Walking the Walk:
Cuba's path to a more co-operative and sustainable economy

Report on the outcomes
of an informal Havana dialogue
between co-op thought leaders from
Cuba, Canada, the United States and Scotland

December 12-16, 2011.

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TABLE OF CONTENTS

INTRODUCTION 1

PURPOSE 1

BACKGROUND 1

OVERVIEW OF THE WORKSHOPS 2

MONDAY – Placing Cuba in Context 2

GREGORY BINIOWSKY 2
Los Lineamientos 3
How Cuba Survived the Special Period 3
Change and the Cuban Economy 4
New Openings 4
Flexibility of the Cuban System 4
External Enemy to the North 4
Civil Society 4
Democracy 4
Demographics 4
Political Survival 5
Lessons to Understanding Cuba 5
Potential Scenarios 5
Considerations 5
Challenges 6
Assets 6

MIGUEL COYULA 7
History 7
Priorities of the Revolution 7
Housing After the Revolution 8
Havana's Housing Situation Today 8
Social Stratification 9
Trends in New Construction Following the Revolution 9
Havana Today 10
Emigration 10
Transformations and New Scenarios 11
Tourism 11
Updating the Model 11
Glimpse to the Future 11
The Only Animal that Stumbles Twice on the Same Stone 12
Discussion 12

TUESDAY – Cooperatives and Socialism 14

CAMILA PIÑEIRO HARNECKER 14
Defining Main Concepts 15
Current Situation of Cooperatives in Cuba 15
Legal Framework Within Which Coops Operate 15
Evolution of Cooperatives in Cuba 16
Expected Role of Cooperatives in Cuba 17
Sustainability of Cooperatives for Building Socialism 17
Risks of Cooperatives in Cuba 18
Potentials of Cooperatives for Building Socialism 18
Importance of Democratic Management of Enterprises 18
Necessity of Orienting Enterprises Towards Socialism 19
Final Considerations 19

BEATRIZ DIAZ 20
Agricultural Cooperatives 20
Cooperatization of State Owned Farms and the Creation of UBPC's 20
Current Situation 20
Challenges 20
Our Approach 21
Theoretical Approach to Teaching 21
Theoretical Approach to Research 21
New Challenges 22
What We Have Done To Answer to These Challenges 22
Facing the New Challenges 22

OVIDIO D´ANGELO HERNÁNDEZ 23
Context 23
Challenges for Self Managed Processes and Self Organizations Within Complex Social Networks 23
Challenges of Associated Self-Management Forms 24
Issues 24
Community Spaces And Self-Managed Forms Of Social Production 24
Self-Organization Processes In The Context Of Community Transformation 24
Hetero-Orgnaizational Processes 24
Social Self-Organizational Processes 25
Social Self-Organization And Complex Intentionality 25
Social Self-Organization and Complex Morphogenetic Processes 25
Integrative Autonomy (AI) 25
Social Transformation. Its Possibilities In Communities 25

MARCELO VIETA 26
Argentina's Worker-Recuperated Enterprises- Lessons For Cuba 26
Summarizing ERTs' Social Innovations 28

WEDNESDAY : Agriculture: - The First Coop Stage 29

PABLO FERNANDEZ 29
The Role of Agriculture in the Cuban Economy 29
Changes in the Structure of Land Tenure 29
Current Agricultural Policy Principles (Los Lineamientos) 30
Principles of the New Planning Approach 30
Premises for Undating the Economic Model 30
Cooperatives in the Agricultural Sector:
Contribution to National Production 31
Factors Affecting Results 31
Cooperatives and their Role in Updating the Cuban Economic Model 31
Los Lineamientos and the International Coopertive Principles 32

MANUEL ALONSO PADILLA 33
Sugar Agro-Industry in Cuba - Changes in the Sector
During Last 50 Years 33
Cuba's Sugar Industry in the Special Period 33
Re-engineering Cuba's Sugar Sector 33
Social Impacts 34
Production Impacts 35
Structural Changes 35
Results of the Reconversion 35
Sugar Sector Today 35
Discussion 36

THURSDAY - Walking the Walk –The PALMA Project 37

CARLOS ARTEGA 37
The Palma Project 37
Stages 39
Outcomes of Diagnosis 39

MAVIS DORA ALVAREZ 42

FRIDAY: Observations and Next Steps 44
Support and Confidence 44
Best Practices And Lessons To Be Shared 45
International Networks 48
Capital 50
Tier Two 52
Co-Op Models In Other Sectors 54
Permanence Thru Carrots And Sticks – Indivisible Reserves 58

SUMMARY: Observations and Next Steps 61
ANNEX A – Cohort Profiles
ANENX B - Presenter Profiles

Walking the walk: Cuba's path to a more cooperative and sustainable economy

Outcomes of an informal Havana dialogue between co-op thought leaders from Cuba, Canada, the United States and Scotland, December 12-16, 2011.

January 15, 2012

INTRODUCTION:

On April 18, 2011, the Sixth Congress of the Communist Party released Los Lineamientos ("the policies") – a set of comprehensive guidelines spread across 12 economic and social areas: 1) economic management policy, 2) macroeconomic policy, 3) external economic policy, 4) investment policy, 5) science, technology, innovation and environment policy, 6) social policy, 7) agro-industry policy, 8) industry and energy policy, 9) tourism policy, 10) transportation policy, 11) construction, housing and water resources policy and 12) trade policy. The document opens with the following quote:

> *"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."*
>
> ARMY GENERAL RAÚL CASTRO RUZ
>
> Closing session of the Ninth Congress of the Cuban Young Communist League, April 4, 2010

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 objectives of social justice and equity called for by Jose Marti and embedded in the tenets of the Cuban Revolution.

PURPOSE:

The purpose of this paper is to present the outcomes of an informal discussion convened in Havana in December 2011 amongst cooperative academics and practitioners from Cuba, Canada, the United States and Scotland to considered the implications of this intriguing opportunity and support its success.

BACKGROUND:

Walking the Walk and Talking the Talk: Co-operative Workshops Series in Havana was organized as an "educational encounter" by MMCCU Graduate Student Wendy Holm, who as a Professional Agrologist has worked with Cuban cooperatives for over a decade. In her invitation to others to join the cohort, Holm wrote:

> *Cuba is about to step forward on a new co-operative path. In its Sixth Congress last April, the Cuban Communist Party committed to an evolution from state socialism to co-operative control in many sectors of Cuba's economy. 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. But there are some very interesting considerations. The purpose of this educational tour's workshops is to bring together co-operative champions/thought leaders in Havana to understand what is happening and share ideas and networks to support its success.*

At Holm's invitation, twelve co-operators from Canada, the USA and Scotland stepped forward (see Annex A) to be a part of the cohort. They were joined by ten Cuban colleagues (as presenters; see Annex B) and several more as observers.

Over the course of five days, discussions ranged from establishing the Cuban context, exploring the theoretical (socialism and cooperation in Cuba) and practical (Cuba's agricultural cooperatives) aspects and examining the steps now being taken to move this forward.

OVERVIEW OF THE WORKSHOPS

MONDAY: Placing Cuba in Context

After a welcome to the workshop series by convenors Wendy Holm, Mavis Alvarez and Carlos Arteaga, we opened with a lecture by Gregory Biniowsky on Cuba's history, politics, society and culture. And, most interestingly, why Cuba is choosing this exciting new path and how Los Lineamientos are impacting the country today. Following this, a lecture from Miguel Coyula on co-operation and Cuban society "from the ground up".

GREGORY BINIOWSKY[1]

Gregory Biniowsky opened the discussion by placing Cuba in context: where the economy was in the 1980's; the economic effect of the fall of the former Soviet Union on Cuba's economy and society, how Cubans adjusted to and survived the Special Period[2], and why this experience deepened the sense of social solidarity and cooperation within the Cuban society.

The Triumph of the Cuban Revolution (January 1, 1959) culminated for Cuba a century-long struggle for independence, first from Spain and then from the hegemony of the United States. When then the US imposed an economic blockade against Cuba in February 1962, the former Soviet Union was only too glad to became Cuba's major trading partner. For three decades, Cuba provided Soviet block counties with products (many agricultural – e.g. sugar, citrus, tropical fruits, tobacco, coffee) in exchange for most other consumer goods. Following the collapse of the former Soviet Union in 1991, Cuba's economy was thrown into darkness. As a result, Cuba was forced to transform her economy overnight. The first priority was food. Without the pipeline of tractors, tractor parts, farm equipment, petroleum, pesticides, herbicides, fertilizers and seeds, Cuba had to learn how to produce food in the countryside and – with little available fuel – also in the cities to feed the population. Cuba turned to tourism carefully controlled foreign investment (mining, tourism) from Canada and Europe to support its economy. One result of this was the creation, for the first time, of a social divide as some Cubans gained access to hard currency (remittances, black market, jobs in tourism) while others did not.

In large measure, the "fuel" that got Cuba through its Special Period was the resilience of the Cuban people. From the Soviet style factory farms of the 1980's, Cuba evolved in only a decade to a world leader in sustainable agriculture.[3] And, if successful in its current directions, about to become a leader in sustainable, cooperative economics.

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[1] Gregory Biniowsky: Gregory is a Canadian trained lawyer and political scientist who has spent more than 15 years living and working in Cuba. Originally from northwestern British Columbia, he came to Cuba in 1992. Gregory has taught politics and history at the University of Havana and provides consulting services to clients including the United Nations (UN Hurricane Recovery Program), the Canadian International Development Agency (Cuban Modernization of the State Fund and Community Development Fund), the Canadian Embassy in Cuba (Canada Cuba Fund for Local Initiatives) and Canadian companies establishing joint ventures in Cuba. Politically, Gregory defines himself as an "eco-socialist" who believes the future of socialism for the 21st Century will be found in grass-roots based economic models such as cooperatives and community owned enterprises.

[2] Special Period: The years of economic crisis and adjustment following the collapse of the former Soviet Union. Ongoing, although its severity has lessened.

[3] In 1999, Cuba received the Right Livelihood Award of the Swedish Parliament for world leadership in organic agriculture. More recently, Cuba was named the only sustainable nation by the World Wildlife Fund based on ecological footprint and social development index.

Los Lineamientos

Prior to being finalized, a drat of the document Los Lineamientos (The Policy Guidelines) was widely distributed throughout the country and a strong attempt was made by government to undertake a grass-roots consultation with the Cuban people in the crafting of this new economic model:

- Neighbourhood meetings and meetings in workplaces were held over several months. A good percentages of the guidelines were actually amended to reflect input from the population.
- Government will create new openings for small and medium sized private enterprises (from a very small percentage of the economy currently to a much larger role).
- This fits with pending layoff of 1.3 million government workers as it rationalizes its state enterprises.
- There will also be a gradual reduction in inefficient subsidies including food ration books and a search for new ways to fulfill social objectives.
- Regional decentralization – government will give more power to regional and municipal governments to establish their own priorities and utilize their local human and natural resources.
- Cubans now have the ability to buy and sell homes, cars.
- Though not yet official, there is an understanding that government is looking at encouraging cooperatives beyond the agriculture sector.

How Cuba Survived the Special Period

Aspects of the Cuban economy that have helped Cuban's survive the Special Period include:

- Even during the worst of the Special Period, there was a fierce commitment to the "pillars of the Revolution" that maintained access to universal education and social welfare.
- The Cuban Ration Book: Used to provide all food and some clothing, but currently provides perhaps 40% of monthly food needs for pennies of a Cuban peso.
- Remittances: unofficial access to hard currency – 70% have family members outside of Cuba that send money home. Estimated at $1 billion USD a year, mostly from Miami.
- Black market – leakage of goods and service from normal channels to unofficial, black market channels.
- Grey Economy – people working on weekend for additional income – e.g. engineer who works for State Enterprise Monday to Friday, and then fixing her neighbour's refrigerator on Saturday for extra income…
- Strong social fabric – within a family, even an extended family and often within a neighbourhood, available goods will always be shared with those that need it.
- Operation of state enterprises: a lot of state enterprises are run like pseudo private enterprises where pilfering (selling out the back door) is common. On the other hand, Cubans will often, with their own funds, purchase things to make the business work (for example employees in state restaurants buying fresh mint for your Mojito). Growing notion amongst the workers that 'we need to keep this operating; it is our livelihood".

Change and the Cuban Economy

New Openings: The new openings for private enterprise and legalizing the buying and selling of cars and homes will create a new wave of capital coming in via remittances. Some experts project this to grow from $1 billion to $4 billion a year. This will result in a huge influx of capital into Cuba, increasing issues of social cleavage but opening opportunities for a new cooperative sector.

Flexibility of the Cuban System: Another thing that has allowed Cuba to survive is that both the system and the people are innovative and flexible. The Cuban leadership knows that when it reaches a certain threshold it needs to make fundamental changes to survive – e.g. liberalization of hard currency in the 90's, opening of farmers markets, and now the new agenda for economic change just announced.

External Enemy to the North: And finally, one must understand the effect of the external enemy to the north - the United States. Fifty-three years of economic embargo and dirty tricks has created a David and Goliath situation that stokes nationalism. Many Cubans will complain about restrictions in their daily life and things in the system they do not agree with, but this doesn't mean they have abandoned their support for the Revolution. For most, the Revolution is a project – part of a much longer historical process. From 1959 to 1989, Marxist-Leninism was a tool to survive. But to Cubans, the Revolution is something much more "Cuban" that most of the western media portrays.

Civil Society: Despite those who dismiss it as a Stalinist society, civil society is certainly vibrant in Cuba. Cubans engaged in civil society want to promote their economic and social situation, but not by a frontal challenge with the government. Different from the "dissidents", much of Cuba's civil society operates at the NGO level. Cuban NGO's – many of which came into being in the early 90's - have respectful and pragmatic relations with government, and work together with them to find common ground, implement projects and effect change.

Democracy: Cuban Revolution has had to evolve under a state of siege for 53 years. No country is going to open itself up when it is under siege by a superpower 90 miles off its coast that has a pathological obsession to overthrow it. (Wayne Smith, de facto US Ambassador to Cuba during the last years of Jimmy Carter and the first years of Regan once wrote: Cuba has the same impact on US foreign policy as the full moon has on werewolves – they get completely irrational; it is a pathological obsession. Any country, when threatened, constructs walls to protect itself.[4] Amnesty International rates Cuba better on human rights when compared to a long list of countries we support (no systematic torture, no extra-judicial executions, no disappearances, etc.). Structures and mechanisms for Cubans to provide input to government are increasing.

Demographics: What happens after this generation of leaders dies? This will pose a challenge for Cuba, and why Raul feels he must make these changes while he is still around, because he realizes the relationship of the Cuban people to the second tier (younger) leadership would not be the same. Cuba is approaching a new generation of leaders and a younger population that does not remember the pre-revolutionary period. Many grew up in Special Period of chronic shortages. New expectations have emerged. The youth of today don't compare themselves to Mexico or Columbia or Jamaica but to first world countries. All the positive things the Revolution has created - housing, heath care, education, basic social and physical security (safe communities) – are taken for granted, they can't imagine them disappearing so they tend to focus on the things their cousins in Miami have. Of course the American dream is overblown and larger than life, but the myth persists. There are dozens of direct flights from Miami every week – 200,000 Cuban Americans visited their family members last year. Cubans are exposed to the outside word, and expectations are idealized because the benefits of Revolution are taken for granted.

[4] Much like Canada did when it interred Japanese during Second World War.

Political Survival: Political survival is mindset of government in making these changes…. When this term is used in the context of other countries, we think of some kind of clique of people who have benefitted from being power wanting to continue their privilege. But in Cuba, there is a sense of historical legitimacy with the present leadership (the generation of the Sierra). Cubans who went to the mountains and fought for the revolution have the respect of society. And there is a belief that these people have not been in power for their own benefit; Cubans see them as people who have a certain vision of society who for the past 55 years have tried to make that a reality and are not living a life of privilege. Not the sense of hatred or disrespect that definitely was a motivating factor in the Arab Spring and other countries where the gap between the leadership and the people was huge... This explains why Cuba was not the next domino to fall in the 90's. Although the leadership may be criticized for many things, it has at least remained honest and has not been materially corrupted. This sets Cuba apart from many other socialistic experiments and has given them the respect and patience and support of the Cuban people.

Lessons to Understanding Cuba

- Enormous impact of US relationship.
- Idealism of the Revolution: When Cuban troops went to Angola to fight off invasion from South Africa, they weren't sent by Moscow, but by Havana out of solidarity to their Afro-Cuban roots. Cuba has thousands of medical personnel around the world, influenced by sense of social justice, and not just to politically allied countries… For example, when Pakistan had it's earthquake in 2005, Cuba airlifted 2,500 medical personnel to assist.
- Cubans have this sense of exceptionalism that gives them this wonderful sense of audacity. It's this sense that a lot of Cubans have that they can do anything… "Give us the basics and we will make it work. We will show the world that socialism can be a viable model for the 21st century." This gives Cuba an advantage over other countries as it goes though the world's first mass attempt at cooperatization.
- Fidel's persona – idealism, stubbornness, view of internationalism and Cuba's role in it, driven by moral incentives – has definitely shaped Cuba. Raul more the pragmatist: how do we get things working now…?
- Cubans are entrepreneurial and innovative - just look at 1950's cars that are still running – will help as Cuba moves to a more cooperative economy.

Noam Chomsky speaks about the US doctrine of low intensity conflict: to defeat a country you don't have to send in the Marines, you can put them under high pressure for long enough and it starts to create deformations within the society. The fortress mentality is one of them. Imagine what might have happened if all the energy Cubans have put into defending and consolidating themselves against the stage of siege imposed by the US had instead gone into creativity and growing and experimenting? Cuba would be a very different country today.

Potential Scenarios:

- The US government wants to see an eastern European-style collapse. Don't think this is going to occur.
- Some project a Chinese-style conversion to capitalism. See this as more of a danger - Chinese capitalism is more savage than in Eastern Europe and North America.
- With no changes (status quo), government would have to take an increasing authoritarian role as people become fed up and disaffected.
- New phase of the revolution: towards cooperatives and market socialism – maintain socialist system but creatively use market mechanisms and incentives within the context of socialism.

Considerations:

- How sustainable is tourism if people are going to be flying less?
- Desperate search for alternative for capitalism – open to new, non-capitalist suggestions.

- Resistance of the bureaucracy to reform. Leadership very clear – they are changing the fundamental structure of the economy. But there are those in the bureaucracy that oppose change.
- Economic impact of returning non-political exiles. Growing number will want to return with capital and experience – how will they reabsorb into Cuban society?
- ALBA and trend to new trade relations in Latin America – the majority of which is centre-left and has an incentive to work closely with Cuba.
- Social cleavage will increase. Cubans that have money will buy new homes and cars – how will society come to terms with this?
- Hard line exiles in Miami are retiring and dying out. Kids don't have same axe to grind. This should change dynamics of Miami-Cuban relations.
- End of globalization will change the game.

Challenges

- Cuba has to develop law on cooperatives. This is in progress. External consultation will be useful here.
- Paternalistic state stifles initiative.
- Aversion to social differences – a challenge cause some cooperatives will fail and some will succeed –
- Under-developed credit system.
- Aversion to the market – more than ideological.
- Verticalism – government itself trying to change.
- Cultural influence from Miami will continue (entrepreneurial vs. cooperative spirit).
- Global economic crisis – may be positive for Cuba to create new cooperative models.
- Shortage of internal inputs and capital as it reinvents its economy

Assets:

- Strong social solidarity ethic
- Population very open and enthusiastic to cooperative model – the best of both worlds
- Highly educated population – highest in Latin America (it is said Cuba has 2% of Latin American population and 20% of its University graduates).
- The Cuban Leadership supports the whole notion of cooperatives and their extension beyond the agriculture sector.
- In search for alternatives to capitalism, Cubans very open to look at Latin America and other experiences
- Strong sense of community
- Strong nationalism – a collective spirit.
- Romantic tragedy? Perhaps romantic success… Cuba is saying we are going to be the standard bearers of socialism. We are going to save socialism. But if you look at Canada and Sweden – other countries are retracting from socialism to capitalism. But Cuba says it will do it. Again, it comes back to audacity.

MIGUEL COYULA[5]

Our second presenter, urban architect and planner Miguel Coyula rounded out our session on establishing the Cuban context. Below is an overview of his comments.

History:

Havana has historically been the most important city in Cuba because of its port. It didn't take the Spanish long to identify Havana's deep, protected bay as of key strategic and tactical importance to their colonial activities. Christopher Columbus made landfall in eastern Cuba and claimed it for Spain in 1492. In 1519, Havana was founded and shortly thereafter all ships travelling to and from Spain's colonies in South and Central America and the Caribbean collected in Havana bay. The building of Havana's infrastructure had begun.

The first priority was water, the second defense, and the third security. Development of Havana's water distribution system began in 1565 and was completed in 1592. The first solid fortress to protect the harbour from pirates was built in 1558. Still standing, it is the oldest in the Americas. Construction began in 1664 on a wall surrounding the city to protect it from inland attack. It worked until 1762, when Havana fell to the British after two months of siege.

By opening the port of Havana to ships from all countries, Britain put an end to the trade monopoly imposed by Spain that prevented Cuba from selling to other nations. Almost immediately, foreign ships began arriving in the port of Havana, increasing by tenfold during British occupation. For the first time, ships leaving Havana were heading for North America, which gradually became a more important trade route than Europe. But British control of Havana was short lived. Within the year, yellow fever caused the Brits to reconsider and – in negotiations with Spain – swapped Cuba for the peninsula of Florida.

These influences are all echoed in Havana's architecture – from the baroque palaces of the mid 18th century to the neoclassical influence of the late 19th century (when Cuba produced one-third of the world's sugar production.

Rapid expansion of the sugar industry created a new class of wealthy Cubans who identified as "criolls" to differentiate themselves from "the penisulares" - those born in Spain. Criolls spent money on education, sending their children to study abroad. The result was a new generation of young and cultivated Cubans who returned home with new skills to modernize the country (Cuba had a railroad eleven years ahead of Spain) and expand its sugar industry.

During the 1940's and 50's, Havana architecture was once more influenced from abroad, this time by the United States as Mafia gambling interests turned Havana into a "giant casino". The gambling mecca gave Havana's Vedado district its modern urban skyline. Effectively a neoliberal economy, everything in Havana was driven by private capital; deep social and economic stratification and Mafia violence prevailed.

Buildings constructed after the Revolution (post 1959) such Havana's many schools of art and scientific institutes reflect a modern style.

The only influence you will not see in Cuba is that of her small indigenous population, whose three distinct tribes were exterminated within 30 years of conquest. Unlike the cities of Mexico, Peru and Guatemala, you will only see European architecture in Havana, making it appear more European than Caribbean.

Priorities of the Revolution:

To create a new social order of justice and equity in a city built under other principles

To adapt as much as possible the inherited city…

To eliminate housing as a business

To forbid eviction/gentrification/homelessness

[5] Miguel is an urban architect and planner with the Group for the Development of the City of Havana. As a leading thinker on social policy and community planning and a speaker at many international conferences, Miguel has an intuitive and passionate understanding of social capital and community.

The Scale Model of the City of Havana (we visited it that afternoon) is a powerful instrument of urban planning. Colour coded, the buildings from the colonial period are reddish: those built between 1900-1958 are yellow; those build after the revolution are ivory. Monuments and new projects appear in white. Eighty percent of the city was built during "the yellow period" of 60 years - a very dynamic process.

Growth took place from east to west, so rapidly that Havana grew by addition, not substitution. As a result, the built environment was left behind. After the revolution, the efforts of the new government were more focused on creating capacity in the rest of the country and, in relative terms, Havana suffered. Today, heritage preservation is a priority and the city is responsible for restorations. Since many of Havana's buildings are made from concrete, this poses a huge challenge as the mists of salts and iodine that constantly blanket the city perpetually erode not only the aging housing stock, but also what has been just recently repaired. It has proven very expensive to restore the 20th century.

Housing After the Revolution:

1959: 3 months after revolution, rents were reduced by 50%

1960: Urban Reform Law nationalized all urban property used for business and allowed people to buy it.

1960: A state enterprise – ENMU - was created to maintain the housing stock.

1970: Microbrigades were created that saw thousands of workers across the island take paid (80%) leaves of absence to come together in teams of 30 to 35 individuals to construct small, pre-fab (slab construction) apartment blocks. When completed (the plan was within a year, practically it took longer) they were able to purchase a unit in the building at cost. Thousands and thousands of "Microbrigades" were built throughout Cuba. The quality was not always the best (understandable with an amateur workforce), but the construction of "microbrigades" dramatically reduced a growing housing shortage spurred by a post-Revolution baby boom that increased Cuba's population by a whopping 23.8 percent in only a decade.[6]

1988: General Housing Law (present).

Havana's Housing Situation Today

Presently, Havana has a housing stock that is aging and crumbling. The average building age is 75 years – an entire city getting old at practically the same time. Every day, 3.1 houses crumble in greater Havana; hurricanes[7] exacerbate this. Quite a problem for a country with a law that says "no homelessness". So Cuba has had to build shelters.

Shelters: In 2008, there were 102 shelters (transitional communities) in Havana providing transitional housing to 11,192 people whose homes had crumbled or were in such poor condition they were moved to the shelters for their own safety while repairs/renovations were undertaken. Another 118,564 people were considered poorly housed and on the waiting list for shelter space.

Nearly 90% of Havana's housing stock is privately owned. Families own their apartment but not the building. Fifty six percent are apartments, forty-four percent are individual homes.

Over ninety percent of Cubans own their own home with no mortgage. Until recently, all Cuban's purchased their housing from the state at a price based on declared construction value, not market value and were given 20 years to pay it off, interest free. There was an active and legal market in housing swaps, but lengthy restrictions on buying and selling homes created an underground real estate market beneath the *permuta* (swap) system.

[6] In 1959, the population of Cuba was 6.9 million people. A baby boom in the 1960's expanded that to 8.5 million by 1970. In 1980 the population of Cuba reached 9.7 million; it is about 11.2 million today.

[7] A series of strong hurricanes in 2006-8 cost the Cuban economy more than 10 billion USD; most of this was from damage to housing stock.

By law, owners are responsible for the care and maintenance of their own homes. But owners of apartments in buildings do not feel responsible for common areas. This creates a source of conflict. Tenants boards have no juridic personality so no real power. Not necessarily knowing what the building regulations require, neighbours tend to decide among themselves how to handle a problem. People also tend to privatize the common spaces.[8]

Social Stratification

Because of the dual currency, sharp stratification exists within Cuban society today. The average salary today in Cuba today is around 450 Cuban Pesos or 20 convertible pesos (CUC) per month. Below compares the buying power of Cubans of differing incomes with those who receive hard currency. Looking at the first four categories, the highest paid worker receives a salary that is 4.36 times that of a pensioner. When hard currency workers are factored in, workers at the top of the scale receive 64 times the income of a pensioner.

Amount of time to buy identical basket:

Minimal pension:	48 days
Professor:	21 days
Average State worker:	17 days
Doctor:	11 days
Butcher in free market:	4.5 days
Self employed in hard currency:	0.75 days

For homeowners, and in particular for those without access to hard currency, repairs are very costly. Suppose you are the owner of a house with an income of 300 Cuban Pesos a month, which is equivalent to 12 convertible pesos (CUC) at 1:25 exchange rate. Something small like changing a faucet can cost, in hard currency, 9 CUC or 75 percent of your monthly salary. A switch may cost 16 percent of your salary; a window 1,250 percent.

So you are in a vicious cycle. If you can't afford to repair, there is less attention to caring for the built stock, so more houses collapse. This means more shelters must be built, so there are less resources available for maintenance and repair. This means there is less attention to caring for the built stock, and more houses crumble. Big issue – how to maintain the housing stock?

Trends in New Construction Following the Revolution.

At the beginning, private sector had a big role in new construction. This disappeared until 1980's; then fell again after the collapse of the Soviet Union, when Cuba suffered a drop in her GDP of 36% in 3 years.

Legalization of the US dollar as a second currency and the opening of small businesses played an important role stimulating housing construction. In 1992-1993, so much money came into Cuba from relatives sending remittances that the Cuban Peso fell to 150 to the US dollar. In 1993, the Cuban government legalized hard currency; admitting remittances as important source of hard income. Housing construction recovered, but suffered from a lack of controls and a depletion of municipal law enforcement staff. As a result, many manifestations of this lack of order and discipline are evident in the city.

Today, new construction is again on the rise. People are building every day more and more houses, becoming a player in finding a solution of the housing deficit. Today, private housing construction exceeds building by government. Small businesses now appear in front of houses (house/shop) and aggressive use of colour is appearing to attract new small business clients.

This situation you see in Cuba – this heterogeneity within neighbourhoods - is not evident in North American neighbourhoods which tend to be all of the same class, whether barrios or gated communities. In Havana, you will see many Prince and the Pauper situations with a well-restored house next to a crumbling one. And when stained glass is replaced by plywood, when complicated wrought iron balustrades are replaced by brick, when balconies are

[8] Miguel commented that he would like, as an urban architect, to see "protect your city" promoted on the same level as "have safe sex" is now promoted. There is little or no promotion of the regulations and criticism of what are now referred to as "social indisciplines"

closed in to become part of the interior space, when high ceilinged apartments are divided in two to create two low ceiling apartments, the quality of the heritage inventory is degraded.

Havana Today

Like Canada, the bulk of Cuba's population is located in urban areas (80 percent and 75 percent respectively). Unlike Canada, where contribution to GDP is spread out across the major metropolitan areas (7 largest are responsible for 45 percent), Havana alone is responsible for 45 percent of Cuba's GDP.

A Snapshot of Havana Statistics

Percent of Cuba's Land Area	0.7%
Percent of Cuba's Population	2.2 mill (20%)
Universities	12
Scientific Pole	Hub of scientific institutions employing over 7,000 workers.
Workers with university degrees	28.1% of the country's workforce (1 of 3 university-educated Cubans).
People with tourism accreditation	28.9% of the country's workforce (1of 3 tourism-accredited Cubans).
Tourism:	51% of Cuba's tourist economy is based in Havana
Industrial production	34% of Cuba's industrial production comes from Havana.
Housing Units	690,000 (23% of country)
Home Ownership	90 percent
Average age of dwelling	75 years
Building condition	good: 68%, regular: 22%, bad :10%
Access to water from aqueduct	99% (most costly service in Cuba) 50% is lost from leakage.
Population	Stagnating, aging and migrating. Cuba's age pyramid has narrow base – wide concentration of people in late 40's and 50's.
Life expectancy	79 years
Infant Mortality	Lowest in Americas
Emigration[9]	In 2011, 28,000 Cubans emigrated; 20,000 were from Havana.

Emigration: The harsh conditions of the Special Period's first decade (1990's) caused many Cubans to want to leave for economic reasons, and emigration increased dramatically. Cubans who leave are predominantly highly educated and between 25 and 35 years of age. This not only raises the cost of education for the Cuban government but also causes problems for the city of Havana: people moving to the city from the countryside cannot replace this highly educated workforce.

Today, Havana remains a magnet for many Cubans. When the government tried to regulate the flow of Cubans who wanted to move to Havana from other parts of the country, migration simply went underground, creating the first shanty-towns in Cuba SINCE THE REVOLUTION. The only effective way to reduce in-migration to Havana will be to reduce the economic gap between Havana and rest of country.

[9] The United States Cuban Adjustment Law grants immediate legal immigrant status (Green Card, social benefits) to any Cuban who reaches its shores from Cuba. To avoid risk to life, Cuba entered into an agreement with the US to allow up to 20,000 legal Cuban immigrants a year; the US has never fully upheld its commitment.

Transformations and New Scenarios.

Up until the late 1980's, eighty percent of Cuba's supplies came from the former Soviet Union SND THE REST OF EASTERN EUROPEAN COUNTRIES GROUPED WIYHIN THE COMECON through long-term barter agreements at preferential prices. Suddenly all that ended: Cuba was on her own and had to subsist based on her own modest commodity base: nickel, fisheries and tobacco. The economy has been moving like a roller coaster since 1991-3, influenced by world market prices and natural disasters such as drought and hurricanes. Contraction in the sugar industry when international prices tanked (in 2002, Cuba closed 50 percent of her inefficient mills, taking 40 percent of sugar land out of production) caused production values to drop from 8 million tons to only 1.5 million tons in only 20 years.[10]

Tourism In 1990, the Cuban government made a decision taken to shift from sugar to tourism. At that time, there were 250,000 tourists per year. Today, 2.7 million tourists a year visit Cuba, 900,000 of them from Canada, making Canadians their most important market. Another 500,000 come from the United States, four-fifths of which are Cuban-Americans.

Updating the model There are a number of events underway in Cuba to update the model and evolve the economy to a more efficient form of socialism.

The Cuban government has committed to reshaping the administration. The result will be that 1.3 million workers in administrative positions will lose their jobs over the next several years. Some will retire, others will retrain for different state jobs, and the rest will transition to non-state sectors.

To support this, there will be new openings in the small private sector. In 2011, licenses were created for 190 new types of private businesses. Regulations were also eased for existing private enterprises. For example, private restaurants (paladars) may now have up to 50 seats (from the previous 12), can be operated from rented premises (not just private homes) and can hire non-family members as workers.

The restrictions of the Special Period reduced the amount of arable land in active production, leaving 50 percent fallow. Beginning in 2008, the Cuban government has offered agricultural land in usufruct tenure to anyone who wants to farm. To date, 180,000 Cubans have taken government up on this and moved back to countryside, increasing food production and creating jobs.

The Cuban government has also re-launched a tightly controlled real estate market for foreigners based on 99-year land leases. This will attract a float of fresh capital to reshape economy.

Glimpse to The Future

What changes will we see in Havana in the next five years? Below are some likely scenarios:

- A sudden increase in the number of tourists (Americans) when Washington lifts or relaxes restrictions on travel.

- Cuba's oil reserves will come on stream – in the first quarter of 2012, a platform for Cuba's first offshore oil rig will be constructed off Cuba's western coast, where the U.S. Geological Survey estimates there are 5-9 billion barrels of oil located beneath the coastal shelf. This would give Cuba the fourth largest oil reserves in Latin America, tied with Ecuador after Venezuela, Brazil and Mexico. This means that Cuba could soon be an oil exporter. This will change Cuba-US relations – already eighteen American cities have applied for special licenses to fly to Cuba (the latest, in mid-December, was Chicago).

- There will be more foreign investment in real estate – but this will not be create affordable housing and will introduce sharp differences in the city (although it may improve maintenance as people wishing to sell their homes try to maximize its value).

[10] As the price of sugar recovered, Cuba has increased production; the 2011 harvest is expected to be up by 20 percent.

- Social segmentation will increase due to land speculation. Up until today, the price that a Cuban paid for their home was based on construction value. As an example, when he purchased his home, Miguel Coyula paid 16,250 Cuban Pesos ($ 650 CUP) for a 3-bedroom, 2 bath home with 2 terraces and a garage, close to 5th Avenue in Miramar. People are now offering him $200,000 for that home. People with more money will be looking for expensive housing: a sharp contrast to the way the housing system has functioned in Cuba since the Revolution. This raises many questions. How will new housing be allocated to Cubans? If Cubans can continue to buy homes from the state at construction value and sell at market value this will affect many things.

- New shantytowns will crop up due to more in-migration. (Again, only solution is to reduce the economic gap between Havana and rest of country.)

- Today Havana is a lo-rise, slow paced, nice, non-violent, safe city with local hospitals, schools, and close communities. Frozen in time, offering a nice difference. But when pressed by an economic situation, you can be (seduced?) by other models.

The Human Being Is The Only Animal That Stumbles Twice On The Same Stone

Maybe Cuba will try to copy other models that are not exactly successful although they seen *apparently* very successful. What if we stumble again? Look at Shang Hai: more skyscrapers than in Manhattan and the car is the dominant feature. It is sucking energy and generates pollution. How can it be sustained? It will become a wasteland because it cannot be sustained in the future.

Hopefully, in Havana, common sense will prevail.

* *

Below is a synopsis of the question session that followed:

Didn't the World Heritage Designation help with preservation?

Being declared a World Heritage Site by UNESCO in 1982 certainly helped. In 1993 —the worst moment of the crisis —The Government gave the Official Historian for the City of Havana full power to design structures and infrastructure for the physical and social restoration and preservation of Habana Vieja - the Old City. He was given very high political standing to support this and a self-sustaining structure to fund it. All restaurants, bars, hotels and shops in Old Havana are owned and administered by the Office of the City Historian, making the Office economically self-sufficient. This means the city doesn't have to sell its heritage to pay the bills.

Today, Havana is a vibrant city full of life and diversity where neighbours continue to share the street and old men continue to play dominoes on the corners. It is moving and warm and alive because the Historian's purpose has been to preserve both city fabric AND human values. This is success of old Havana. There is no gentrification. No isolation. We should extend that to other cities.

Transit-oriented development: Is the idea of a walkable city where people fulfil their lives within it and get to and from work without cars part of the vision?

I agree with Marx: People think the way they live. In the crisis of the early 90's, oil dropped from 13 million tonnes to only 4 million tonnes, there were blackouts 12 hours day and the number of buses went from 1500 to 400 in just three years. So government decided to bring in bicycles from China, which were sold for 120 Cuban pesos, paid off at 20 pesos a month. Suddenly, by the mid 90's, Havana had 1 million bicycles (in a population of 2 million). Where are they now? Rusting at home. Why? Because the bicycle was seen only as a remedy to tackle the problem - "once we improve the economy, we don't need the bicycle any more." Many cities - London and Washington, DC for example — are now trying to reintroduce the bicycle.

Havana lost that big opportunity because – In a period of economic crisis - we were thinking short term and so did not institute complimentary measures to allow the bicycle not only to come, but to stay, to be welcomed, to be seen as a gain, not a step backward. Cubans look at the bicycle as "something I have to use because there is no other choice" and once the crisis was over, the bicycle got put aside. The mentality now is the car. And not an efficient car either; if you ask most what kind of car they would like to drive, they will say an SUV. Why are there no electric cars in Havana?

We cannot think about reproducing a model that is not ours – we have to look for new model. We have to think about it carefully and plan for the future and look for a more sustainable model.

What about co-op housing?

Co-ops offer a better solution than relying on individuals. But people don't have that sense of cooperation- we are prone to solidarity but we don't understand very well how to create and improve bonds in social groups. But this is all changing and now under discussion in the neighbourhoods is how to develop urban coops to create jobs, reduce costs and increase socialization.

Is there an appetite for individualization?

The Special Period began in 1991 and we are still in it. This means that forty percent of the time since Revolution, Cubans have been in survival mode. Surviving and resolving. If now Cubans are presented with an open door to create an individual space, people will want to do this. Look at the engineer who leaves his job for 500 Cuban pesos a month in a state enterprise to work as a cab driver making 500 pesos a day. This generates a different model.

At a time when our economy is still depleted, when we are trying to get out of the crisis, subsisting more than existing, the emergence of this model will have a negative effect. This is why I endorse the idea of co-operatives that socialize more the property because people are now alienated. We have to choose active, not passive. This is a very important moment of history. We have to decide what course we are taking. Some things are in jeopardy now. Once you start down one path, there can be a domino effect and you cannot stop it.

There is a balance between two forces – on the one side there are people who are aware of the necessity for changes and then there are people who are aware that if they change they will collapse. The balance between these two will determine how fast and how deep the updating will occur.

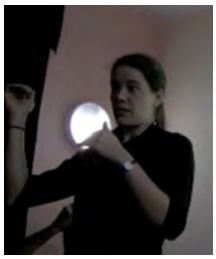
TUESDAY: Co-operatives and Socialism

Camila Piñeiro Harnecker led this session, drawing from the book she recently edited (Co-operatives and Socialism, A Cuban Perspective). From the back-jacket:

> *This book is motivated by our need to make a modest contribution to the emergence of a new co-operative movement in Cuba, which is shaping up as a feature of the updating of the Cuban economic model. The authors of this compilation are inspired by the certainty that the production co-operative is an appropriate form of organizing labor for a society such as ours, committed to a socialist path. An analysis of the ideas of socialist theorists, together with the experiences of co-operatives in the world today, shows that the co-operative management model is based on organizational and ethical principles essential to any socialist project. The relations of associated labor established within this model and the positive effects of this democratic form of management are indispensable – while insufficient – for advancing toward a society in which we can satisfy both our material and spiritual needs, allowing us to develop fully as human beings. These relations make it possible for people to be appropriately motivated within and toward labor and the development of their productive and creative potential, while at the same time promoting their abilities and democratic, solidarity-based attitudes. Thus, co-operatives should be embraced not only as tools for making our economy more effective, but also as an organizational form that creates the conditions for promoting abilities and values inherent to socialism.*

Also participating in this workshop were Beatriz Diaz, Ovidio D'Angelo, Humberto Miranda Lorenzo and Marcelo Vieta. The following synopsis was taken from their presentations at the workshop.

CAMILA PIÑEIRO HARNECKER [11]



When we speak of cooperatives, it is important to understand what Cubans means by cooperatives. We are going to promote cooperatives and other non-state enterprises, but it is important to understand that we are not renouncing the goal of building socialism (a just, humane, solidarity-based society).

Socialist thinkers hold different positions with respect to cooperatives. Some see cooperatives as a transitional state to a capitalist economy because of the autonomy of the coop, that it is not compatible with the direct intervention or authoritarian planning that supposedly a socialist economy should have.

So it is important to first define what we mean by cooperatives, after which we will look at the current situation, evolution and expected role of cooperatives in Cuba, their suitability (and risks and potential) for building socialism, the importance of democratic cooperative management and, finally, the necessity of orienting enterprises towards social interests (needs and aspirations).

[11] Camila Piñeiro Harnecker is a Professor and Researcher with the Center of Studies of the Cuban Economy (CEEC), University of Havana. She holds a Masters from the University of Berkeley, United States. (2006), with thesis on an empirical study of cooperatives in Venezuela. She has concentrated her work in themes related to enterprise self-management and democratic planning and is a consultant to the Union of Local Industries, Administrative Council, City of Havana for the cooperativization of some of its workshops.

Defining Main Concepts

Production/worker cooperative is an association and enterprise that is (most importantly) democratically managed by the workers collective and therefore not directly controlled or regulated by the state.

Then there is this question if whether being non-state is the same as being private? Or responding to private interests that are separated from the rest of society? And for this reason not really social property? Here in Cuba we are very concerned about what social property is and if a cooperative can be a kind of social property.

The building of socialism is about overcoming the exploitation and exclusion of capitalism. There are people who believe this is principally about the distribution of wealth and are not so concerned about the social relations. Some of us see socialism as more than that, we see it as also establishing social relations among people that are fundamentally different from relations of subordination in the workplace and in political and cultural spheres. The goal of socialism is the full or integral development of all human beings. We see the means as active participation in everyday decision-making – exerting social control over the economy (making it respond to society's interests) in order to create the conditions necessary to establish the social relations of [*free*] *associated labor*, which are at its core.

Current Situation of Cooperatives in Cuba

Cuba has three types of cooperatives, all of them agricultural:

1. Cooperativa de Crédito y Servicios (CCS). First established in 1960, CCS's are consumption coops formed by private farmers who join together to buy inputs from the state, sell products to the state and share agricultural training, equipment, financial services and infrastructure costs. They work their land independently. In 2010, there were 2,949 CCS's representing 362,440 members and farming 35% of Cuba's agricultural land.

2. Cooperativa de Producción Agropecuaria (CPA). Dating back to 1975, CPA's are a form of production/workers cooperative. Members sell their land – if they have some - to the co-op when they join and they work collectively. In 2010, there were 1,048 CPA's representing approximately 30,000 members farming close to 9% of Cuba's agricultural land.

3. Unidad Básica de Producción Cooperativa (UBPC). A creation of the Special Period, UBPC's have been in existence since 1993. Like a hybrid between a state enterprise and a cooperative, UBPC's were formed when large state farms were broken up into smaller, more efficiently-sized parcels. The land was given to the former workers for free (in usufruct tenure; like a permanent lease with no rent) and they purchased the equipment and infrastructure over time. In 2011, there were 2,256 UBPC's representing approximately 187,000 members farming nearly 30% of Cuba's agricultural land. Basically production units of state enterprises.

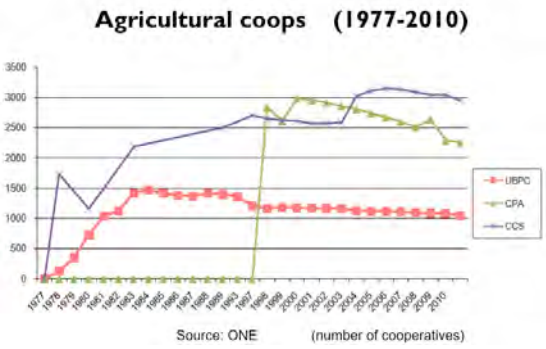
In 2010, Cuba's 6,253 farm co-ops provided 13 percent of Cuba's employment (579,440 members); controlled 74 percent of Cuba's agricultural land and were responsible for producing 77 percent of Cuba's agricultural output. The CCS's – which are the most efficient – account for 60 percent of coop production. CPA's are the second most efficient.

Legal framework Within Which Cooperatives Operate:

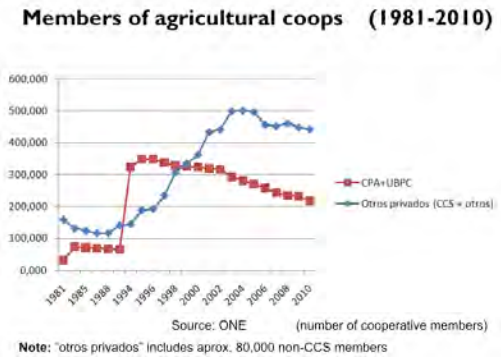
1) Fuentes constitucionales	• Artículos 15, 17 y 20 de la Constitución de 1976
2) Fuentes legislativas	• Ley 95 de 2002, de CPA y CCS; derogó la de 1982 • Decreto Ley 142 de 1993, sobre UBPC
3) Fuentes reglamentarias	• Acuerdo 5454 Consejo de Ministros de 2005 – reglamentos CPA y CCS • Resolución 629 MINAGRI de 2004 – reglamento UBPC de MINAGRI • Resolución 525 MINAZ de 2003 – reglamento UBPC de MINAZ • Acuerdo Consejo de Ministros de 1993 que faculta a MINAGRI y MINAZ la organización, dirección y control de las respectivas UBPC

There has never been a Law of Cooperatives in Cuba.

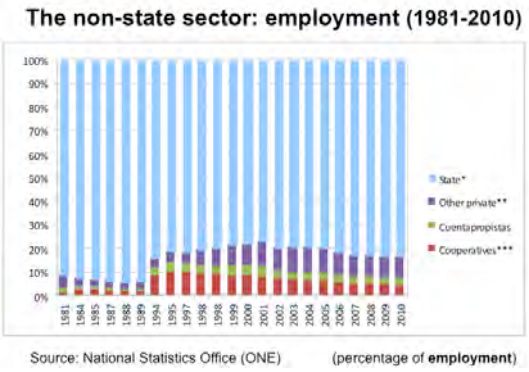
Evolution of Cooperatives in Cuba



The graph to the left shows the evolution of Cuba's three different types of farm cooperatives. CCS's represent the largest segment.

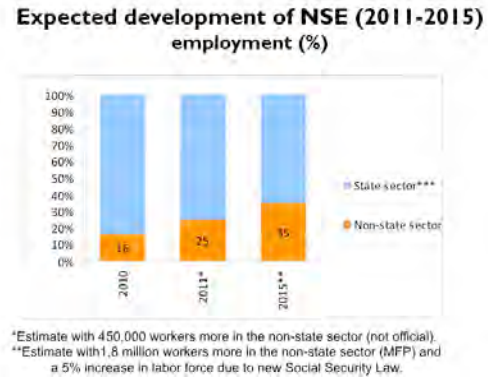


Total membership in cooperatives increased sharply since 1994, primarily due to the dramatic increases in CCS's that began in the mid 90's. Since 2008, land has been given to people who want to farm and these people are required to join a CCS so this trend will be continuing.



The role of cooperatives in job creation within the non-state sector are shown in the graph to the left. Their importance increases sharply in 1994 in response to their increased role following the onset of the Special Period.

(Cuentapropista means self-employed.)



The graph to the right shows projected development of the non-state sector from 2011 to 2015, when it is expected to represent 35 percent of employment. Cooperatives will play an important role.

Unofficial figures suggest perhaps 150,000 jobs in cuentapropistas (self-employed) and 250,000 jobs in cooperatives.

The person in charge of overseeing the implementation of the Lineamientos as well as representatives of the Ministry of Finance have said publicly that cooperatives are a more socialized form of non-state enterprise that will have preferential treatment in terms of taxes, their relation with the state, etc.

Expected Role of Cooperatives in Cuba

TYPE	FUNCTION
Traditional cooperatives (full autonomy)	• Production coops (e.g. services, industrial, agricultural, new gen CPA) • Cuentapropistas' consumption coops • Consumers' consumption coops (housing, food, savings)
Co-ops promoted by local governments (autonomy limited by type of leasing or contract)	• Production coops that provide transportation, communal services … • Consumption coops that manage community stores/markets
Production coops promoted by state enterprises (autonomy limited by type of leasing)	• That provide services in support of a main activity (maintenance, safety) • That produce goods and services key to the enterprises but more effectively transferred to a co-op
2nd degree production coops could be created from non-strategic state enterprises	• Take big enterprises and turn into a strategic network of smaller, more efficient cooperatives. Uncertain autonomy… state control or social coordination?

Suitability of Cooperatives for Building Socialism

Cooperatives can be socialist enterprises:

- to the degree they are *truly* democratically managed:
  do not hire wage labor permanently,
  are not forced to limit time for decision-making and education;

- to the degree they are oriented towards *broader social* interests:
  do no follow the market logic of profit maximization
  affected social groups do not lose control over them, indirectly regulating them (democratic planning + adequate system of incentives); and

- to the degree that they contribute to establishing relations of association and overall human development.

High levels autonomy could reduce the effectiveness of cooperatives for activities related to strategic goods and services, including basic consumption. However, in some cases, social control can be achieved through leasing or franchising to cooperatives (conditioning clauses in contracts) and/or other self-managed forms with more participation of social interests in management (co-management or multi-management, community enterprises).

Risks of Cooperatives for Socialism

Cooperatives–in their traditional form, by themselves, are not sufficient for socialism because of certain risks. These include:

RISK	RISK REDUCTION MEASURES
If they are "cooperatives" only in paper (a disguise for capitalist enterprises)	• Avoid public policies that are too ambitious, that offer privileges without effective supervision.
If they are not really democratic – e.g. hiring wage labor permanently	• Facilitate ethical education, time for learning, supervision. • Overcome the market logic (self- and exploitation of others).
If they ignore or violate social interests in following the market logic	• Promote spaces for coordination with social representatives.
If conditions are not created, a significant number can fail.	• Access to inputs, financing, potential clients. • Training in management and ethics. • Integration and coordination with other socioeconomic actors.

Potentials of Cooperatives for Building Socialism

POTENTIAL	COOP DIFFERENCE AS DRIVERS OF POTENTIAL
As Small and Medium-Size Enterprises, co-ops are	• important sources of employment with small investments • better prepared to adapt to changes in inputs and demand • spaces to develop productive and managerial capacities & attitudes • essential for local development
As a result of their management model, coops:	• combine conditions for productivity to satisfy material needs, with those that generate values and capacities for self-management in people to satisfy their spiritual needs • allow for more democratic and humane management • can be oriented towards social interests beyond their group interests
Co-ops provide internal sources of motivation for effective performance	• compensation according to individual and collective performance; needs • collective supervision to prevent parasitic behavior and theft • sense of control leads to greater effort, quality and innovation
Co-ops generate greater productivity S&MEs without the accumulation of wealth	• greater production scales without losing flexibility • vertical integration with a fairer distribution of the added value
Co-ops facilitate the satisfaction of spiritual needs	• technical and managerial knowledge and skills • democratic skills and values (equality, solidarity) • more humane social relations
Co-ops promote a new paradigm of wealth, not reduced to material, individual needs	• from satisfaction of group interests to social interests • responsibility towards others and nature

Importance of Democratic Management of Enterprises

The relation of [free] associated labor substitutes that of wage labor:

- workers participate in decision-making, strategic and managerial,
- they develop a sense of belonging and commitment,
- they are motivated to improve productivity, quality and innovation,
- they are able to develop their skills and attitudes,
- they gain self-confidence and sense of control over their lives and
- they are more inclined to solidarity and responsibility towards others.

Does non-democratic management (workers' subordination to capital owners) allow achieving the goal of full human development?

Cooperatives are just one form of democratic management, but the most common one so far.

Necessity of Orienting Enterprises Towards Socialism

In order to overcome market logic, it will be necessary to establish a social logic to govern their horizontal exchange relationships. This should include:

- democratic coordination or planning to identify interests (needs and aspirations) and construct social interests. This could take place during the design of *local* development plans, bringing together representatives of social groups and enterprises in that community) AND

- systems of incentives that promote the satisfaction of those interests. These must be reflected in a regulatory framework (laws, licenses, contracts) that penalizes and sanctions accordingly; supervised by those affected themselves.

The question really is: is redistribution of enterprises' profits enough for human development, or should they also — and above all — have a social orientation? And it is important to recognize that total autonomy in traditional coops can be an obstacle in some cases.

Final Considerations

a. A coop is compatible with socialism to the degree that its management is democratic and has a social orientation.

b. Contradictions between group and social interests can be *largely* reconciled with spaces for democratic coordination *and* regulations that create an adequate incentive system.

c. Coops have important potentials to contribute to local development, and free the State from direct management of non-strategic activities.

d. Coops require minimal conditions and support policies.

e. It is necessary to establish institutions and procedures that facilitate the ability of coops to internalize social interests.

BEATRIZ DIAZ[12]

Beatriz Diaz has worked with cooperatives in Cuba for over 25 years, and in 2000 created a masters program in cooperatives at the University of Havana. Beatriz' presentation shared the results of the co-operative work being done between the Cuban cooperative movement and the University of Havana to advance co-operative training and research. Below is a synopsis of Beatriz' presentation.

Agricultural Cooperatives

Agricultural cooperatives began in Cuba with land reforms. After the Revolution, more than 100,000 agricultural workers became owners of up to 67 hectares of arable land. The first type of agricultural coops were the CCS's. In 1976, some land owners decided to produce jointly, creating a second type of agricultural cooperative called a CPA (refer to page ___ for an expanded discussion on CPA's and CCS's).

Cooperatization of State-Owned Farms and the Creation of UBPC's.

In 1989, more than 80 percent of land was state owned in 375 huge monoculture enterprises. In 1993, following the collapse of the former Soviet Union, the majority of these large state farms were converted into coops. But this was a top down decision - workers employed by state farms voluntarily joined some 3,000 new UBPC cooperatives, but they had no cooperative training and so were unprepared to operate them as true cooperatives.

Current Situation

By 2008, Cuba had almost 10,000 agricultural cooperatives of different types with more than 800 thousand members that farmed 70 percent of the cultivated land, which represented 40 percent of total land.

In end of 2007, the National Institute of Statistics released a report showing large amounts of land that was idle. In 2008, two new laws were enacted that give arable land to those who want to farm it free of charge providing only that they join a CCS to give them access to needed training, infrastructure and support. This has significantly increased the cooperatization of Cuban agriculture

Challenges

There are a number of challenges facing co-ops in Cuba today. These include:

- Different levels of functioning between different types of farm cooperatives: UBPC are least successful. CCS's have best results. The number of CPA's are declining.

- Relationships with state enterprises: Coops sign contracts with them to sell their products[13] or go thru them to buy their inputs. This reduces autonomy.

[12] Beatriz is a Full Professor at FLACSO Cuba and the University of Havana. She is the Coordinator of the Master Program on Co-operatives and chairs the UH Canadian Studies Center. Her main research interests focus on co-operatives and communities, sustainable development and research methodology. She teaches courses on these subjects or three master programs: "Co-operatives Management and Development", "Social Development" and "Integrated Coastal Zone Management".

[13] Since the Special Period, cooperatives that fulfill their contract to the state can sell additional production, after meeting their own needs and that of local schools, daycares, maternity and seniors homes, in private farmers markets for a price generally higher than that contracted with the state for the bulk of the production. This was done to create incentives for greater efficiency.

- Lack of common legislation: Cuban Law 95 governs CPA's and CCS's and Law 152 governs UPBC's. Under Law 95, those wishing to form a CPA or CCA must have the permission of ANAP, which then presents the proposal to one of two ministries (MINAG or MINAZ). This creates a degree of bureaucracy and reduces autonomy that is recognized by all. There was agreement in December by the Council of Ministers that UBPC's should operate under the same rules and opportunities as do the CCS's and CPA's.

- Lack of inputs market: Inputs are assigned to the individual co-ops by the enterprises that purchase from them rather than the co-ops themselves purchasing them on the open market.

- Lack of experience regarding cooperatives principles and practices: (not only amongst the farmers, but also amongst state officials).

There is a consensus among those of us who work with cooperatives that new legislation governing all cooperatives is needed. We also need a national authority for cooperatives that is not related to any particular ministry. We need to develop an inputs market to give coops greater autonomy from state enterprises.

We need to change external conditions to allow cooperatives to develop as we would like to see them develop. Consequently, training and capacity building is important now.

Our Approach

The Masters Program in Cooperation at the University of Havana represents committed scholars who feel working with the co-operative movement to help them develop and attain their own goals by following their own decisions and procedures is important.

Theoretical Approach to Teaching

- Cognitive Constructivism (Jean Piaget, L.S. Vygotskii): knowledge is not transmitted, each individual creates it from his or her own experience,
- Knowledge is constructed in a dialogic way (Paulo Freire),
- The cooperative Movement Values and Principles.

Theoretical Approach to Research

Participatory research: we don't "study" co-operatives, we work together with co-operatives members… This means an exchange of knowledge between scholars, students and members of the co-operative movement.

Universidad de La Habana-Université de Sherbrooke and UniRcoop partnership:

- Since 1997, FLACSO Cuba and IRECUS work together.
- We share same values and a participatory approach to teaching and to research conduction.
- We presented and obtained a TIER 2 UPCD CIDA project for creating a Master Program on Cooperative Training in Cuba.
- Later on, Université de Sherbrook obtained a TIER 1 Project: UNIRCOOP Network
- At present: Université de Sherbrook, University of Havana and two Mexican universities cooperate to deliver a distant learning education program on co-operative management

Our main goal is the formation of multipliers by means of a Master Program created in 2000.

Our students must be:

- Acting cooperative members (formerly mainly from UBPCs) or,
- People who worked with the cooperative movement.

The regime:

- 2 weeks of intensive training every 6 weeks during 3 years.
- The cooperative movement and the Cuban State provides for traveling, accommodation and meal expenses, and maintain students' incomes during training periods:

The program results:

- Students come from all Cuban provinces.
- Joint students and teachers research: 4 case studies

Teachers' research

- Cooperatives and Local Development (case study of a citrus cooperative).
- Cooperatives as a way of social inclusion in Cuban East-West migratory movements.
- Management and Gender Values in Cuban sugar cane cooperatives (2 case studies)

Students' research:

- 47 Master Dissertations
- 34% of the students from Havana,
- 66% from other provinces;
- 40% women

Case studies on:

Cooperatives Economic and Productive Efficiency
Local development
Increasing Women´s Participation in Cooperatives.
Extension services

- In 2002, the Cuban Sugar Ministry created 4 schools for training cooperative leaders in cooperative management.
- The study program in these schools was adapted from the Master Programme's by our students.
- Cooperative leaders receive a one-month intensive training.
- 1,680 cooperative members have been trained.

The Master Program students evaluate their experience in cooperative training:

- "Taking part in this Master Programme changed my life".
- A different (participatory) approach to executive skills, human resources management and in general to human relations (Learning to listen as a very important trait in human behavior).
- The acquisition of management skills allowing them to be successful cooperative managers.

<u>New Challenges:</u>

- Co-operatives in other economic sectors besides agricultural production
- Second level co-operatives

<u>What We Have Done to Answer to These Challenges:</u>

- We considerably changed the Master Program
- The new edition is beginning in March, 2012

<u>Facing the New Challenges</u>

- We had more than 60 applications and accepted 46 of them
- Among our accepted students, 40% are from other provinces than the Capital one (Havana) and
- 57% are women.
- There are students from different economic sectors besides the agricultural one.

Cuban scholars at FLACSO and the University of Havana are eager to explore some forms of co-operation with English speaking Canada's universities and co-operative movement, which we don't have at present.

OVIDIO D´ANGELO HERNÁNDEZ [14]

I am interested in self-managed processes – especially those with an overall perspective on society. I studied economics but am not an economist; I am a psychologist and sociologist and most of my research is dedicated to social investigation.

For me, the coop question is a side issue; my team focuses most of its research on the community and organizational processes. Especially on the level of subjectivity and social transformation. One of the main issues coming up now in many communities is a requirement for services and production provided by cooperatives and other associated forms to meet material needs and employment within urban and rural settings.

Context

References will be made to Issues of complexity since this branch of study is part of my focus. A few years ago I published a book Integrating Autonomy: the Ethical Emancipatory Challenge of Complexity.

We come from a model of socialism that was prevalent in the 1960's - at that time we thought it was THE form of socialism – that came from the soviet view of "real socialism" where the role of state was greater. (Whenever the role of the state was greater, we thought we had more socialism!) Cooperatives in the former Soviet Union were considered a socialist form of production. There were two different types of Soviet coops, one with a lesser degree of socialization and another with a greater degree of socialization. Cuba's CPA's and CCS's were based on this perspective.

In 1960's, Cuban coops took off, but with institutionalization of the country, we began moving more towards the state form. (This is why UBPC's have that mixed character of state and cooperative.) In this context, during the mid 1970's, coops were considered as socialist forms of production. The current dilemma is that clash or confrontation between these two different points.

In Los Lineamientos, cooperatives appear as non-state forms. Which is true, but what was removed was the qualification of "socialist" and instead the emphasis was placed on the role of state form in the economy. So the view of state socialism still prevails in official minds.

Challenges for Self Managed Processes and Self Organizations Within Complex Social Networks

First question is what is a complex social system? This is the first question because I am interested in addressing this not just from an economic perspective but also from a social and political perspective.

The system-environment relationship creates its own context and generates, based on its limited possibilities, processes that crystalize in forms of institutionalism and social structures that are only apparently stable.

This is why we look at different dimensions of the self-managed processes – e.g. economic, social, cultural, political, legal, etc. I am very interested in the cultural-social subjectivity aspect. Why cultural? Because we are immersed in a context of individual relations and relations with the state that are very solidified and which are going to be a limiting factor in terms of a transition to autonomy both in economics and in terms of society as a whole. That is why there are many interactions on the micro and macro social level.

[14] Ovidio D´Angelo Hernández is a researcher in Labour and Social Relations at Cuba's Center of Psychological and Sociological Research, Cuban Ministry of Science, Technology and Environment. His interest is cooperatives and self- management in general.

So these are some challenges of associated forms of self-management in our country. For example every social organization has it tasks vertically defined from the top level of the state. And in terms of small or local communities, there is a lot of fragmentation of intentions in every social organization. State support for small business will give rise to an individualistic culture that lacks the associative organizational form of a solidarity-based culture. Many forms of subjectivity will continue to exist because these are based on inertia to a certain extent. Even with the cooperative forms that do emerge, authoritarian forms in interaction, conformity, and a reproduction of social relations are going to continue no matter what.

Challenges of Associated Self-Management Forms

The social and institutional relationship is multi dimensional and requires many interconnections which can create a number of potential conflicts:

- Socialization, efficiency and competitiveness could be in contradiction
- Different perspectives (culture of solidarity versus an individualistic culture)
- Social-subjectivity praxis
  - diversity of individual styles of relationships, preferences
  - conformity versus social responsibility
  - patterns of interaction (authoritarian versus democratic) etc.
- Social and interpersonal relations can be challenged by diversity of perspectives and opinions
- Challenges to exercise social responsibility and citizenship

Issues:

- Diversity of self-organizing processes in group, community and organizational systems (including cooperatives and other associations) and their social consequences.
- Challenges posed for policies and actions of organizations at the community, territorial and national level for creating real social, economic and political integration.

Community Spaces And Self-Managed Forms Of Social Production:

- Need interconnections between existing conditions and processes (physical, environmental, organizational, etc.) and processes of social subjectivity in a network of multi-determined paths that are nonlinear and constantly moving.
- Need to have a relationship with the rest of Cuban society.
- Institutional characteristics and way of operating should conform with modal paths (styles of interactions) of the specific community.
- All have implications for self-managed forms of production.

Self-Organization Processes In The Context Of Community Transformation:

- Important to understanding particularities and complex patterns of self-organizing processes that occur spontaneously in the community and also those that we promote to complement them.
- Distinction between hetero-organizational processes and different forms of social self-organizational management.

Hetero-Prganizational Processes:

- Expression of dominant powers, alien or external to the construction of the given system (group, community, institution, cooperative, etc.) characterized by top-down authoritarianism, institutionalized from top to bottom.
- Expression of patterns of social interaction that have disintegrating asocial tendencies (conformity, social violence, corruption, anomie, and other practices). Often associated with precarious living, cultural or material conditions.

Social Self-Organizational Processes

- Depending on degree of freedom, developer intentionality and ethicity that distinguishes them (Principle of ecology of action: E. Morin)
- Self-Organization Type I Reactive-adaptive:
  as reactive or spontaneous self-organization, non-reflexive or proactive: in precarious balance.
- Self-organization Type II Proactive-developing:
  a) as intentional/associative/reflexive/critical self-organization.
  b) as creative self-organization: reconstruction or expanded reproduction.

Social Self-Organization And Complex Intentionality

- Self-organizing methods involve different forms or levels of intent: from spontaneous adaptive behaviours to reflexive, proactive intention, generating a higher order.
- Self-organizing methods are associated with diverse patterns of interaction and social behavior, each of which has its own range of action and social consequences, forming complex networks in the community space and associative production forms.

Social Self-Organization and Complex Morphogenetic Processes

- The forms of social self-organization generate a set of dynamic processes that have real morphogenetic character, in the sense that they are capable of exerting substantial changes in all spheres of the social system in their daily practice in the construction of social subjectivities in modal patterns, relationships and even instituting the creation of parallel structures and functions (regulatory and real).
- They form relationships of varying context within their diverse environment.

Integrative Autonomy (AI)

- Contextual Self-Determination.
- Social construction dialectic of bottom-up and top-down.
- Opening to multiple options
- Critical, reflexive and interpretive development of social reality
- Social integration wthin diversity and contradiction
- Social responsibility and solidarity
- Commitment to emancipatory human ethics (principle of life)
- Empowerment for social-self-management (decision-making and effective control)

AI, in short:

- Social interconnectivity: institutional and social subjectivities and real social diversity: micro-meso-macro, down-top-down.
- Self-determination in social action context.
- Empowerment for social self-management.

This Involves:

- Forms of instrumentality based on popular citizens' associativity.
- Forms of production and appropriation that are autonomous and socializing.
- Forms of popular self-government, self-counter-hegemonic.

Therefore, social self-management is seen as an enabling framework for the construction of emancipatory subjectivities/praxis in labour and socio-political relationships: that is, socializing and democratic versus alienating and (corporative or state) bureaucratic.

Social Transformation. Its Possibilities In Communities

- General conception of human social development for self-sustainable and emancipatory purposes.
- Reconnection of society to its various macro and micro levels, with consistent purposes.
- Macro policies, measures and change-actions should create spaces in the meso and micro level for transformation processes that contribute to and become consolidated in a sustainable manner, thus

legitimizing policies for the creation of a society of progress and development with popular self-government

- Emphasis on emancipatory processes for a more participatory and democratic socialism.

MARCELO VIETA [15]

Marcelo gave a very interesting presentation on Converting to Cooperatives: Potentials and Pitfalls of a New Cooperative Society. The Case of Argentina's Empresas Recuperadas por sus Trabajadores. However, because this document is focused on Cuba, only the conclusions of Marcelo's presentation are reported here. A PDF of his presentation is posted at http://www.theholmteam.ca/Havana.Co-op.Workshops.html

Argentina's Worker-Recuperated Enterprises: Transitioning From Capitalist Firms To Worker Coops And Possible Lessons For Cuba

Emerging out of a deep crisis of Argentina's neoliberal model in the late 1990s and early 2000s, more than 200 failing and mostly small- and medium-sized firms have since been occupied and reopened as worker cooperatives by almost 10,000 workers. The country's *empresas recuperadas por sus trabajadores* (worker-recuperated enterprises, or ERTs) can now be found throughout its urban economy.

In overwhelmingly adopting directly democratic decision-making structures, horizontalized labour processes, and strong social missions, ERTs not only directly address chronic under- and unemployment by saving jobs and bringing control back to the hands of workers, some ERTs also involve themselves in community initiatives for local development, revitalization, and renewal.

As a result, in the two decades since they first began to appear, ERTs have been effectively addressing the inability of Argentina's traditional institutions to contain historically high levels of social exclusion and poverty. They have also been equally showing workers and the political establishment in Argentina that failing, privately owned firms (that is, capitalist firms in trouble) can be effectively transitioned (i.e., converted) into worker-run and cooperatively managed worker cooperatives.

While, in Argentina, these worker-driven transitions have been happening within a predominantly capitalist economy in a developing industrial country, there are, I believe, important lessons to be learned for Cuba's transitioning of state-owned firms into cooperatives coming out of the 2010-2011 *Lineamientos*.

1) Argentina's ERTs are what is known in the cooperative literature as "children of distress" (Briscoe & Ward, 2005). They are former owner-managed, mostly small- and medium-sized enterprises that were occupied and reopened by their employees due to bankruptcy or near bankruptcy of these firms by former owners, and in the midst of high labour conflict at the point-of-production in thousands of firms across Argentina's urban economy as a direct result of neoliberal crises.

    - Lessons for Cuba: As Cuba attempts to position itself and grow economically within the broader global economic context we currently live in, cooperatives (and worker cooperatives, in particular) are viable organizational models from which to ground and grow a national industrial base. Argentina's ERTs are located in all major urban economic sectors and their workers do a very good job at running and growing often-complex businesses within highly competitive markets. ERTs are showing, despite the claims made by liberal economists, that worker

[15] Marcelo Vieta just completed his PhD dissertation on Argentina's ERTs at York University's Progamme in Social and Political Thought. He is currently Visiting Post-Doctoral Researcher at the European Research Institute on Cooperative and Social Enterprises (EURICSE) in Trento, Italy.

cooperatives (and labour-managed firms generally) can be effective and efficient in managing and running capital-intensive businesses.

2) ERTs have been surviving for many years, despite the many challenges they face and the depleted conditions from which they emerged. They are proof that the death rates of labour-managed firms are at times lower than in small, start-up capitalist firms. And these low death rates are because of, in no small part, the solidarity of the workers.

    - Lessons for Cuba: Workers who are deeply invested in the management, operation, and ownership of firms are willing to keep them open much longer than a capitalist or state-owned firm might during times of crisis. ERTs are showing that worker-owners are willing to ride out the troughs of economic cycles because the workers have such a big investment and vested interests in the firm. Also, many worker cooperative members, as with ERTs, come from the very communities that their businesses are located in, thus thy are also sensitive to the needs of the community and are well aware of the social and economic costs to local communities of closing a firm during hard times. As such, the social value and social capital of worker coops in regard to the communities they are a part of are infinitely higher than private firms or even state-run firms.

3) There are currently approximately 205 ERTs in Argentina, involving almost 10,000 workers, representing 1.8 percent of Argentina's worker cooperatives. The Argentine cooperative sector is much larger and much older than these new ERT worker coops. This older cooperative sector is made up of more traditional cooperatives that did not start from the crises-riddled formerly capitalist firms. Another set of new worker coops have been developing in recent years in Argentina at great rates, but these also are not ERTs; they have mostly been emerging from top-down, government make-work and work-for-welfare initiatives using the coop model to deliver these welfare plans.

    - Lessons for Cuba: A worker-cooperative approach to reorganizing Cuba's productive and industrial output and needs should be done in collaboration with its already established cooperative sector in agriculture with its many years of experience in cooperativism, with state assistance in capitalizing and training new worker coop members, and with the involvement of local communities and municipalities. But, workers and local communities should be at the forefront of developing new worker cooperatives in order to guarantee that actual community concerns are being met by the cooperative. Heavy community involvement in setting up and running worker cooperatives tend to guarantee their long-term success. Cuba's government could also go a long way in supporting these new coops by assisting in their capitalization and business planning. A cooperative banking system or credit union system, as exists in Canada, Spain, and Italy, for example, might go a long way in securing the capitalization needs of new worker cooperatives in Italy. This is one area where Argentine ERTs have been having many problems due to the lack of a robust and comprehensive national policy towards these converted firms, and the lack of favourable loans or other sources of funding for the capitalization needs of ERTs.

4) Argentina's ERTs have developed several "social innovations" that are addressing some of the many challenges in production and financing that these new worker coops continue to face. From the perspective of alternative economic production and the literature on the social economy, Phills, Deiglmeier, & Miller (2008) define social innovations as "novel solution[s] to…social problem[s] that [are] more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals" (par. 3). These innovations are, according to these authors, rooted in both innovating *processes* such as "individual creativity, organizational structure,…and social and economic factors," and innovating *outcomes* around social needs, such as "new products, product features, and production methods" (par. 12). The social innovations of ERTs most broadly include two crucial areas: First, ERT protagonists innovate via the

processes of cooperativism they adopt, infused as they are with directly democratic values and practices that reappropriate and rearticulate once-capitalist organizational and production structures and re-rationalize their business logics along social prerogatives. Second, they innovate *outcomes* of socialized production and social wealth generation and redistribution via the strong links ERTs forge with each other and the neighbourhoods and communities that surround them (i.e., their solidarity economies that I have already alluded to), extending the workshop into the community and the community into the workshop that, in effect, socializes surpluses. ERTs thus embrace most of the seven cooperative principles, and are especially strong in the sixth and seventh coop principles: coops cooperating and involvement in community development and growth.

Summarizing ERTs' Social Innovations

- ERT's are more communally sensitive than privately owned firms or state-owned firms, and represent the beginning of an alternative form of economic practices, even within a capitalist system.

- There is a tendency for ERTs to self-organize horizontally; assisting each other with technological needs; practicing pay equity; forging networks of solidarity with other ERTs, social movements, and the surrounding neighbourhood.

- ERT's tend to adopt production practices that aspire to minimize capitalist pursuit of profit and wealth accumulation, even as they face the challenges imposed by the capitalist marketplace. (How Cuba will deal with open markets in consumer goods and services, production inputs, and labour will be crucial for seeing how its potential cooperative society unfolds. Minimizing market interventions and maximizing cooperative forms of distribution and provisioning could guarantee that its socialist system remains as one reforged into a cooperatively organized socialist system).

- Many ERT cooperatives try to first distribute the major part of their revenues equally between workers' salaries, the material needs of workers that periodically arise, and pensions for retired members of the cooperative, *before* allocating remaining revenues to the production needs of the firm. Also, ERTs tend not to hire wage-labour but rather bring on new coop members. Lastly, there tend to be remuneration practices that see all workers making the same wage no matter skillsets or seniority, thus minimizing inter-worker competition. These might also be important lessons for Cuba in regard to how it can minimized surplus-value extraction at these firms and guarantee that workers and the communities where new worker coops belong to retain any surpluses for their own use.

- The workers' assembly decides how remuneration and surpluses is to be distributed, not a boss or the market price of wages. Again, workers deciding what to do with surpluses goes a long way to reducing forms of exploitation.

- Finally, in the *fabrica abierta* (open factory) there is a tendency to *produce much more social wealth* than in strictly capitalist or state-run firms. This is made possible when labour hires capital and not vice-versa, when control is linked to work and not capital, and where one worker-member = one worker vote (these are the three defining characteristics of all worker coops, including Argentina's ERTs). Again, in guaranteeing that the worker coop is a factory or business that remains open to the community by the community using its facilities for other purposes, the cooperative business again ensures that the community (of workers and the broader community surrounding the coop) keeps surpluses for workers and local communities.

WEDNESDAY: Agriculture – the First Co-op Stage

Cuba's farm sector will be the stage on which this new deepening and widening of Cuba's co-operative economy will first play out. Wednesday and Thursday presenters were associated with the La Palma Project, tasked with getting existing co-ops "up to speed and humming" to support the healthy development of second tier cooperatives.

Wednesday morning's session looked at the Cuban farm sector's historic co-operative roots, reviewed the structure of Cuba's current system of farm co-ops and looked in more detail at their similarities and differences. Against this background, we considered more closely at what the 6th Congress of the Communist Party actually had to say about deepening and widening the co-op economy (reviewing the 6 sections from Lineamientos), why this represents a significant policy shift and what the implications are for the Cuban farming sector.

Pablo Fernández and Manuel Alonzo Padilla presented.

PABLO FERNANDEZ[16]

Against the backdrop of the global financial and economic crisis, Pablo's presentation The Agricultural Sector In The Context of the Cuban Economy focused on the strategic importance of agriculture to Cuba's economy and society. Below is a synopsis of his remarks.

The Role of Agriculture in the Cuban Economy

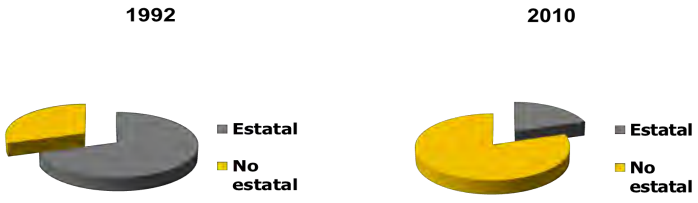
Agriculture employs 1.5 million workers, or 28 percent of the national work force and contributes between 4 and 5 percent o the gross domestic product.

Cuba's agriculture and food industry is the responsibility of two senior ministries and the sugar industry group, recently created to replace the Ministry of Sugar. Both institutions, the Cuban Ministry of Agriculutre and the Sugar Industry Business Group (Grupo Empresarial de la Agroindustria Azucarera; formerly the Ministry of Sugar) have responsibility for some 5,500 cooperatives and 500 state enterprises. The Ministry of Food Industry has under its management the non-sugar food industry, including breweries.

Agro-industrial exports represent 18 percent of Cuba's total exports, while imports of food and beverages represent 17 percent of total imports. Cuba's agricultural trade balance has been in deficit in recent years.

Changes in the Structure of Land Tenure

Between 1992 and 2010, there was a dramatic shift in the structure and tenure of Cuba's farm sector. Prior to the collapse of the former Soviet Union, large state farms represented over seventy five percent of agricultural land tenure; private farmer cooperatives held only 25 percent. In 2010, that situation had fully reversed itself.



[16] Pablo Fernández (retired) was with the Ministry of Joint Economic Planning for many years.

Current Agricultural Policy Principles (Los Lineamientos)

Los Lineamientos have introduced important changes to Cuba's agricultural policies, including:

- decentralization of state functions
- elimination of subsidies to producers
- more space for commercial relations (farmers purchasing own inputs)
- changes in access policy
- at the heart of the changes is "the territory "

As a result of these changes,

- agriculture will be more demand oriented
- there will be a reorganization of marketing and retail
- intermediaries will be reduced
- state and local solutions for commercialization will be promoted
- direct sales to tourism will be permitted

Agricultural policies may be grouped into three broad categories: price policies, natural resource policies and access policies. These policies are all interrelated.

Changes in Access Policies

- Input market without subsidies
- Opening credits
- Changes in agricultural extension

Changes in Natural Resource Policies

- Directed to the preservation and rational use of soils
- Better control of water
- state support

Principles of the New Planning Approach

- Demand as the starting point
- The producers determine their plan of planting and production
- The territory determines its food balance to achieve self-sufficiency
- The state will act as a balance between the territories
- The state and national balance determines the volumes of food that must be imported

Premises for Updating the Economic Model

Among the premises that arise for updating the economic model and the implementation of measures associated, according to the approved guidelines, is the preservation of social achievements under the principle of Cuban society that nobody will be unprotected, ensuring continuity and irreversibility the socialist project, the country's economic development and rising standard of living of the population.

The first two general guidelines contained in Chapter I. Economic Management Model state:

1. The socialist planning system will continue to be the main national management tool of the national economy. Its methodology and organization and control must be modified. Economic planning will influence on the market and take into account its characteristics.

2. The management model recognizes and encourages socialist State-owned companies – the main national economic modality - as well as the foreign investment forms described in the law (e.g., joint ventures and international association contracts), cooperatives, small farming, usufruct, franchisement, self-employment and other economic forms that may altogether contribute to increased efficiency.

Cooperatives in the Agricultural Sector: Contribution to National Production

The non-state sector, composed of various forms of cooperative (UBPC, CPA and CCS), provide about 77 percent of the national crop production and 79 percent of livestock.

Type of Cooperative	Not Sugar	Sugar	TOTAL
CPA	762	245	1,007
CCS	2,470	78	2,548
UBPC	1,448	541	1,989
TOTAL	4,680	864	5,544

Type of Cooperative	Number of Associates
CPA	54,032
CCS	336,455
UBPC	121,481
TOTAL	511,968

The production from Cuba's agricultural cooperatives constitutes greater than 90 percent of the raw materials upon which the agribusiness sector depends; 98 percent in the case of sugar cane, tobacco and honey. Credit and service cooperatives (CCS), farming 30 percent of the land, produce on average 60% of the crop (non-sugar cane) production and 65 percent of livestock production.

Factors Affecting Results

- Strong performance in conditions of scarce resources.
- Quick and positive response to economic incentives.
- Financial results are complemented by social outcomes within the cooperatives themselves through the satisfaction of material needs of its members (food, housing, health and social concerns) which in turn are incentives based on the principles and values of the cooperative movement.

Cooperatives and their Role in Updating the Cuban Economic Model

Chapter I. Management Model, Los Linieamientos (Guidelines for Economic and Social Policy) opens a space for recognition and participation of cooperatives in the new economic model, as can be seen in the following guidelines:

> *COOPERATIVES*
>
> *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.*

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.

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.

In Chapter VII. Agroindustrial Policy also makes reference to cooperative principles in the guidelines 180 and 200:

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 the 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)

MANUEL ALONSO PADILLA[17]

Manuel was our second presenter on Wednesday. The title of his presentation was:
Reengineering of The Cuban Sugar Industry in the First Decade of the Twenty-First Century

Sugar Agro-Industry in Cuba - Changes in the Sector During Last 50 Years

The changes in this sector since the revolution occurred during a period when we had very good relations with the former Soviet Union. They encouraged the economy with supply of many raw materials, fuel and machinery, mainly from the FSU. In 1970, we started to make a huge effort to convert an industry that at that time was producing 6 million tons of sugar annually to one that could produce 10 million tons of sugar. These efforts were not successful at all; we only reached 8 million tons, which left 20 percent excess capacity in our mills. Made big efforts to humanize production with mechanization, tractors, combines; 70% of agriculture in cane was mechanized and we also had a big irrigation system for cane.

Cuba's Sugar Industry in the Special Period

Then came the 90's. The collapse of the FSU and the forthcoming Special Period meant we had to use less fuel. Working these large fields without tractors and combines was impossible, so we had to introduce different types of culture in the fields for cane. This was very difficult for agriculture, for the people who work there and also for those who work in the industry. Taking into consideration the number of people who work in the sugar sector – half a million – it was a very big system. When we lost all those supplies from the FSU in the early 1990's, this very big system reduced and production started to fall and fall. The 1990's were a very difficult period.

Re-engineering Cuba's Sugar Sector

The first decade of the twenty-first century saw a continuous shortage in the production of sugar and sugarcane. Despite recovery programs during last 10 years, a workforce that has advanced on a technical and professional level, economic aid received under favourable terms, the arable land, good soils and potential capacity of the sugar factories, it was not possible to enhance sugar production. In 1998, Cuba began a re-engineering process to rationalize production capacity and increase efficiency. This process had three distinct phases:

- 1998 – 2002: Re-dimensioning. Within the ministry, the research labs, the sugar mills and factories, employment enterprises were created within the system to ensure that workers whose jobs had been lost would have the choice of other work. At that same time, there was a movement across Cuba to extent university campuses into the municipalities (municipalization). Workers who lost their jobs began to study at these small micro-campuses and were paid full salary while they studied.

- 2002 – 2004: Structural Changes. In 2002 the Central Committee of the Communist Party decided structural changes to the industry were needed because it was not possible to continue with same large

[17] Mechanical Engineer (1970). Specialist in Cooperation at the International Relations Department in the Ministry of Sugar. Professor of Project Management and Social Marketing at the Faculty of Communication in the University of Havana, Project Management General Coordinator in the Cuban Association of Sugar Technologists.

structure that had existed for 50 years. Changes began with rationalization - inefficient factories were shut down and acreage in sugar production was reduced. In 2004, when the international price of sugar dropped to 4 cents a pound, it became a main driver of change; at that price it was cheaper for Cuba to import sugar than to produce it.

- 2004 – 2006: Reconversion: The third phase of the re-engineering process addressed the socio-economic aspects.

Four factors characterize the changes in Cuba's sugar industry since the start of the Special Period

- Economic and Financial realities
  - USSR market lost
  - Sugar price reduction in the world market
  - U.S. Blockade
  - Others sources of financing
  - Investments in tourism and biotechnology

- Technological factors (agricultural and industrial)
  - Spare parts and materials shortage
  - Fuel reduction for a high mechanized agriculture
  - Technological obsolescence
  - Lost of the machinery and technical capital

- Political Decisions
  - 10th of April 2002 to 31st December 2006.
  - Structural Change - the first stage - lasted until 2004
  - Reconversion - the second stage - began in 2004 and lasted until December 2006.

- Education, Communication and Participation

In particular, the communication and education process was extensive, consultative, participatory and inclusive, involving many meetings across the country with the mills, existing UBPC's, the worker's families and community (the Batey around the mill itself, also agricultural Bateys - communities far away where the cane was cut). Within a month, some 5,600 meetings were held. As a result, everyone in the industry knew exactly what the problem was, why it was necessary for these big changes. Approximately 100,000 workers no longer employable in the sugar factories came to study or to continue to study.

Social Impacts

The social impacts of the changes were considerable. Arable land in sugarcane production was reduced and mills closed. Many communities went from a Batey with a mill to one without a mill. The community lost primary services that the mill had provided. Employment of course fell. This greatly effected community and personal life in the Bateys. People lost their self-esteem. Some were relocated.

ATAC (the Cuban Association of Sugar Cane Technologists) did its best to support esteem within the communities by organizing many different types of activities, workshops and conferences.

Museums were built to preserve the Patrimony of the sector and to explain to tourists the role of sugar in the Cuban economy.

Production Impacts

Prior to the Special Period, Cuba had 17 refineries. Today there are 10, producing mainly white sugar for domestic consumption. Cuba produces mainly raw sugar for export. Sugar fell from 8 million tons before the Special Period to 1.3 million in 2005 and has stayed at that level ever since. Domestic consumption is 700,000 tons; the rest is exported.

Eighty-five sugar factories were closed down – all that remains is the chimney. Part of the machinery was used in other factories. Part was used as scrap metal. Some material was also sold. The community stayed without the sugar factory and this was a big problem from the sentimental and the material point of view. In many cases they lost primary services like electricity that had been provided by the mill. In all, some 109,000 people changed their jobs as a result of this. People migrated to other cities to find work.

Structural Changes

Before the Special Period, Cuba's agricultural sector had 2.1 million hectares of land in sugar cane plantations. In 2004, 1.4 million hectares of former sugar lands were distributed to other sectors as follows. (They remained within the sector and under the jurisdiction of the Ministry of Sugar.)

SECTOR	LAND AREA (HA)
Agricultural crops	200,000
Livestock production	442,000
Forestry	610,000
Fruits	153,000
TOTAL	1,385,000

There were also changes in the commercial structure. A company (CAISA) was created within the Ministry of Sugar to sell sugar to finance production and industrial needs. (Prior to this, Cubazucar, a state enterprise, was the sole sugar agent.) Another company (ARCAZ) was set up to provide financial services to the sector.

Results of the Reconversion

- In 1990, there were 156 sugar mills in operation, by 2002 the number had reduced to 81, today there are 46 in operation and 10 more are capable of coming on-line if needed. With all 56 mills in operation, Cuba has 4 million ton of processing capacity.
- 2011 will be the first year of the sugar harvest in a long time to show an increase. It is anticipated it will rise by 20 percent.[18]
- 52 agricultural and livestock enterprises were created, most moved to the Ministry of Agriculture in 2009.
- The number of UBPCs were reduced from 1,260 to 901 in the reconversion phase; today there are approximately 800.

Sugar Sector Today

Today, the main objective of the sector is to move the sugar cane plantings as close to the mills as possible to reduce transportation and increase freshness (maximize sugar content).

One month ago there was another big change in the structure. The ministry of sugar (MINAZ) was converted to an entrepreneurial group (group of enterprises) AZCUBA has very high standing within the Cuban government. In each province, there is a sugar enterprise. It has different units of production (the factories) and in the factories each have two divisions. One division is related to transformation side (industrial production of sugar from raw materials) and the other is related to the production side (production of sugar cane).

[18] In the 2010-2011 harvest, only 39 mills were in operation. This year there will be 46 mills running.

Discussion:

Today, we are also looking at the possibility of creating economic associations with some foreign entity. In 1993 there was a slight upturn in sugar production when the UBPC's were created and state farms eliminated. Financing contracts entered into by some mills[19] with foreign entities (that then exported the sugar from that mill) created a slight increase in production during 1994 to 1996. In 1997, when the contracts expired, production again dropped and continued to do so. An economic contract for association has been drawn up with one mill on an experimental basis. Negotiations are on-going.

Why would the workers not take over and run the mills cooperatively? In part, it is a question of capital. The processing of sugar is very capital intensive. Up until today, the foundations of all agricultural operations have depended heavily on the sugar agro-industrial complex. Now what is underway is to create a new system of economic relations between the productive foundations and industry. Not just the sugar agro-industry, but also all agro industries. We had a very positive experience with the tobacco industry. Ninety eight percent of tobacco in Cuba comes from private farmers. The processing and manufacturing industry, which is highly capital intensive, is run by the state. Today, we are moving in a similar direction with sugar cane. Cooperatives produce the cane, and it is sold to the mills. But today the cooperatives also have a diversified production base (other crops, livestock).

Would Cuba consider following Brazil and using sugar for ethanol production? Complicated answer. We have a test programs in some distilleries to distill cane for alcohol production. But the concept is that whatever alcohol we might produce should not effect food production. Our alcohol is made from molasses that are also used for animal feed. Looking to the future, it would be better if we were able to produce it economically from cellulose.

[19] Mills that were owned by US companies before the Revolution cannot be placed in any association with a foreign company.

THURSDAY: Walking the Walk –The PALMA Project

This workshop, like Wednesday's, was led by Carlos Artega and Mavis Alvarez. Before the formation of second tier co-ops, UNDP-funded PALMA Project is working to make sure Cuba's three different types of primary co-operatives are healthy and, well, co-operative (adhering to the co-operative principles). The Palmiche Group is comprised of theoretical academics, investigators, seasoned practitioners and recognized professionals who took us to that richly fertile riparian zone where co-operative theory and practice intersect. Where is Cuba going? Where will they start? How will they get there? What are the issues? These were the topics of Thursday's discussions.

Below is a synopsis of the morning's discussions.

CARLOS ARTEGA[20]

Carlos' remarks focused on the PALMA Project – a Program of Local Support to the Modernization of the Agriculture Sector in Cuba (Programa De Apoyo Local a la Modernización Del Sector Agropecuario En Cuba).

The PALMA Project

One of the general objectives of the PALMA project is to reduce dependence on food imports. One of the specific objectives is to increase food production at a local level. There are two basic lines of action to accomplish this: a) decentralise agricultural production activities and b) give land over in usufruct tenure to those who want to start farming or increase their existing farms.

Another objective is to strengthen the municipalities by giving more management participation to the municipal structures. If we were to look at a graph, this entails taking away power at the top and placing it at the local level. Today, the Ministry of Agriculture has delegates in each municipality. There is an experiment going on to see if they can make them separate or independent from the municipal governments. Yesterday Pablo mentioned the political will of the Cuban government to separate functions of the government from business functions. The Palma project has a big influence on that through training.

What are the objectives of the training? The first is to take an in-depth look at the theoretical and methodological foundations of coops in society. The program is addressed directly to coops - not to academics or other sectors. And it is always delivered at the local level. So this objective of involving all actors at the local and municipal level in a training process is a basic requirement. (What we are doing is not a vertical process. This is basic to the coop training process.)

There are 6 different results we hope to accomplish.

- ✓ First is that the actors - the coop members themselves - will recognize and see themselves as cooperativists. We want them to think like cooperativists and to see their co-op not as their workplace but rather as a place where they have come together to met their basic social needs through an enterprise. And as such see the importance of their role in the transformation of agriculture in Cuba. To become an active actor in that process. To have a central role in that process. That is one of the main things that we hope to achieve with this training process.

[20] Wednesday and Thursday's Workshop Co-Leader and Co-Convener of the Havana Discussion Series, Carlos is a Cuban Economist, member of ACTAF (Association of Agriculture and Forestry Technicians), and a member of the PALMA Team. Carlos will speak about the integral vision of coop education and its work with Cuba's cooperatives to prepare them for this new and exciting path.

- ✓ A second is related to the historical view of cooperativism – what we have more or less called the culture of cooperativism. This is something we feel is the most important thing to us – a cooperative culture. There is no secret that this has been somewhat lost here. And so what we need to strengthen today is that cooperativists have a more historical view of cooperativism on an international scale and that they see the Cuban coop movement as part of that international movement. We are not isolated; we have the same principles and values. We have the classic cooperative theories but we have a Cuban perspective on them. This is another one of the main things we hope to achieve with this program.

- ✓ A third has to do with the legal or regulatory framework. We want first of all for coops to have a legal status. So people understand why that legal status is important and what is the role of the guidelines and the laws in developing cooperativism. And in the context of implementing our methodology, this is one of the things that has produced the most new results for us.

- ✓ The fourth objective is to strengthen the business function within the cooperatives. We can't leave out essential basic training in economics, administration, accounting, planning and organization. Strengthening this kind of knowledge in coops is an objective and one of the things we hope to accomplish with this program.

- ✓ A fifth objective has to do with the social role of coops, which has developed to a certain extent in Cuba but is not something that has been programmed or planned. So we are taking about social improvement not just within the coop but also in its relationship with the community. We can't have a perspective on local development without cooperativism. This training should result in cooperativists feeling more responsible to their community.

- ✓ The sixth result is something that concerns all of us - what are we going to do as cooperativists with respect to the environment. At the Second Ideological Congress in Lima, Cuba made a proposal about analysing a possible eighth principle: that would relate to the responsibility of cooperatives to the environment. (And in our methodology – even though not approved – we consider the responsibility of coops to the environment to be an eighth principal.)

These are the hoped for results of our training process. The diagram to the right shows the group of experts who are working on this program, including academics, government policy makers, the agricultural training schools, representatives of the municipal government and the municipal delegation of the Ministry of Agriculture, and various associations of Cuban civil society including ACTAF and ACPA (representing agriculture professionals), ANAP (the Cuban Association of Small Farmers), ANEC (the Cuban Association of Economists).

What this nucleus does at the municipal level is look for and engage these different actors who have knowledge needed to conduct that training.

We are carrying this program out on a pilot basis in 5 municipalities. Each has a municipal management group. Our group interacts with the municipal group and the municipal group is the one that does the actual training. This gives the municipality the central role in the training process. (The arrow doesn't go right down to the cooperative because this is not a vertical structure. What we are trying to do is to strengthen the municipal process.)

This is the municipal structure we have created. The principal we follow is municipal integration. We are trying to avoid at all costs any kind of vertical structure.

Stages

Like any program, ours has different stages.

The first is raising awareness: we had to raise the awareness of many people (especially decision-makers in positions of authority) so they understand why are we carrying out this process. We had to do a diagnosis and form these municipal teams. Now we are carrying out direct training for the cooperative.

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In the beginning of January we would like to begin evaluating and systematizing some of these experiences. What enabled us to raise awareness? When we did the awareness raising process it helped us to select in which municipalities we would begin. We chose II Frente, Guantanamo, Bayamo, Pinar del Rio and Cabaiguan – one municipality in each of 5 provinces. In these pilot municipalities we are working with 54 coops. We chose the municipalities because of the potential we saw in each of them to be able to take on this process. Also we wanted the complexity of having different types of cooperatives. And we wanted to make sure the pilot project included some of all three types. And also because one or another of these municipalities may have had other experience in training. We also took into account the diversity of their production (in order to include a wide range of crops) and of the problems they faced with those crops.

Our training is not technical agriculture training; it is management training. But we believe you cannot have technical training without management training.

So during this awareness raising process, we held many meetings with co-ops and other local actors. To look for elements of integration. A lot of meetings over the course of almost a year. Then we made a diagnosis. It was impossible for us to develop a training process without examining the weaknesses that existed within each of these cooperatives. In each municipality, a participatory diagnosis was made. Participants were the cooperatives themselves, the municipal decision-makers, and people we believed should participate in this training process.

We also had the participation of the Ministry of Agriculture at the national level. This was through a leadership body called “attention to productive units” from the Ministry of Agriculture, which was also a part of this whole meeting process.

Outcomes of Diagnosis

The main outcome of our diagnosis

1. The technical consultancy group became stronger, consolidated. And through the diagnosis, we established each municipal team. Also thru this whole diagnosis process we detected the need for change. So we found both the need amongst the cooperative participants and also the different weaknesses in the training process. So one strength in this process for us as the advisory team - but seen as a weakness by the cooperative members - is a marked weakness in knowledge about cooperativism and cooperative culture. That helped us establish the basic training needs and identify the municipal training capacities available to us to take on that process.

The reason we were able to carry out the diagnosis is because of the high level of qualified personnel we had in each of these municipal locations. This is a strength that Cuba has. We have a very high level of qualified technical personnel at every level. And obviously these people have more intimate knowledge of the place where they live than we do.

The most important part of the methodology was to create the local management training teams and to know their needs and weaknesses. So the diagnosis took us also to the basic cell of the training process. Identifying the

different weaknesses allowed us to place those weaknesses within the context of 5 areas of cooperative management. And their interrelationship strengthens overall cooperative management.

This enabled us to understand what we needed to train:

What we needed to train in terms of associative management
What we needed to train in terms of economic management
What we needed to train in terms of environmental management
What was our vision in terms of cooperative integration
Issues around Legality

For our team of experts, this became the core of how we were going to organize the training process.

We developed training materials for each municipal team, structured into different modules. This supported each municipal team to do training at each productive unit. We worked on basis of visibility. We included international cooperative principles.

We are now working on a document that is for the cooperatives themselves. It is very simple material and very much related to the reorganization of Cuba's productive systems. It is written in simple language, not academic language. We want the coops to see us as part of them, as people who are helping to solve their problems.

After creating this manual and making this diagnosis, we held a series of workshops over 2 weeks to create the municipal training groups. This brought us to the stage called "training in the coops" where the newly created local groups began the direct training process - addressing the five themes of cooperative management.

The people who received the training in these local groups later had the responsibility for doing the training in the cooperatives. This training is a very detailed program where each cooperative benefits from the training. We also engage cooperative leaders, members of ANAP (who have most worked with the co-op agriculture system), local consultants and local academics from satellite campuses of the main universities who can use language that allows them to reach cooperatives.

(There are four universities in Cuba conducting academic research into cooperatives: the University of Pinar del Rio, the University of Havana, the University of Villa Clara and the University of Granma.)

Like any private process, this had to be very closely monitored. This is where the national expert group has participated. The first monitoring action was done for the first two stages of the formation of the training process.

One was the training of the local training groups before they actually directly began training the cooperatives. What we did was diagnose what were the potential obstacles to them being able to carry out that direct training and what changes would be needed in the training process.

The second monitoring action we did directly when they began training cooperatives. This was linked with the principal training actions, the level of local integration, how well that integration was working, the assimilation of knowledge. This was complicated because we were trying to see how the co-ops were responding to the training, and we also began to compile information what allowed us to establish indicators to measure the impact of the training. (There has never been a training process established like this before. Of course many coops have received training in many areas. But what is new about this methodology is incorporating the participation of the cooperatives themselves. This is why we are constantly monitoring it.)

The third monitoring action, which begins in January, is to assess what was the overall impact.

Another important aspect of our methodology is to engage in international exchange missions. We want the trainers and trainees to participate in such exchanges - principally Latin American - with a view of adaptability to

Cuba's circumstances. We've done cooperative exchanges with Brazil, Nicaragua, Uruguay and other countries. And we have brought farm leaders together for cooperative exchanges.

Today we have one year behind us - very little time. But we already have had an impact.

1. Increased demand on the local level for cooperative training (validates our training).
2. Gender-related: in the associative management model we have a chapter on women in decision-making roles in co-op management and what role women have. We have already seen the results of this – there are 10 women in leadership positions in those coops today. All of the training teams are led by women. (Now that co-ops know their rights (cooperative principles and the new rules), there have been incidences of cooperatives flexing their autonomy when the state has attempted to "butt in" to their affairs.)
3. Understanding the role of legislation as a tool.
4. Implementation of environmental conservation measures, use of biological controls.
5. Planning and administration as everyday tools.

These municipal management groups are made up of 5-6 people each. They have to join together many people at the municipal level. Today we have 113 local actors involved in the training programs. All of this comes under the PALMA project, but now we have two more UN projects operating in Cuba, and they have asked us to carry out the project in 5 more municipalities. Other organizations in Cuba have also asked up to work with them because they have seen the results and the comments from the ground up.

Some considerations:

It would be impossible for us to carry out this training program without the participation and integration of all the local actors. We are moving from a concept to support to a concept of integration. (If you are supporting, you are not part of the process.)

And so the other aspect is that the training cannot just be for the cooperativists. It must include the municipal decision makers, public officials, institutions, banks, and others. If these public officials do not have a view of cooperativism, just training the cooperativists is not going to be enough.

And a final aspect is that thought-out this training process, we cannot lose sight of the importance of the cooperative to the transformation of agricultural production in Cuba. Without this, the guidelines would be a dead letter.

And like any pilot process, we don't want to generalize it, we want to take the results of the program and analyse them specifically. That is what we are doing now – assessing and systemizing our experience.

In this process of comprehensive cooperative management training, we need to constantly perfect the conceptual and methodological clarity in the work teams.

We have a motto. Alone we go faster, together we go farther.

MAVIS DORA ALVAREZ[21]

Mavis' remarks build on Carlos' presentation of the PALMA Project – a Program of Local Support to the Modernization of the Agriculture Sector in Cuba ((Programa De Apoyo Local a la Modernización Del Sector Agropecuario En Cuba).

So I would like to go more in depth. Some of these are very obvious. For example the question of legality covers the laws, rules, decrees and regulatory framework that guides and governs the cooperative system. Curiously, we do not have a cooperative law in Cuba. The only cooperative law that now exists in Cuba is Law 95 that regulates CPA's (agricultural production cooperatives) and CCS's (credit and service cooperatives).

This has to do with our history. Because the origins of these structural forms go back to our agrarian reform law. In the early years of the revolution, landless peasants became the owners of their land. The first groups of associated farmers were called farmer associations. Their purpose was to receive benefits the revolution began to introduce in the Cuban countryside.

Several days ago we said we did not have a cooperative tradition in the Cuban countryside. There was no tradition of this. This is not to say there were not some exceptions – social organizations of producers - which of course also operated in the countryside.

The associations that did exist previously in the Cuban countryside were associations formed by farmers to obtain for example credit. These were not poor framers. They were landowners. When the revolution triumphed in 1959 there was no accumulated experience.

During the period 1959 to 1963, farmers began to associate. These first associations were first if all intended to defend the revolution, which was brand new, it was weak, it had just been born. There were counter-revolutionary activities going on. And these associations were mobilized to defend what the revolution had given them and of course to defend their lives as well.

In 1963, the Second Agrarian Reform Law was passed. The revolution needed to improve living conditions in the countryside. The fact that each individual farmer lived on a small parcel of land, isolated, not in communications with others motivated these farmers to come together in communities where they could receive the benefits of modern life (health care, services).

So first of all the communities were made up of farmers who had lived a more isolated life. Eventually they began to think of coming together. Around 1975 the idea of the cooperativism began to play a part in the development of the countryside. This is when the first CPA's were forms. Before that, CCS's existed where each member is the owner of his or her land and the co-op manages certain things. In the case of the CPA, this changed because in CPA's the farmers were pooling their land and working together.

And now those of us who are a little older we didn't know anything about cooperativism and we were the ones who were doing cooperativism. It wasn't well done. We had good intentions to improve people's lives. Now we've learned a bit and we realise that what we were trying to do was to create cooperativism for them. Not like in other parts of the world where cooperatives were imposed. We did not impose, but we did try to convince people.

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[21] Mavis Dora Alvarez. Wednesday and Thursday's Workshop Co-Leader and Co-Convener of this "educational encounter", Mavis is an Agronomist and Economist with a Masters from University of Havana in Gender Studies and a member of the PALMA Team. She is also a founding member of ANAP (national private farmers organization).

There were more than 2,000 CPA's in the 1980's and roughly 800 CCS's. As CPA's increased, CCS's diminished.

Beginning in the 1980's, thorough Cuba's relations with the socialist block, especially the Soviet Union, we began to learn from the experiences of the Soviet coops. There were two forms, similar to our CCS's and CPA's. We in Cuba saw cooperatives as part of technical and economic development, receiving major state assistance to improve living conditions and support technical intensification and modernization of technology. They grew and grew until the source of resources, the Soviet Union, collapsed.

In the Special Period, we were forced to begin changing our ideas about economic management and forms of organizing production.

One element not mentioned yet was the process of the nationalization of lands that belonged to the large landowners that were concentrated in large state holdings. In the early years, this represented 80 percent of the lands. With the coming into existence of the cooperatives, this began to decrease. By the time of the Special Period, 60 percent of the lands were in the hands of the state in the form of large state farms. These were restructured or downsized into UBPC's. This historical background underpins our coop movement today.

Now, more than ever, the future of the Cuban economy is quite well defined – it will be governed by models of cooperative production. That has been defined. And now, in our personal point of view, based on our own experiences, we would not be comfortable or happy repeating the errors of the past. Luckily, some of us who went through that whole experience are still alive and can alert the rest.

One example of that as Carlos has already explained is our concept of training. When we first created coops it was based on love and revolution and making lives better. Now it is different. We need to think what was good, what was bad? What we did right, what we did wrong? What needs to be maintained? What needs to be changed? When those of us who are older get together and sit down and talk, and remember how we created the cooperatives in the past, now we understand that first they must be cooperativists. We have to teach them what is to be a cooperativist. How to be a cooperativist. We didn't do that because we didn't know ourselves.

Today, as approved by the Party Congress in April 2011 in the Lineamientos, the principles of cooperatives are the basis of our system. The coop doesn't belong to one person it belongs to all. We focus the work that we do on leadership training and democratic cooperative to reinforce the leaders. They need to understand the final decision made by the cooperative must be made by the cooperative assembly. Not with the higher up officials or other coops but by the assembly of their own coop.

FRIDAY: Observations and Next Steps

Following a meeting of the cohort on Thursday afternoon, our Cuban hosts were invited back on Friday morning to discuss our impressions of what we had learned over the week and to formalize "next steps". Our discussions were divided into seven theme areas, with one or more cohort participants taking responsibility for opening the discussion:

1. Support and Confidence: John Eichholtz and Bob Yuill
2. Best Practices And Lessons To Be Shared: Jeff Bessmer And Patti Waters
3. International Networks: Sonja Novkovic and Stephanie Guico
4. Capital: Paul Paruch
5. Tier Two: Bob Yuill
6. Co-Op Models In Other Sectors: John Restakis, Marcelo Vieta, Jeff Bessmer
7. Permanence Thru Carrots And Sticks – Indivisible Reserves: Larry Haiven and Ron Fox

1. SUPPORT AND CONFIDENCE

John Eichholtz

I feel that you have studied the cooperative principles very thoroughly and applied and translated them to your system in a way that makes you feel confident, and I feel confident that you have understood and translated them correctly. Los Lineamientos seem to me to provide a vision/view of the future and that is very important.

In putting together my remarks, I have identified what I see as barriers to this project and the solutions you have put in place to remove or reduce to barriers.

Barriers:

- Legal structure.
- Education and awareness of coops at the ground level.
- Competing solutions and strategies that may exist in your society (people may have a choice of which system to choose).
- Also, internally, the competency of the support you can provide - how well that you understand and can provide that co-op support.

Listening to your approaches this week, I feel you have addressed all of those barriers, although I am not quite sure about the legal structure– it seems a little hazy. You have put in place a training program, you have identified ways to subsidize coop model, and you have identified ways to promote the benefits of coops. In terms of your own competency you have these university programs to develop cooperative leaders.

The final step is implementing solutions to these barriers and letting the cooperative model flourish. And you have started that process through the trial programs.

What I would like to say is that, 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.

I think the next stage to your project is to solve the problems that arise within the cooperatives as they operate. There is along road between theory and practice and you see this in the development process, but within the coop itself there are the same difficulties. Our next offering is going to be about best practices, and what we have learned about operating within the coop.

Bob Yuill:

I can give you a bit different perspective. I come from Scotland. We have a long history of cooperation. Scotland is fairly socialist. It's not England. To give you an idea, all education right through university is free. All health care is free. All care in the home is free. Travel for people over 65 is free. It is a very socialist country. What I want to say to you, for the road you are going down, is that our oldest and best farm coops are now nearly 110 years old. They have lived for more than a century, through two world wars, through countless governments (conservative ands socialist), and they are part of and embedded in the community. And all I want to say is that you are doing the right thing…

Discussion:

Jeff Bessmer

Many coops that we have studied and are familiar with – the very successful ones – all began just as you have – with education. The success of the co-op movement depends very strongly on educating cooperativist boards and managers. 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.

Mavis Alvarez

And what do you have to say about gender?

Judy Haiven

In Canada, the traditional coops seem to be heavily dominated by men at the top – these are the more traditional and the large-scale cooperatives. My credit union recently hired a woman to be CEO but that seems to be a small trend. However, in terms of in the coop sector as a whole, I have noticed in Atlantic Canada and in Saskatchewan it is quite male dominated except in small coops such as day care centres where, of course, it is exactly the opposite: in day care centres it is all women. In Saskatchewan all 35 provincial day care centres are cooperatives and are completely female dominated. In terms of the boards, the people who do most of the work still tend to be the women, but often the men are at the head. Teachers and parents are members of these day cares. (Some discussion ensued regarding co-op day care centres.)

Wendy Holm

So to finalize the discussion around this point, one of the things that should be encouraging to you, who spent your time for the last four days sharing with us your system, is that it is a complete consensus around this table that we are very impressed with what Cuba is doing. What Cuba is doing is very important not only to Cuba but to the rest of the world. And that we have built cheerleaders around this table on what is happening here.

Is there some way you feel that that support from this informal group can be more formalized to the institutions in Cuba to be communicated from this workshop; that this is the seed of more interactive discussions? Is there something we can do? We will be preparing a paper that summarizes all of our discussions; we can get that translated. Do you see a vehicle for that document for you perhaps to propose it to other levels in government so they understand the purposes and outcomes of this?

Beatriz Diaz

Absolutely. Such a document would be very useful for us to use in many ways. It is going to have an impact on our work.

Wendy Holm

So what I would propose is that I will come up with a consensus document based on our discussions today that I will circulate to all for your review and signature and once we have a document that we all agree on we can all sign that document and then pass it to Mavis and Carlos and Beatriz and Camila – all of the people who presented here – and then you have something that you can use to say "we have tremendous support and there is confidence in what we are doing…"

2. BEST PRACTICES AND LESSONS TO BE SHARED:

Patti Waters

Visioning: A vision is a picture of what success looks like for us at a particular point in the future. It is the first step we all take to inform and guide our strategic planning. Visioning creates an environment that allows expression of the whole person and creates solidarity around the purpose. It creates something to plan towards. With a shared vision in place you can avoid or reduce the chance of future conflict over activities and direction. It is an accessible method of group decision-making and a statement of optimism about the future.

Our sector, the retail food cooperatives, have a National Cooperative Grocers Association whose purpose is to support its retail members by collecting information about operations. They identify the best practices of the most successful cooperatives so they can be shared and used by all the members of the coop association. Benchmarks are developed based on actual performance. This allows for early identification of failing cooperatives in order to allocate technical assistance in a timely way. And then less formally we have a peer support network for mutual assistance and community building, and so we can call on others to help us and coach us thru whatever problems we might be having, or if we are in a planning phase we will contact other coops who have planned in the same way so we reinforce each other through regular conversations. Our association can improve projections for new co-ops by using historical data from comparable situations so that it can be shared and used by all the coop members of the coop association.

And then less formally we have a peer support network for mutual assistance and community building, and so we can call on others to help us and coach us thru whatever problems we might be having, or if we are in a planning phase we will contact other coops who have planned in the same way so we reinforce each other through regular conversations. And also we welcome and support the new cooperatives cause we are there to help them and share our expertise communally.

Jeff Bessmer

I can speak about a different cooperate sector - the housing coop sector. We do it a little differently because we are smaller and less organized; we have less money. We have one conference every year for the US and Canada where we get together and have topic based workshops like is happening here. And we have regional conferences where we get together and share ideas. It's the same thing as the grocery coops where we always comfortable picking up the phone an calling someone who is a manager of a housing coop somewhere else and discussing any issues - for example: "We are having this problem with our local government, how did you handle that?" This is very important.

I also wanted to respond to gender question. Everything I learned about coops I learned from women. All of the coops I have worked for have had a majority of women directors on the board and the general manager has been a woman. It's a pleasure. These different systems that allow us to work together and share best practices and innovate are really because we don't have any ongoing education or strong support by our government these allow us to identify improvements we can make and grow our organizations and avoid failure and benefit our members more. Which is what it is all about.

Discussion

Sonja Novkovic

I would like to throw into the mix a little information about the Canadian Worker Coop Federation, an umbrella organization representing worker cooperatives. And we are not famous for worker cooperatives in Canada, as you know. You can look to Europe for larger experience in these. The largest number of worker cooperatives are in the province of Quebec. Including the rest of Canada we have around 300 to 400 worker cooperatives. So the number is not large. However, in terms of best practices, democracy is messy.

Democratic governance is not easy and they are working on it. And they continue to work on it – it's not something that they know because they have been around for a long time. So you are on the same page, in terms of your struggles and your description of what is happening here as they are in other places in the world.

One of the things that the Canadian Worker Coop Federation does is provide assistance to their cooperatives on development on an ongoing basis – on development, assessment, diagnosis of what's happening - and so tools like cooperative metrics help them understand for example finances. But the CWCF is also developing tools for diagnosing cooperatives on their degree of "cooperativeness". We have a questionnaire based on principles and values, and worker cooperatives then assess how they are doing. Are deviating from their ideal of where they want to be? How far off are they? Then they work on areas that need improvement.

And so this is really based on the social integration of principles and values within the functioning of the cooperative. So the questions include for example "can you reach your CEO within a day?" - very experiential, very much hands on. It is not asking how many people show up in a meeting to measure democracy, it is measuring can you actually do something, can you change something within the organization.

These are the kind of questions it uses – it is a really interesting tool and Quebec is adopting it. Finland is also adopting it. Italy is looking at it. What I am trying to say is that we have a lot of things on the go!

Beatriz Diaz

Only to say again that everything you are looking at is very interesting to us and would be very useful to us to develop our cooperatives further.

Wendy Holm

During our coffee break I would also encourage our Cuban hosts to think if there are specific practices or lessons that you really want more depth in that we can focus on. For example, Sonja brought up some very useful points on worker coops. The CPA's and the UBPC's are worker coops and our Cuban colleagues are now looking at measuring how to take the pulse of democracy in those cooperatives; how do you measure it. And that tool may be helpful.

Sonja Novkovic

And there are other tools allowing cooperatives to measure sustainability – in the UK they are big on that. And we also have various tools in our research program in Canada – for example a sustainability scorecard that is being developed in the Atlantic Provinces – so we can share all that we have and give you access to it all. The tool I mentioned measures adherence to 10 principles and values – the seven we know but we also adopted 3 more from the Mondragon principles as well. So it is measuring how much you adhere to principles and values and as long as people answer surveys, the report is in your hands. It's really quick. Balance Sociale requires collection of data, time, discussions, debates and so on. This one gives you a quick assessment and then you go and investigate and discuss and see what is going on. We have it in French and we may have it in Spanish already.

Wendy Holm

And the advantage in terms of Mavis and Carlos and Beatriz going out and talking is it has resonance for the people taking it in Cuba if they know that cooperatives around the works are sharing this same measurement structure. Because it really brings home the fact that there is an ideal that we are all working towards and Cuba is moving along that same path.

Sonja Novkovic: Its really the same issues; the same problems everywhere.

3. INTERNATIONAL NETWORKS

Sonja Novkovic

In our discussions of our impressions and what can we do, this is how we ended up with these topics. Where can we contribute?

One of the things we thought was bringing more international connections. So you know what is lacking and you know what you need, but we have some international connections that we may develop and look for and some that we already have access to.

You are already working with the University of Sherbrook; I suspect CIDA was involved in that? So there is that granting agency and the experience you already have in how that works.

We have other programs and projects that are for research and that would be a longer process to get there – a year to apply and to get the results, etc. But in terms of Canadian connections, if we want to develop partnerships, we could do that with researchers.

You have a conference in February this year that you are organizing. Would you like us to try to mobilize some of our largest cooperatives? And would you like us to try to get people here from the Canadian Cooperative Association? We are also quite involved with the work of the International Cooperative Alliance. Maybe we could explore organizing a conference in Cuba of the ICA research group? I don't know that it is going to be possible to do the international one, before 2015, but we could attach it maybe to the regional meetings. For example, ICA Americas could be asked to meet in Cuba and combine with the research meeting; then you have that group coming together and then it is up to you to organize it the way you want. So all these things can be explored.

Finally, applying for money. Co-op to Co-op – program to program.

Bob Yuill: We have the British Embassy in Cuba. We could write to them.

Sonja Novkovic

The way our research programs work (CURA-Community University Research Alliance), and the way this one would be designed to work, is that we work on the ground. It's not academics making up questions and coming to the table. We work with cooperatives. And cooperatives say "here is the topic we need more answers to". And then academics find the resources to work with cooperatives.

So the tool I was describing, the Coop Index, was developed by Canadian Workers Cooperative Federation with us, so we are all working together to find the right knowledge. And we found it in Poland, with an organizational psychologist who understood coops the best. So we have ways to bring in the international community around issues related to cooperatives that might be really helpful.

We need to know what it is you need and then we can see how we can develop this, but the partnerships in Canada work exactly like this. It has to be partners, universities and cooperatives on the ground, with academics. Academics apply, but the partners have to really want to do the work and devise the program around what you need. SSHRC (Social Sciences and Humanities Research Council) has resources, but it is a lengthy process and an almost 2 year lead-time. CCA has an international branch so we might find out what money they have, and there could be others.

Marcelo Vieta

IDRC also has some funds for exploratory network collaboration between Latin American and Canada and Cuba is one of the countries eligible for funding. The next opportunity is in March or April. I could perhaps help with that and it could be part of a larger initiative.

Sonja Novkovic

We just need to know what is required and we can develop a program. They all love to follow up so if we get some money from IDRC, for example, SSHRC likes to see that they are building on something. But we need to know what you need.

Wendy Holm

For the information of our Cuban colleagues, we have been invited to meet at 2 o'clock this afternoon with the Canadian Ambassador. And so one of the things you can think of for discussion after coffee break is how can CIDA and the Canadian government, through the Embassy and the Canada Funds, can be supportive of some of these ideas?

Stephanie Guico

I have similar types of suggestions - or offerings as we have been calling them - but from the non-academic and more technical perspective.

There are a number of groups working around the world – I know the Swedes are really engaged internationally, in Canada there is Socodevi, Desjardins, and the CCA that works in partnerships. I know both Socodevi and Desjardins are interested in trying to come down in February to speak about the Canadian experience. This is a good way to share information and get to know people who could eventually assist Cuba.

Along the lines of what IDRC does in exploratory missions, DFAIT used to – but this is 3 years ago so I am not sure if it still applies – have a program for Export Market Development that funded commercial missions to other countries. If it is still operating, this might be a way for folks to come here to see if there is a way for cooperatives in Canada and cooperatives in Cuba to share technical assistance if needed. I notice you already have a UNDP program and not sure when that funding runs out and if any follow up is required, but this could be a possibility. The way this works in Quebec, they send folks who work in cooperatives to work along side cooperatives to help each other develop. It's very experiential.

Discussion:

What types of networks and solidarity building is the Cuban coop movement working on creating with Latin America? With what's happening in Venezuela, I would think there would be a lot of common ground. Also with Brazil…

Mavis Alvarez

We have some, but not enough.

Beatriz Diaz

We also used to have good communication with Spain on such matters, but with the economic situation Spain is now facing, funding has been reduced and support has diminished over the past several years.

4. CAPITAL

Paul Paruch

In the conversations we have had up to today, it's been very beneficial for me coming from the financial services sector tier two level exposure to better understand you systems and how your cooperatives are organized.

One of the things that was top of mind for me was how funding would take place to ensure the sustainable future of those organizations moving forward. So predominantly my focus has been at the credit union – the cooperative bank – level.

So as you know, members come in and deposit their money and then the credit union /coop bank distributes that money and provides some ongoing wealth and financial freedom for the members of that cooperative. So from my perspective, I wonder what the opportunity, if any, there would be in Cuba for that type of activity to take place.

And also - what that leads into - is a further conversation Bob and I could have around the tier-two structure to promote that financial wealth or financial well being of the Cuban people.

Some of the learnings that I've been exposed to come from fairly small areas of Canada and Atlantic Canada. The start of cooperation for me was from the credit union side, so I am keenly interested in what the possibilities, if any, are in your country, for that type of activity. And then maybe, for conversation after coffee as Wendy alluded to, to see if there are any opportunities for support in getting some of those initiatives off the ground.

The other thing, just from a question perspective, is I certainly haven't had an opportunity to read your Guidelines — your visionary document of how cooperatives will be formed and the opportunities in other sectors — so I wonder if there are any writings in that document around essentially a peoples bank or cooperative? A lot of questions in my mind - I see agriculture as the focus point in Cuba, and necessarily so, and would like to know how they are going to be capitalized going forward.

Discussion

John Restakis

Yes, I think you covered the main points, but the importance of capital for both the development and sustainability of cooperatives is absolutely crucial. That's one part of the importance, I think, of developing cooperative forms of capital for the development of coops. But the other important function of credit unions and cooperative banks is a system and a structure that socializes capital. So that capital isn't only in the hands of corporations or private individuals or governments for that matter. But that capital becomes a social asset for communities to develop any number of things. Not just cooperatives but other kinds of social enterprises. Capital becomes an instrument for social and community needs.

And so the question is how do you develop systems – mechanisms – that enable communities to socialize capital? And credit unions are one instrument for doing that, but they are not the only instrument.

In British Columbia, for example, there is a lot of research being done now on social innovation, social enterprise and social investment to develop different systems and different models to mobilize capital for social benefit. And

so there are lots of new ideas and instruments for identifying how to think of capital differently and how to mobilize capital for social purposes as opposed to private maximization of profit first. So there is a lot of new writing and research being done on this, a lot of new information that is coming out on this. I serve on the Advisory Council for Social Innovation in British Columbia – which was established by the government of British Columbia – to maximize the investment of capital for social investment. So its not just credit unions.

Marcelo Vieta

I think this is where a coop metrics system could come in handy as well. Where the social value within the community of a cooperative can be measured in ways that are sometimes quantified and understood by bureaucrats. So concrete evidence can be shown to the state, government and municipalities of the social value impact that cooperatives have beyond just producing goods or providing services. I think, traditionally, the cooperative movement - has had a problem demonstrating that.

What's the value of cooperatives? Why a cooperative over a private enterprise or a partnership? Coop metrics is a powerful tool to convince governments that socialized capital can be capitalized to effectively fund cooperatives and the cooperative movement.

Larry Haiven

I just had a post-doc student from Pakistan who knows nothing about coops but was a specialist in finance. He did a study of the financing of cooperatives in Nova Scotia. And two of the most important things he found were: a) coops are extremely modest in their capital needs, probably because the sources of capital are not there and so they adapt, and b) there was a huge divide: credit unions have nothing to do with the coops. This is doing great damage to the Sixth Principle of the cooperative movement, which is of course cooperation amongst coops. And it really opened the eyes of the people that were working with us. We will try and publicize this.

Sonja Novkovic

If I may just add here, we are coming at this from a capitalist understanding of the economy. This is the background of the majority of the people here. So you are looking at banks that are typically for profit, profit maximizing entities, whose shares are traded in the market, whose shareholders make money off the value of the bank. And credit unions, in that context, are the ones providing services to remote communities, member driven, member owned, for member needs.

But you can make an argument that here, the state is taking that role - the money, the financial capital, is in the hands of the state and the state has that social role – that's what they do. The state should presumably work for its people. So this is the logic here. It is the state that has the function and they are doing a good job. Well we know that this doesn't have to be efficient always and the money doesn't necessarily always go to where it is most needed. But they are clearly doing a good job (ref. Cuba's achievements on human development).

So the question still is: how are Cuban cooperatives going to find financial capital? And you may find your own solutions, for example a bank account in a state bank that's just for coops? I don't know - some creative ways of securing funding for cooperative development? So this is what we are really puzzled about. How will that look here? And not be driven by the state but be independent – by coops for coops and for the purpose of their development?

Right now, the state is the social developer. So they don't need it in a way. How do you envision where the money is going to come from for cooperatives? And could you use the 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. And where is that going to be kept? Which bank will that go to if you want to actually use that money for indivisible reserves for development of the cooperative sector (not just for the particular coop)?

So these are the issues we addressed, but our suggestions are coming from a very different economy and we are aware of that. Just so you know.

5. TIER TWO.

Wendy Holm

I think that leads in quite nicely to the next topic, which is tier two cooperatives. Cuba is encouraging agricultural cooperatives to form tier two coops to increase their collective economic capacity and add value to their production.

Bob Yuill

What I was going to talk about in tier two is a little bit about my coop at home, which is a tier two cooperative. We've touched on tier two a bit with respect to retail and finance.

Our coop is owned by all the farmer cooperatives in Scotland. All of them. We sometimes fall out with one or two, so sometimes they are not members for a few years, and then they come back in. We have 80 cooperatives with a combined turnover is $3.5 billion dollars. Scottish agriculture is $3 billion, so our members are larger than Scottish agriculture… Our coops have 45,000 members, and there are 15,000 farmers. So each farmer is a member of about 3 different cooperatives. Our organization is 105 years old, so it's been around for a little while.

I'd like to give you an idea of what we do, and this is typical of a good tier two cooperative. (By the way, we do not talk about tier one and tier two cooperatives in Scotland; a cooperative is a cooperative. That's it. Tier two is a term we do not use at home). We have a lot of support for new cooperative start-ups. And the difference we have is – two different things we do – is we have a lot of previous experience case studies that we can show people who want to start, and our assistance is hands on – its in the field. We do not arrive with little bits of paper, we work with the directors and the chair and the members and it usually takes us two years to set up a new cooperative from start until the point that it is trading. And then it requires a further three years of close assistance to make sure that it is running properly. So from an idea in some farmers' heads to a cooperative fully working and completely self-reliant it takes five years. That is our experience. So we do not do it quickly. And if you do it too quickly, you have problems.

The other thing we do is we are a conduit – a route from cooperatives through to government. And that is very important. We talk to government (we have three governments: London, Edinburgh and Europe) almost every day. About legislation and other matters. We are the route to government.

Our funding: we receive funds from members (it's a very small part of our total, but its a very, very important part), we have funding from government and then we have our own consultancy – we get paid to do things for lots of clients and we charge quite heavy fees for that. Turnover: we have 12 people in our coop and we do about 1.2 million pounds. So we are funded three ways. So we can provide for new cooperatives, there is no cost for anybody setting up a new cooperative, no cost whatsoever. For an established cooperative, after 5 years and they are working well, we charge them money for our advice.

I have here (booklet) the governance standards for directors and senior managers of cooperatives, small so they can put it in their pocket. I just posted to all of our members over a thousand of these two weeks ago.

And this is a very important document you might be interested in. Our focus is always on family farms – on families. What we are supporting here is families. And so what we do (holding up one page flyer) is we produce little anecdotes, little stories about families and their interaction with their cooperative. So when a farmer or a farmer's son or daughter gets this they say, "oh, I know these people, I know who they are. These are good people." And we are producing a book of this for the ICA.

We are also – just a little bit of information – all of our cooperatives have managers, and sometimes it is difficult for a cooperative to find the right manager. So some of our work is helping cooperatives find the right manager, the right skill set, the right job description and then we provide support to that manager once he is in the post because some managers come from outside and they are not so familiar with cooperatives, so you have to take them through the steps to make sure they become embedded in the cooperative and feel part of the cooperative. You always have to be careful.

And we have managers groups where the managers meet and discuss the issues of management. And we always are there to help them, and that is very, very powerful process for managers. And then we have directors' workshops too where chairmen and vice-chairmen come together and they discuss how to work better. I have a story I tell to chairmen: s/he has two jobs: one to make sure the board works very well and the other is to sack the manager if he's no good. Our view is that a chairman should be in position for 3 years and a board member 5 years. And we revolve. And the manager is generally not on the board. But you have to be able to fire a person if they are rubbish. Provide them all the support they need, and if they're still no good, get rid of them.

So ours is an example of a support cooperative for all the other cooperatives. It's the same as a tier two financial cooperative that provides support for its members. My example is not atypical. But what I can say is that it works very well. It really does work.

It's the separation between cooperatives and government that lets up keep government a little bit at arms length. So if they want to ask us to do things – which they do - with cooperatives, they have to come through us. And we say, "Right, ok, this is the best we can do". We do not ask government to get directly involved with a coop – we keep them at arms length.

But you must remember that government provides support to cooperatives individually – grants especially. Typically with our cooperatives, their finances would be one-third grants, one-third money from members and they will borrow one-third if for example they want to buy new machinery. If grants are low, members have to put in more money – usually more than half – to keep the banks happy.

Discussion:

Mavis Alvarez

What if a cooperative is not doing well? What does the government do in that case?

Bob Yuill

The government does nothing. It's us that do this. If a coop is not doing well, we spend a lot of time with the board. And usually, if a coop is not doing well, it's because their democracy is not working. Usually that's the reason. There's no connection between the managers and the board and the members. And sometimes, and this is a very difficult thing to do, sometimes we have to create a crisis. We have to go and talk to the members and say I'm sorry but your board is no good – you have to change them. And that's why some of our members say "cheerio". Because they think we are interfering. But sometimes we have to say things that nobody will say. Sometimes we have to be strong.

John Restakis

I have a comment around how you develop the process for developing second tier coops. In experience that I am aware of, it's very difficult to "establish" second tier coops. In fact, I don't know of any instance where it has really worked. The creation of second tier coops has to come from the ground up. In other words, once you have enough coops - a critical mass – it's the coops themselves that have to make the decision and create the process where they develop the second tier coop for themselves. Second tier coops almost never work when they are

designed and developed from the top down, whether it's a top-down from a coop federation somewhere or a top-down from the government somewhere. It's always a process that comes from the bottom up or second tier won't work.

Sonja Novkovic

And you need a legal structure to allow for that.

John Restakis

Yes and you need a legal structure that makes that possible – a legal instrument that validates the second tier structure. And the second tier has to be owned by the primary coops.

Bob Yuill:

Our SAOS coop (Scottish Agricultural Organizations Society) is an example. You can go back to our agricultural act in 1903 and it says why it had to be set up. But you need government support. You need the groundswell from below, but you need government support. As we said, our consulting work provides 1.2 million pounds annually, and our coops provide 50,000 pounds. If I asked them to pay 100,000 pounds, I would have to work three times as hard because they are very careful with their money.

Sonja Novkovic

I just want to say – and I apologize it is a little bit of a detour – that the cooperatives we have seen here are quite impressive. Alamar Organoponico is one that we saw, and I am sure you have others that are very impressive. So the International Cooperative Alliance, for the year 2012, has a website where cooperatives can tell their story. And those stories will be going around the world, on the ICA website, for the world to see, one cooperative every day. From around the world. I don't think we have any from Cuba there. So you want to get on line – that may be a project for somebody who has fast access – interview the good cooperatives, tell their story (its literally their story, how they started, whatever story they want to tell) and you just go on line and type it up and its in. Because it's a leap year. 366 stories will be going all the time – every day a different one. The stories will be compiled and a publication will come out of that. So that would really be wonderful for Cuban cooperatives to contribute to that, and others as well of course. For the smaller cooperatives - those too small to be in the global 300 – this is a chance for their stories to go out around the world.

6. CO-OP MODELS IN OTHER SECTORS:

John Restakis

I originally started thinking about two or three areas where other sectors might be an opportunity for new kinds of coops in Cuba, and as I was listening to people, I kept adding sectors, I'm up to nine now! I'm not going to go into all of them, but there are two or three that I just want to reflect on that I think may offer some real benefit.

The first that I want to talk a little bit about is around social services. And the model that I am most familiar with is a model of social coops. In Quebec they are called solidarity coops. And this model comes from a civil society perspective, that the creation of social coops was very much an approach to the provision of human services that mobilized the civil society and social economy to play a support role – a complementary role – to the state in the provision of human services.

Social coops have a very particular kind of structure - a multi-stakeholder structure. Solidarity coops in Quebec are an adaptation of this social coop idea and they also have a multi-stakeholder structure. The purpose of these

coops is to provide a broad, broad range of social care to people, to communities ranging from home care services to services for the elderly, services for young people, recreation and leisure services, even health care services.

But the important thing around social coops in this model is that they involve the participation of the users of those services. So the families that receive care of some form or another - for example for elder people or for people that have disabilities – those families, the consumers of these services, are members of the coop. And the other protagonists in the provision of services – for example professional caregivers, nurses, and adult education professionals – are also members of the cooperative. And sometimes too you have representatives of public bodies – the local municipality, or the public health board or other public agencies – that also become active members of the multi stakeholder structure as well.

So it's a very interesting kind of structure and I mention it first because the municipality – in the Italian example – has a very important role to play in both the conceptualization and the identification of the kinds of services that are needed and can be provided through a contract or partnership with a social coop. And so when I was hearing how this is kind of decentralization of authority and responsibility down to the municipal level in Cuba, I thought well, there's an opportunity for thinking about how the local municipality can look at the example of the social coops and see how local municipalities have been involved in the creation and delivery of social services in their region in association with coops.

Just to give you a couple of other points, the law which relates to social coops in Italy – Law 581 in the legislation – specifically identifies the role of municipalities in the creation of participation in social services. And so it recognizes the importance of municipalities in mediating between the responsibilities of the State and the needs of the community. And so the social coop offers a mechanism for developing a new kind of partnership. And so that's an important – I think – model for Cuba.

The other thing I would just add is that social coops – and also solidarity coops in Quebec for home care – are not seen nor understood as a way to substitute or to replace the role of the state as the one primarily responsible for the provision of social services. That's not how they are understood. They are seen as a way to complement and increase and amplify the availability of services to people so that you don't just rely on the state for the provision of essential services; that mobilizing the social economy and the coop model can increase the availability of services to the people. So I think its an important opportunity for Cuba to think about.

A second is housing of course. Which is a major challenge not only here but in Canada as well. I live in Vancouver and there is a real shortage of affordable housing. Housing coops are a long-established model in Canada. I think the use of the coop model for addressing housing challenges in, for example, Havana, is something that could be really useful. We heard, all of us, in the presentations that whereas individuals can own their own apartments, for example, in the buildings in Havana, no-one is responsible for nor owns the building as a whole, and so the building structure itself is falling apart. So one adaptation of the housing coop model might be to address that problem. How do you get individual homeowners or apartment owners in a building, through a coop structure, to develop a mechanism for the upkeep, restoration, improvement, and maintenance of the building as a whole? And so a housing coop for that purpose I think could be a real lesson.

Marcelo Vieta

A perfect example of that, of how a coop model can revitalize entire sections of a city, is New York City. Their housing cooperative movement revitalized abandoned buildings throughout the 70's and 80's and I believe it was even local, municipal bylaws that were passed to encourage this type of development. That might be one model to study around housing – New York in the 70's and 80's.

John Restakis

So housing coops can support not just the maintenance but also the renovation, construction and upgrading of the housing stock.

I forgot to mention on social coops: in the city of Bologna, over 87 percent of the social services provided to the residents of Bologna are done through social coops under contract between the municipality and different social coops. An amazing figure.

We mentioned credit unions. Child care and elder care are also a way of increasing access to basic services by organizing coops where the members are the families that need support for their elderly parents, or for their children, or whatever. There are lots and lots of examples of health care coops and child care coops that can be adapted I think.

Two final things that I added just in our conversations. There is such a strong emphasis on agricultural production in Cuba and on coops for production purposes. I think there is also an opportunity for the creation of coops for the marketing and distribution of food products. And in fact, in British Columbia for example, we have some very successful, long established agricultural coops for the production of apples and fruits and so on. But there is a real crisis in British Columbia around the distribution of food for local consumption. And so the new wave of agricultural coops in BC is around distribution of food from local producers to local consumers. And so looking at food distribution coops for agricultural production in Cuba may be another way for thinking about coops in the agricultural sector.

And the last thing I will say is around environmental services because I know there is a real concern around environmental issues and the protection of environmental sustainability in Cuba. Again, there is another new wave of coops coming up in BC around environmental services and environmental protection. Coops are being used for conservation purposes, for sustainable land use purposes and also for the production of environmental systems: solar systems, the production of wind energy, the production of small scale turbines for local energy production, utilities and so on. So sustainable energy and environmental protection has become a real focus for a whole new wave of coops and I think this might also be something of interest to Cuba.

Marcelo Vieta

I really don't have too much to add; I would have said many of the same things about the social coops in Italy. I think that the provision of social services there is a very rich model, in particular how they connect with municipalities is a strength that Cuba has already and that can be adapted to.

And in conclusion I just want to say that there is nothing in the economy – there is no economic or social activity – that cannot be cooperativized. And so I would just encourage further exploration of that in Cuba, tapping into the social consciousness that Cubans already have. I think there is an already existing strength in the Cuban people, their perseverance.

I was speaking to a taxi driver this morning - his car was 1952 maybe - and the was telling me the incredible tenacity, ingenuity, everything that went into restoring that car. And I just witness time and time again as I speak with Cuban people this perseverance and this ability to make things happen. Other people, perhaps, wouldn't have the patience to do it. And so I think there is a natural strength there that can be mobilized into the cooperative movement.

There is no aspect of human life that cannot be cooperativized.

And one last thing is – and I don't know what the solution is even where I live – but the notion of markets and what will be marketized within a cooperative society has to be thought through because that's where exploitation starts – when things are commodified.

And I think the most important part is labour markets. One thing you have to think through - all economies have to think through particularly those who are thinking about cooperativizing - is where is labour going to come from and how much ownership will the labour have. I think that's the crucial part of avoiding exploitation.

Bob Yuill

I can probably add a little bit. A concept that is entirely unfamiliar to you which we stole from Germany that worked really well coming from the agricultural coop side is something we call "Rings".

Our biggest Ring would have 3,000 members and some of the members will be people in the urban areas, other members are farmers – part time farmers, full time farmers. Some have machines, they all have skills, and they all have time available at some times.

And what the Ring does is if a farmer or a coop has a problem, needs a machine, needs some labour, requires some training, he won't know all of the other members but what he does is get in touch with the Ring and the Ring knows exactly who to find, who is the best person to fill that need.

And so there is no labour exploitation because the Ring sets what the rates are, they discuss the rates with people who provide labour. So for example if a part time farmer has time available, the Ring will find work for him - it might be on a building site, it might be somewhere else, but the Ring sets the rate so there is no exploitation and they are all members. They all have a share in the coop and they work very very well and I can share some of that after coffee or whenever you would like it.

Jeff Bessmer

Just quickly two things: The first is, as you said, cooperatives come out of peoples needs. So we have all these exciting needs that we see are potentials, but it obviously has to come from the grass roots, it has to come not only from the needs people have, but that they realize they have. So *they* have to say we want to come together to form this housing cooperative to take care of this, we want to create a building society to create new houses, etc.

The other thing I wanted to talk about is what happens a lot with people looking to start new cooperatives. What happens a lot with worker owned cooperatives that I've worked with in the United States is there are people who are very ideologically committed to cooperatives, and then they say well we want to start a worker cooperative, what should it do? And then they figure it our later.

I have a story of two parallel worker-owned cooperatives in Madison, Wisconsin. One of them is a bread-making cooperative. They have been around for 30 years. They have always had eight employees. They are called Nature's Bakery. They are very great, they're wonderful, and they make delicious bread. But because bread in the United States is very competitive, you don't make very much money making bread and they have always stayed the same size with eight members. They make a decent living but that's it.

On the other hand, there is a fair trade coffee-roasting cooperative that started about seven years ago. Coffee is a more profitable business. They started also with eight people but now have grown to 24 members. They have tripled their size in the past few years. Everyone makes a good living wage, they are able to participate more widely in the cooperative movement because they have more resources and generate more employment.

So something that is important when people are looking into the types of cooperatives is looking into sectors that create good jobs and where there is commercial activity. So for example the tourist sector or the agricultural sector where there is already a lot of activity is attractive to people because they can make a good living. Identifying those strong sectors in your economy and connecting people who want to start cooperatives with those sectors is important.

Wendy Holm

Following along on those comments, in Canada we have many people who want to connect with bed and breakfasts in Cuba but they really don't know how to do it. We have cooperative travel agents in Canada. If you

started with a group of cooperative bed and breakfasts providers, a coop travel agent in Canada could then launch a web site and create access. Many people want to open bed and breakfasts in Cuba and there are going to be more opportunities for such things, so it could be a very quick success story. And those quick success stories ("oh, I want to be part of this coop because then I will have access to this market that I never had before") working coop to coop where no one is taking a big slice of it, might be an idea for a fast, almost fail safe "next sector" opportunity. You could start in the tourist areas and then expand to things like diving and natural tourism and bicycle trips and the like.

John Restakis

Just on that point, in the tourism area, the same idea could apply to all the cafes and restaurants now opening here. They could organize a coop to access local organic food, creating a direct relationship between the agricultural coop and a collection of restaurants for an easy distribution and supply of fresh produce, for example. Restaurants wouldn't have to spend time running around collecting food from different places, they'd have a coop as a distribution point for the members of the coop. Or also for accessing training to improve the quality of the restaurant service, and so on. Which is absolutely crucial in terms of tourism. So it's just another example.

7. PERMANENCE THRU CARROTS AND STICKS – INDIVISIBLE RESERVES:

Larry Haiven

I want to address the question of permanence of coops and how you maintain the strength and viability of a coop. Because there is an entropy that is part of coops. Just because a coop exists doesn't mean it will exist forever and there are many reasons why a coop can fail. And I think the problem comes from two ends, at least in a capitalist country. The question is: what are the dangers, what are the forces working against coops in a socialist country, but I will come back to that or maybe we can discuss that after I'm finished.

In a capitalist country there are two dangers. One comes from the members and one comes from predatory capitalist firms. And they both work together. And I'll talk about it by giving the example of the coop that Ron Fox - who unfortunately is ill and could not attend this morning - belongs to.

Ron is the general manager of a rural natural gas cooperative in Alberta, Canada. There are also a lot of rural electrical coops in that province. Their purpose is to deliver energy to the rural population because the infrastructure costs to establish the network of pipes for gas and power lines for electricity makes it not profitable for capitalist companies to do it. And there is also the problem of rural depopulation – the less utilities and amenities there are in a rural area, the less people want to live there and they start moving to the cities and then you lose your rural population. So governments have tackled this problem in two ways. One is by the government providing the utilities – the power and the gas. And the other is through cooperatives.

In the United States, in the 1930's, under the New Deal, most of the US urban areas were electrified but in the rural areas it was very un-electrified. And so the Roosevelt government started up an authority that helped establish rural electrical cooperatives. And the province of Alberta in Canada, in the 1950's, after the Second World War, thought this was a good idea and so they helped set up rural electrical coops. Government provided some of the infrastructure costs, but farmers themselves also provided some of these costs and they built the electrical coops.

Then, in the 1960's, when natural gas was coming on stream, Alberta formed gas coops as well. They are very well run. They are very efficient. The prices for natural gas to the farmers – where delivery is more costly - is less than people pay in the cities to the capitalist companies, which is amazing. It just shows you how much exploitation there is by the capitalist companies.

So that gives you an idea of what they do. The problem is that once the infrastructure is established, once the people – the individual farmers collectively and their government – put in all the effort and money to build the infrastructure, then of course it becomes profitable for predatory companies to buy them out. So that's on the one side.

On the other side you have the members, and their willingness or non-willingness to demutualize, to sellout their coop. Judy and I have studied a fair number of coops that have demutualized or are in the process of demutualizing or are in the decay phase. When I was talking to Beatriz I thought of this as the "demutualization of spirit". In other words, when you lose the cooperative spirit, then it's very easy to demutualize. As these coops grow older and the original members who had the spirit retire and their kids take over who don't have the spirit anymore - or they leave – they lose their strength of purpose.

So the moral of the story is that you have to provide carrots and sticks – incentives and disincentives - to prevent demutualization. Something to make it sweet and something to make it impossible or very difficult. You need to provide both.

And there are examples from all around the world. You can put in what are called poison pills, which make it extremely difficult and ugly to demutualize. You can pass a law making it impossible for cooperatives to demutualize. This is important because the incentive to demutualize is there. Let's say the farmer is getting older, is reaching age 65 or 70 and wanting to retire. Along comes a company with $20,000, $30,000, $40,000 – who knows how much – saying "this is your retirement if you can convince your board to end the coop and sell to us. And we will give every farmer lots of money." It's worth it for the companies because the future flow of income to the companies is very great. And if the coop members have already lost their spirit, that's a problem. So there are disincentives that you can build in, and those are very important.

The rural electrical coops in Alberta were structured poorly, so that most of them have now demutualized. However, the rural gas coops were structured somewhat better. I won't go into the details but it makes it more difficult for the gas coops to demutualize.

But also its very important that you have cooperative education – you always have to renew the education otherwise it just decays. The other problem is the education of your managers and your members. Ron's coop belongs to a second tier coop called The Alberta Gas Cooperative Federation and they provide very good services. They do training, but what kind of training do they give? They provide technical training (how to maintain gas lines), board training on governance and other things. But do they provide training in what it means to be a coop? No. So there is a lack of education among the members except for certain people who always get up at meetings and talk about the cooperative spirit and everyone goes to sleep, because it's the same people over and over again ("yeah, yeah, we know your story"). So there are some very good people, but members get tired. So you always have to find a way to do this education. Constantly. And not only among the older people, but among the younger people as well. So I'll stop there – you have an idea of what I am talking about.

Now I'm not sure that works in Cuba but I think there are lessons to be learned. I could just say that there has been demutualization of insurance companies in Canada, demutualization of one of the largest farmer grain selling and distribution coops in the world, a model to everybody that not only started the grain distribution but cooperative insurance, all sorts of cooperative enterprises. And it disappeared, demutualized, became a private company, went on the New York Stock Exchange – a big tragedy. So it happens unless you consciously guard against it.

John Restakis

With respect to this question of demutualizing, or coops becoming non-coops, Cuba is in a very fortunate situation right now because you are writing the legislation and you have an opportunity to forecast the danger and to write into the legislation safeguards against coops demutualizing. And there are examples, but not many; I don't know

of a lot of examples of legislation that prohibits demutualization. It is usually left to the co-op bylaws. But clearly that is not enough.

One could say once a coop has been established, asset ownership is philosophical issue, but you have to ask: what's the purpose of the coop? Does it belong always just to the current members, or is it a patrimony that gets passed along from one generation to the next? Is it a social asset, as opposed to a member asset? And if there is recognition that a coop is a social asset, then current members have no right to exploit the work of the past to benefit themselves.

It's the conception of what is the asset. What is the value of the coop? Is it a member ownership and member asset or is it a social asset for which current members are stewards (trustees)?

Sonja Novkovic

And I would like to just add to that point that it's important to build in a system so that retiring members do not depend on selling their share for retirement. As you go along and make profits, the creation of individual accounts is one method that Mondragon has created to allow people to save, based on their activities with cooperatives. They have these accounts for retirement so they don't need to sell their coop to retire. So then of course intergenerational transfer has to happen and you have to be aware that you have to have younger people, etc. But predominantly you should think of the exit for current coop members. It shouldn't be that they depend on the sale of the coop to have that retirement security. Focus on building financial methods to make sure that doesn't happen. It is part of what you are saying.

John Restakis

And legislation is one way of doing it. Another way of doing it in the Italian case is how coop assets are structured. So for example if a coop makes a surplus, then a certain amount of that money has to go into reserves that are indivisible. In other words they don't belong to individual members, they belong to the cooperative as a whole.

So those assets, which are a lot of money, means that if a company wants to come and buy that coop, they cannot exploit those assets. They can't capture the capital value of that coop. Because those assets can never be sold and can never be divided. So no company wants to by the coop. That's called a poison pill. There is something in how the wealth of the coop is structured that makes it impossible for an outside company to come and capture that wealth. So there are many ways of doing it, but usually there is not the political will or foresight to do it. But here, it is possible.

SUMMARY: Observations and Next Steps

The following summarizes the observations and next steps arising from the concluding Friday session of the workshops.

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.

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….

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)*

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*

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. (eg achievements in 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)?*

5. TIER TWO

Scottish Agricultural Organizations Society example of well functioning Tier Two

- ✓ 105 year old Tier Two Coop
- ✓ 80 coops with $3.5 billion turnover a year
- ✓ 45,000 members/15,000 farmers (each farmer on avg member of 3 coops)
- ✓ a lot of support for new cooperatives (5 years; case studies, hands on)
- ✓ support for coops with problems
- ✓ education and training support
- ✓ coop manager support (managers groups) and board governance support
- ✓ conduit to government – keep coops separate
- ✓ legal structure important

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)

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 cooperative 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)

ANNEX A: EDUCATIONAL TOUR: Walking the Walk:
A Series of Workshops on Cuba's Path Towards a More Co-operative Economy

December 12-18, 2011

COHORT PROFILES

	NAME	email	Background (English)
1	Wendy Holm	wendy@theholmteam.ca	Wendy is a Graduate Student in the Masters of Management, Cooperatives and Credit Unions, Sobey School of Business, Saint Mary's University, Halifax. She has worked in Cuba for 12 years building bridges of understanding and cooperation between Canadian and Cuba farmers, and has led a cooperative dairy project in Cuba since 2004. She has 10 years experience as a director of Canada's largest financial cooperative. Her professional background is in economics, public policy, public speaking and journalism. She is the Canadian convener of this workshop.
2	Larry Haiven	larry.haiven@smu.ca	Larry Haiven is academic director of the Saint Mary's University program Master of Management - Co-operatives and Credit Unions (<http://www.mmccu.coop/>www.mmccu.coop) and has taught in that program since its inception in 2003. He is a professor of management in the Business School at Saint Mary's and a specialist and researcher in industrial relations and labour markets and non traditional forms of work and worker representation (increasingly in co-operatives.) A long-time co-operator, he has been a member and served on boards of child care, housing, financial co-operatives. He has recently been thinking and writing about co-operatives as agents of change and prefigurative organizations for a more people-centred society.
3	Judy Haiven	jhaiven@gmail.com	Judy Haiven teaches industrial relations and human resource management at Saint Mary's University in Halifax. Since 2004, she has team-taught "The Co-op Management Approach -- Leadership, Personnel and Management Style" one of the modules in the Master of Management Co-ops and Credit Unions program at SMU. In addition to writing and presenting on co-operatives, Judy has participated in a study tour to the Mondragon Co-operative, and has visited the co-operatives of northern Italy. Before coming to the Maritimes, she lived in Saskatoon for more than 10 years where she was active in a healthcare co-operative and served on the board of a co-op daycare centre. "On this trip I hope to learn about the possibilities of using co-operatives as an engine for a new economy in Cuba. I plan to be the voice of reason and sanity amongst a rowdy and irresponsible group on this study tour!"

4	Sonja Novkovic	snovkovic@smu.ca	Sonja Novkovic, Professor of Economics at Saint Mary's University in Halifax. Teaching in the MMCCU program. Expertize in comparative economic systems and the self-managed system of the former Yugoslavia. Research interest in democratic co-operative firms with particular emphasis on worker co-operatives, co-op management and governance, and developing tools to assist co-ops in measuring their adherence to co-operative principles and values. Interested in the Cuban experience and comparison with the Yugoslav self-managed socialism. I hope to learn more about Cuba's strategy to develop a co-operative economy. Should be able to contribute to the discussion about some of the ingredients that have worked better than others (in various settings, socialist and capitalist) for co-op development and their long term success.
5	Patti Waters	patti@gfm.coop	Patti is the general manager of Franklin Community Co-op ($7.5 million in annual sales), a position she has held since 1986. Over the past 25 years she has overseen 3 major expansions of the original store and the acquisition of a second store. Her experience is broad based in both operations and administration. Patti's responsibilities include oversight of management (developing and monitoring performance plans), human resource management, training employees, benefits administration and business planning for the short and long term. She brings to the workshop her skills in communications and coaching. My perspective on cooperation is as a system that supports people in providing for their needs by doing together what we can't do alone. The principle of economic participation ensures a just reward (return) for all participants. In practical terms, we create community wealth and are invested in the success of our ventures. I am very excited when I hear Cuba is considering a cooperative economy. I feel able to represent the grass roots of the United States (food) cooperative movement and would like to contribute to your activities and bring ideas to further the initiative.
6	Paul Paruch	pparuch@atlanticcentral.ca	Paul Paruch has been employed in the Atlantic Canadian Credit Union system for 19 years. He started his career in 1992 as a banking systems trainer and technical resource. In 1995 he accepted a position with Credit Union Central of Nova Scotia (CUCNS) as the Supervisor of Banking Services. In 2006 Paul became Vice President of Operations with Credit Union Central of New Brunswick, now Atlantic Central. Paul currently holds the position of Director Business Solutions. Paul holds the designation of Fellow of the Credit Union Institute of Canada (FCUIC) and has a Bachelor of Business Administration Degree from University Cape Breton. He was a past participant in the 2003 World Council of Credit Unions Youth Program held in Warsaw, Poland. Most recently Paul commenced a Masters degree of Management - Cooperatives and Credit Unions (MMCCU) through Saint Mary's University.
7	Stephanie Guico	stephsletters@gmail.com	Stephanie Guico is currently marketing co-ordinator at a multi-stakeholder consumer co-operative in Montréal, Québec, Stephanie has been working in the various tiers of the co-operative movement since 2008. She began her work with co-operatives as she developed her career in community development, and is increasingly convinced that co-operatives are an sustainable, integrated solution to civil society, community and economic development. She hopes to contribute her Québec and Central American co-operative experience to the group's work, and looks forward to learning from the rich history and lessons of the Cuban co-operative experience

8	Marcelo Vieta	vieta@yorku.ca	Marcelo Vieta is completing his PhD in the Graduate Program in Social and Political Thought and is a research fellow with the Center for Research on Latin America and the Caribbean (CERLAC), both at the York University (Toronto, Canada). Currently, Marcelo researches and is publishing on the historical conditions, the political economic environments, and the lived experiences of the worker-recuperated enterprises of Argentina and the social and solidarity economies of Latin America. More broadly, he is interested in the prefigurative possibilities for alternative economic arrangements, as well as the socio-technological spheres within which alternative economies beyond capitalism emerge. Since 2005, he has been actively involved in helping develop researcher and practitioner linkages between cooperative experiences in Canada and Latin America. Between 2007 and 2011 Marcelo co-organized three conferences on „The Workers, Economy,‰ two in Argentina and one in Mexico. He is currently a member of the board of the Canadian Association for Studies in Co-operation and is co-founder and co-organizer of the community educational collective Toronto School of Creativity & Inquiry. As of January 2012, he will be a visiting postdoctoral researcher at the European Institute for Research on Cooperatives and Social Enterprises (EURICSE) at the University of Trento in Italy. Marcelo hopes that his promotion and research of cooperatives and other solidarity economy organizations will contribute to “however modestly˜ the pursuit of the other world more and more of us around the world are struggling for.
9	John Eichholz	john@gfm.coop	John is one of a three person general management team for Franklin Community Cooperative, a consumer owned natural food grocery coop. He has worked at the coop for 22 years. As the coop's representative to the National Cooperative Grocer's association, he has participated in development of NCGA's national purchasing agreement and the organization itself. He has also assisted in the development of the CoopMetrics system of sharing financial data between member coops. Both of these projects are likely to have relevance to developing cooperative sectors. Conversely, the development of a new cooperative sector in Cuba will put a bright spotlight on cooperatives and their role in social transformation, and provides an opportunity for those of us outside their system to observe and learn from the success or failure of various models of cooperation."
10	John Restakis	restakis@bcca.coop	John is Executive Director of the BC Co-operative Association in Vancouver, the umbrella association for the co-op movement in BC. He has been active in the co-op movement as a co-op developer, trainer, researcher, consultant and educator for over 16 years and has written extensively on co-operatives and the operation of co-operative economies, including his most recent book, Humanizing the Economy – Co-operatives in the Age of Capital, published in 2010. John has provided technical assistance for international co-op development projects in Africa and Sri Lanka and was the cofounder and co-ordinator of the Bologna Summer Program for Co-operative Studies at the University of Bologna. John is a member of Premiers’ Advisory Council on Social Entrepreneurship, the Advisory Board for the Centre for Co-operative and Community Based Economy at UVic and sits on the Steering Committee for the MA Program in Community Development also at UVic. This will be John’s second trip to Cuba in support of the country’s transition to a co-operative economy. John’s primary interest in this process is to examine how state support for such a transition might be accomplished without compromising the principles of the co-op model and the operational needs of a true co-operative economy.

11	Jeff Bessmer	jeffbessmer@gmail.com	Jeff is presently the Executive Director of the Santa Barbara Student Housing Cooperative in Santa Barbara, California in the U.S. Jeff has worked with housing, retail grocery, secondary distribution, national apex, and worker-owned co-ops in the capacity of a board member, consultant, and manager since 2005. These co-ops hail from five states in the U.S. and Jeff will be bringing their communications to the Cuban cooperative community and the Cuban cooperative community's questions back in order to grow solidarity between our cooperatives.
12	Bob Yuill	bob.yuill@saos.coop	Another alumni of St Mary's University's Master of Management, Co-operatives & Credit Union, Bob's first degree is in agricultural. On graduation, he set up and managed a 100 member farmer co-operative – Financial Control Services - that provides farmers with financial and business planning for their farms. Bob is currently a Manager at Invermarkie estate and farms with an active membership in: Deveron Potato Growers – seed potato co-operative Aberdeen Grain - Grain drying storage and marketing co-operative North Eastern Farmers – farm requisites co-op Aberdeen & Northern Marts – Livestock marketing and processing Co-operative Scottish Agronomy – Farm agronomy services and research co-operative. He is also Deputy Chief Executive of Scottish Agricultural Organisation Society, which is owned by Scotland's farm and rural co-operatives. SAOS is over 100 years old and provides a co-operative development service for farm and rural co-ops and are co-operative advisors to Scottish Government. Bob hopes to contribute his knowledge in cooperative finance (from very small start up co-ops to very large established co-ops), cooperative governance (including director training, membership loyalty) strategy development (particularly supply chain systems from 'field to fork') and agriculture (dairy, beef, pigs, grain, timber, field crops and greenhouses). He hopes to take away a better understanding of farming methods and systems using least amount of energy, different co-operative solutions to growing and distributing food and different coop governance types and their advantages / disadvantages.
13	Ron Fox	negas@telus.net	Ron started two local natural gas utility co-ops and is currently manager and engineer for one. A graduate of the MMCCU masters program, Ron also started (and is a founding member of) his local Federated retail co-op and assisted in the start-up of a local seed cleaning co-op and veterinary clinic co-op. Ron's primary background is in the utility co-op field but he also has background in agricultural co-ops. "If possible, I would like to contribute my co-op experience in some way that can benefit the Cuban co-op sector. I hope to take away increased knowledge about the developing Cuban co-op sector to see if there is any way I can contribute in the future. I plan to spend a lot of time in Cuba after retirement so perhaps I will be in a position to get involved in assisting."

ANNEX B
PRESENTER PROFILES

Gregory Biniowsky Monday's Workshop Leader, Gregory is a Canadian trained lawyer and political scientist who has spent more than 15 years living and working in Cuba. Originally from the beautiful mountain town of Smithers, in northwestern British Columbia, he came to Cuba in 1992. His work experience varies from being a professor of politics and history at the University of Havana, a consultant for Canadian business joint ventures establishing themselves in Cuba, a consultant for the United Nations in Cuba (UN Hurricane Recovery Program), a consultant for the Canadian International Development Agency in Cuba (Modernization of the State Fund and Communit y Development Fund), and a consultant for the Canadian Embassy in Cuba (Canada Cuba Fund for Local Initiatives). Politically, Gregory defines himself as an "eco-socialist" who believes the future of socialism for the 21st Century will be found in grass-roots based economic models such as cooperatives and community owned enterprises.

Miguel Coyula Miguel is an urban architect and planner with the Group for the Development of the City of Havana. As a leading thinker on social policy and community planning and a speaker at many international conferences, Miguel has an intuitive and passionate understanding of social capital and community.

Camila Piñeiro Harnecker Tuesday's Workshop Leader, Camila is a Professor and Researcher with the Center of Studies of the Cuban Economy (CEEC), University of Havana. She holds a Masters from the University of Berkeley, United States. (2006), with thesis on an empirical study of cooperatives in Venezuela. She has concentrated her work in themes related to enterprise self-management and democratic planning and is a consultant to the Union of Local Industries, Administrative Council, City of Havana for the cooperativization of some of its workshops.

Beatriz F. Diaz Beatriz is a Full Professor at FLACSO Cuba and the University of Havana. She is the Coordinator of the Master Program on Co-operatives and chairs the UH Canadian Studies Center. Her main research interests focus on co-operatives and communities, sustainable development and research methodology. She teaches courses on these subjects or three master programs: "Co-operatives Management and Development", "Social Development" and "Integrated Coastal Zone Management".

Ovidio D' Angelus Oviedo is a researcher in Labour Relations at Cuba's Center of Psychological Investigations of Labour, Min. of Science, Technology and Environment. His interest is cooperatives and self- management in general.

Humberto Miranda Lorenzo Humberto is a Doctor in Philosophy at the University of Havana, Cuba and an Adjunct Investigator and Member of the Latin American Group: Social Philosophy and Axiología (GALFISA) of the Institute of Philosophy of the Department of Science, Technology and Environment of Cuba, where he has worked since 1986. An Assistant Professor of the College of Charleston, United States and a Collaborator of the Martin Luther King Jr. Memorial Center, Humberto has published books and articles in Cuba, Latin America, United States, India and Europe.

Pablo Fernández With the Ministry of Joint Economic Planning for many years and now retired, Pablo will focus his comments on cooperative organization, planning and administration.

Manuel Alonso Padilla (Mechanical Engineer, 1970) is a specialist in Cooperation at the International Relations Department in the Ministry of Sugar. Professor of Project Management and Social Marketing at the Faculty of Communication in the University of Havana, Project Management General Coordinator in the Cuban Association of Sugar Technologists.

Carlos Arteaga Wednesday and Thursday's Workshop Co-Leader and Co-Convener of this "educational encounter",, Carlos is a Cuban Economist, member of ACTAF (Association of Agriculture and Forestry Technicians), and a member of the PALMA Team. Carlos will speak about the integral vision of coop education and its work with Cuba's cooperatives to prepare them for this new and exciting path.

Mavis Dora Alvarez Wednesday and Thursday's Workshop Co-Leader and Co-Convener of this "educational encounter", Mavis is an Agronomist and Economist with a Masters from University of Havana in Gender Studies and a member of the PALMA Team. She is also a founding member of ANAP (national private farmers organization). Mavis will speak about the integral vision of cooperativism as a social enterprise or company. Her remarks will touch on gender, environment, community development, policy, cultural and social management.