

CUBA'S ECONOMIC CULTURE AND THE REFORM PROCESS

G.B. Hagelberg and José Alvarez

A brief flurry of excitement gripped Cuba and Cuba watchers abroad when the video of a meeting in January 2008, at which students at the University of Computer Science in Havana questioned Ricardo Alarcón, president of the Cuban National Assembly, on government policy in several areas became public knowledge through the BBC (Ravsberg, 2008) and CNN (Darlington, 2008). An article in the newspaper *Juventud Rebelde*, unusually reproduced the following day in *Granma*, the organ of Cuba's Communist Party, scolded foreign media for sensationalizing "the internal debate in Cuban society" (Valiente, 2008). Then, for two days running, the *Granma* website in turn provided links to government-sponsored videos featuring the students who had spoken in the meeting with Alarcón, one of whom denied reports that he had been detained afterwards and affirmed that his questions had been meant to improve socialism (*Granma*, 12 and 13 February 2008; Elizalde and Serrano, 2008).

Whether by accident or design, the confrontation of young computer science students with a septuagenarian holder of a degree in philosophy and letters projected rather neatly a stereotypic picture of a clash of generations and cultures, in which not even the standard when-I-was-your-age-I-didn't-have-shoes lecture was missing. Some observers suspected the guiding hand—if not in the whole affair, at least in the leak of the first video—of reform-minded quarters in the government, intent on airing certain subjects already widely talked about in the street, as part of the intricate game of undermining their die-hard opponents—a bit of a refresher of the September-October 2007 campaign of Communist Party and mass organization meetings to discuss the country's problems, following Raúl Cas-

tro's allusion to the need for "structural and conceptual changes" on July 26 that year. Valiente (2008) acknowledged that previous waves, such as the call to be disciplined and exacting at the end of the 1970s, the rectification drive in the 1980s, and the workers' parliaments in the 1990s, had not been sustained, and that different editorial policies in the media were perhaps also lacking. Quite so. Had the diffusion of the video of the Alarcón meeting not been so highly unusual—had regular public debate of national issues, routinely reported in the media, been daily fare in Cuba in the last half century, the event would have received scant notice anywhere.

What makes this episode worth recalling is the complex problem of culture—the amalgam of patterns of behavior, shared values, institutions, laws and customs, including the relationship between governors and governed—that lies at its heart. Some strands of this culture reach far back into Cuba's history. Some were modified or created in the Castro era and may fade away upon the disappearance of an authoritarian leadership, rendered deaf to advice by the sense of its own superiority, as well as upon a reduction in the sort of ill-considered and incoherent decision-making that has left a trail of initiatives equivalent to a lifetime of one-night stands to relieve hormonal flushes. Deeper-lying strands will continue to influence the course of events in greater or lesser degree even after it is no longer felt necessary to protest one's adherence to Cuba's brand of socialism in order not to be stigmatized a foreign agent when criticizing governmental policies and practices.

Obviously, Cuban culture is a subject far beyond the scope of one paper, even if it were within our compe-

tence to discuss many of its facets. Our purpose is merely to point to certain features directly impinging on the economic sphere and that clearly need to be addressed in the pursuit of reform. One of the lessons to be drawn from transition economies across the world is that the liberalization of markets can have unintended consequences without corresponding changes in economic culture and putting in place strong independent institutions to promote its development. Another is that attitudes and habits rooted in a nation's culture tend to be very slow to change.

PROBLEMS WITH NUMBERS

Central to economic culture is quantification. Accordingly, the comprehensiveness and quality of a nation's statistics provide a useful yardstick by which to judge the level of its economic culture. "Traditionally, Cuba has been weak statistically, even by comparison with other Latin American countries of the same income level," the editor of a study of the Cuban economy wrote not long after the Revolution, remarking on the shortage of statistics—except for those pertaining to sugar and one or two other export products—and the doubtful reliability of such that did exist (Seers, 1964:49). During the initial turmoil, official statistics further declined in quantity and quality, but by 1961 more began to be collected in various fields and new types of data were compiled. However, some 40 years later a widely respected authority on the Cuban economy found it necessary to preface his survey of its most recent performance with the statement: "The unreliability of recent Cuban economic-financial statistics is illustrated by their scant inclusion in ECLAC's [Economic Commission for Latin America and the Carib-

bean] annual economic report on the region: out of 25 tables for 2006, Cuba was included in only seven" (Mesa-Lago, 2007:1).¹

Bent on central control of the economy, Cuba's leaders might have been expected to embrace statistical information—financial as well as physical—as absolutely essential for the functioning of the system. Instead, the collection and processing of data soon became conflated with bureaucracy. A doctrinal debate in the mid-1960s was brought to an end by the decision that monetary relations between state enterprises clashed with socialism and that only physical transactions were to be registered (Sarduy Quintanilla et al, 2007). Accordingly, economic analysis took on a whiff of disloyalty. An atmosphere of economic and financial know-nothingism blanketed Cuba for close to a decade after Castro denounced cost-benefit scrutiny of the government's policies (Castro Ruz, 1966):

A financier, a pure economist, a metaphysician of the Revolution, would have said: "Careful! Don't lower those rentals by one cent, because financially, because economically, because pesos more, pesos less." Those persons have a peso sign in the head and want the people also to have a peso sign in the head and in the heart. And if we want a people that gets rid of the peso sign in the mind and the heart, then we must also have men who free their thought of the peso sign.

In what was then Cuba's main industry, the mainstay of the country's foreign trade and the principal earner of foreign exchange, this scorn for cost calculation underpinned the stubborn adherence to a production target of 10 million metric tons of sugar in 1970, long after it had become perfectly obvious that the goal could not be reached.² In what surely must rank

1. "Lies, damned lies, and statistics" is a well-known saying, and Cuba's National Office of Statistics has not been alone in dressing up Gross Domestic Product numbers with an eye to international beauty parades, the issue addressed by Mesa-Lago (2007). In their defense, Havana's number-crunchers could cite Giles (2007) on how the contribution of business services to the United Kingdom GDP (grown to a third of the total by 2004, according to the UK's Office for National Statistics) is calculated: "The statistics on business services are rather like a cheap sausage: alluring on the outside, but the more you delve into the ingredients, the more queasy you feel. Start with the cash figures for output. A quarter of the recorded output of business services, 8 percent of GDP, is 'letting of dwellings.' Anyone thinking that this is a reflection of the buy-to-let phenomenon would be wrong. Most of the £83bn contribution to the UK economy in 2004 is the ONS's estimate of how much it would cost property owners to rent their own homes. The reason that notional rents are included in GDP is to stop international economic comparisons being distorted by patterns of home ownership. Without the adjustment, Germany would appear richer and more productive than the UK simply because most people there rent their homes from others with a recorded cash transaction. But in estimating this huge adjustment, the ONS has to guess the notional private sector rental value of every UK home using some heroic assumptions. The upshot is that if planning restrictions damage the UK economy and force rents up, measured GDP increases, improving Britain's apparent productivity performance relative to other countries."

among the apotheoses of economic illiteracy in high places, Castro told a graduating class of economics students, even as the first stage of the 1969/70 crop was pointing to a likely shortfall (Castro Ruz, 1969):

Now, I can indeed assure you that, at the level of already familiar techniques, our country, because of its natural conditions, could produce more than 20 million tons of sugar, our country could produce some 24 or 25 million tons of sugar with the 130,000 caballerías [roughly 1,745,000 hectares] perspective assigned to cane, which practically is what we have now, and some 15,000 caballerías more; from 20 to 25 million, at the level of the techniques known now. Maybe, with the techniques that might be known in 1980, one would have to put the potential at 27 or 28 [million tons].³

In the event, some 8.5 million metric tons of sugar were produced in 1969/70—an all-time record for Cuba, but one achieved at the expense of largely paralyzing other economic activities. The experience triggered a series of what in regime jargon are described as policy *rectificaciones* (Sarduy Quintanilla et al, 2007) which, according to Castro (1978:111–12), aimed at “the partial recovering of the economic controls” so as “to determine, to the last detail, how much we spend in everything we produce.” In practice, costs remained a minor consideration as long as the Cuban economy enjoyed the support of the Soviet Union and other members of the socialist bloc. “A cent more or less in costs wasn’t decisive when we were paid 30 cents or more per pound [of sugar],” Carlos Lage, a leading member of the government, acknowledged years later (*Granma*, 8 October 2003).

Subsequent changes in data collection and accounting systems did not eradicate the confusion between bureaucracy and necessary record-keeping, particularly in the popular mind. The underrating and debasing of bookkeeping “left its after-effects to this day,” the mag-

azine *Bohemia* reported in 1999 (quoted in Sarduy Quintanilla et al, 2007). Especially among sugarcane growers, resentment against the close supervision exercised by superior organs helped to sustain the confusion (Royce, 1996:55, 115, 206).

Public education campaigns to stimulate greater cost consciousness in the minds of workers have waxed and waned in accordance with the dictates of the regime. For instance, during a brief period around the turn of the millennium a flood of figures issued from official sources on the unit costs of sugar production (Hagelberg and Alvarez, 2005:462). The tap was turned off following the botched restructurings of the industry from 2002 onwards, thereby avoiding the embarrassing disclosure of the financial consequences of an output decline far faster and sharper than is likely to have been matched by reductions in overheads and other expenditures.

The sugar production cost figures publicized while the fashion lasted also furnished an example of a frequent failure to assist in the correct interpretation of official statistics by explaining their construction and meaning. In this instance, closer examination indicated that the numbers variously represented either mill costs that valued sugarcane at the price paid by factories to the growers, which in many cases did not cover the farm costs of production, or foreign currency direct expenditures for production inputs, not the total costs.

Inherited from early days is an inattention to significant detail, resulting in the creation of economic myths. A classic case is the obliteration of seasonal variations in and progressive inflation of the number of unemployed said to have existed before the Revolution (see Appendix). This metamorphosed the findings of a pre-Revolution survey showing seasonal fluctuations in the number of unemployed ranging between

2. By late spring 1967—after an effective milling period of 101 days, the fourth longest since 1951, had brought in only just over 6.2 million tons—it was clear that the 1970 target was unattainable. Earlier notes of caution from domestic and foreign experts had already been ignored (Hagelberg and Alvarez, 2006:130). This and other flights of Castro into economic irrationality can perhaps be explained by an unwillingness to countenance the prospect a relatively prosperous Cuba existing within the orbit of the United States, and the consequent need to seize every opportunity to mobilize the population to forestall such a future—a course of action in which he certainly was greatly assisted by the hostility of successive US administrations. At least one observer has put the convulsive mass mobilizations for the 1970 sugar harvest in the context of “the political articulation of the Castro regime” (de Diego Romero 2003:169).

3. To be sure, wild projections of production capability, based on flawed statistics, have not been adumbrated only in Havana (cf. Sánchez, 2007).

200,000 in the February-April quarter and 457,000 in August-October into a single figure of 700,000. The actual levels of unemployment before the Revolution were high enough not to need embellishment to score extra political points. Disregard of the seasonal swings left the authorities unprepared for the appearance of labor shortages in Cuba's agriculture, particularly during the sugarcane harvest, as early as 1962 in consequence of the institutional and other changes introduced by the revolutionary government (Pollitt and Hagelberg, 1994:548–552).

Forty years later, the manipulation of unemployment statistics was again at issue. This time it was the credibility of the regime's claim to have achieved virtually full employment. According to the National Office of Statistics, the unemployment rate fell from 5.4% in 2000 to 1.9% in 2004–06 (ONE, 2006, 2007, Table VI.1). In 1989, immediately before the onset of the Special Period, the reported unemployment rate was 7.9% (Comisión Económica para América Latina y el Caribe 1997:187).⁴ Outside criticism of these numbers (e.g., Mesa-Lago, 2005:190–192) received unexpected support from an inside quarter when the Cuban newspaper *Juventud Rebelde* published a long piece of investigative reporting on the state of youth employment (Ortiz Cano et al, 2007). Walking down Obispo in the center of Havana, the cobbled lanes of Trinidad or around the park in Imías at 10 a.m. on any day, you could see lots of young people hanging about, the paper's team of reporters wrote. Detecting how many youths were neither studying nor working was a never ending task. The figures never reflected reality. Interviews with researchers, social workers, teachers and young people elicited a catalog of reasons. Whatever the cause, investigation in certain localities found the number actually "disconnected" (*desvinculados* in the jargon) to be up to several times the official unemployment figures. Any hope, however, that the *Juventud Rebelde* exposé might herald an upward correction of the government's statistics proved premature. On

the contrary: according to the report to the National Assembly on the economic results of 2007, the national unemployment rate fell to 1.8% (*Granma*, 28 December 2007).⁵

Quantification in official statements runs the gamut from fictional round numbers to spurious precision. Alongside the legend of the workless 700,000 before the Revolution stands the more recent fable of 2 million hectares of sugarcane area said to have existed at the outset of the 2002 restructuring of Cuba's sugar industry. Initially interpreted to mean the area under cane, the figure was questioned from the start (Hagelberg, 2002:498). Eventually it became clear that it could only refer to the area under sugar ministry oversight, the land actually planted with sugarcane at that point probably extending to less than 1.4 million hectares. In the course of the Special Period, the sugarcane area harvested shrank from an average of 1.44 million hectares in 1989/90–1991/92 to 1.04 million hectares in 2001/02, the last crop before the restructuring (ONE, 2007, Table X.5).

This incident is relevant to the topic of this paper also as another example of the confusion caused by the government's penchant for idiosyncratic terminology. Conventional analyses of the areal intensity and agricultural efficiency (yield) of sugarcane growing rest on two measurements: area under cane and area harvested (Blume, 1985:287–294). In practice, these generally present quite enough problems to warrant taking them as no more than reasonably accurate estimates. The Cuban invention of another category—area "dedicated" to cane, significantly greater than the area planted with cane—simply added ambiguity to uncertainty. Whether this confused the planners of the restructuring themselves may be revealed when the ministry's archives are opened to public inspection. Notoriously, huge swathes of land taken out of sugarcane in order to be put to other agricultural uses have

4. In order to reflect the fall in labor productivity resulting from the combination of a full employment policy and reduced production in the Special Period, CEPAL calculated an "equivalent unemployment rate" that was far higher than the nominal rate.

5. By comparison, OECD member states had a standardized unemployment rate of 5.6% in 2007.

since become covered by thickets of *marabú* (*Dichrostachys cinerea*).⁶

As if to balance its weakness for misleading round numbers, official statistical reporting in Cuba is equally prone to misplaced precision. Thus, according to the state news agency AIN, the head of the Control and Analysis department of the sugar ministry declared in a press conference on the eve of the 2007/08 sugar harvest that all conditions had been met to process the crop (*Granma*, 9 December 2007). Specifically:

86.7% of the cane will be cut by machine, for which 1,752 chopper harvesters are on hand; also deployed will be 3,801 trucks, 1,322 tractors, 260 locomotives, and 21,384 manual cane cutters.

In fact, the percentage of machine-cut cane—to one place behind the decimal point—piled an estimate on to an estimate of the harvestable cane. As for the rest, the ministry could know only the number of locomotives at its disposal. Since Basic Units of Cooperative Production (UBPCs) were now officially classified as non-state along with other types of cooperatives and individual growers, it had even less control of the cane crop and means of getting it to the mills than before. It could have no more than a very rough idea of the available manpower. Just one man more or less, or one laid-up piece of equipment, would falsify the numbers. And, indeed, reality soon gave the lie to the claim of preparedness. Within two months, a below-plan milling rate was being blamed on “the late arrival at some factories of essential gear for the harvest (for example, chopper harvesters and tires)” and at one mill, whose start was delayed by almost three weeks for this reason, six to seven harvesters, out of 45, were regularly out of action because of breakdowns, when operations did begin (Varela Pérez, 2008a, 2008b).

The official misuse of statistics raises wider issues. Officials in charge of government statistical departments—if not also the journalists who report their utterances—must be presumed to be statistically literate.

Dodgy data bearing the fingerprints of political manipulation have the two-sided effect of destroying public trust in the professional integrity of the sources and of betraying the authorities’ low regard for the intelligence of the public—a toxic combination for the successful conduct of the country’s economy. If there are people making demands on government “before informing themselves” or because of “lack of information,” as Raúl Castro told the National Assembly on 24 February 2008, it is essentially a problem of the government’s making.

With rare exceptions, the intellectual level of the presentation of domestic economic issues in the officially-controlled media has sat strikingly at odds with the vaunted existence of an educated public, in which graduates of universities or similar institutions make up more than 13% of the economically active population (ONE, 2007, Table VI.6). Alone in the field of accountancy, Cuba reportedly had approximately 11,000 practitioners as of early 2003. According to one observer, Cuban auditing controls were, in theory, “superior to those of North America, and heavily emphasized in the education system.” However, “in practice the Cuban accounting systems have historically had significant problems operationalizing the theory of accounting and auditing” (Becker, 2003).

Cuba’s economists and accountants are organized in the *Asociación Nacional de Economistas y Contadores de Cuba* which produces an on-line journal, *El Economista de Cuba* (<http://www.economista.cubaweb.cu/>). Rather than a forum for technical discussions of aspects of the island’s economy and accounting standards and practices, however, this turns out to be another ideological tool. A typical number (Year 8, No. 326, 26 March 2008) featured the *Reflexiones del Compañero Fidel*, articles on the cost of the war in Iraq, the global significance of the high price of oil, the troubled financial state of American and European banks, the “apocalyptic” noises emanating from world capitalism,

6. The failure to observe international norms does not always flatter the results. A source of confusion for many years has been Cuba’s use of the polarization ratio, $P/96$, rather than the formula of the intergovernmental International Sugar Organization, $(2P-100)/92$, where P = degrees of polarization as tested by polariscope, to convert commercial sugars of different polarization to the common raw value basis of 96 degrees. For more than 50 years, Cuban raw sugars have on average registered above 97 degrees, and application of the polarization ratio in place of the conversion factor of the ISO (of which Cuba is a member), understates the reported output, unless corrected.

and tributes to the late Trinidadian economist Lloyd A. Best.

However instructive, the failings of capitalism abroad can offer only temporary distraction from the problems at home, as illustrated by the slow progress made in implanting a new business management model in the stony ground of Cuba's state enterprises. Started experimentally in the second half of the 1980s in businesses run by the armed forces, *Perfeccionamiento Empresarial* (roughly translatable as Enterprise Improvement) was extended to the civilian sector in 1998. Aimed at raising efficiency and embracing all aspects of management, from accounting and cost control to organization of the work and quality assurance, *Perfeccionamiento Empresarial* has been a process rather than a discrete event in the life of a business.

As such, it perhaps offers a foretaste of the long road to be traveled to implement more than such relatively simple economic reform measures as authorizing the sale of consumer articles previously inaccessible to ordinary people. Almost ten years later, it was still very much a work in progress.⁷ According to Carlos Lage Dávila, a leading figure in Cuba's government hierarchy, not yet a third of some 2700 enterprises in the country was incorporated in the system as of mid-2007 (*Granma*, 30 August 2007). On the whole, the enterprises within the system were said to be performing far better than those without. But their progress was neither uniform nor irreversible—38 businesses having been suspended from the system for deficiencies in accounting and internal control—and it remained an open question whether the gains in efficiency were mainly due to the system or whether the enterprises successfully applying the system were reaping benefits not of their making, if not more robust in the first place. Tellingly, the sectors with the lowest participation were the sugar industry, in which the process was

paralyzed for almost two years in the wake of the restructuring, and locally-controlled businesses which do not have the conditions to apply the model (Lee, 2007).

PROBLEMATICAL PERCEPTIONS

Cuba is often called a small country. The island's dispute with its northern neighbor is portrayed as a geopolitical struggle between David and Goliath. That has boosted Cuban self-esteem and earned Cuba sympathy throughout the world—and all the more because of the bully-boy behavior of the giant.

In the economic sense, however, Cuba does not rate as a small country by the yardsticks generally applied. No agreed definition of what constitutes a small country exists, even though much has been written on the economic consequences of the size of nations since an International Economic Association conference on the subject in 1957. But a recent study (Ahlfeld, 2007) reflected predominant opinion in putting the upper population and area boundaries at 1,500,000 inhabitants and 40,000 square kilometers respectively. With a population of about 11,200,000 inhabitants (approximately 7,000,000 in 1960) and an area of roughly 110,000 square kilometers, Cuba lies well above the range on both counts. Looking at the matter through Caribbean eyes, the relative differences in size and population between, say, Barbados (280,000 people on 431 square kilometers) and Cuba are strikingly greater than those between Cuba and the United States. After careful consideration of the evidence from 70 small states and territories, Ahlfeld (2007) concluded that—contrary to conventional theory that associates negative economic consequences with smallness—a country's size may influence the structure of its economic development process but does not predetermine the result. The perception of Cuba as a small country, rather than the medium-sized country that it is, could

7. There is room for skepticism regarding the extent to which a regime wedded to the current Cuban model of socialism is capable of expeditiously effectuating reforms that depend for their success on large numbers of people acting rationally in concert. Despite the avowed urgency of making food production and marketing more efficient, for instance, a *Granma* reportage on the last-Sunday-of-each-month farm product fair in the Plaza de la Revolución in Havana in May 2008 (Pagés and Siberia García, 2008) highlighted the same incongruities—lack of scales to weigh the produce, confusion over rules and practices, price inelasticity, and so on—that were exposed in a series of *Granma* articles more than two years before (Hagelberg and Alvarez, 2007)—with the additional wrinkle this time that bananas brought some 900 kilometers by road from Guantánamo and remaining unsold at the top price that made the trip worthwhile were carried back to Cuba's easternmost province because the capital's state agricultural markets that might have taken them were closed on Sundays.

not but deflect from the necessary analysis of its specific features and facilitate the adoption of inappropriate policies, such as excessive centralization.

While many countries have some common characteristics, no two are exactly alike; each is unique. Attached to Cuba is an extensive narrative of uniqueness. It has long been popularly known as the Pearl of the Antilles (although its uniqueness in this respect is somewhat impaired by the fact that Saint Domingue, today's Haiti, and Jamaica have been described in the same terms, albeit less frequently). For most of the 20th century it was a leading player on the world sugar market; its nickel deposits are thought to be among the largest in the world; it is famous for the quality of its cigars; it is a source of inspiration to world popular music; and for almost half a century it has been the site of an anti-capitalist revolution on the doorstep of the world's foremost capitalist power. Whitehead (2003:2–4) lists a whole string of Cuban political deviations from what may be called standard patterns, beginning in the early 19th century.

These striking particularities have inspired a preoccupation with the national *destino*, while also engendering frustration that the promise they are believed to hold has not been fulfilled. Eusebio Leal, the Havana City Historian and director of the restoration program of Old Havana, tapped into a recurring theme in Cuban political rhetoric when he cried “Let us prepare ourselves for the new destiny of our country” before a congress of writers and artists a few weeks after Raúl Castro was confirmed as the country's president (*Granma*, 4 April 2008)—leaving it open to surmise some disappointment with the previous regime.

To go back no further than the 1950s, Eduardo Chibás, the founder of the Ortodoxo party, projected a vision of Garden of Eden and Chosen People, defeated by original sin, in his last radio broadcast on 5 August 1951 before shooting himself (Chibás, 1951):

Geographical position, rich soils, and the natural intelligence of its inhabitants mean that Cuba is destined to play a magnificent role in history, but it must work to achieve it. . . . The historical destiny of Cuba,

on the other hand, has been frustrated, until now, by the corruption and blindness of its rulers. . . .

And although written by a non-Cuban, a book entitled *Diálogos sobre el destino*, published in 1954 by the Italian-born, Spanish-naturalized medical scientist Gustavo Pittaluga, captivated many young Cuban intellectuals with its extraordinary ambitions (Pittaluga, 1969 [1954]:11, 410):

Cuba must aim—when it has attained the necessary moral strength for it—to unite the wills of the peoples of the Caribbean in order to create the federation of the seven Central American states, with the support of Mexico to the north and Venezuela to the south. That is its destiny. . . . It cannot be the destiny of a country to sell sugar to buy cars.

So much for Ricardo and international trade theory. In denouncing corruption, Chibás did at least call attention to a key economic issue: the great costs of corruption for economic growth and development. Idealistic invocations of *destino* do nothing to elevate a country's economic culture.

Going beyond the indisputable peculiarities of Cuba's character and history, the continued survival of the Castro regime long after the dismantling of the Berlin Wall has rekindled discussion of the idea of Cuban exceptionalism (Whitehead, 2003; Centeno, 2004; Hoffmann and Whitehead, 2006, 2007).⁸ Some of the arguments advanced in these papers have been overtaken by subsequent events, evidence of the idea's vulnerability to revision. Still, a holistic approach to the issue, combining historical, political and economic considerations, sounds a needed caution against facile assumptions regarding the direction in which Cuba perform must be heading. Logically, by the same token, the determinative question of the sustainability of the Cuban model cannot be answered. Cuba's particularities may shape the specific operation of fundamental economic laws, but do not add up to sufficient reason to believe it can escape these laws altogether in the longer run.

Morris (2007) directly addressed the question, “How exceptional is the Cuban economy?” With data up to

8. Interestingly, Guevara (1961), while accepting that “exceptions exist which give the Cuban Revolution its peculiar characteristics,” rejected the claims of exceptionalism then made for it.

2005, the editor of the periodical *Cuba Report* of the Economist Intelligence Unit sketched the country's economic performance since 1990 and assessed the costs and benefits of the persistence of a command economy. Understandably, there is no quantitative bottom line. Qualitatively, Morris concluded that the emergence of a dual economy, consisting of a stagnant domestic sector and a relatively dynamic externally-linked sector, had created severe economic difficulties as well as social and political tensions, the resolution of which will require further reforms. As to the question posed in the title of her essay, theories of a Cuban economic exceptionalism might have a limited life:

It still remains an open question whether the Cuban model, based on an insistence on following a separate path, will eventually prove capable of survival, or whether in the end it is forced to capitulate by embarking on the economic transition long thought to have been inevitable.

To the extent that it rests on agriculture, the state of the domestic sector, among other things, gives the lie to one of the most persistent economic misconceptions: the high fertility of Cuban soils.⁹ Some justification for the belief in the fecundity of the land may be found in 19th century sugarcane yields, particularly in virgin terrain, which today seem extraordinary, but then were considered normal (Moreno Fraginals, 1978:I, 190–192). By the 1930s, however, such figures were history (Moreno Fraginals, 1978:III, 48). Nevertheless, the idea of a Cuban cornucopia lived on in the special agricultural plans conceived by the *Comandante en Jefe*, such as the “Havana Green Belt” that was to have supplied the capital's inhabitants with all manner of products, including coffee and strawberries (Castro Ruz, 1968). Leaving aside the waste of resources because of their failure, the agricultural environment, in fact, has deteriorated over the years, largely owing to poor management, and its restoration will require much time and money. According to the most recent

estimates, 75% of Cuba's farmland is degraded to some degree, about 3 million hectares (45%) are low in fertility, about 4.6 million hectares (69%) are low in organic matter, about 1 million hectares (15%) suffer from salinity problems, and about 2.5 million hectares (37.6%) exhibit medium to severe erosion effects (FAS/USDA, 2008:11). This now is the point of departure for reforms in Cuba's agriculture.

IMPLICATIONS FOR THE REFORM PROCESS

Decades of Fidel Castro's lectures did little for Cuba's economic culture, unforgettable as his exposition of the merits of Chinese rice cookers may be. “With the still insufficient debate, presentation and public discussion of the domestic economic difficulties, no other thing is to be expected than the ‘lack of economic culture’ in a great many Cubans,” wrote a Cuban economist in early 2008 in commenting on the expectations and impatience for change expressed in popular meetings (Vidal Alejandro, 2008:22). From a different perspective, Salvador Valdés Mesa, general secretary of Cuba's trade union federation, stressed the need to “raise the economic culture of our members” (Reyes García, 2008).¹⁰ Raúl Castro himself, in a statement to the National Assembly at the end of 2007, made the connection between public access to information and the reform process. Referring to the proposals and suggestions made in meetings on the economic and social situation held across the country in September and October 2007, he said that “some opinions reflect lack of information, above all in the economic sphere” (Castro Ruz, 2007).

This could hardly have come as a surprise to anyone looking at Cuba's mass media. For instance, as recently as the end of 2007, the coverage in the leading government organ of the (themselves severely limited) National Assembly proceedings concerning the country's economic and budgetary performance that year and

9. This is a myth that Cuba shares with other tropical and subtropical countries. “You can throw anything into this earth and it grows,” claimed a Ugandan entrepreneur, echoing the widespread belief in the productiveness of tropical soils (*Financial Times* Uganda Special Report, 20 November 2007, p. 4).

10. For Valdés Mesa there were two reasons to elevate the economic culture of the workers: to make them conscious of being the “owners of the means of production and of the wealth created,” something evidently not fully achieved in the almost half century since Cuba was declared a socialist republic, and to combat “wrong concepts” and “bad habits”—the perennially denounced *indisciplinas* indicative of the lure of market forces.

the projections for the following (*Granma*, 28 and 29 December 2007) suggested that the governing editorial principle was that expressed on the banner stretched across the wall at a MINAZ seminar on state secrets in the sugar sector in December 1976 with the legend in Spanish: “The protection of state secrets is our contribution to the economy” (*ATAC*, 36 [1/1977]:22). The animosity of successive US administrations towards the Cuban regime has provided it with fig-leaves front and back: to hide information not even remotely related to national security and to veil its ignorance where it simply does not know.

Engrained habits of secrecy and obfuscation will have to go if economic reforms are to be carried out efficiently. The solution of complicated problems, such as the realignment of currency exchange rates, requires the understanding and support of an informed citizenry, not one prone to act on rumor. Agitprop does not make for educated public discussion of national policy issues. Neither does isolated individual opinion formed primarily on the basis of anecdotal personal experience. But, in matters affecting their daily needs, people will understandably trust the evidence of what they can buy locally, for instance, more than official figures of nationwide availabilities, accurate or not. If the authorities genuinely seek intelligent debate, the information presented to the public must be not only reliable but also relevant.

The first requisite to nurture a culture conducive to the optimal conduct of the clearly needed reforms of the Cuban economy is public access to all pertinent information, constrained only by the narrowest possible considerations of national security. Obviously, to be useful, the information has to be comprehensible (with data properly defined) and reasonably complete and accurate. The perusal of government statistical publications and academic studies being a small minority sport, their contents have to be processed for wider consumption. This means opening newspapers, radio and television to the contributions of professional economists and other scientists, not excluding views that challenge official orthodoxies.

Governmental decision-making is inevitably colored by politics. But the evidence on which decisions are based and which to justify them is presented to the public must be free of the suspicion of political manipulation. Cuba’s economic culture will come of age when there are politically independent institutions to scrutinize what the government says and does, and free to disseminate their findings, when dissenting opinion is seen not as treason but necessary debate, when it is commonly accepted that not every economic or social problem can be solved by administrative fiat or even statute law, and when millenarian dreams of becoming the perfect model are finally replaced by realism, both in respect of the country’s resources and capabilities, and the opportunities open to it in the 21st century world.

REFERENCES

- Ahlfeld, Sebastian. 2007. *Kleine Staaten, große Probleme? Zum Einfluss der Staatsgröße auf den Entwicklungsprozess* [Small states, big problems? The effect of country size on the development process]. PhD dissertation. Giessen University, Germany. <http://geb.uni-giessen.de/geb/volltexte/2007/4799/index.html>
- Becker, Hilary M. 2003. “Cuba: potential or potential threat.” *Journal of the Academy of Business and Economics* (February). <http://www.allbusiness.com/marketing/market-research/752297-1.html>
- Blume, Helmut. 1985. *Geography of Sugar Cane*. Berlin, Germany: Verlag Dr. Albert Bartens.
- Castro Ruz, Fidel. 1966. Speech, 28 September. <http://www.cuba.cu/gobierno/discursos/1966/esp/f280966e.html>
- Castro Ruz, Fidel. 1968. Speech, 30 September. <http://www.cuba.cu/gobierno/discursos/1968/esp/f300968e.html>

- Castro Ruz, Fidel. 1969. Speech, 20 December. <http://www.cuba.cu/gobierno/discursos/1969/esp/f201269e.html>
- Castro Ruz, Fidel. 1978. *Informe al I Congreso del PCC [1975]*. La Habana: Instituto Cubano del Libro, Ed. Pueblo y Educación.
- Castro Ruz, Raúl. 2007. Speech, 28 December. *Granma*, 29 December.
- Centeno, Miguel Ángel. 2004. "The return of Cuba to Latin America. The end of Cuban exceptionalism?" Plenary lecture at the Society for Latin American Studies. *Bulletin of Latin American Research*, Vol. 23, No. 4, pp. 403–413.
- Chibás, Eduardo. 1951. "The last call." In Chomsky, Aviva, Barry Carr and Pamela Maria Smorkaloff (eds). 2003. *The Cuba Reader: History, Culture, Politics*, pp. 298–299. Durham and London: Duke University Press.
- Comisión Económica para América Latina y el Caribe (CEPAL). 1997. *La economía cubana: Reformas estructurales y desempeño en los noventa*. Mexico: Fondo de Cultura Económica.
- Darlington, Shasta. 2008. "Videos hint at public discontent in Cuba." *CNN*, 7 February.
- De Diego Romero, Javier. 2003. "Revolución y legitimidad política en la América Latina contemporánea. Los casos de Cuba y Nicaragua." *Revista Complutense de Historia de América*, 29:151–178. <http://www.ucm.es/BUCM/revistas/ghi/11328312/articulos/RCHA0303110151A.PDF>
- Elizalde, Miriam, and Pacual Serrano. 2008. "Video entrevista a Eliécer Ávila y al resto de estudiantes que preguntaron al presidente del Parlamento Ricardo Alarcón: Los estudiantes cubanos denuncian que han sido manipulados para atacar a Cuba y desmienten cualquier detención." *Granma*, 13 February.
- FAS/USDA. 2008. *Cuba's Food and Agriculture Situation Report*. Washington, DC: Office of Global Analysis, FAS, USDA (March). <http://www.fas.usda.gov/itp/cuba/CubaSituation0308.pdf>
- Giles, Chris. 2007. "Lies, damn lies and befuddlement." *Financial Times*, 27 July.
- Guevara, Ernesto. 1961. "Cuba: Historical exception or vanguard in the anticolonial struggle?" In: Deutschmann, David (ed.). 2005. *Che Guevara Reader: Writings on politics and revolution*, pp. 130–142. Melbourne, Australia, and New York, NY: Ocean Press. <http://www.marxists.org/archive/guevara/1961/04/09.htm>
- Hagelberg, G.B. 2002. "Cuba's sugar industry: Restructuring or requiescat?" *F.O. Licht's Sugar and Sweetener Report*, Vol.134, No.31, pp. 493, 495–499 (8 October).
- Hagelberg, G.B., and José Alvarez. 2005. "Historical overview of Cuba's costs of sugar production: Implications for the future." *Cuba in Transition—Volume 15*, pp. 458–469. Washington, DC: Association for the Study of the Cuban Economy.
- Hagelberg, G.B., and José Alvarez. 2006. "Command and countermand: Cuba's sugar industry under Fidel Castro." *Cuba in Transition—Volume 16*, pp. 123–139. Washington, DC: Association for the Study of the Cuban Economy.
- Hagelberg, G.B., and José Alvarez. 2007. "Cuba's dysfunctional agriculture: The challenge facing the government." *Cuba in Transition—Volume 17*, pp. 144–158. Washington, DC: Association for the Study of the Cuban Economy.
- Hoffmann, Bert, and Laurence Whitehead. 2006. "Cuban exceptionalism revisited." *GIGA (German Institute of Global and Area Studies) Working Papers* No. 28 (September). http://repec.giga-hamburg.de/pdf/giga_06_wp28_hoffmann-whitehead.pdf
- Hoffmann, Bert, and Laurence Whitehead (eds). 2007. *Debating Cuban Exceptionalism*. New York, NY: Palgrave Macmillan.
- Lee, Susana. 2007. "Perfeccionamiento Empresarial: No es perfecto ... pero ha demostrado su eficiencia." *Granma*, 23 January.
- Mesa-Lago, Carmelo. 2005. "Problemas sociales y económicos en Cuba durante la crisis y la recuperación." *Revista de la CEPAL*, 86, pp. 183–205 (Au-

- gust). <http://www.eclac.org/publicaciones/xml/8/22218/G2282eMesaLago.pdf>
- Mesa-Lago, Carmelo. 2007. "The Cuban economy in 2006–2007." *Cuba in Transition—Volume 17*, pp. 1–20. Washington, DC: Association for the Study of the Cuban Economy.
- Moreno Friginals, Manuel. 1978. *El ingenio: complejo económico social cubano del azúcar*, three volumes. La Habana: Editorial de Ciencias Sociales.
- Morris, Emily. 2007. "How exceptional is the Cuban economy?" In: Hoffmann and Whitehead (2007), pp. 37–59.
- ONE. 2006, 2007. *Anuario Estadístico de Cuba 2005, 2006*. Havana: Oficina Nacional de Estadísticas. <http://www.one.cu/aec2005.htm>; <http://www.one.cu/aec2006.htm>
- Ortiz Cano, Gusel, et al. 2007. "Empleo juvenil en Cuba ¿El cuento de nunca acabar?" *Juventud Rebelde*, 25 November.
- Pagés, Raisa, and Katia Siberia García. 2008. "Feria en la Plaza: Incongruencias a la vista." *Granma*, 31 May.
- Pittaluga, Gustavo. 1969 [1954]. *Diálogos sobre el destino*. 2nd ed. Miami, FL: Mnemosyne Publishing.
- Pollitt, Brian H., and G.B. Hagelberg. 1994. "The Cuban sugar economy in the Soviet era and after." *Cambridge Journal of Economics*, Vol. 18, pp. 547–569.
- Ravsberg, Fernando. 2008. "Cuba: preguntas difíciles al gobierno." *BBC*, 5 February.
- Reyes García, Delia. 2008. "Más allá del salario." *Bohemia*, 22 April.
- Royce, Frederick S. 1996. *Cooperative Agricultural Operations Management on a Cuban Sugarcane Farm " . . . and everything gets done anyway."* M. Sc. thesis, University of Florida.
- Sánchez, Juan Tomás. 2007. "Cuba y el etanol: proyecciones para una economía privada." *Cuba in Transition—Volume 17*, pp. 199–205. Washington, DC: Association for the Study of the Cuban Economy.
- Sarduy Quintanilla, Abel, et al. 2007. "La regulación contable cubana en el período revolucionario: Apuntes para una historia." *Observatorio de la Economía Latinoamericana*, 81, June. <http://www.iasplus.com/country/cubabackground.pdf>
- Seers, Dudley (ed.). 1964. *Cuba: The Economic and Social Revolution*. Chapel Hill: University of North Carolina Press.
- Valiente, Pablo. 2008. "El fantasma de la tontería 'informa' sobre Cuba." *Juventud Rebelde*, 10 February; *Granma*, 11 February.
- Varela Pérez, Juan. 2008a. "Zafra azucarera: Tensión en la etapa plena." *Granma*, 5 February.
- Varela Pérez, Juan. 2008b. "En el central Panamá hay historia por contar." *Granma*, 13 March.
- Vidal Alejandro, Pavel. 2008. "Los salarios, los precios y la dualidad monetaria." *Espacio Laical*, No. 2, pp. 22–26. <http://www.espaciolaical.org/contens/14/2226.pdf>
- Whitehead, Laurence. 2003. "On Cuban political exceptionalism." *Nuffield College Politics Working Paper 2003–W1*, University of Oxford. <http://www.nuffield.ox.ac.uk/politics/papers/2003/On%20Cuban%20Political%20Exceptionalism.pdf>.

APPENDIX

Obliteration of Distinctions In and Inflation of the Number of Unemployed Said to have Existed before the Revolution

1. Results of a survey covering the period May 1956 to April 1957:

Category	1000 Persons	% of Total Labor Force
Fully employed	1439	65
Partially employed ^a	223	10
Employed without remuneration	154	7
Unemployed	361	16
Having a job, but not working	27	1
Having a job, but not working	2204	100 ^b

a. Working less than 40 hours a week.

b. Does not add up due to rounding.

The figure of 361,000 unemployed represents an arithmetic average of four quarterly numbers which fluctuated between a minimum of 200,000 (9% of the labor force) in February-April and a maximum of 457,000 (21%) in August-October. (Consejo Nacional de Economía, *Simposio de Recursos Naturales de Cuba*, 1958, cited in Oscar Pino Santos, *El Imperialismo Norteamericano en la Economía de Cuba*, Imprenta Nacional de Cuba, Havana, 1961, pp. 92–93, as well as in Seers, 1964:83.)

2. Of a labor force of somewhat over two million persons, 12–14% were totally unemployed; seasonally, unemployment reached 22%. (Regino Boti, “La industrialización de Cuba,” in Universidad Popular, Primer Ciclo, *La Liberación Económica de Cuba*, Imprenta Nacional de Cuba, Havana, June 1960, p. 53).

3. Estimates for June 1957 and June 1958 (in thousands):

Date	Labor force	Unemployed	Underemployed
June 1957	2217	300	294
June 1958	2203	275	293

(Carlos Rafael Rodríguez, “La defensa de la economía cubana,” in Universidad Popular, Segundo Ciclo, *Defensa de Cuba*, Imprenta Nacional de Cuba, Havana, July 1960, p. 152.)

4. 23% of the labor force was chronically unemployed and at the maximum 27%.

(Regino Boti, “El Plan de Desarrollo Económico de 1962,” *Cuba Socialista*, No. 4, December 1961, p. 29).

5. 600,000 unemployed or underemployed. (Fidel Castro, “Tres años de Revolución,” *Cuba Socialista*, No. 5, January 1962, p. 12).

6. Of a labor force of slightly more than 2.2 million in 1958, 627,000 were unemployed or only partially employed. (Ministry of Labor, “Primer estudio provisional del Balance de Recursos de Trabajo” (memorandum dated 23 May 1962), cited in Seers, 1964:39, as well as in Comisión Nacional Cubana de la UNESCO, *Cuba y la Conferencia de Educación y Desarrollo Económico y Social, Santiago de Chile, Marzo 1962*, Editorial Nacional de Cuba, Havana, 1962, p. 9).

7. 500,000 unemployed in 1958; unemployed, semi-unemployed and domestic workers together numbered 620,000. (Osvaldo Dorticós, “La Revolución Cubana en su Cuarto Aniversario,” *Cuba Socialista*, No. 17, January 1963, p. 7).

8. More than 25% of the labor force, itself estimated to constitute around 33% of the population, was unemployed before the Revolution. (Miguel A. Figueras, “Aspectos y problemas del desarrollo económico cubano,” *Nuestra Industria: Revista Económica* (Ministry of Industries, Havana), No. 9, October 1964, p. 5).

9. It is estimated that during eight months of the year total unemployment reached around 550,000 workers, i.e., between a third and a fourth of the total available labor force. (Report of the Cuban delegation to the United Nations Symposium on Industrialization in Latin America, Santiago de Chile, 14–25 March 1966, “El desarrollo industrial de Cuba,” in *Cuba Socialista*, No. 56, April 1966, p. 141).

10. A great army of unemployed numbering over 600,000 persons. (Ernesto Che Guevara, “Tareas industriales de la Revolución en los años venideros,” *Cuba Socialista*, No. 7, March 1962, p. 29).

11. 657,000 unemployed in 1958. (Editorial, “En el décimo aniversario del 26 de Julio,” *Cuba Socialista*, No. 23, July 1963, p. 3).

12. Unemployment affected 700,000 workers. (Editorial, “El quinto aniversario de la victoriosa Revolución Cubana,” *Cuba Socialista*, No. 29, January 1964, p. 3;

Editorial, “El décimo-primer aniversario del 26 de Julio,” *Cuba Socialista*, No. 35, July 1964, p. 4).

13. 700,000 unemployed. (Editorial, “En el sexto aniversario de nuestra Revolución,” *Cuba Socialista*, No. 41, January 1965, p. 3; Fidel Castro, speech 26 July 1968, *Granma*, 27 July 1968).