

**THE DECEMBER 2011 HAVANA WORKSHOPS:  
Reflections of Canadian Co-operators on Cuba's  
Economic Transformation and Decentralization**



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Cuban Revolution and Socialism



Cuba's Special Period...



Cuba's new cooperative path



International significance



Havana Workshops Dec 2011  
Our Impressions

**CUBAN REVOLUTION AND SOCIALISM...**





**Jose Marti**  
(1853-1895)

**Cuba's National hero**

philosopher, poet, essayist,  
journalist, professor,  
publisher, revolutionary

## REVOLUTION 1959:

- Socialism
- Land Reform
- Alliance with FSU resulted in large state farms
- Formation of agricultural cooperatives

CPA's and CCS's

- Economy driven by sugar
- Educated population
- High standard of living



## CUBA'S SPECIAL PERIOD...



## Collapse of Former Soviet Union 1990

- Economy thrown into darkness
- Shortage of energy, food, basic materials
- US tightened economic noose
- How to produce food in countryside?
  - ✓ without chemicals and pesticides
  - ✓ without fuel and tractors
  - ✓ revert to traditional methods
- How to produce food in the cities?
  - ✓ Organoponicos





**TODAY**

**Cutting edge practices...**  
Bio-controls replace chemicals

**Only nation to achieve sustainability based on ecological footprint and social development index (WWF)**

**World leader in organic agriculture (1999 Right Livelihood Award Sweden)**

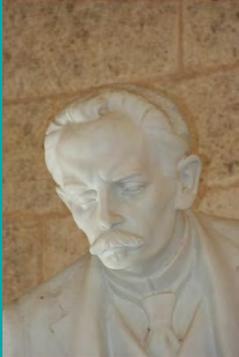
**Strong relations with Canada (uninterrupted since 1946)**

## Sustainable Economics

# Co-operation



## Los Lineamientos: Cuba's new co-operative path



**While not a socialist construct, cooperatives are a natural economic choice for a socialist society because they embrace the values of social equity and justice from the bottom up...**

**The same values embraced by the Cuban Revolution and the writings of Jose Marti.**



Under Raul Castro, the Cuban government has mandated strong openings for worker-owned coop engagement in the non-state sector.

Their importance and main direction is socialism, social ownership, limited privatization and cooperatives.

- **April 18, 2011: Lineamientos**  
*6th Congress Communist Party*
- **Transition to co-op**  
*worker control*
- **Begin with agriculture -**  
*create 2nd tier co-ops*
- **Production co-operatives**  
*appropriate form for organizing labour in a socialist society*




*“Today, more than ever, the economic battle is the main task and the focus of the ideological work of the cadres, because the sustainability and preservation of our social system depend on that.”*

RAÚL CASTRO RUZ  
Ninth Congress, Cuban Young Communist League,  
April 4, 2010

**LOS LINEAMIENTOS:**

Comprehensive Guidelines:

1. economic management policy
2. macroeconomic policy
3. external economic policy
4. investment policy
5. science, technology, innovation & environment policy
6. social policy
7. agro-industry policy
8. industry and energy policy
9. tourism policy
10. transportation policy
11. construction, housing & water resources policy
12. trade policy



Six of these policy statements have specifically to do with widening the opportunity for cooperatives as a form of non-state enterprise to help deliver the socialist objectives of human development, equity and social justice called for by Jose Marti and embedded in the tenets of the Cuban Revolution.

- ✓ Subordination of capital
- ✓ Labour rightful owner of income
- ✓ Fair income distribution
- ✓ Social security
- ✓ Provision of basic necessities  
food, shelter, health, education



LOS LINEAMIENTOS – Chapter I Management Model

25. Grade 1 cooperatives shall be established as a socialist form of joint ownership in various sectors. A cooperative is a business organization that owns its estate and represents a distinct legal person. Its members are individuals who contribute assets or labor and its purpose is to supply useful goods and services to society and its costs are covered with its own income.

26. The legal instrument that regulates the cooperatives must make sure that this organization, as form of social property, is not sold or otherwise assigned in ownership to any other cooperative or any non-State organization or any natural person. V



LOS LINEAMIENTOS – Chapter I Management Model

27. A cooperative maintains contractual relations with other cooperatives, companies, State-funded entities and other non-State organizations. After satisfying its commitment with the State, the cooperative may pursue sales operations free from intermediaries and in accordance with the business activity it is authorized to perform.

28. Subject to compliance with the appropriate laws and after observance of its tax and contribution obligations, each cooperative determines the income payable to its employees and the distribution of its profits.



LOS LINEAMIENTOS – Chapter I Management Model

29. Grade 2 cooperatives shall be formed and the partners of which shall be Grade 1 cooperatives. A Grade 2 Cooperative shall represent a separate legal person that owns assets. The purpose of this cooperative is to pursue supplementary related activities or conduct operations that add value to the goods and services of its partners (such as production, service and marketing operations) or carry out joint sales and purchases for greater efficiency.



**LOS LINEAMIENTOS – Chapter VII Agro-industrial Policy**

180. Make sure that the management of the different forms of cooperatives is autonomous and agro-industrial service cooperatives are formed at local level.

200. Develop a comprehensive training plan in keeping with structural changes. The purpose of this plan will be to train and re-training managers and workers in the fields of agronomy, veterinary medicine, industrial and food technologies, economics and business management. This plan must also cover cooperative and environmental management.



**Los Lineamientos and International Cooperative Principles**

1. **Voluntary and open membership.**  
(Guidelines 25 and 29)
2. **Democratic Member Control.**  
(Guidelines 25 and 27)
3. **Economic participation of members.**  
(Guidelines 25 and 27)
4. **Autonomy and independence.**  
(Guidelines 25, 27, 28 and 180)
5. **Education, training and information.**  
(Guideline 200)
6. **Cooperation among cooperatives.**  
(Guidelines 27, 29 and 180)
7. **Commitment to the community**  
(Guidelines 25 and 180)

Seven co-operative principles:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training, and information
6. Co-operation among co-operatives
7. Concern for community



**International Significance**



	<b>CAPITALISM</b>		<b>SOCIALISM</b>
Private Ownership as means of production		Production process integral part of social process	
Sovereignty of capital		Sovereignty of Labour	
Material incentives to drive behavior of “rational” economic beings		People as complete human beings	
Labour resource of production		Capital is resource in production	
Social function: charity		Values of humanism, equity, equality and solidarity	

### CAPITALISM vs SOCIALISM

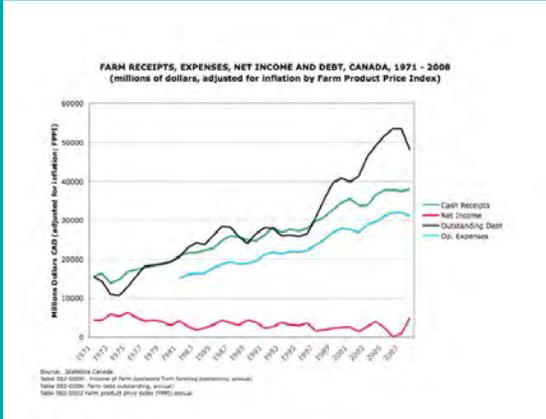


- Coops in a capitalist country are *quite different* than coops in a socialist country.
- With exception of China and Vietnam (distinct and disconnected from USSR) NO socialist economy in transition (post 1989) has made a concerted effort to remain socialist...
 

*(Why Cuba does not want to be termed 'in transition' but rather they are transforming, or reforming their socialist economy.)*
- Transition economies all deliberately moved to outright capitalism, but selling of assets to employees was a (small) part of their privatization efforts for a number of reasons - none ideological.
- Employee-ownership is still marginally present in some countries; none of them introduced a co-operative economy...



### Earlier speakers mentioned problems farmers are having in Canada under the free market system; here is the evidence:



**FARM RECEIPTS, EXPENSES, NET INCOME AND DEBT, CANADA, 1971 - 2008**  
(millions of dollars, adjusted for inflation by Farm Product Price Index)

Source: Statistics Canada  
Table 262-0001 - Income of Farms (seasonally from farming operations, annual)  
Table 262-0002 - Farm debt outstanding, annual  
Table 262-0003 - Farm product price index (1992=100) annual



### SILENTLY,

Canada's farmland is being bought up by foreign investors as farmers leave the sector...

\$100 billion global capital funds targeted for farmland

120 funds

CANADA PRIME TARGET

## Food is the new oil...

### CUBA'S BRAVE NEW PATH...



- ✓ Cuba could be the first nation to get this right.
- ✓ Without mountainous foreign debt to the World Bank and IMF that has constrained the sovereign choice of others, Cuba is relatively free to walk her own path.
- ✓ And without a capitalist sector, Cubans are more likely to consider worker and producer co-ops, for example, as a real option, not just a way-station on the road to capitalism.
- ✓ Because agricultural co-operatives have a long tradition of working well in the Cuban economy, farmers will lead the way down this wider co-operative path - joining to form "second tier" co-operatives to provide, for example, further-processing, value added services to the members.

**Havana Workshops Dec 2011**  
**6<sup>th</sup> Principle & International Support**



**MY MOTIVATORS:**



- ✓ The purpose of the **HAVANA WORKSHOPS** was to convene co-operative champions/thought leaders to understand what is happening here and share ideas and networks to support its success.
- ✓ Is there resonance?
- ✓ if so, how can the international cooperative movement support? (6<sup>th</sup> Principle)
- ✓ identify potential path for co-op engagement.

**WORKSHOP PARTICIPANTS:**

<u>CANADA</u>	<u>USA</u>	<u>SCOTLAND</u>
Ron Fox*	Jeffrey Bessmer*	Robert Yuill*
Stephanie Guico*	John Eichholz	
Judy Haiven*	Patti Waters	
Larry Haiven*		
Wendy Holm*		
Sonja Novkovic*		
Paul Paruch*		
John Restakis,		
Marcelo Vieta		

\* MMCCU Saint Mary's University

**WORKSHOP PRESENTERS:**

**MONDAY: Placing Cuba in Context**  
 Gregory Biniowsky  
 Miguel Coyula

**TUESDAY: Co-operatives and Socialism**  
 Camila Piñeiro Harnecker  
 Beatriz F. Diaz  
 Ovidio D' Angelus  
 Humberto Miranda Lorenzo

**WEDNESDAY: Agriculture – the First Co-op Stage**  
 Pablo Fernández  
 Manuel Alonso Padilla

**THURSDAY: Walking the Walk –The PALMA Project**  
 Carlos Arteaga  
 Mavis Dora Alvarez

**CHALLENGES**



- ✓ How to ensure co-ops NOT perceived as a way-station on road to capitalism...
- ✓ How to best achieve autonomy within a socialist model
- ✓ Agriculture: common understanding/capacity (too soon = failure = setback)  
**PALMA PROJECT**
- ✓ Creating a legal framework with appropriate safeguards common asset ownership; poison pills
- ✓ Education and awareness of coops from ground up
- ✓ Ensuring incubation support

**FRIDAY: Observations and Next Steps**



**1. SUPPORT AND CONFIDENCE A+++**

*"Listening to your approaches this week, I feel you have addressed all the barriers..."*

*"I feel you have studied the Cooperative Principles very thoroughly and correctly translated them to your system, applying them in a Cuban context"*

*"Los Lineamientos provides a vision/view of the future and that is very important."*

*"In my experience, I have never seen a more thorough approach to rolling out a cooperative model. Very intentional, very well resourced, well thought-out and broad based. Obviously the entire country is involved. That is very impressive to me. And I want to congratulate you for your hard work and your effective planning – it is very competent and in my opinion very powerful."*

*"You are doing the right thing."*

**FRIDAY: Observations and Next Steps**



**1. SUPPORT AND CONFIDENCE A+++**

*"Coops that we have studied and are familiar with - the very successful ones – all began just as you have: with education."*

*"Seeing how you have developed the training and university programs is very impressive and exciting and shows that so many people in so many places are dedicated to making the cooperative movement strong, to helping it reflect on itself as it grows, as it begins, and being very intentional in making it successful. I wish very much that we had this in the United States."*

*"There is complete consensus around this table that we are very impressed. What Cuba is doing is very important not only to Cuba but to the rest of the world...."*

**FRIDAY: Observations and Next Steps**

**2. BEST PRACTICES AND LESSONS TO BE SHARED**

- ✓ *Sharing of information, peer support*
- ✓ *Conferences of Coops*
- ✓ *Ongoing development assistance (Canadian Worker Coop Federation: coop metrics; diagnostic tools to measure degree of "cooperativeness" - Coop Index)*
- ✓ *Sustainability Score card – measures adherence to 10 principles and values (quick assessment)*



**FRIDAY: Observations and Next Steps**

**3. INTERNATIONAL NETWORKS**



*"Tell us what you need and how we can help..."*

- ✓ ICA Americas Research Group meet in Cuba?
- ✓ SSHRC (Social Sciences and Humanities Research Council)
- ✓ IDRC has funding for exploratory network collaboration between Latin America and Canada; Cuba is an approved country.
- ✓ Encourage SOCODEVI and Desjardins to come to February Conference
- ✓ Sharing of technical assistance between coops in Canada and Cuba

**FRIDAY: Observations and Next Steps**

**4. CAPITAL**



*"Importance of social capital for development and sustainability of coops is critical in a capitalist economy."*

*"In Cuba, It is the state that has the function and they are doing a good job. (ref. Cuba's achievements on human development)."*

*"So the question remains: how are Cuban cooperatives going to find financial capital? And you may find your own solutions, for example some creative ways of securing funding for cooperative development? "*



*"e.g. Italian/Spanish model where you have to save a certain percentage within cooperatives that will be used for coop development. Or put aside more of the profit for indivisible reserves for development of the cooperative sector (not just for the particular coop)?"*

**FRIDAY: Observations and Next Steps**

**5. TIER TWO**



**Scottish Agricultural Organizations Society:**  
 105 year old Tier Two Coop  
 80 coops  
 \$3.5 billion turnover a year.  
 45,000 members/15,000 farmers  
 (each on average a member of 3 coops)  
 a lot of support for new cooperatives  
 case studies, hands on assistance,  
 two years to start up, +3 more years support  
 support for coops with problems  
 education and training support  
 coop manager support  
 managers groups  
 board support  
 conduit to government – keep coops separate  
 Legal structure important

**FRIDAY: Observations and Next Steps**

**6. COOP MODELS IN OTHER SECTORS**



- ✓ social coops (Solidarity coops) municipal partnership to deliver social services (health, education)
- ✓ housing coops (new construction, repair and maintenance of existing housing stock)
- ✓ construction materials
- ✓ restaurants, food services
- ✓ transportation
- ✓ artists
- ✓ support for ecology/ sustainable practices – e.g. organic/urban agriculture – for domestic, tourist, export demand
- ✓ servicing small business (marketing, distribution...)
- ✓ "Rings" –members provide services to others (SAOS)

FRIDAY: Observations and Next Steps



7. PERMANENCE THRU CARROTS AND STICKS: INDIVISIBLE RESERVES

in a capitalist country – two demutualization threats: members and predatory capitalist firms

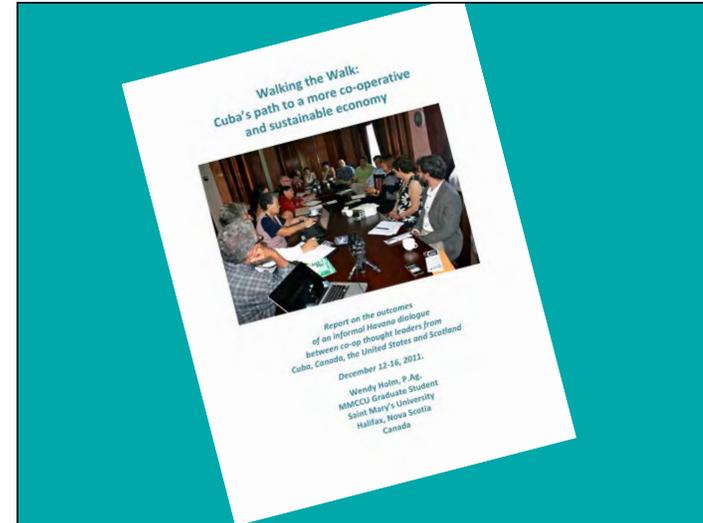
carrots and sticks: incentives and disincentives (poison pills) and continual member education to prevent demutualization.

Not sure how this applies in Cuban context.

Cuba is in a fortunate position to be writing the legislation and can plan for this.

Is it a social asset or a member asset? If former, members have no right to exploit work of past to benefit themselves)

Build system so retiring members do not need to sell their shares for retirement. (Mondragon example of individual profit accounts)




*Esta  
humanidad  
tiene ansias  
de justicia...  
Fidel ...*




**WE ALL  
HAVE A  
STAKE IN  
CUBA'S  
SUCCESS**





***PRINCIPLE 6:  
International  
cooperative  
community  
needs to  
support  
Cuba's brave  
new coop  
path...***

Wendy Holm, P.Ag.

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