

CUBA: AN UNRELIABLE PRODUCER OF SUGAR

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The Cuban government has recently reported that the 1996 *zafra* produced 4.45 million tons of sugar—a 35% increase over the 3.3 million tons of sugar produced in 1995, following a decline of 18% from the 4 million it had claimed in 1994. In effect, Cuba's sugar output has fallen off the bottom of the historical statistical charts.

Who could have anticipated *zafras* of 4.5 million tons or less following previous reports of very high agricultural yields, major increases in financing to purchase fertilizers and equipment and improve cultivation and cutting, no climatological disasters or plagues? These latter factors had no adverse impact on the 95/96 output.

I think that 95/96 harvest reports can be good for Castro or bad for Castro, whatever the writer wants to say—but the issue is so grave that it deserves careful review to identify the problems and implications. The primary problems contributing to the failure of Cuba's last *zafra* are:

First, the total absence at the individual level of any economic incentive to grow or harvest sugar cane for one's self or for the state.

And second, this is compounded by the fact that the communist state has been the worst farmer on the

face of the earth. Cuba's most obvious economic failures and potential solutions lie in farming.

In the Prologue by Dr. Pelayo García to the 1925 edition of Alvaro Reynoso's 1869 *Ensayo Sobre el Cultivo de la Caña de Azúcar*,¹ he says that success in modern agriculture depends more on the size of the farmer than on the size of the farm. The contribution of the Cuban art of farming to modern agriculture was summarized in an influential Venezuelan newspaper about Florida's sugar industry, stating that the Cuban art of farming and making sugar had combined with American technology to give Florida the state-of-the-art in cultivation, harvesting and grinding of sugar cane.

The reason for the absence of economic incentives during the 95/96 crop in Cuba following more than 30 years of communist dictatorship with average sugar prices of over 20 US cents per pound is:

- The drop in agricultural wages to 4 Cuban pesos per day, or 16 US cents per day.²

In sharp contrast, the results after the first 60 years of this century (1900-1959), with average sugar prices of 2 US cents per pound, was:

- Minimum field labor wages equivalent to the FOB sugar price of 50 pounds of sugar, at no less

1. Alvaro Reynoso is a Cuban sugarcane scientist who wrote the *Manual for Cultivation of Sugarcane* in 1865. The manual was translated and used by the Dutch growers in Java to change their routine cultivation practices making them the best producers. The Java method, known as the "Reynoso System," was copied all over the world. British equipment manufacturers advertised their equipment as suitable "For the Reynoso System."

2. National Public Radio reported recently from Washington, D.C., that sportswear manufacturers like Nike are moving their operations to Vietnam where wages are US 88 cents per day.

than 5 US cents per pound, plus other benefits equaling to \$3.16 US dollars per day.

Other contributing factors to the last *zafra*'s failures, and a threat to all future crops while the communist government remains in power, are: 1) the dollarization of the Cuban economy in 1991; and 2) the total absence of value of a sugar stalk as a commodity in the black or unregulated market. In the farm man-

agement function, in the UBPCs³—a new name for the same state farms—the state continues as a boss: opportunistic and disoriented.

The 95/96 *zafra* is proof that Cuba is not a reliable supplier of sugar to its markets, and that it will remain so as long as the present form of government in Cuba continues.

3. Cuba's new form of agricultural organization, called the Basic Unit of Cooperative Production, or the State Cooperative.