

INTRODUCTORY NOTES FOR A CLASS ON PRESENT DAY ECONOMY OF CUBA

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The subject of the present economic juncture in Cuba requires at least a brief historic background of US-Cuba relations since the victory of the Cuban Revolution in 1959. To ignore this seemingly minor detail would risk confusing the most important issues and problems in our present day economy.

The tyrannical government of Fulgencio Batista, strongly supported by the US government, collapsed the 1st of January, 1959, after it became known he had fled the country to the United States with a group of his closest associates. Initially, the US government recognized the ensuing government of the Cuban Revolution. It was ignored then, but later became known, that early that very same year the CIA began plotting the overthrow of the Revolutionary government led by Fidel Castro.

The events of the next few months set the stage for initial confrontations that led to total deterioration of diplomatic relations between the Cuban Revolutionary and US governments.

One of the initial steps of the Cuban government was to demand, on the 16th of January, 1959, the return of Batista and his associates, accused of war crimes. Ministers and other high officials had left the country to the United States with huge amounts of Cuban government funds stolen from the State treasury. The demand was totally ignored by the US government.

Another decision, which was to identify the Cuban Revolutionary Government democratic style, was the calling of a huge mass meeting of over a million people gathered at the Plaza de la Revolución the 11th of February, in which Cde. Fidel Castro asserted that the Cuban people desired, in addition to democratic, substantive economic reforms as well. Among these, the Agrarian Reform was paramount. On this occasion, Fidel Castro condemned in strong terms US intervention in Cuban internal affairs. This trend continued until Fidel Castro ordered the “immediate” repatriation to their country of US military, naval and air force attachés responsible for the training, both political and military, of the defeated Cuban army, naval and air force officers.

On 15th of April that same year, Fidel travelled unofficially to the United States invited by the Association of Newspaper Editors. During his 11 days in the country, he was invited to the Senate, where he clearly stated to the members of the Committee of External Affairs that good relations between both countries could only exist on the basis of true equality. He denounced, over radio and television, the disadvantages of the then current sugar agreements. He met the then Vice President Richard Nixon. But no progress was reported. This trend continued until full implementation of the economic blockade of Cuba was imposed.

But relations worsened significantly when the announced Agrarian Reform came into effect, affecting interests of US landowners. The US Government protested immediately. Forty-eight hours after that announcement, Senator George Smathers (Florida Democrat) proposed in the Senate an amendment significantly reducing the Cuban sugar quota.

US military overwhelming superiority became evident when bombers from Florida on 11-21 October on three occasions raided three Cuban sugar factories. On 22 October a plane attacked a passenger train. After the United States government refused selling weapons to Cuba for its defense, the Cuban government announced its decision to buy weapons wherever available.

That same year and month a ship from Belgium bringing weapons to Cuba blew up in a sabotage that killed hundreds of port workers. And that story went on and on, until Cuba was forced to nationalize US owned industries and commercial interests.

Then, in April 1961, in another mass meeting called by Fidel Castro he again declared that the United States government was preparing an invasion of Cuba. He also stated that Cuba was a socialist country. Then the invasion in a region, called by our enemies Bay of Pigs and by Cubans as “Playa Girón”. finally took place. Thousands of mercenaries trained by US officers in Central America, with ample air and sea support, provided by the Government of the United States, invaded Central Cuba and were defeated in 72 hours. Pierre Salinger, Press Secretary of the Presidency declared his government responsible for the invasion.

Finally, the Kennedy Administration announced a total “embargo on trade with Cuba” beginning the 7th of February, 1962, supported by a law approved by Congress that deprived any form of cooperation with foreign governments providing assistance to the government of Cuba. Since then, countless votes in the General Assembly of the United Nations, have in the last fifty years condemned the United States for its violations of International Law, leaving not the slightest doubt that the United States is a manifest aggressor power that ignores international law, depriving the Cuban people of their rights to a better life.

Needless to say, further clashes of Cuba and the United States after de Giròn crises, for instance the so called “missile crisis” in 1962, only worsened operational conditions for our economy, to which other difficulties may be added: the isolation of Cuba from its Latin American neighbors, actively promoted by the United States during the four last decades of the past century, not to speak of the disappearance of the Socialist community of nations, which was a large market for our export products and a source of capital for the economic development of Cuba. We may add to this the isolationist policies of NATO countries which heeded pressures of the United States to stop offering credits for normal commercial exchanges with our country.

But the revolutionary leadership of Cuba, backed by its people, chose not to surrender, in spite of incredibly high odds against our country. The abnormal conditions in which Cuban economy has survived and evolved in our days since the enforcement of the blockade have finally indicated to our government that the time has come for reconstructing and modernizing our Socialist economy, a gigantic task now being undertaken, although the blockade continues to exist in its most aggressive form, despite the decision of the Obama government late last year to reinstate diplomatic relations with Cuba. The blockade continues to obstruct all Cuban commercial and financial operations with US foreign banks and commercial enterprises all over the world. And the gigantic sums of Cuban capital losses continue to rise, but will inexorably be settled in the future, despite the probable coming to power of the most reactionary conservative Republican leadership in that country’s history.

The application of measures aimed at strengthening operations of the private sector of the economy, stimulating the agricultural sector, and creating the base for the improvement of big state enterprises, the development of urban cooperatives, the development of large scale state markets, and the fundamental theoretical basis of the future economic model, among others. In addition, I must emphasize academic cooperation for the study of complex economic matters that will be discussed in the near future.

One point to be considered is the relatively low growth of the Cuban economy last year, due to the development of the construction industry, trade and manufacturing industry and the growth of a few export products, but the overall growth 3.1% is clearly insufficient to guarantee the increase in the level of life of the Cuban population.

From the institutional point of view, new economic firms were created, such as Biofarmacuba, and the Civil Aeronautics Institute of Cuba (IACC) were incorporated to the Ministry of Transportation. Also founded were the Ministry of Industries, and that of Energy and Mines, among other measures related to the functional development of structures and the integration of systems and organs for their administration. Moreover, beginning in 2012 decrees were implemented complementing measures approved in 2011 that made progress more viable in the private sector.

The proposed structure involves more significant macroeconomic policies, such as fiscal, monetary and exchange, prices, salaries and employment.

I must state at this point that fiscal policy continued its process of reduction of expenses by greater control of the manipulation of resources, which can be observed in details of the budget referred to expenses.

The Department of the Republic in charge of supervising government accountancy continued its policy of analysis in all government and mixed enterprises. Good results in this sector are observed and appreciated.

Lastly, the context in which present economic reforms are taking place is indeed complex. This demands the creation of mechanisms of social policy that coincide with transformations taking place in the structure, policies and mechanisms of economic behavior in the country.

