

Cuban government announces acceleration of privatization and austerity measures

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Earlier this month, Marino Murillo, vice president of the Cuban Council of Ministers, announced that during the rest of this year and through the next the state would enact and carry through the next phase of its privatization and austerity measures, creating “the most profound transformations.”

The measures, which were first announced in 2010 by Cuban President Raul Castro as part of a 300-point plan, represent the deepest changes to the Cuban economy since the taking of power by the Castro regime in 1959. Like austerity plans being carried out elsewhere in the world, the aim of these measures is to make the working class pay for the world capitalist crisis through mass layoffs, privatization, speed-ups, and the elimination of social welfare measures.

Murillo contrasted the upcoming changes with the first phase of reforms that “entailed eliminating the prohibitions in society.” The previous round, a centerpiece of which was the announcement of layoffs of 500,000 state workers, was accompanied by the relaxation of prohibitions on petty business activity, the hiring of labor by individuals, and property transfers as the government cynically encouraged the newly unemployed to go into business for themselves selling candy, cutting hair, or raising rabbits. Politically, however, the encouragement and even adulation of “entrepreneurship” and the use of unemployment as a disciplinary tool represents a shift in the orientation of the Cuban elite toward openly capitalist relations.

The next phase of changes to the economy will deal substantially with the privatization of state-owned companies. Murillo put forward the perspective of the Cuban elite, which is now no longer even interested in maintaining the fiction that Cuba is a socialist society. He indicated that state-owned companies will no longer play even a nominal social role in regard to maintaining employment levels, but will be held to performance measures typical of the market, and said: “We must eliminate all the hurdles that are holding them back.”

One of the changes affecting the state-owned companies will let them keep 50 percent of their after-tax income, instead of returning it all to the state, ostensibly to reinvest it in their production processes. Companies are now also expected to turn a profit, as any companies suffering losses for more than two years will face “extinction, merger, remodeling or

transformation into a different management style.”

Many smaller companies are being transformed into private cooperatives, with former workers having to lease back their companies from the state. Previous privations along these lines had affected thousands of state shops and taxis with five or fewer workers. Beginning this month, companies with six to 50 workers began to be transferred with several hundred already carried out or approved.

Larger changes are in the works. Rodrigo Malmierca, minister of Foreign Trade and Foreign Investment, also signed a resolution creating the Foreign Trade Entrepreneurial Group—known by its Spanish acronym GECOMEX—holding company for some of the largest export and import firms. The resolution transferred direct control of a number of state-owned import and export companies away from direct ministerial control, including Alimport S.A., the agricultural trading entity, Cubazúcar, the sugar exporter, and Metalcuba, the scrap metal and steel exporter. Malmierca, no doubt anticipating where the future lies, will leave his post as minister to become the head of GECOMEX.

These changes follow similar moves which eliminated the Sugar Ministry, replaced with the Azcuba Group, and the creation of the Biofarmacuba Group for biotechnology and pharmaceutical production.

Murillo also hinted at changes aimed at attracting capital from abroad: “We know that the island must attract more foreign investment.” While short on details as to what this scheme would involve, Murillo did indicate that one target for securing investment money would be Cuban exiles and expatriates. Llanio Gonzales, consul in the Cuban Interests Section in Washington, D.C., met in July with several groups of Cubans in Miami who have been lobbying against the embargo, likely in the hopes of enriching themselves through the employment of low-paid Cuban labor.

In fact, the Cuban Communist Party’s (PCC) hope is to transform the island into a low-wage platform for the region’s capitalist powers as well as the largest banks, while using its monopoly on political power to secure for itself a role as junior partner in the exploitation.

No doubt a large role is envisioned for the newly upgraded port at Mariel. The \$900 million port expansion has been

financed by a \$640 million loan from Brazil, and engineering has been provided by the giant Brazilian conglomerate Odebrecht. Cuba is trying to position Mariel as one of largest industrial ports in the Caribbean, and the expanded port will be capable of handling the larger container ships that are expected to pass through the Panama Canal when the latter is expanded in 2015.

A key element of the port, owned substantially by the Cuban military—which Raúl Castro headed for many years—is its designation as a Special Development Zone, essentially a free trade zone, operating under a special customs arrangement. Factory facilities already exist in the port zone and will be allowed to engage in production for both the national and foreign markets and enjoy a minimum of regulation and government oversight. The first Brazilian company to open a facility is the glass manufacturer Fanavid.

The port itself will be managed by PSA International, the Singapore-based international port operator, and the zone will also include a golf course, no doubt to aid in the hammering out of deals among the financial elite.

Besides engaging Cuban workers in low-paid manufacturing on the Chinese model, the Cuban elite also hopes to “export” its low-wage workers themselves, utilizing them abroad in the same manner in which it has used doctors and other medical professionals for a number of years—by selling their labor at market rates abroad and paying them on a Cuban scale while pocketing the difference.

The Cuban construction ministry MICONS attended a Spanish construction fair May 21-24, offering its services abroad, including project management, technical assistance, and contracting of skilled labor. Earlier that month, Malmierca spoke at a meeting of the Council of Ministers, claiming that the export of services had become the primary source of foreign currency and that the island’s workers represent “great potential for continued increases.”

The far-reaching economic and social transformations being carried out have been accompanied by changes in the make-up of the upper echelons of the PCC. In many cases, long-time associates of Fidel Castro are being removed in favor of figures with closer ties to Raúl Castro. During a plenary session held on July 1, the PCC ousted five members of the Central Committee. Among them was Ricardo Alarcón, who had headed the Cuban National Assembly for two decades, and had also served as a diplomat.

These changes in the ruling layer of the PCC are intended to get rid of those who Raúl Castro did not see as being in line with his plans, i.e., the continued dismantling of the nationalist reforms and privatization of state-owned enterprises, as well as closer integration with world capitalism.

At the same time, Raúl Castro is being entrusted with carrying out these far-reaching changes due to his long-time association and control of the military, an institution which will be an important component of the Cuban elite’s plans to

maintain their political and social dominance over the working class.

In a recent speech before the National Assembly, Castro noted that the country had “regressed in culture and civility,” citing such evidence as the construction of buildings without permits, the cutting down of trees, gambling, bribery, hoarding, vandalism, public drunkenness, the public slaughter of animals for food, and other social ills.

Castro’s noting of the regression in culture and civility is an expression of intense worry about the social powder-keg that has built up in the country. Since the 1990s, much of the population has been living in fairly dire circumstances, with a great increase in inequality building up between those with access to dollars through connections with the party bureaucracy, athletics or cultural activities, or jobs in tourism, and other workers who must spend basically their whole monthly income just on necessities.

The regression itself is the result of the fact that the petty-bourgeois nationalist Castro regime has failed entirely to develop the productive forces in a scientific or coordinated way, leaving want generalized. Cuban workers are forced into all sorts of compromises with legality to meet their basic needs and feel alienated from the government, which does nothing for them, and which hands out favors to connected insiders.

This social reality confirms the long-held analysis of the International Committee of the Fourth International, that Cuba is not a workers’ state, and never underwent a socialist revolution. Rather, the social measures enacted by the Cuban regime half a century ago merely represented one of the more radical variants of bourgeois nationalism among the regimes that came to power in the former colonial countries during the post-war era.

These measures are now being abandoned by the Cuban elite in the manner of casting off a worn-out suit.



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