Scenarios

Baseline

Cuba is probably ten years behind the socialist world's experience with economic reform, including periods of progress and periods of retrenchment. Scholars of the Cuban revolution have written extensively about such efforts, starting with the search for an economic model in the early 1960s and ending with the implementation of the Rectification Process in the mid 1980s.[\[4\]](#) Our point of departure is the "perfecting" phase initiated by the System of Economic Management and Planning (*Sistema de*

Dirección y Planificación de la Economía, SDPE) in the mid 1970s.

Cuba's baseline scenario corresponds to the "perfecting" of control stage under traditional international socialist economic relations and orthodox domestic political-economic regime. International conditions included membership in the Council for Mutual Economic Assistance (CMEA), Soviet markets and trade agreements, price subsidies, substantial credits, debt extensions, and so on. Domestic features included tight control by Cuban Communist Party, Fidel as *jefe supremo*, centralized planning and management, administrative prices, limited markets, shortages, and other similar elements.

The "perfecting" of Cuba's socialist economy was carried out from 1976 to 1989 under two sharply opposite economic models. The reform model started in 1976 with the implementation of the SDPE, which sought to introduce elements of the moderate Soviet economic-reform model of the 1960s. A limited, restricted, and failed version of the SDPE was dismantled in 1985.

The retrenchment phase was ushered in by the Rectification Process (RP) with its explicit agenda of rekindling centralized management, administrative decisions and moral incentives. Fully operational from 1986 to 1989, the RP attempted "to rectify the errors and correct the negative tendencies" of the previous decade, thus "perfecting" the Cuban economy from the perspective of the mobilizational model.

In terms of the extent of socialization of the means of production, Cuba has long exhibited one of the most concentrated ratios of state ownership in the world. The 1975 program of the Communist Party stated: "The construction of socialism means to overcome private property of all the means of production." In 1988, Cuba had 100 percent state ownership in construction, industry, transportation, commerce and finance. In the agricultural sector, 80 percent of arable lands are cultivated by state farms and 12 percent are controlled by cooperatives, with only 8 percent (and declining) in the hands of individual farmers. In sum, the private sector in Cuba consisted of about 125,000 individual farmers, a few hundred privately-owned taxis and trucks, and a small (but growing) sector of personal services (excluding the secondary or underground economy, a new and rising phenomenon to be addressed below). By way of comparison, there were 3.7 million civilian workers in the state sector in 1989. This is the baseline scenario from which any privatization drive in Cuba would have to depart.

Liberalization

The liberalization scenario, Cuba's current economic practice, was precipitated by the dramatic changes in international socialist economic relations occurring from 1989 onwards. The demise of Eastern Europe and the collapse of the Soviet Union were the key factors in forcing limited Cuban economic "reform" in the form of constrained liberalization. While international conditions were drastically altered, domestic conditions remained virtually unchanged: the existing regime preserved all its political-economic features, even enhancing the degree of centralized decision-making. With regime survival as the top priority, under constrained liberalization elements of the market system have been allowed controlled play. The key economic sectors being emphasized are well-known: tourism, biotechnology, food production. In 1991-1992, the market mechanisms used in Cuba included joint ventures with foreign investors, partial price reform in agricultural products, decentralization of foreign trade operations, and initial steps toward private sector activity in small service undertakings.

These and similar developments in the direction of recognizing private ownership and encouraging managerial autonomy and individual decision-making are seen as precursors of the rise of the private sector in the economy of socialist Cuba. This is a critical point in the dynamics of change. According to Kornai:

The rise of the private sector is the most important tendency in the economic sphere during the process of

reform. It brings a deep change, since it affects the property relations (block 2) and it does so in a radical way: private property appears alongside public property. But one must add straight away that this deep and radical change takes place only in a quite narrow band of the economy.[\[5\]](#)

Let us review some of the existing evidence of change in property relations as an attempt to perfect the socialist economic model.

The most fundamental change took place at the constitutional level when the National Assembly of Popular Power (*Asamblea Nacional del Poder Popular*, or ANPP) modified the basic law of the country in the direction of the enhancement of private property rights. For example, Article 14 now constrains the potential scope of socialist property to the "fundamental," instead of "total," means of production. Article 15 now allows the transfer of state property to private ownership. Finally, Article 23 recognizes and expands the economic relations between Cuban enterprises and foreign firms, including joint venture undertakings.[\[6\]](#)

Another indication of the loosening of the reins of state ownership is the elimination of the monopoly over foreign trade formerly exercised by the Ministry of Foreign Trade (*Ministerio de Comercio Exterior*, MINCEX). At present, state enterprises, private firms, joint ventures, and any other legally-authorized entity may engage in export and import operations and is entitled to sign commercial contracts.[\[7\]](#) In some cases (e.g., steel, fishing), these enterprises and firms operate under a so-called "self-financing hard-currency regime" (*régimen de autofinanciamiento en divisas*) which allows the retention of part of foreign-exchange earnings for internal uses, including capital purchases and business development. In early 1993 over 500 separate entities were engaged in conducting the island's foreign trade: 88 Cuban state enterprises, 63 Cuban private companies, 237 foreign firms, and over 125 specialized units still under MINCEX control.[\[8\]](#)

The movement toward decentralization of state economic functions and in favor of entrepreneurial autonomy is also evident in the rise of "quasi-private" Cuban companies, under the aegis of the "Sociedad Anónima" rubric. These firms, with individual Cuban shareholders who contribute capital both in pesos and hard currency, are concentrated in export-oriented sectors (sugar, nickel, tourism, biotechnology) and in sectors linked to tourism (construction materials, furniture production, cosmetics). The self-financing of hard-currency operations is one key objective pursued as these firms proceed gradually toward full integration into the world's economic system. Recently, *The New York Times* put it this way:

[T]he Government...has quietly brought market forces to bear on some increasingly autonomous state enterprises. ... Producers who never before had to worry about sales, much less marketing, now buy their own supplies, develop their own products and invest their own earnings.[\[9\]](#)

Indeed, Gillian Gunn concluded:

It may be difficult for those unfamiliar with Cuban practices over the last 34 years to appreciate how large a departure from past procedures these new firms represent. In effect, the Cuban authorities are permitting the establishment of a state-sanctioned domestic capitalist sector.[\[10\]](#)

Another indicator of the stirring of private enterprise in socialist Cuba is the growth in self-employment. For many years the existence of a "second" or "underground" economy has been widely acknowledged. The *Anuario Estadístico de Cuba 1989* reported 16,300 private salaried workers and 25,200 self-employed persons in the island. But according to José Luis Rodríguez, a well-informed Cuban economist who was sub-director of the Center for Research on the World Economy (*Centro de Investigaciones de la Economía Mundial*, CIEM) and was named President of the State Finance Committee in August 1993,

there were several thousand additional self-employed workers operating without permits.[\[11\]](#) In fact, the State Committee on Labor and Social Security issued 200,000 permits in 1991 for individuals to engage in private work. At the same time, however, the Institute for Internal Demand estimated that for each registered individual there were three additional persons involved in unauthorized private economic activity.[\[12\]](#) Thus 800,000 persons, over 20 percent of 1989 total civilian employment, may have been engaged in Cuba's second economy in the early 1990s.

The economic magnitude of such a labor allocation has been calculated recently by two quite disparate sources who nonetheless reach the same general conclusions. Jorge Pérez-López has estimated that second economy transactions accounted for at least 17 percent of total population income in 1989 or about 2 billion pesos (roughly 7.5 percent of the global social product).[\[13\]](#) Recently, the summary of what is claimed to be an internal economic report prepared by Cuba's *Centro de Estudios sobre América* (CEA) appeared in a Mexican weekly.[\[14\]](#) In 1990, according to the Cuban experts, informal or second economy transactions were calculated at 2 billion pesos, in line with Pérez-López's findings. However, the CEA economists added: "In the last two years that figure probably quintupled." If so, the size of Cuba's second economy stood at 10 billion pesos in 1992; that is 37 percent of 1989 GSP and, of course, an even greater proportion of any post-debacle GSP. Assuming a modest 35 percent drop in GSP from 1990 to 1992, the CEA estimate would mean a second economy equivalent to 56 percent of GSP in 1992. (Thus already the private sector may be dominant in Cuba's economic activity!).

Other Indicators

Furthermore, it is obvious that three of Kornai's four indicators of economic reform are in ascendancy in Cuba at this time: accumulation of economic difficulties, public dissatisfaction and loss of confidence by the power elite. First, the extent and depth of economic shortcomings are self-evident and require no further corroboration. Second, the rising level of public dissatisfaction since 1990 has been easily perceived by scholars and visitors. Both social science professionals and people in the streets of Havana bombarded me with more complaints about the economy in May 1991 than in June 1990. Andrew Zimbalist, usually a cheerful observer of the Cuban scene, found "widespread" and "deep demoralization" in early 1992 brought about by the lack of consumer goods (including food) and intermittent work schedules.[\[15\]](#) The personal stories recounted in Jo Thomas' journalistic report in March 1993 serve to confirm the prevailing assessments.[\[16\]](#)

Kornai's third factor, the loss of confidence by those in power, may be more difficult to ascertain given the limited access to policymakers and internal documents. However, sufficient evidence has accumulated to allow outsiders to detect the rapid growth and dramatic spread of elite dissension, some with specific pro-privatization tendencies. Cuban technocrats, bureaucrats, and academics --the elite at the interfaces of power-- have a long list of complaints and demands against Castro and the top party leadership and are strongly in favor of economic reforms and political change. The excellent article by Jonathan Rosenberg on the factions aligned for and against the *mercado libre campesino* is quite revealing of a wide scope of opinion.[\[17\]](#) The thousands of Cuban university students who obtained advanced degrees in the Soviet Union and Eastern Europe arguably hold more moderate views than those reflected in official policies and often display more flexibility in their opinions, something palpable in the contents of specialized journals and similar publications.[\[18\]](#) Carmelo Mesa-Lago has noted that in 1990 "a few Cuban economists began to look at economic reform as the lesser of two evils" and concluded that "the debate did not center so much on whether to use market tools, but on how far they should be employed...."[\[19\]](#)

Elite dissatisfaction is clearly reflected in a well-crafted piece by journalist Soledad Cruz in *Juventud Rebelde*, the party youth newspaper.[\[20\]](#) After an introductory section in which both lavish praise and stinging criticism are heaped upon the revolutionary leadership, Cruz addressed the issue of the

relationship between human capital and economic development. In brief summary, she argued that "a whole generation of technicians, highly specialized in a wide range of fields" must play a "particularly active role" in the economy "because the struggle for development is much more complex than the issue of national defense and also impinges on sovereignty."

That the top leadership is aware of, and concerned with, elite dissatisfaction was quite evident in a hard-line address by (then) Politburo member Carlos Aldana before the National Assembly in December 1991. [21] Aldana analyzed what he labeled the "soft parts" (*partes blandas*) of "our revolutionary society," singling out as privileged "a segment of our middle sectors" (professionals, technicians and cadres) with above-average living standards. Aldana continued with a remarkable "personal" evaluation of ideological weakening among "the leading intellectual circles of our country" (*los círculos pensantes de nuestro país*). He explained that "in 1987-88 and even in 1989 we suffered in several sectors of our society the influence of perestroika and now a few of our comrades became proponents of perestroika and followers of Gorbachev."

Early Effects

How is the introduction of foreign capital and private firms affecting the confidence of the power elites? What is the impact of Cuba's reinsertion into the world economy, with its requisite observation of the rules of the market system, upon the weary socialist managers? According to Gillian Gunn, who conducted several interviews in the island during three visits from November 1991 to September 1992:

[T]here is clear evidence that the influx of foreign investment is gradually transforming the psychology of Cuban managers, economists, and planners from a centralized, state-control model to a decentralized model in which market mechanisms play a major role...If foreign investment rises, might it subvert the Cuban system? Quite possibly. [22]

Gunn quotes an informed Cuban economist this way:

[M]anagers...are now looking almost exclusively to foreign, market economy models...It's capitalism through the back door...This model is being copied in the rest of the economy. It will have a pull effect. Ten years from now Cuba may still call itself socialist, but it could in fact be a mixed economy. [23]

If Arturo Villar's interlocutors among state-enterprise managers in the island were to carry the day, the timeframe to capitalism may be shortened considerably. [24] Based on dozens of interviews with public-sector managers conducted over several trips from late 1991 to early 1993, Villar reported that most Cuban managers welcomed "the pockets of efficiency created by foreign investment." He also found that both boosters and detractors of the joint venture system agreed that "this is the model that has had the greatest impact on the mid-level management class in Cuba." In fact, due to the rush to participate in joint ventures, the Party is imposing a five-year limit for members to work in that sector, with the intention of spreading the benefits among many party militants. Villar quotes a Cuban economist involved in attempting to salvage state-enterprises:

Resurrection of capitalism in Cuba is inevitable. We are simply looking for ways to do it while keeping the social cost down.

In sum, under the liberalization scenario provoked by the collapse of socialism and the end of Soviet economic largesse, Cuba's traditional/classical political regime has sought to adapt to the new conditions without abandoning its rigid economic model. The adaptation has taken the form of limited, curtailed use of market-type economic instruments, including selective promotion of private-sector activities with foreign investors. However, constitutional changes in the direction of private property rights,

decentralization of the operation of foreign-trade enterprises, autonomous expansion of self-employment, the growth of the second economy, internal dissension among the power elites, and the increasing attraction of the market model among Cuban cadres strongly suggest that the long-run stability of the centrally planned economic system may be in great jeopardy in the island.

Recent Developments

Starting in the summer of 1993, several dramatic changes have occurred in Cuban economic policy that suggest a movement away from liberalization and towards reform. The most important initiatives are discussed below. However, Cuba's developing reform scenario will likely be characterized by the incorporation of selected market mechanisms, but not by the adoption of comprehensive market-oriented systemic changes. [25] Fundamentally, Cuba's coming reform scenario will be the second installment of the SDPE of the 1970s, but with more and better defined pro-market elements actually being implemented into the economic system. In Kornai's terms, Cuba will still be attempting to "perfect" the classical system. That is, Cuban reform will remain change in the system rather than change of the system. The critical difference is that the reform scenario will succeed in pushing the change within the system to its ultimate limits and eventual collapse. Beyond the failure of reform lies the change of system or transition to the market model.

The recent key changes in economic policy include: (1) the decriminalization of the possession of foreign currencies, which seeks to provide incentives to the sectors of the Cuban economy engaged in trade and tourism, with significant spillover effects throughout the entire economic system; (2) the new organizational structure for the agricultural sector featuring the *unidades básicas de producción cooperativa* [basic units of cooperative production], which provide farmers with conditional tenancy rights and attempt to increase incentives to cultivate the land and remain in the countryside; and (3) the law on self-employment, which allows Cuban workers to undertake private jobs in a large number of trades and occupations formerly under state control. It must be added that many of these initiatives contain highly restrictive limitations (e.g., cooperative units remain under the control of state farms and university graduates are forbidden to engage in self-employment). For a full review and analysis of these changes in economic policy, as well as a detailed report on current economic conditions and potential future directions in official policies, see the interview granted to *Granma* in November 1993 by Cuba's reigning economic czar, Carlos Lage. [26]

While still too early to tell what, if anything, these recent economic policy initiatives may lead to in the future, it is not unreasonable to entertain the notion that the changes may indicate a certain propensity to engage in economic reform, albeit a tentative and limited one which may turn out to be too little and too late. If, however, the momentum of economic reform is maintained and its coverage and depth increased, then economic reform **within** the socialist system will be in place as the prelude to reform of the system (i.e., the transition to the market economy).

III. Conclusions

In this paper, a plausible path for the transformation of the Cuban economic system has been presented taking into account the factors which propelled its development from a baseline scenario through a liberalization episode and pointing to a transition regime. The forces driving such systemic regeneration were the internal contradictions of a "perfecting" socialist economy and the collapse of the worldwide socialist community. According to Kornai's model, the Cuban road to capitalism, its peculiarities notwithstanding, may be envisaged in the paths already travelled by Eastern Europe and the former Soviet Union. But the Cuban way is likely to be highly idiosyncratic, reflective of its revolutionary past and its geopolitical situation.

There is no contradiction involved here. The need for models to assist in the determination of cause and process in social science research is well understood. Kornai's model and its remarkable applicability to the European cases may prove equally useful in examining the Cuban evolution, especially if the full complement of indicators (i.e., price reforms, self-management variants, macro tensions, etc.) is carefully analyzed. On the contrary, this paper only undertook a preliminary evaluation of just one aspect of economic change, the evolution of the private sector and privatization issues. Kornai's model presented a challenge and the initial results appear to be promising. It is thus quite proper to conclude with the well-worn call for additional research.

Footnotes

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[1] Janos Kornai, *The Socialist System: The Political Economy of Communism* (Princeton: Princeton University Press, 1992). The first half of the book provides a theoretical summary of classical socialism (Stalin-Mao political economic model) and its internal contradictions. In the second part, Kornai deals with the processes of economic reform and retrenchment, especially in Hungary and the USSR. He does not address the post-socialist transitions on the grounds that they are still ongoing developments.

[2] *Ibid.*, p. xxv.

[3] *Ibid.*, Chapter 15.

[4] For example, see Carmelo Mesa-Lago, *The Economy of Socialist Cuba: A Two Decade Appraisal* (Albuquerque: University of New Mexico Press, 1981); Archibald R. M. Ritter, *The Economic Development of Revolutionary Cuba: Strategy and Performance* (New York: Praeger Publishers, 1974); and Sergio G. Roca, "Cuban Economic Policy in the 1970s: The Trodden Paths," in Irving L. Horowitz, ed., *Cuban Communism*, 3rd ed. (New Brunswick: Transaction Books, 1977). For a different perspective see Claes Brundenius, *Revolutionary Cuba: The Challenge of Economic Growth with Equity* (Boulder: Westview Press, 1984) and Andrew Zimbalist and Susan Eckstein, "Patterns of Cuban Development: The First Twenty-Five Years," in *World Development*, 15:1 (January 1987), pp.5-22.

[5] Kornai, *The Socialist System*, p. 433.

[6] For the text of the new Cuban constitution, see *Granma*, September 22, 1992, pp. 3-10. For insightful commentary on the constitutional changes, see the interview with Juan Escalona, president of the ANPP, in *Granma*, July 9, 1992, p. 3.

[7] See Manuel Rúa and Pedro Monreal, "La apertura económica cubana," in *Cuban Foreign Trade*, 1993:1, pp. 1-11.

[8] Vivian del Rosario Hernández, "España-Cuba: empresas mixtas, nuevos lazos y nuevas realidades," (paper), La Habana, Centro de Estudios Europeos (November 1992), p. 16.

[9] *The New York Times*, January 12, 1993, p. A6. A similar policy apparently is also being applied to local and regional levels of government. According to the newspaper *Trabajadores*, "territorial self-management," in effect in the provinces of Las Tunas and Cienfuegos, seeks to encourage local solutions to continuing problems with production shortages and social services complaints. See *Cuba International*, November 1992, pp. 46-47.

[10] Gillian Gunn, "The Sociological Impact of Rising Foreign Investment," *Cuba: Briefing Paper Series*, No. 1 (January 1993), p. 13.

[11] Interview with José Luis Rodríguez during conference of the Institute of Cuban Studies at Rollins College (Orlando, Florida), June 1992.

[12] *FBIS-LAT-91-076-A*, April 19, 1991, p. 2. I thank Sergio Díaz-Briquets for this reference.

[13] Jorge Pérez-López, "The Cuban Second Economy: Methodological and Practical Issues Related to Quantification," in George P. Montalván, ed., *Cuba In Transition, Volume 2: Papers and Proceedings of the Second Annual Meeting of the Association for the Study of the Cuban Economy* (Miami: Florida International University, 1993), pp. 185-203.

[14] See Homero Campa, "Alarmante análisis económico del Partido Comunista: Iniciativa privada en pequeña escala propuesta para Cuba," in *Proceso* (Mexico), January 11, 1993, pp. 44-47. A brief version of this report has been published in a Cuban journal. See Julio Carranza Valdés, "Cuba: Los retos de la economía," *Cuadernos de Nuestra América*, 9:19 (July-December 1992), pp. 131-159.

[15] Andrew Zimbalist, "Teetering on the Brink: Cuba's Current Economic and Political Crisis," *Journal of Latin American Studies*, 24:2 (May 1992), pp. 409 and 416.

[16] Jo Thomas, "The Last Days of Castro's Cuba," *The New York Times Magazine*, March 14, 1993, pp. 34-39 ff.

[17] Jonathan Rosenberg, "Cuba's Free Market Experiment: The Mercados Libres Campesinos, 1980-1986," *Latin American Research Review*, 27:3 (1992), pp. 51-89. Further evidence is found in the wide-ranging debate among Cuban planners and economists held in November 1990 by the Asociación Nacional de Economistas de Cuba's chapter at the Junta Central de Planificación in *Cuba Económica*, 1:1 (April-June 1991), pp. 130-148. Finally, see also the sharp criticisms and novel policy suggestions contained in the "CEA Report," including the reinstatement of small-scale private business. See footnote 15.

[18] In a recent review of Cuba's economic literature, I found strong evidence of independent, critical, and nationalist sentiments among Cuban economists even in their articles for domestic professional journals. See Sergio G. Roca, "Evolución del pensamiento económico cubano sobre Cuba y la economía internacional a través de las revistas económicas," *Estudios Internacionales* (Chile), forthcoming.

[19] Carmelo Mesa-Lago, "Cuba's Economic Strategies for Confronting the Crisis," in Carmelo Mesa-Lago, ed., *Cuba After the Cold War* (Pittsburgh: University of Pittsburgh Press, 1993), p. 247.

[20] See Soledad Cruz, "Eliminar las causas de los azares," *Juventud Rebelde*, July 8, 1990, p. 2.

[21] See *Granma*, January 1, 1992, p. 3-5.

[22] Gunn, *op. cit.*, pp. 1-2.

[23] *Ibid.*, p. 12. It is interesting that an editorial writer in the national party newspaper also made the same point: "We are reforming the economic system, accepting the participation of foreign capital by way of private firms and joint enterprises, which implies exposure to management techniques and administrative practices that sooner rather than later will be reflected throughout the economy." See Jorge Gómez Barata, "Cierto, falso o todo lo contrario," *Granma*, March 10, 1992, p. 6.

[24] Arturo Villar, "The Trials and Tribulations of Cuba's Managers," *The Wall Street Journal*, February 12, 1993, p. 15. For a similar report concerning small-scale private services, see Deroy Murdock, "Market Solutions Fill Socialist Voids in Cuba," *The Wall Street Journal*, March 26, 1993, p. A11.

[25] For example, then-foreign minister Ricardo Alarcón declared in March 1993: "We are not seeking to develop a mixed economic model here but rather a project of socialist development. . . This socialist project would be in contradiction with the development of capitalism in Cuba." [Reuters News Service, March 5, 1993.] José Luis Rodríguez, deputy director of CIEM, told me in June 1992: "We are interested

in mechanisms of the market, but not in the market system itself. . ." [Interview at IEC/Rollins College, June 1992.]

[26] See *Granma Internacional*, November 10, 1993, pp. 4-9