

# cuba – europa

# dialogues



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# the editorial, cubalog 25<sup>th</sup> may 2011

The main topic discussed on all the street corners in Cuba and in all the foreign media in recent months was the new possibility to acquire business licenses for the locals. Does that mean that the island embarked on a Chinese model of economy?

Due to worsening economic conditions, the Cuban regime was forced to make redundant around half a million people from their previously guaranteed job positions. The central planners are no longer able to generate new work for these people and the social safety net is almost non-existent; they were forced to issue 178 new categories of small businesses ranking from barbers to taxi drivers. A lot of Cuban citizens are looking towards these reforms with hope and see them as an opportunity to finally change their current economic status.

But allowing such a huge amount of people to start their own business usually works better on paper than in reality. To obtain such a license requires long and complex bureaucratic process and is usually given to those loyal to the regime. Taxes are set to be fixed in every sector of the economy and so far were not framed technically or legally and therefore remain largely confusing. International experts predict that another half a million Cubans will have to be laid off from state workforce within the next three years. Many of them are also claiming that these economic reforms are implemented only to secure or prolong the political survival of the country's Communist regime.

The team at Cuba-Europe Dialogues is trying to provide space to Cuban independent journalists and their perspective of these changes on the island. For the first time we did not turn to professional writers and analysts because we consider the view of these journalists to be valuable. They are experiencing these changes directly 'on the ground'. These articles should reflect everyday



reality of the authors. They are plain case studies, not specialized analysis like in all the previous issues. The articles we have chosen are therefore focused on the real impact of these new developments on the Cuban society. We have also added authentic photographs by authors from around the world. On behalf of the team we hope you will find reading through this new format inspiring! ↩



# comments of the private entrepreneurs

The private entrepreneurship entered the streets of Cuba and took control of many people. The Cubans wishing to have private enterprise and to earn something from it, ran towards the Sirenas' singing, proposed by the government.

After a few months, many are disappointed with the changes made by the government, with the taxes and other problems. **The opinions are different and almost all these entrepreneurs are not satisfied.**

Lourdes de la Caridad worked in a shoe factory for more than 15 years. With the employment reduction arriving to the island, she was made redundant. Her ability to do manual work and a little bit of money which her sister had sent her from the United States permitted her to start selling marionettes.

She comments the situation with her words: *“Everything started very well, in December I got the license and paid \$300 monthly (pesos). But difficulties and problems started. They do not let me sell outside the district, and the place where my little table is located is not one of the most visited places in Regla. The sales are going down and the taxes rose now.”*

Cuenta Lourdes de la Caridad, whose taxes rose from January 15<sup>th</sup> 2011 with a 10% increase, because from the beginning she honestly declared her daily sales. That is why the National Tributary Administration Organization (ONAT) made her taxes higher. *“Here you cannot be honest, you have to lie, the government and its administration live in lies.”*

On the other side, Armando Gómez, retailer of discs, complains about the number of people like him, who realize the same job privately.

Armando says: *“What is happening now is that many people sell discs everywhere and almost everybody has the same things, the competition is enormous and the*

Aini Martin Valero →

*sales are very low.*” On the other side, the taxes are getting higher. The accounts do not have resources for it, because in many cases the incomes are higher than the expenses.

Orestes Ramos is a seller of jewellery and things such as necklaces or bracelets, etc. He has had a large experience as a private entrepreneur for many years, since he was one of very few who were allowed to sell at festivals for tourists, says that the dispositions and regulations in this new era are established to strangle the workers.

*“I have been in this business for years and the truth is that they did an extreme change in everything now. The taxes rose, in our case more than 20% of what we used to pay before.”* Says Orestes. Above it, the inspectors were introduced. *“A number of them come during the day and all of them want to know where we get the primary material for our production, above all the wooden flowers. Is absurd, but we do not have anything to do with that.”*

Rosa Corrales together with her husband Arnaldo invested big money to build a bar with light food. According to their experience, in the beginning everything was in pink color but after months, the situation went more difficult for them.

*“What affects us most is acquisition of primary materials. There are no goods to elaborate for example pizza, sweets or bread, etc. These are not sold for national currency, we need to go for these to the foreign exchange shops to buy flour for bread. Imagine how impossible this is, when we sell in Cuban pesos. We cannot earn anything,”* Rosa expresses her impressions.

Rosa explains: *“There is an ocean of inspectors in the streets, they intend to control everything, as if we were enemies.”* Their mostly frequented questions are the sources of our production. Rosa adds: *“If you do not have a receipt, they*

*assume that you bought the goods at the black market and they give you a fine or what is worse – they cancel your license.”*

The private entrepreneurs face many challenges these days, but the biggest problem is the presence of the inspectors, who are considered, in 90% of the interviewed, corrupted and unwelcome. Persons, who just want to take advantage of the ones who commit an illegal deed, to enjoy their advantages and good earning.

There are many situations which the government needs to solve in order to treat the private entrepreneurs the way they are in reality – a force which may help the country from inside. 🚫



# private business and emerging chaos

The working style known in Cuba as running own business, should be closed between two interrogation marks and an early applause to it should be kept off. The possibility to earn for living this way is quite far away from a relatively less hazardous way.

To have a clear definition of what has happened and what will be happening in relation to this modest relaxation of rigid economic and work schemes, it is necessary to interpret all the elements which appear in the scenario and not only the convenient parts with objective to create theories with doubtful connection with the reality.

Is it an attempt to save the regime or the country? In reality, it does not appear that there exists a genuine will to remodel the system for the benefit of more than 11 million residents of the island.

The changes, in this case to liberate one part of the productive forces permitting them to run certain types of work outside of the state sector, are not sufficient to think about a plan, setting a series of measures leading to total elimination of the inefficiency, and to give the employees all the rights inseparable from their human and labor conditions.

A view on the fiscal politics dedicated to this sector evidently includes the intention to threaten the actual and potential license solicitors to establish their own enterprise dedicating to one of 178 work categories.

For example, the rent tax oscillates between 25 % and 50 %; tax imposed on sales or services is 10 %, tax on labor forces contracting is 25 %, and there is also an obligatory contribution to the social security, another 25 %.

Other irregularities which maintain the level of skepticism without any movement, has its roots in the absence of whole sale market where goods and necessary sources for the respective services could be purchased.

Jorge Olivera Castillo →

Such demands have to be satisfied at the Foreign Exchange Shop (TRD) for astronomic prices, or have to be obtained at black market. Of course, the latter option is preferred, turning the rings of corruption, a phenomenon which exceeds the expert prognostics.

The testimony of a private trader who recently opened a coffee shop at his house's portal located in a populated zone of the capital, reflexes the impossibility to reach an efficient control in the state businesses, enterprises, and factories, where the reduction of resources is in process, maybe now in a augmented form, due to the increase to up to 169 000 of private entrepreneurs (about 4 % of the productively active population), as the official media informed.

"I get the products at the black market and I pay the invoices using a contact at a Shop (which operates with foreign exchange) for one or two pesos convertibles" (1 dollar = 0.87 pesos convertibles).

"If the inspectors discover the cheat, I give them an offer and everything is alright. No one resists money. Till now I never had a problem and I hope the things will go well, " assured my interviewee.

Anyway, not everybody is involved in these activities, some of them are really surrealistic, like a bathroom guide, button service, or lighter serviceman, who are disposed to suffer the high taxes as well as other associated risks in a context where illegal deeds are obligatory to reach at least a minimum profit. Though the official numbers show an increase of license solicitors, nobody talks about hundreds of returned licenses.

At an informal level there was discussed a help to the entrepreneurs in form of micro credits, but this is not to be profiled as a massive politics and a quick application. There have been only rumors dissolved in speeches calling for

sacrifice for the country and recessive laments situating the United States to the number one on a list of guilt for all internal failures.

There is not any or at least a little evidence that would represent the government's intention to be at full disposal to extend the licenses for private entrepreneurs up to 460 000 in the remaining days of 2011.

If this initiative does not come together with real re-adjustments in legal and conceptual planning, new ways of increasing corruption will be created with other defects deeply rooted in all socio-economical structures of the country. Some analysts insist that a model similar to the Vietnamese or Chinese is sought, but these two countries, apart from the cultural peculiarities very different to the Caribbean, needed two decades to see some fruit of their experiments.

It is foreseen, according to the conception of the private entrepreneurs in Cuba, that this will never be a solution for the existing grave problems.

This all seems to be more like an emergency plan to prolong the life of the sclerotic regime, than a source to take the nation from the deep crisis.

A fear to an integral opening which would finish the irrational absolute power is obvious. The ambivalence will continue as a tactics to get time.

Will the Cuban socialism terminate in a chaos? ←



# the self-employed are facing obstacles preventing them from wealth accumulation

Since the 1990's, self-employment has been permitted in Cuba in order to ease the economic crisis as the Cuban economy found itself in a considerably weakened state due to there being only a small free enterprise sector in the country. As a result, the Cuban government has been forced to seek refuge in capitalist methods.

Workers have been allowed carry out on their own two different types of activities in the domestic market, which gave them a certain degree of independence. **Both of them had to do with commercial management and were supposed to be performed under State control and comply with State regulations;** still, they allowed workers personal and private management of work. One of the two new-type activities involved agricultural and livestock production and relied on the participation of small farmers. The trading system established itself and was known as a “parallel agricultural market” and enabled producers to sell their surplus crops or small parts of their productions which they were not bound to sell to the State. The participants in the system could set their own sales prices for the products they offered and keep the profit they made.

The other type of private activities involved the craft industry. Under a State decision, specific zones and micro zones were created in some areas, which could be rented by craftsmen (registered taxpayers) for the purpose of selling products.

Yet, even craftsmen had to adapt their activities to the rules of the controversial system established by the State, which determined the scope of their business so that they won't interfere with the State market.

Unlike private workers operating in the agricultural market, craftsmen were not limited to selling only their surplus production. Provided they met their

Alejandro Cabrera Cruz →

obligation to pay sales taxes as well as profit taxes, they could offer for sale their whole production.

The two activities were lucrative for both the State and the workers, since everybody involved raised the planned revenue.

However, small businesses of this type had little duration and the State administration was forced to put an end to experimenting and acknowledge that the situation got out of control. In the end, everything turned to an enormous corruption issue.

In the recent years, the number of private workers has been on the decrease, the types of permitted activities have been limited and the issuance of new licenses has halted.

To strengthen the sick economy in the island, the government of General Raul Castro decided to extend the scope of private work to 178 activities. The measures that have been recently taken form part of a plan for a new system that will bring new possibilities, of which one of the most important is hiring of employees by individuals. This should open the door to formation of small businesses.

The so-called “self-employed” will pay taxes under a special tax regime, where they are charged sales taxes or public service taxes plus taxes from their personal income. In addition to it, those who hire employees will pay a tax for using hired workforce, which will work as a kind of a regulatory measure preventing the self-employed from accumulating wealth and using workforce indiscriminately.

As the data released by economists of the Center for the Study of the Cuban Economy (CEEC) show, the Cuban government expects that the increase in private economic activities will add to its tax revenues in 2011 one billion dollars.

I carefully studied various interviews with the self-employed, who talk about a series of forceful measures taken in the middle of a profound crisis. As if there were not enough complications, the Cuban government decided to create and legalize a system of Social Security, which is individual and obligatory, except when the self-employed already benefit from it. Workers are supposed to pay a contribution of 25% of the base amount and after they retire, they will receive approximately 60% thereof.

The contribution is determined on a monthly basis. For example, the minimum contribution is 350 pesos and if the worker contributes 87.50 pesos each month, s/he will receive a pension of approximately 210 pesos a month, says the newspaper Granma.

The Cuban regime made a wise decision to charge the self-employed for hiring workforce at a time when the State itself is cutting down staff numbers due to being unable to pay its employees. But we should realize that these practices only lead to citizens becoming State property.

The Cuban worker receives from the State a salary ranging from 250 to 300 pesos. A private employer will pay the employee between 600 and 700 pesos in order to alleviate the desperate poverty of the population stifled by insufficient salaries.

On the other hand, self-employment is impossible in a wholesale market with differentiated retail prices for workers in the sector. Such environment invites robberies and leads to draining of industrial products from state enterprises.

The confusing situation in the Cuban economy is like a safety valve: “*Many contractors have opened their eyes and have realized something they didn’t know before: **The self-employed are hostage to the bad practices of the Cuban government!***”

It is clear that everything has been planned with the sole purpose of profiting from the property of individuals and recent political decisions of the Cuban government have been following this aim. ↩



# the longest

In the decade of the 80's, the Chinese discovered something what the Cuban leaders are discovering now: "*The communism is the longest way to reach the capitalism.*"

Later, in the decades of absurd experiments created by Mao C'Tung in China, Deng Xiaoping entered the right way and set out a construction of "decadent capitalism," though in slow and gradual form. Also the Vietnamese noticed this and the picturesque leader of Venezuela Hugo Chávez, who in my opinion, in spite of all the populist speeches, leads to a construction called "Socialism of Century XXI" and he does not dare to eliminate definitively independent economic control. These actors, some for their experience, others for conservative instinct, came to a conclusion that the centrally controlled economy is highly inefficient, and it terminates in loosing national wealth.

Some analysts of the Cuban reality consider that an era of changes begun in this Caribbean island and it inexorably has to lead from adoption of micro-businesses or small enterprises, which is called *cuentapropismo*, to a market economy in Asian style. Others, among who I include myself, we consider those so called reforms nothing more than a clumsy attempt of Castro's Gerontocracy to gain time, and we have to suffer it. The thing which is not contrary to the criteria, in spite of the continuous spirit which accompanies those so called changes, as a consequence of a series of historical factors which I will reflect in this article, is that the transit to the market economy is inevitable. In the following, let's test both theses.

Private enterprise, lights and shades

Although the Cuban president pronounced that the expansion of private businesses is irreversible and it forms a part of urgent economic transformations necessary for keeping the socialist system alive, the system which was set by

Alejandro Tur Valladares →

his brother Fidel Castro half century ago, and whose Ministers of Work and of Finance have appealed and made clear that they “*will not permit accumulation of wealth.*” This is what underlines my thesis that the government does not copy the Chinese model at all, and there is no interest in extension of autonomous economical activity.

At this moment the government insists on opinion that nothing is *laissez faire*, everything is opposite. Mesa-Lago, one of the most respected academics in and out of the island, reminds us that in the actual project, in spite of everything, the central planned economy „has been failing for a half of century.“ The independent economist Oscar Espinosa Chepe agrees. Mesa also reminds that the authorities rejected the Chinese and Vietnamese examples “but without saying which model will Cuba adopt or what the role of market will be.” In a few words: “The recent economic measures concerning the private business in Cuba have limited effect, have technical errors and **are motivated above all by a political logic.**”

Some time ago there was the Sixth Congress of Communist Party of Cuba. Many people are asking: what will be changed? I dare to prophet that nothing. “The same leaders with the same ideas always produce the same or similar results,” somebody said and I think he was correct. In the document containing 32 pages, which the government put into circulation under a title Economic and Social Politics Adjustment Project, in which the new economic plans are described, it lets its position clearly fixed to the communist model, explaining that collectivism, state property of production resources, and centralized planning by the Party bureaucrats will remain the essential part of the economy.

For this reason, they have authorized 178 types of small business activities, the majority of them are have a marginal profit potential, that they evoke

mockery of the entrepreneurs and devoted economists. It would be enough to illustrate the situation with following list of such activities and the level of governmental control. This State gave at disposition undertaking of activities such as button repair service, assistant to sick people, shoe polisher, or birthday clown.

Although the implementation of the micro-businesses intends to sign direct contracts with the employees, a special tax was established, which rises progressively and rises with the number of contracted manpower. Hence the more staff hired, the higher the taxes are. When the business is prosperous, it seems to be obligatory to keep it within a throttled limit, or in the opposite case, the weight of the taxes will issue invoices to you. In summary, the government’s objective is not to let the enterprises rise and generate profit, but to absorb the unemployed manpower which the government intends to fire soon.

What Do We Miss to Survive?

One of the major problems is the lack of resources and primary materials. The government promised to create a resources supply system for the small enterprises. They speak about 130 million dollars assigned for this year. 36 million of this will be allocated for food products. But it is announced that such a project may take years to be working. For the majority of the products will have to be imported, it is not clear whether the government will sell it for its costs of a bit more. The established companies will have to purchase the resources in the retail shops, where the goods are sold with 240 % tax. Another task will be to produce goods and offer services, paying the manpower and the state tax, which is at a criminal level, then manage the sale of the products to the citizens who have no purchasing power. To survive, the enterprises will surely have to run on the edge of legal activities, buying stolen materials at

black market, bribe the police and corrupted inspectors, always praying for the mercy not to be confiscated or to suffer another evil.

Another problem of the private business license solicitors is lack of financial resources, which the majority of the population does not possess, due to the inexistence of savings or access to credits. The State does not seem to be really interested in it, the new entrepreneurs have to rely on credits from the family or friends. Some of the new entrepreneurs have presented the necessity to permit direct investments from Cubans who live abroad, anyway, the regime refuses. Many people would permit the participation of these Cubans, because they could make investments and support technology transfers. But to make this happen, a jump over ideological prejudices will have to be done by the ones who can make such decision.

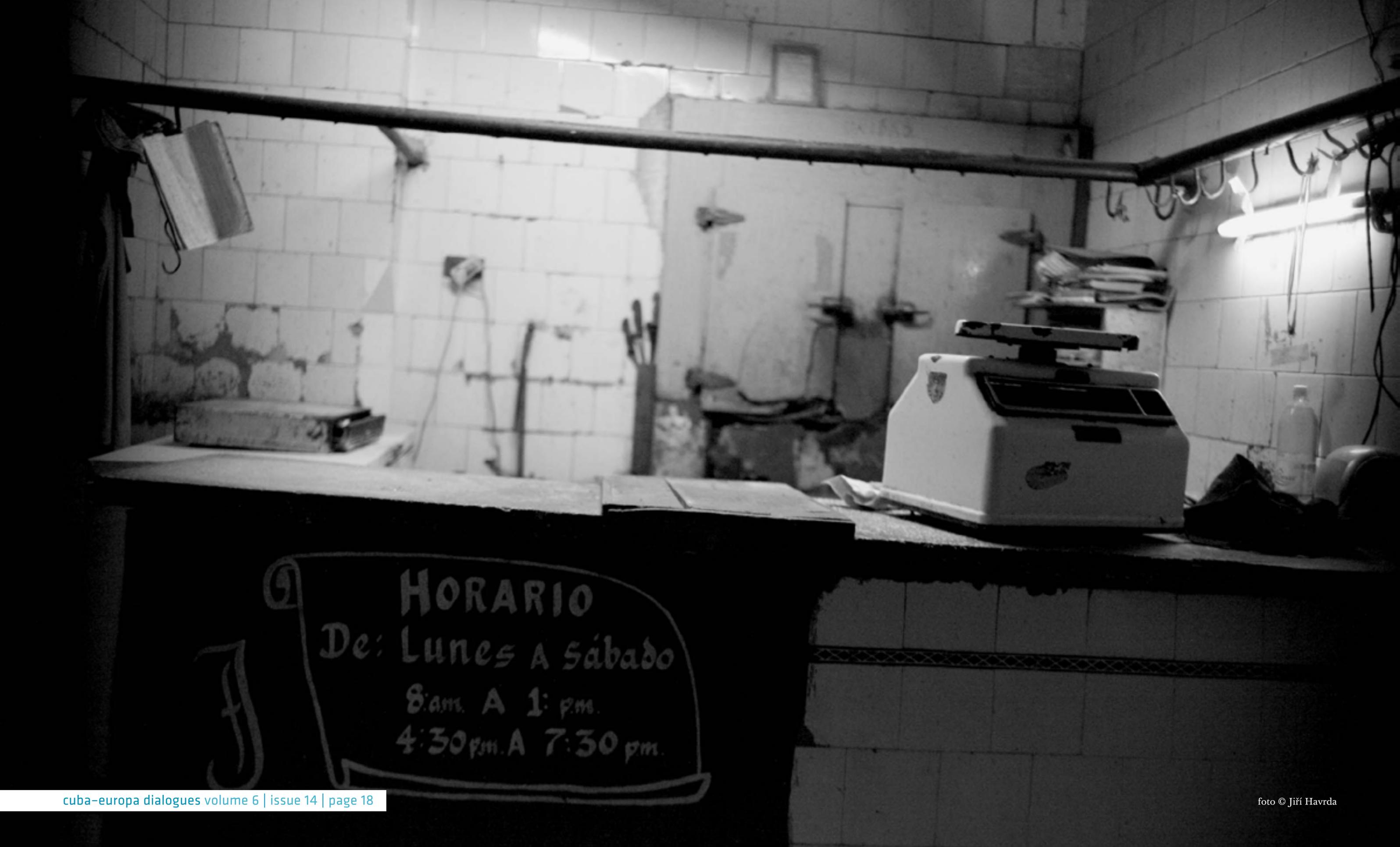
But What Is Probable?

One of the aspects which make me think of low probability of the last said thing is the high age of the actual leaders, who, namely Raúl Castro, have to stay on the throne for approximately five years. The upcoming thing is a generation of technocrats, bribed till the core, very informed about the evolution jumps in the world and with access to financial resources bleeding from the state treasury. This makes me think without criticism is most probably that they will choose a transmutation towards reformism. These do not carry any ideological compromise to irreconcilability. They neither possess a small piece of authority, which the historical ones still have, and who seem to be obliged to conduct the reforms much further than they had planned, all this is done to preserve their status of privileged class.

On the other side, the cement which hold the diverse pieces of our society together – I refer to the ideological element – has already expired and the

only elements which now keep the governors together, are: firstly fear and repressions, secondly: the administrative corruption, which still guarantees the regime its format of a institutional structure created of individuals, and which group them like vultures to eat the carcass of the dead government. What comes later, and what makes me feel optimistic about the island's visualization of the future, is that such structures are biodegradable, very close to the expiry date.

The Cuba's resistance to an economic transition limits the extension, which would be introduced and would be functional by the private sector. This is why it slows down and impedes the touchable outputs of the economic recuperation. For all this mentioned, I think that the new leaders will not have any option for manoeuvres, because all the possible options were tried, the only way they could go, as a laudable alternative, is to walk towards Liberalism. Finally, after unsuccessful decades of pain and sacrifice, we will live for confirmation that all the stubborn patriarchs of Antilles communism followed the longest way to reach the capitalism at the end of the route. ←



**HORARIO**  
De: *Lunes a Sábado*  
8:am. A 1: pm.  
4:30 pm. A 7:30 pm.

# self-employment in cuba: an obstacle course

If you seek the term “trabajador por cuenta propia” (“self-employed worker”) anywhere in the world, it’s a waste of time: you will only find it in Cuban publications. The term is an invention of the Cuban socialist bureaucracy, which has created it in order to avoid using the word “propietario” (“owner”), which is the most appropriate term and has existed in the Spanish language for ages. Although everything might seem easy when defined by regulations, the self-employed still face obstacles that hinder the process of establishing private businesses. First, they are obliged to obtain a license; then they have to overcome the restraints of staff restrictions and gain authorisations of various authorities and ministries; and finally, they are confronted with a plague of inspectors that monitor, measure or fine them or collect taxes.

To be able to gain some economic benefit, the future owners of businesses will have to learn to sail across a sea of rules, conventions, provisions, etc., with more proficiency than the most skilful steersmen.

The main objective of the whole plan conceived by Cuban tropical socialism is to relieve the State from the burden of having to pay so called “inflated payrolls”, which is nothing less than one of the ways of hiding the unemployment: by pretending that it’s actually underemployment.

As the State bureaucracy doesn’t forgive anything to anybody, the future unemployed who open a small business to gain means to survive will have not the least advantage that would help them become efficient independent producers. The government will not support them in the initial stages of their business activities by imposing lower taxes or by offering some financial aid. Moreover, most of the new entrepreneurs have little experience with trade administration. The old schools of commerce that used to exist in Cuba were closed 40 years ago when the State monopolized the whole production of

Lucas Garve →

goods and services on the island, stigmatizing commerce as an activity that has nothing to do with socialism.

High prices set by the State discourage production and cut down sales, making goods available only to a group of customers with a better purchasing power. This might lead to a contraction of the market. As a consequence, the new owners would face another difficulty when selling their products. So, where will they get money to pay their monthly and annual taxes once their resources dry up due to low sales, high taxes, low profits? How long will their businesses survive?

These are some of the issues that rob the newly unemployed, who have decided to work on their own to support themselves financially, of sleep. At the moment, more troubles than pleasures can be foreseen for the economic activities of entrepreneurs who intend to set up a private business in Cuba. ←



# the work on account and future

Returning of licenses for business running on one's own account in Cuba, more than a sign of opening the centralized system of state employment, it is a fact which recognizes a fiasco of the economic model introduced in the country.

A half of century of non-productivity, over-employment and corruption, among other bad things generated by the governmental control of production, force the authorities to give small spaces for private efforts.

However, the (178) authorized jobs (to realize private business in the nation), will never accept the about 1 300 000 employees who were made redundant from their jobs in the country.

The absence of wholesale stores, missing capital for investment, together with imposed taxes and misused power, these are some of the limitations which make a barrier in front of running the private business.

The unsuccessful experience of thousands of Cubans who adapted a similar system in the 90's, show that the government allows small changes in the labor control before a crisis.

Today it is the same. There does not exist a political will to liberate the productive forces for the country. The impossibility to push away the bankruptcy and fear of a social explosions open the cracks of the labor control by the state, who had a role of a unique employer.

Even though the government promised not to shift reverse in the implementation of the irregular work, there exists a big tension between those who adapted the plan.

Even if there grows the queue of the people who are looking for private business, the parallel form appears and another queue grows, this time with the ones, who are returning the license because of high taxes imposed, and the ghost of state control.

Víctor Manuel Domínguez →

In the Cuban capital, the enthusiasm of the early October days gives its way to the fear of failure in the actual reality.

To show an example, one self-employee with a license for light food production has to pay taxes for sale of fried food, quotes are following:

500 pesos monthly for working license

496 pesos each three months if he has an assistant

262,50 pesos every three months for social insurance

10 % of monthly declared sales

There is too much competition and one has to buy oil and other ingredients for convertible peso, although he sells his products in national peso.

The same problem is known by the barbers, distributors of discs, and other private businesses, sometimes they have to pay much more than they earn in one month.

In many cases, cancellation of one's work place forces people to find a solution in self employment, though they feel they cannot find one.

Apart from the necessity to obtain material resources for prices allowing a profit, they miss the equity and above all, a guarantee that their business will not be closed for any pretext when the business runs well.

How long will last the private business, when it seems to be the right option now? It should not be forgotten, that from its beginnings, the revolution is based on control of production resources and it fights against any deviation independent from the state sector.

The thing is that already in 1960, a 52 % of the retail profit came from state property, in 1963 it was 75 % and in 1968 it reached 100 %, with thousands of confiscated small businesses. This was a clear signal of the interest in having all the employment under control.

In the speech pronounced on May 13<sup>th</sup> 1968 in La Habana, which declared initiation of so called "Revolutionary offense," Fidel Castro expressed:

*"The revolution was not done here to establish the right for commerce (...) In this country there is no future for commerce, private business, private industry, or anything."* This speech ended the residual spaces with surviving little businesses, on the brink of the state employment.

Is this conviction overcome? Only the time will tell us.

In October 1960, the Act No. 890 was announced, which confiscated violently and without any compensation a total of 376 industrial enterprises and businesses in Cuba. The same month and year, the Act No. 891 ordered nationalization of the whole Cuban bank system. ←



# la paladar de pérez

The small private restaurant, which is in general called paladar, owned by Pérez, the most famous one from Jaimanitas, is still closed, even though the Raúl Castro's government recently granted the Cubans authorizations to run private businesses.

Located on the street Tercera, between Primera and 240, in the 80's Pérez started to use the garage of his house as an illegal bar, where he would sell beer and food. But during a police attack against the illegal businesses, they confiscated a number of boxes of beer, rum, pork and cattle meat, and cash. He had to sell even his car to prevent from being imprisoned and he got practically ruined.

In the early 90's he got a new license for private business and opened the doors of his garage, he placed a nice sign, a glass window, table napkins, tooth picks and a small board where he would announce the menus, and a record player with smooth music to make the place for the guests pleasant. They had to eat while standing on feet next to the window, because it was prohibited to place tables in the bars, as well as to have employees. Pérez would cook, serve, clean, change discs and speak with the clients.

One of the peculiarities of Pérez's small food business in Jaimanitas was to attend the clients anytime. It was never a problem to call him in the wee hours if it was necessary, whatever the time was, he always opened the bar, played a record, heated beans and rice, and fried a chicken or a pork steak, which he served with a salad, while took a friendly conversation with the clients.

In 2000, the taxes imposed over the private businesses reached the sky and the fines from the inspectors got stronger. Santy, Rosa de la rumbo, Maria Gema, Dolores, Margot and Marina had to close their bars, only Pérez with his stoicism overcame the bully of the penalties. He kept his bar open till he

Frank Correa →

was able to, but the quality of his food fell down to the floor. The beans and rice was reheated after some days, the steak was too slim, that it was barely possible to fry it.

One day in 2006 he closed the garage door and removed the sign, not having anymore force to continue the business. I visited him yesterday to inform him that Santy, Dolores, Maria Gema, Rosa de la Rumbo, Margot and Marina re-opened their bars, only he was missing and the people from Jaimanitas were surprised. He just whispered without the conversation spirit he used to have:

*“I will let the others experiment, the game is over for me.”* 🡀



# private entrepreneurship in cuba: hard way of capitalism

It has been a long time when the social democracy leader Felipe Gonzáles, a former Spanish prime minister announced to the press, not without a reason, something what makes you think: “The capitalism is the best of the bad systems which exist.” After two decades, in Cuba of Castro brothers, it seems that somebody recognizes it. The God and the FMI, hear it. It is not because of the market economy – how the capitalism is called in a gentle form nowadays – appears good, but because in overall, in one or another aspect, it resolves actual economic problems, generates wealth and liberates the proletariat much better than socialism, which is full of nice words but brings catastrophic results. Ask the poor Cubans who walk on the island.

Half a century later, the Cuban socialism still does not generate wealth. What it has created, is the unlimited power of the new and small leading class. After losing the needed help of the Soviet Union in 1991, Cuba found itself on a junction and decided to head towards China. There was the same intention towards the European Union, and since 1999 Cuba has received massive energetic support from Hugo Chávez’s Venezuela. Cuba does not pay with financial means, but with thousands of doctors and teachers.

For the country has been still without economic aid from the Eastern Europe for 20 years, the new regime’s leader Raúl Castro now tries to introduce private entrepreneurship. What does this mean in reality? Etymologic explanation of so called “Cuentapropismo” means to work for one’s account “por cuenta propia,” or privately, not for other’s account. It also means not to work for the state. It is the self-employment and private initiative, but limited to what the communist country wants. At current situation in Cuba, when an economic subject feels unprotected by the state, it makes more sense to start turning wheels of own work and enter private business with all its risks.

Leopoldo Fornés-Bonavía Dolz, Mayo 18<sup>th</sup> 2011 →

The economic power of the Cuba regime determined 178 activities which are supposed to feed a significant part of the labor sector without “hurting” the principles of The Cuban Socialism. Anyway, following sectors remain excluded from private activities: works directly connected to the production of sugar cane which is still weak since the harvests of more than seven million tons, these are still reduced to almost one million two hundred thousand tons, last years. Also, extraction and refinery of carbohydrates are excluded, the future which is going to start, taking advantage of the reserves which are surely located on the seabed of the north coast of the provinces Pinar del Río, La Habana and Matanzas. These activities will remain controlled by the holy state as well as the refineries in La Habana, Santiago, Sancti Spiritus and Cienfuegos. Also, the mining activities on the island are excluded. These are very productive in collaboration with Canadian companies such as Sherrit Co., which together with the Cuban state enterprises exploit nickel, cobalt, and chrome in the north coast of La Habana. These minerals turned to be the most exported materials from Cuba, even more exported than traditional sugar, of which Cuba was recently the biggest world producer. Cuba lost this position with its separation from its natural market, and closing the central sugar factories. In the last place, tourism of big hotels does not enter the private entrepreneurship. This industry brings fat benefits to the country economy and aids to balance its budget. Privately, one can hire rooms and private houses and provide services of yet famous “paladares” with a maximum of twelve seats (not more to prevent excessive enrichment) on private properties. Other important country income where private sector does not have its place is reception of package from residents living abroad due to political or economic emigration. The private entrepreneurs do not have much to do with these incomes of

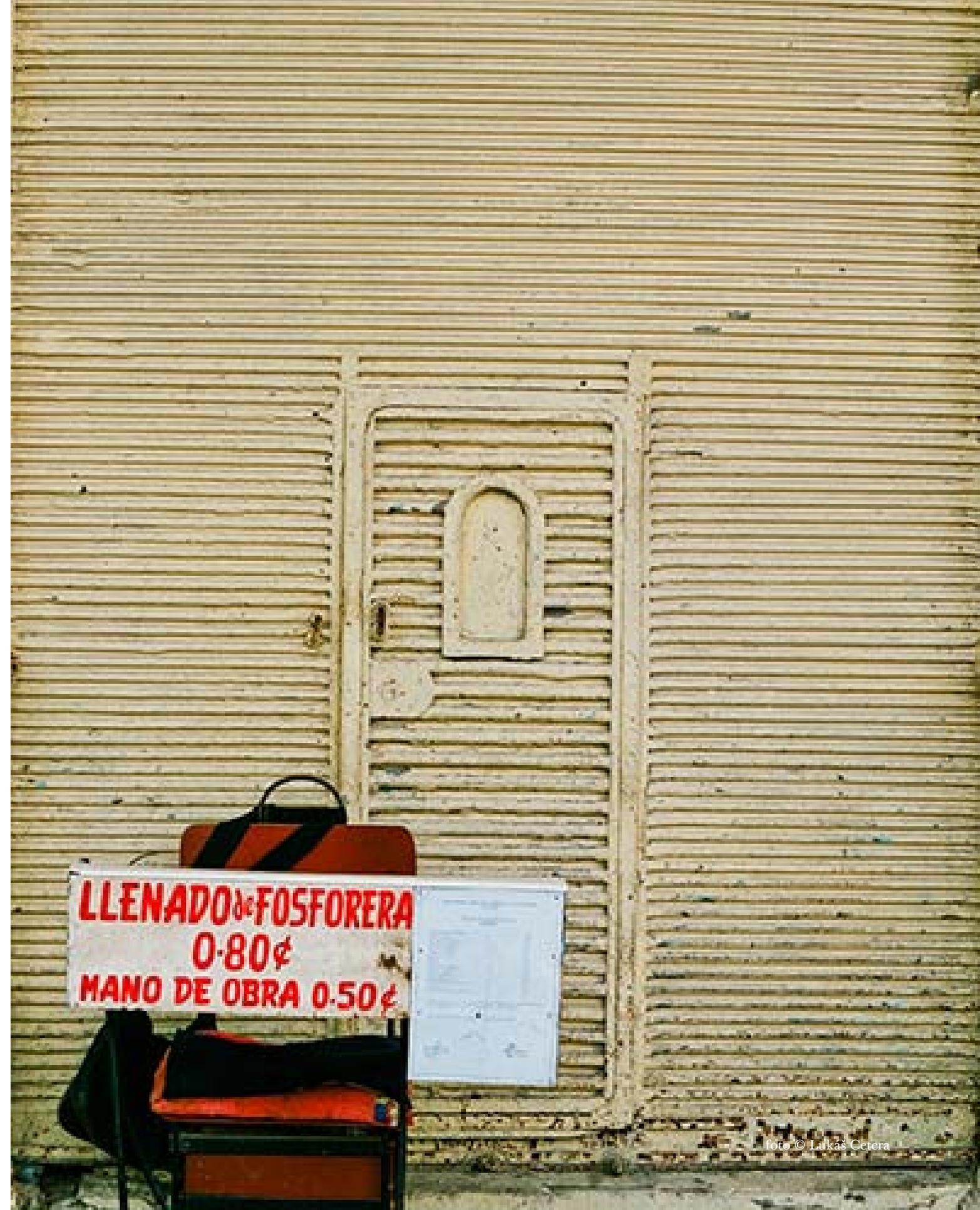
millions. Or, if the private sector was able to generate wealth and keep it for those who helped to gain it, the country structures would decide that it will be used only to keep on feet the one and half million of citizens without work, not permitting them to be further than the regime wants.

Anyway, private business is not a new thing in Cuba, it has been touching the socialist economy for decades. It has been here since the market economy disappeared, but now, it is legal. Or, the ones who will do the legal business did it illegally before, but with tolerance. Also, there were cases, when a person was a state employee during the official working time and then he was a private entrepreneur in the free time of evenings and nights. What reduces the possibilities workplaces is partly the fact that the places have been occupied for decades. In reality, the private business will be here to cover a big part of tertiary sphere: the services, which are so limited in Cuba. This private entrepreneurship appeared massively in Cuba after the catastrophe of the sugar cane harvest of the ten million in 1970, which resulted in eight point five million tons.

The private business will serve together with other reforms to prevent privatization of the big production means. This would bring the end of communism and of the new leading dominant class who has the economic, politic and of course also military power. Anyway, there are joint ventures which exist in the oil sector and mining industry and which are 51% controlled by the Cuban state shares. This state will never permit massive entry of 100% capital from the UE, Arab states, or the USA to develop the country. In such case they would lose the power and the country would turn into something what the Communist Party or the nomenclatura will not have capacity to control. It is evident that the market economy is not a medicine for everything. The crisis which is

present in the world nowadays shows that it is not so. It has significant defects and generates inequality. Anyway, the system as it is, satisfies much better the necessity of almost everything, above all, it allows a democratic process where a citizen does not fear to disagree.

The private business may be a basis for a future democratic capitalism and it can work as a pike which breaks the fear of presence of the international global capital. I wish the democratic process and tolerance returned to Cuba; that the repression and death penalty disappeared; that the dissidents needs were respected; that the people had an unlimited access to the internet, that there appeared the diversity of positive and constructive ideas and that the new leading class left the ghost of exploiting capitalism and an imperial and hegemonic country did not threaten us and let us develop; I wish the repressive structure fell down. It is the turn for the ones who live in the island. To the ones who are outside, once liberated internally, we can give them and accelerate this transition to democracy and the knowledge market, contacts, investments of acquired capital. I wish this happened one day. 🇨🇺





# jan - may 2011

## **Introduction:**

This year marks the third anniversary of the Cuban Government signing the International Covenants on Civil and Political Rights and Economic, Social, and Cultural Rights of the United Nations. However, these documents have yet to be ratified by the Cuban National Assembly. The regime's further disregard for any human rights is exemplified by its refusal to publish the Universal Declaration of Human Rights and the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, resulting in Cuba being the only nation of the Western Hemisphere that has not yet ratified the document. The attempt to leave this subject in obscurity is just one display of how the regime tries to manipulate its population into accepting the government's mistreatment of its citizens, especially those active in the opposition.

The VI Congress of the Cuban Communist Party offered no perspective of improvement of the human rights situation in the short and medium term. While taking measures to restructure the economy of the country, the government has shown no intention of implementing reforms to guarantee social rights. The reluctance of the government to reflect on criticism by NGOs and activists makes the situation all the grimmer.

## **General Information:**

In 2011 the government continued applying the new pattern of repression – carried out on the low scale, repetitively and continuously. From January to May 2011 more people have been arrested than in the same period of the previous year – there was an increase of 111% in the number of political detentions. The socialist regime arrests anybody for any and every sort of disagree-



ment, using mainly short detentions that last hours or a few days with no charges applied. In this way, many dissidents are detained 2 or 3 times in the same month for carrying out their political activities. Fear is continually used as a scare tactic to prevent dissidents from publicly displaying their discontentment with the regime.

The most outstanding case of the recent persecution of the opposition members is the one of Juan Wilfredo Soto (46), who died several days after being arrested and beaten by the police in a protest in Santa Clara in May. Despite several calls by the internal opposition and the international community, the government has not yet investigated the circumstances of his decease.

Most of the released political prisoners have achieved their liberation under the condition that they take exile in Spain. Those who insisted to remain in the country were eventually released under the *Licencia Extrapenal* – the Cuban equivalent of parole but which can be arbitrarily revoked. Due to these sorts of deals, the number of political prisoners has decreased, but in no means it indicates changes in the human rights situation for the population as a whole.

### **I. Detentions:**

The policy of suppressing almost any sign of opposition to the regime has led to the increase in temporary detentions as compared to the last year. Many dissidents are arrested more than once a month.

So far this year there have been 1515 documented arrests for political reasons. However, the exact number of prisoners in Cuba is unknown due to the fact that the Cuban government considers it a secret of state. For this reason, it is more accurate to consider the real number of arrests much higher.

The anniversary of the death of Orlando Tamayo, an opposition member deceased, in prison after a protest hunger strike against the mistreatment of prisoners in Cuba, saw 267 known arrests executed throughout the country as a pre-emptive measure to stop remembrance acts. Another recently targeted group of lately has been the *Damas de Blanco*, formed by the wives and mothers of political prisoners who demand the release of all who are detained for political reasons.

Below find some of the most remarkable detentions during the period January – May 2011:

- Juan Wilfredo Soto Garcia of the *Foro Antitotalitario Unido* was arrested and beaten by the national revolutionary police in the Santa Clara central park and released a few hours later. He died in the hospital less than 72 hours after his arrest as a result of the treatment by authorities.
- Andrés Gómez Soria from the *Movimiento por la Cuarta República*, was arrested by the political police for trying to attend the trial of Alan Gross. Several of his documents were confiscated.

### **II. Conditional and Other Releases:**

So far this year, 43 prisoners of conscience have been freed, with 35 leaving for the exile in Spain, while the rest stayed in Cuba on a parole that may be revoked at any time.

In April, Raul Castro announced the end of the deal with Spain and the Catholic Church in which political prisoners were taken into exile in Spain. It is estimated that at least 50 political prisoners remain in prison and could not benefit from the deal. Among them there are former party members consid-

ered unreliable in the eyes of the regime as well as dissidents perceived to be too radical to be released.

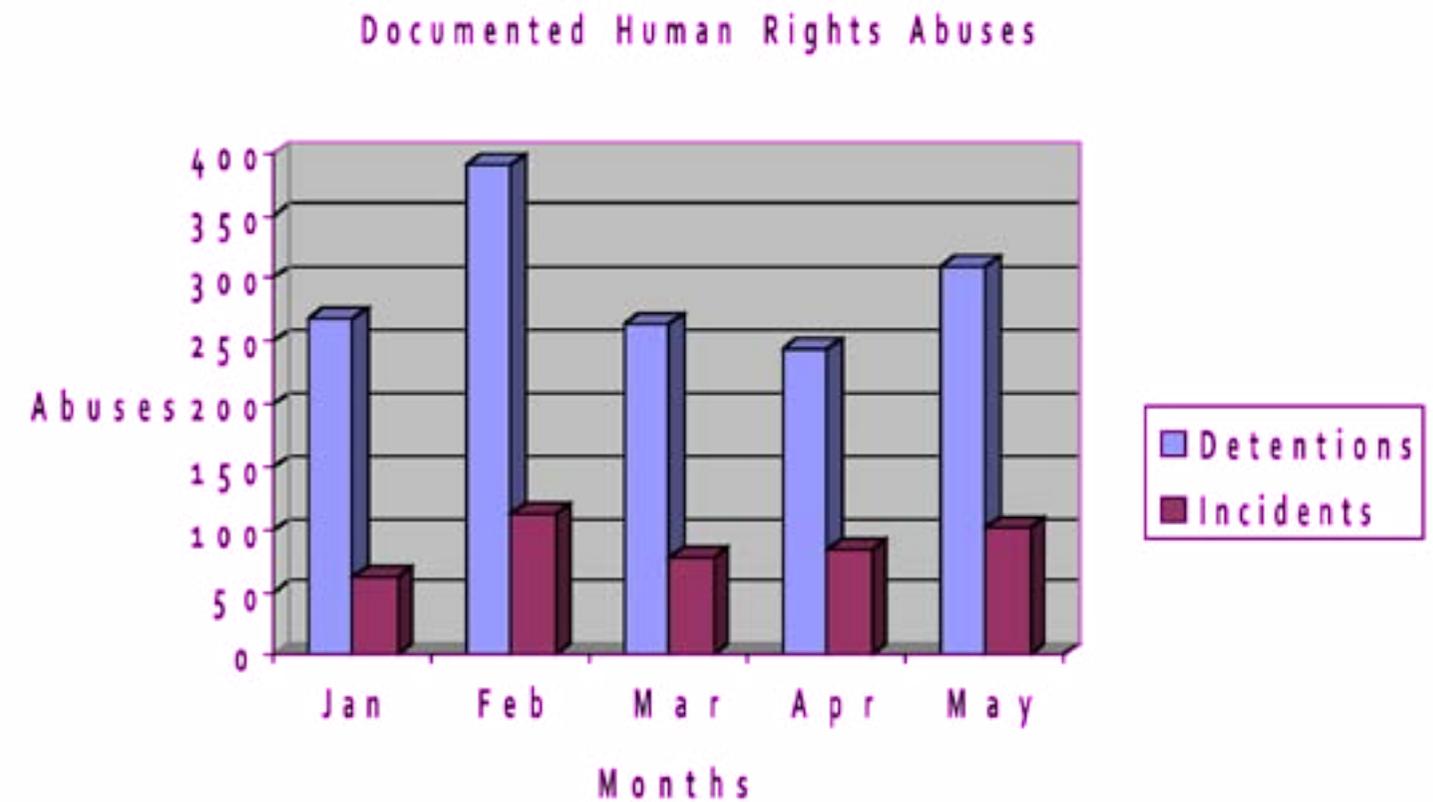
### III. Imprisoned:

There has been no significant change as compared to last year in the way political prisoners are treated. The conditions to which they are subjected in prison do not comply with the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, that has been signed and ratified by the Cuban authorities. Many prisoners remain arrested without a trial or any sort of legal procedure, not knowing on what grounds and for how long they will remain imprisoned.

Below find cases of related violations of human rights and prisoner's mistreatment:

- Juan Ruperto Becerra – he reported prison guards had been denying him food for several weeks, confining him to a punishment area and disregarding his psychiatric illness.
- Enrique Caballero was put in a solitary confinement due to his opposition work, denouncing abuses in prison and demanding his legal rights.
- Raúl Gómez Macías, died after being denied medical treatments for 3 months.

### Monthly overview of the most remarkable human rights cases and topics for the period January – May 2011:



Source: Cuban Human Rights and National Reconciliation Commission (CCDHRN)

Bellow are introduced the most significant human rights violations listed by months:

### January

- Human rights activist, Donaida Perez was detained 6 different times just this month for participating in opposition activities.
- No political prisoner was released.

### February

- Five prisoners of conscience were released under the *Licencia Extra-Penal*; another four were released under the condition to accept exile in Spain together with their families.
- The highest number of arrests occurred as a preventive measure in order to keep dissidents from participating in opposition activities. In general, 267 people were arrested to stop them from commemorating the first anniversary of the death of Orlando Zapata Tamayo.
- In the Cuban prisons, 2 inmates died as a consequence of lacking medical assistance and twelve prisoners have started a hunger strike as a result of this mistreatment.

### March

- Acts of repudiation against the *Damas de Blanco*, were organized by the political police. Verbal and physical aggressions were carried out against the *Damas*; 46 people were arrested to prevent them from taking part in the activities of this movement.

- Another fourteen prisoners of conscience were released. Nine of them went into exile to Spain and five remained under the status of *Licencia Extra-Penal in Cuba*.

### April

- 24 prisoners of conscience were released, with 22 accepting exile in Spain and two remaining in Cuba under the *Licencia Extra-Penal*.
- Meibis Mulent Diaz, Abel Segrera Mulent and Meibis Mulent Estevez from the Partido Democratico 30 de Noviembre were arrested for distributing pamphlets with the Universal Declaration of Human Rights and “Know your rights” leaflet.

### May

- Juan Wilfredo Soto Garcia dies on May 5<sup>th</sup>, less than 72 hours after he was arrested by the police. The investigation of his death has not been conducted in an objective way.
- No political prisoners were released.
- Due to Castro’s support of public display of violence against the opposition, Yordi Garcia Fournier Yoandi Beltran and Mareisy Columbie and their respective families suffered acts of repudiation for many hours. ↩

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