The Role of Co-operatives in Transforming Cuba’s Economy

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Cuba’s experiment with co-operativism within a socialist economic system offers important lessons for the co-operative movement. Co-operatives as defined by the International Co-operative Alliance Statement of Co-operative Identity (ica.coop) typically function within capitalist market systems where they face pressures from competition with investor owned businesses, and institutions designed to support and protect investors. Co-operatives often face isomorphism, they may encounter barriers accessing finance, and they may succumb to capitalist market logic in their hierarchical governance systems. Co-operatives in capitalism often identify as non-capitalist or anti-capitalist, but rarely as socialist. This chapter explores the underlying features of socialist co-operatives, and discusses the role of co-operatives in the Cuban transformation of its socioeconomic model. The particular emphasis is on the ability of co-operatives to maintain focus on human development, thereby continuing the legacy of the Cuban Revolution.

1 Cuban Transformation of the Economy

Social transformation can be seen as strive towards change, or as resistance to it (UNESCO, n/d). For Cuba, it may be a bit of both. Judging by the Lineamientos (2011) and the follow-up official report at the 7th Party Congress in 2016 (see Campbell in this volume). Cuba remains steady on the socialist path, so the transition possibly guided by co-operativism could be a change of the centralised socialist economic system to a decentralised one, marked by resistance to capitalist market features.

During the special period in the early 1990s, Cuba opened its economy to foreign direct investment and allowed private ownership of the means of production (small private businesses) and self-employment. This created income inequalities and rents on capital in a relatively short time, but it also resulted in some important positive achievements. Government continued its provision of health services, education, and food security. New agro-ecology methods of
food production and urban agriculture gained international recognition, and with support from the Association of Small Farmers (ANAP). Cuban farmers engaged in indigenous knowledge diffusion via the ‘Campesino a Campesino’ method, in step with international grassroots peasant movements (Rosset et al., 2011). This propelled Cuba's reputation as a country that found solutions applicable to peak oil crisis and conducive to sustainable development. It also meant that Cuban co-operative solutions were seen to be the vehicle for democratic citizens’ participation in building a sustainable economy, with government as the provider of public goods. But since the 1990s Special period, as economic indicators bounced back with support of Venezuelan oil, bicycles were pushed off the roads, and gas-guzzler cars were back in fashion. There are some indications that agroecology is also not the priority any longer (Patel, 2016). If this proves correct, Cuba may be stepping back off track to sustainable prosperity fit for the 21st century.

Twenty years after the Special Period, Cuba is promoting a diverse economy with diverse ownership and enterprise models in order to tackle its low productivity, low wages and inefficiency (Gabriele, 2011). The exact structure and institutional mix is a moving target, but they include state owned, co-operative, and private businesses, including foreign direct investment (*Lineamientos* 2011). In this context, co-operatives as collective enterprises may be seen as gatekeepers against capitalist institutions (Campbell 2016), but they may also be seen to carry the danger of increased income inequality, accumulation of capital, and ultimately, a road to privatisation of the Cuban economy.

2 **Agenda for Change**

The most dramatic changes for a centrally planned Cuban economy came in the 1990s with the ‘special period’ marked by crisis management. Cuba opened its economy to foreign direct investment mainly in tourism and mining, it handed idle land to farmers in usufruct, allowed private ownership of small enterprises and of durable consumer goods, and encouraged self-employment. Over the period of two decades, these policies lead to increased income differentials and inequality in Cuba, and to structural issues in the economy that needed to be addressed with more radical changes.

Coming out of the crisis Cuba finds itself in need of major restructuring of the economy, but also a radical social transformation after decades of state planning and paternalism. Not unlike other centrally planned economies, its public sector is overgrown, featuring underemployment, low wages and low productivity. A huge bureaucracy is stifling the process of necessary