Cuban “reforms” promote private property and social inequality

By Bill Van Auken
17 April 2008

The Cuban government was compelled to issue a statement Wednesday denying that the series of reforms announced by President Raul Castro in the barely two months since his assuming the reins of power from his ailing older brother Fidel signal an abandonment of “socialism.”

In recent weeks, the government has lifted restrictions on the sale of consumer items such as cellular phones, computers and home appliances and passed a law allowing Cubans to stay in hotels previously placed off limits to all but foreign tourists. More fundamentally, it has unveiled policy changes in the agricultural sector and in the wages system that will strengthen private production and increase social inequality.

“The ‘strategic’ changes that the imperialist doomsayers long for will not take place because, without any doubt, there will be more perfectible socialism, sustained and defended by a united people under the guidance of Fidel and Raul and the leadership of the Party,” *Granma*, the daily newspaper of the ruling Cuban Communist Party, affirmed.

The statement came in response to a conference held last week in Miami in which US Commerce Secretary Carlos Gutierrez met with Cuban exile groups, Democratic and Republican politicians, and representatives from several eastern European governments to discuss the lessons of the collapse of the Soviet bloc for a similar “transition” in Cuba.

The thrust of the conference’s discussion was the demand that Washington continue the nearly five-decade-old US economic blockade of the island and subject Raul Castro to the same pariah status as his brother.

The *Granma* statement also used the Miami conference to brand any internal opposition to the Castroite leadership as “mercenaries” bent on “subversion in Cuba.”

On February 24, Raul Castro, 76, replaced his 81-year-old brother to become Cuba’s first new president in 49 years. At the time, he vowed to do away with outmoded prohibitions imposed by the government and to make Cuba’s state and economy more efficient.

Since last month, the government has begun to flesh out these proposals with a succession of new decrees.

The first set relates to internal consumption. Previously existing bans on the sale of computers, cell phones, DVD players and other home appliances have been lifted. The apartheid-style law that barred Cubans from hotels—and the country’s best beaches—reserved for foreign tourists has also been amended, guaranteeing the right of Cubans “regardless of skin color, gender, religious beliefs or national origin” to stay in “any hotel.”

Of course, the one rather considerable catch is that the newly available consumer items and the hotels whose doors have now been opened to Cubans are available only to those with the money to afford them. In a country where the average monthly wage stands around $18—with living standards subsidized by free health care and education as well as minimum food rations—most of what has been unbanned still remains out of reach for the vast majority of the island’s 11 million people.

Activation of a cell phone in Cuba—until now legally available only to foreigners, employees of foreign companies and authorized state officials—costs $120, or more than six months’ average salary. A single night in a tourist hotel would claim another six months’ wages.

Moreover, the vast majority who work for the Cuban state are paid in Cuban pesos, while the newly available consumer items are available only to those with the country’s convertible peso, known as the CUC, which is worth 25 times as much as the national peso. The dual-currency system reflects an increasingly stratified society, in which those employed in the tourist industry or foreign firms, top government officials, families receiving foreign remittances and those making money on the black market are being increasingly socially differentiated from the masses of working people.

More significant are the government decrees related to property and production.

In agriculture, the government has announced a plan to turn over massive amounts of state land to private peasant farmers and peasant cooperatives for cultivation. At present, the country’s 250,000 private farms and 1,100 private cooperatives control less than one third of the land, while accounting for close to 60 percent of nationally produced food. At the same time, Cuba is reportedly importing more than 80 percent of its food, while more than half of the arable state lands lie fallow.

The announced changes also increase prices paid by the government for agricultural goods, while significantly raising the quotas on the amount of these goods private producers will be allowed to sell directly at unregulated market prices. In some cases, this could rise to 70 percent of their production. The government is also opening up a market in agricultural tools and supplies, allowing producers to buy them directly themselves.

The official daily *Granma*, moreover, reported that the already announced agricultural reforms may serve as a “springboard” for “other changes.”

Among these changes is apparently a plan to open up the land to exploitation by foreign capital. “We are currently studying some business proposals in agriculture,” Minister of Foreign Investment Marta Lomas told a press conference last week. She added that in terms of foreign investment, “nothing is off the table.” She indicated that either joint ventures or foreign capitalist investment was being considered in “rice production” as well as “other sectors like livestock.”

According to some reports, foreign capital might be brought in to run sections of agriculture used to supply the tourist industry with fruit and fresh produce, which is now largely imported.

Asked whether such policies, combined with the lifting of the bans on consumer items, pointed towards Cuba imitating China’s path towards capitalist production, Lomas replied, “Cuba is Cuba, and models are studied, but the conditions of each country are different, and the conditions of Cuba are different.”

According to a recent official report, foreign investments in Cuba reached a record of $981 million in 2006, a 22 percent increase over the previous year. Foreign investment in Cuba was first authorized in the 1990s, following the liquidation of the Soviet Union, which had previously granted critical subsidies to the Cuban economy. Much of it has flowed into the tourist industry, which has surpassed sugar as the country's leading source of revenue.

Also last week, the government announced that a new labor law is being enacted that will remove any ceiling on workers' earnings, while tying them more directly to productivity.

"For the first time it is clearly and precisely stated that a salary does not have a limit, that the roof of a salary depends on productivity," said Airel Terrero, the leading economics commentator in the state-run media.

The precise way in which salaries will now be determined has yet to be spelled out. Terrero made it clear, however, that the objective of the announced change, which represents a departure from a more egalitarian wages system, is to extract greater amounts of labor from the Cuban workers.

"One reason for low productivity is there is little wage incentive and this breaks productivity and stops bigger salaries," he said.

Terroro concluded that the new system would represent the realization of the "socialist" principle of "to each according to his work, from each according to his ability." Of course, it is nothing of the sort. The well-known formulation of Karl Marx, contained in the 1875 Gotha Program, is "from each according to his ability, to each according to his needs." The wages scheme being proposed in Cuba is merely the most brutal form of capitalist exploitation, the piecework system.

The same defense of the new proposal was made more bluntly by the leader of the Cuban state-run trade union federation, the Central de Trabajadores de Cuba (CTC), Raymundo Navarro, who blamed the workers for the country's economic crisis.

"In Cuba they say that people live without working," said Navarro. "The moment has to arrive in which people have to feel the necessity of working." He said that the new changes were designed to "bring about an organization of labor and salaries that stimulates results."

There is increasing speculation that as part of imposing this "necessity," the Cuban government may be preparing to do away with the system of food rationing that has assured minimal supplies to the population. This was hinted at in the speech given by Raul Castro upon assuming the presidency last February, in which he said that the system of ration books and subsidies "in the current conditions of our economy become irrational and unsustainable." He also declared that the government's "strategic objective" was to introduce a system in which "wages recover their role and the living standard of each individual is in relation to...the importance and quantity of labor that he gives to society."

Finally, last Friday, the government announced a reform in housing policy, a measure that streamlines the legal process for state employees renting state-owned housing to gain legal title to the properties, which can then be inherited by their heirs as well as rented. Housing officials indicated that this was only the first step in a process of further changes to come, raising the possibility that the Cuban government will create conditions for a private real estate market.

Taken together, these measures represent a major turn towards intensifying social inequality and strengthening the grip of private ownership and foreign capital within Cuba. It is not a departure from socialism, which never existed in Cuba. The Castro regime was established in 1959 as the result not of a working class revolution, but rather the coming to power of a radical nationalist guerrilla movement that forged an alliance with the Soviet Stalinist bureaucracy in the face of the implacable opposition of Washington to even minimal reforms.

The so-called reforms being implemented under the direction of Raúl Castro have served to intensify the divisions within the US ruling elite over a five-decade Cuban policy that has consisted of an economic blockade combined with CIA operations ranging from assassination attempts to the abortive Bay of Pigs invasion of 1961 and the encouragement of anti-Castro exile terrorists.

A significant layer within the ruling elite is chafing at this policy, which has been followed by the leaderships of both major parties and dictated by a right-wing Cuban exile mafia that exerts disproportionate political influence.

One indication of the attention being paid to the changes being announced in Havana came in testimony given Tuesday to a congressional panel by the head of the US Southern Command, the military command charged with war plans against the island.

SouthCom chief Admiral James Stavridis told lawmakers the changes in Cuba were "interesting." "I think it is too early to tell as yet, but it is interesting that Raul is opening some of the economic freedoms such as cell phones, access to tourist hotels, property rights," he told thee congressional committee. "We need to watch to see if this is a sincere change or just cosmetic," he added.

Meanwhile, recent letters to Secretary of State Condoleezza Rice signed by 24 US senators and 104 members of the House of Representatives called for a change in course.

"Our current policy of isolation and estrangement has failed," said the letter signed by 17 Democratic and 7 Republican senators. "Cuba's political system is stable after five decades of American efforts to force change on the island."

The letter from the House members added, "Our policy leaves us without influence at this critical moment." It noted that the trade restrictions allowed other countries to "make billions of dollars in economic investments on the island," while American corporations and agribusiness remained frozen out.

This is the central bone of contention. Growing investment by European, Canadian—and, increasingly, Chinese—capital is prompting fears within American capitalist circles that they will miss out on an expanding opportunity to reap profits off of cheap labor and resources located just 90 miles off US shores.