

# Cuban Cooperatives Advance, Diversify

BY JOHN EICHOLZ AND PATTI WATERS

**W**e were lucky to be invited by Wendy Holm, a Canadian agronomist, to attend a conference on cooperative development in Cuba. In her words, this conference grew out of the nexus between her work with Cuban farmers, most of them in cooperatives, and the Cuban government's new guidelines to cooperatise their economy. Her brochure read in part:

"If Cuba is successful in evolving to a more cooperative economy, this will not only improve the ability of Cuban economy to best meet the needs of her people, but also add a very strong link in the global cooperative chain. Cuba is about to step forward on a new cooperative path. In its Sixth Congress last April, the Cuban Communist Party committed to a transition from state socialism to cooperative control in many sectors of Cuba's economy. Intriguingly, Cuba could be the first nation to get this right. Coming from a socialist background, cooperatives are a good fit. 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 waystation on the road to capitalism. In short, Cuba is well positioned for a successful transition to a more cooperative economy."

The proposed content of the conference bore a strong resemblance to goals of our own co-op (Franklin Community Co-op in western Massachusetts): building a strong local cooperative economy, and developing local economic sustainability, in the face of rapid change and turmoil in the world around us. In the spirit of cooperation among co-ops, we decided to attend.

Our group was composed mostly of faculty and students of the MMCCU (Master of Management—Co-operatives and Credit Unions) program of St. Mary's University in Halifax, Nova Scotia. The program met the criteria for a U.S. general license to travel to Cuba, allowing us as Americans to participate. Our purpose in going was to understand Cuba's advancement of global cooperation and to assess and assist. We were excited about all we could learn and what we would share.

## A beautiful city in transition

Havana is an incredibly beautiful city, more European than you might imagine. It was the



A UNESCO World Heritage site, Old Havana buildings are prioritized for restoration as Cuba looks to tourism as a source of hard currency.

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original hub of Spanish trade with the Americas and rivaled European capitals for amenities in the colonial era. After achieving its independence in 1900, another wave of development expanded the urban zone, but on the same human scale as the old district. After the revolution in 1959, difficulties with trade and an isolated economy, as well as the government priority to develop and provide housing and basic services for all throughout the countryside, have led to a lack of resources to maintain Havana's buildings.

Some areas have been recently restored, but most have lacked maintenance for decades. Marble staircases lead you to huge rooms with crumbling walls. Bathrooms are palatial but may have no plumbing or toilet seats. Beautifully restored apartments are sometimes side-

by-side with unmaintained ones, reflecting the owners' access to foreign remittances. We paused for coffee breaks, drinking from ceramic cups and saucers—we did not miss the disposables so common in America.

## A cooperative future

The future of the Cuban economy will be modeled on cooperatives. Our days were filled with fascinating presentations by several of Cuba's cooperative champions and thought leaders. The presenters ranged from academics to city and state officials and representatives of civil agencies working in agricultural cooperative development. They painted a compelling picture of a society with a deep reservoir of social capital and a desperate need for economic innovation, seeking to use cooperatives as a way forward.

Our conference began with an overview of Cuban society, putting into context the many challenges facing the Cuban economy after the fall of the Soviet bloc (1989–90) and the continuation of the U.S. trade embargo. With a 35 percent drop in GDP and a lack of agricultural



Alamar UBPC, a large hybrid cooperative that is self-governed by its 150 workers, sells its produce to the state as well as at farmers markets.

inputs, the breakup and failure of the large state farming system ensued. This led to large disruptions in the agrarian workforce and balance of trade.

### Hybrids, distribution, and worker co-ops

Driven by the necessity to maintain one of “the pillars of the revolution”—adequate food production for all—a creative response was to increase the number of hybrid cooperatives (UBPC) working on the idle land to produce food primarily for state distribution. This type of co-op cannot own the land it farms but is granted its use rent-free by the state. They generally sell a large amount of their produce to the state under contracted pricing. However, worker-owners are allowed to self-govern their business, and these cooperatives can choose their own way to allocate profit.

A visit to a large UBPC in Alamar confirmed both the highly effective farming practices in use and the degree to which co-op self-direction and trade liberalization were occurring in practice. This particular co-op had 150 employees

and produced a wide variety of food for distribution to state outlets, farmers markets, and direct sales. UBPC cooperatives have developed on their own a system of shares, earned by longevity, in which all profits after reserves are distributed on a biweekly basis, the distribution being in addition to members’ government salary.

Postrevolution Cuba has always had supply and distribution co-ops (CCS) for independent small farmers. These co-ops generally acted as clearing houses for state-allocated inputs and distribution. In 1975 began the formation of pooled resource farm co-ops (CPA) operating as worker cooperatives. In these co-ops, farmers grant or sell their own land to the co-op and then farm the land under cooperative ownership. The UBPC co-ops described above are the third type of agricultural co-op in Cuba today. Combined, such co-ops work about three-fourths of the farmed land in Cuba.

All of these cooperatives are set to benefit from changes in official economic policy, as summarized in the *Liniamientos* or guidelines that emerged from a recent Communist Party

Congress. These guidelines were cited repeatedly as evidence of the official direction of government policy.

### More changes to come

Currently, all types of co-ops are formed under specific terms by the state, and many of their inputs and markets are subject to allocation. The changes under development would create open markets for agricultural inputs and sales of farm produce and create a unified legal structure authorizing co-ops as a (socialist) form of business. Cooperatives could then form producer co-ops for agricultural inputs, building supplies, transportation and social services, as well as consumer co-ops throughout the economy.

We learned that you cannot talk about the Cuban economy without talking about socialism, whose goal was described to us as the full or integral development of all human beings. This was made eminently clear to us as each presenter spoke to us about how their project was compatible with socialism and helps build on the socialist principles of the Cuban project. ►



In addition to state wages, workers at Alamar UBPC earn shares based on years of service. Profits are distributed every two weeks (photo) on a per-share basis, after allowance for reserves.



Ice cream and flan at a café in Old Havana. In support of the tourism industry, the culinary scene is professional and world class, and *cuenta propistas* (privately run restaurants) form part of a network involving direct purchases from cooperative urban farms.

◀ Camila Piñeiro Harnecker, professor and researcher with the Center of Studies of the Cuban Economy, University of Havana, is a Cuban theorist of cooperatives and socialism. Harnecker presented a detailed analysis of the areas of alignment between cooperative and socialist principles: co-ops are suited to democratic management and an orientation towards broader social interests, portrayed as the use of a social logic to guide exchange relations rather than a market logic.

Thus, co-ops can act as a social form of property. Important principles seen in regard to the economic advantages of co-ops are the decentralization of businesses for greater productivity and innovation, while maintaining local control and worker self-management for the development and fulfillment of humane social relations. Harnecker also spoke about the risks

to socialism presented by cooperatives if they fail to live up to their promise and described a mitigation strategy that includes coordination, regulation and incentives. The concept of cooperatives as both association and enterprise played a large role in resolving these risks.

### Assessment: co-op or co-opt?

Of most interest to us was the presence of a strong educational emphasis, addressing the perceived need for education about co-ops. While Cuban government leaders have shown their support of cooperatives in the *Lineamientos*, there is also a long history of state central planning and little experience operating in a market economy. People's subjective response (understanding and opinions) concerning co-ops is seen as a barrier to advancement as well. If many more co-ops are to form

quickly, formal training and support can help them succeed, and by providing the training locally, central planning and control can be relinquished. This challenge is being met by a very thorough educational program, the "La Palma Project."

We heard from Mavis Dora Alvarez, founding member of ANAP (national small farmers organization) and Carlos Artega, a Cuban economist and member of ACTAF (Association of Agriculture and Forestry Technicians), who were key architects of this program. Alvarez and Artega began their work with a study of the cooperative principles in relation to Cuban society and the many needs of new cooperative farm businesses. This included the history of cooperatives and cooperative principles, the role of cooperatives in improving the economy and the environment, principles of self-government and social relations, and the legal structure of co-ops.

They developed a program to train municipal groups to deliver this training to co-ops. As a pilot, they formed and trained local teams in five municipalities. Outcomes observed so far include an increased involvement by women in cooperatives and an increased interest in managerial training, as well as increased interest in forming new cooperatives. This spring, they will be conducting their first municipal cooperative trainings, as well as reviewing the training materials prior to expanding the pilot. All this in one year! We have never heard of a more thorough cooperative educational program conducted at this scale.

In the process of addressing legal concerns, we see that Cuban theorists and cooperative leaders are going back to the co-op principles to guide them, but they've also been very

### References and links

Economic and Social Policy Guidelines for the Party and the Revolution (*Lineamientos*): [www.walterlippmann.com/pcc-draft-economic-and-social-policy-guidelines-2010.html](http://www.walterlippmann.com/pcc-draft-economic-and-social-policy-guidelines-2010.html)

Links to reports by Wendy Holm, and an article about our trip:

- Presentation to the University of Havana Co-op Conference, February 2012. "The December 2011 Havana Workshops: Reflections of Canadian co-operators on Cuba's Economic Transformation and Decentralization." [www.theholmteam.ca/HOLM.Univ.Havana.2012.pptx.pdf](http://www.theholmteam.ca/HOLM.Univ.Havana.2012.pptx.pdf)
- "Walking the Walk: Cuba's Path to a More Cooperative and Sustainable Economy." Report on the outcomes of an informal Havana dialogue. [www.theholmteam.ca/HAVAVA.WORKSHOPS.Dec.2011.pdf](http://www.theholmteam.ca/HAVAVA.WORKSHOPS.Dec.2011.pdf)
- "There are many lessons to be learned here..." *The Havana Reporter*, Feb 17, 2012 [www.theholmteam.ca/Havana.Reporter.Feb.17.pdf](http://www.theholmteam.ca/Havana.Reporter.Feb.17.pdf)

A society with a deep reservoir of social capital and a desperate need for economic innovation seeks to use cooperatives as a way forward.

careful to look for the challenges this will create for socialism and ways to resolve them. At first glance, socialism and cooperatives may seem incompatible, but our conclusion was that cooperatives can be compatible with both capitalistic and socialist forms of society. Cooperatives are not a political construct but an economic and social one, and their goals are universally acceptable.

**Alone we go faster, together we go farther**

The benefits of our visit were realized at once by our bringing together Cubans who had not previously come together as a group. Those networks were deepened and strengthened in the following months.

In February 2012, the paper published by Wendy Holm about our conference was presented in Havana at a conference of Cuban and

Canadian economists. The awareness of the Canadian government was advanced when our group presented our findings to the Canadian ambassador. Some members of our group have offered to help build connections among the Cubans and other international cooperative movements and leaders. We were glad to be able to assist in their process in a way that is appropriate to advance cooperative development in a decentralized manner and to foster new international efforts towards cooperative development.

The La Palma Project has adopted the slogan *Solos vamos mas rapido. juntos vamos mas lejos*—which translates as, “Alone we go faster, together we go farther.” In a rapidly changing society experiencing huge pressures to adopt a capitalist model, cooperatives in Cuba are positioned to provide the best balance of economic development and social equity. ■



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