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The Cooperative As Proletarian Corporation: Property Rights Between Corporation, Cooperatives And Globalization In Cuba

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THE COOPERATIVE AS PROLETARIAN CORPORATION: PROPERTY RIGHTS BETWEEN CORPORATION, COOPERATIVES AND GLOBALIZATION IN CUBA

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ABSTRACT: Since the 1970s, the issue of the relationship between productive property, the state and the individual has been contested in Marxist Leninist states. While China has moved to a more managerial form of relationship, states like Cuba continue to adhere to more strict principles of state control of productive property. However, in the face of recent financial upheavals and Cuba’s long effort to create alternative forms of regional economic engagement, Cuba’s approach to economic regulation has been undergoing limited change. This essay considers the form and scope of Cuban approaches to economic reorganization in the wake of the adoption of substantial changes to Cuban economic organization by the 6th Congress of the Cuban Communist Party. This economic reorganization appeared to open a small space for private economic activity, subject to state supervision, and then to internationalize this model as part of Cuba’s regional trade policy. It was meant to provide a rules-based counter-model of political economy and an alternative to markets based economic systems. Focusing on the re-examination of the relationship of individuals to productive property, it considers Cuba’s efforts to develop theories of economic activity that both limit the availability of the use of the corporate form to the state and that makes alternatives available, and principally the cooperative, to individuals. The essay first considers the current development and structure of economic organization in Cuba, focusing on corporations, cooperatives and sole proprietorships. It then considers the Cuban cooperative in more depth as an effort to theorize a proletarian corporation, one in which ownership is based on the supply of labor rather than of capital. It ends with an examination of the cooperative in the context of Cuban efforts to internationalize its approach to state-centered transnational economic activity through vehicles such as the Alianza Bolivariana (ALBA). Conceptually, the cooperative fits nicely within Cuba’s efforts to develop a complex and well-integrated program of economic organization. Its utility for aggregating labor at the local level may have use outside of Cuba as well. But the theoretical elegance of the system bumps up against the realities of Cuban politics, and the reluctance to abandon a state based central planning model for one in which the non-state sector is given more autonomy in economic decision making, even within the general parameters of Marxist-Leninist economic organization.

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I. INTRODUCTION

In the West notions of property are at the center of economic and political organization.¹ The law-state is focused on systems for the taxonomy and systemic protection of property (what is property and legal rules for its management). Individuals can aggregate property for the production of private wealth; organized as corporations, this property assumes a double character.² Corporations are understood as property, represented, for example by shares, which are property in the hands of shareholders giving each certain rights to control, income and assets of the entity. But corporations are also understood as an autonomous entity is a holder of property in its own right. In this sense it resembles other corporate bodies—even the state—in its character (though of course with

a more limited scope). As entity, corporations may acquire political rights under domestic law and at least some measure of responsibility under international law.

A very different picture emerges in Marxist-Leninist states. Traditionally all of the means of production belongs to the revolutionary elements organized within a structure of democratic dictatorship awaiting the transition from socialism to pure Marxism. There is a deep embedding of idea of separation between property ownership and use. Productive property is understood as inherently political in character; an instrument for the satisfaction of the needs of the people. Conversely, productive property owned or controlled by individuals, especially where that ownership is not under state control or direction, could be understood as a challenge to the unity of the people and a political threat. The vesting of political or economic power in institutions that represent an aggregation of property in the hands of individuals who are not acting for the state is viewed as a challenge. Like the organization of political power, which is understood as necessarily centered on the Party as the sole embodiment of collective power, the organization of economic power is understood as centered on the state apparatus as the sole embodiment of economic power (under the direction, of course, of the Party).

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7 “Indeed, since political power is in the hands of the working class, since this political power owns all the means of production, the only task, indeed, that remains for us is to organize the population in co-operative societies.” Vladimir Lenin, On Co-Operation, in What is Soviet Power? 91 (Moscow: Progress Publishers, 1973).
The relationship of property to the individual, the proletariat and the state has been at the center of revolutions in Marxist Leninist theory for the last generation. Today there is a split within the Marxist Leninist community of states. Lead by changes in China that accelerated in the years after the late 1970s, China has abandoned the traditional notion of state monopoly on productive property and along with it, the necessity of aggregating to the apparatus of the state all power to direct and manage productive assets (and the people through which productivity is extracted). Central planning has been abandoned in favor of centralized control of key sectors and central direction of the rest, with control conforming generally to Marxist Leninist principles as continuously developed within the Chinese Communist Party. In effect, China has been moving from micro to macro management, with exceptions, of course, for key economic sectors. Yet, as its critics argue, this is still a Marxist approach to property and its relationship to individual and collective ownership. Moreover, as in Cuba, the process has not been within sometimes deep division within the Chinese Communist Party as different groups advance distinct visions of the future course of development of Marxist Leninist economies.

Cuba is an entirely different story. Still deeply committed to central planning model, it has retained both the state apparatus and Party ideology to support the idea that substantially all control of significant economic activity must be directed, as a political matter, by Party loyalties according to Party principles but as ordered directly through a large state bureaucracy. Productive property, for all intents and purposes retains its direct connection to the state along with a strong commitment to the direct ownership and management role of the state in economic activity. In this respect Cuba retains the strongest loyalty to

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13 “In communist countries, the state repealed or emasculated private law in employment relations, land ownership, antitrust, consumer products liability, and worker safety. Once
the Soviet model of state organization that all but disappeared after the dissolution of the Soviet Union nearly half a generation ago.\textsuperscript{14} Though Cuba remains very much in the Soviet orbit long after its center disappeared,\textsuperscript{15} Cuba’s ideological foundations remain more aggressively Marxist.\textsuperscript{16}

Yet modern realities have produced a strong pull against this form of economic organization.\textsuperscript{17} Globalization has substantially changed the rules through which global production of goods is organized,\textsuperscript{18} though not without criticism.\textsuperscript{19} Liberalized trade regimes have made the movement of goods, capital, enterprises, and to some extent people, easier, while permitting local diversity that complements global tastes in variety.\textsuperscript{20} Cuba’s economic performance, its ability to provide for its people, has been greatly stressed for many years in the face of a Party and administrative apparatus that seemed oblivious and U.S. policy of isolating Cuba from globalization.\textsuperscript{21} Cuba has both recognized and

the legal impediments were removed, officials ruled by decree. So, central planning is a way of making law as well as commodities. Central planning produced remarkably similar results in vastly different countries, such as Poland, Vietnam, and Cuba. Specifically, central planning emphasized economic growth through forced savings and expansion of the capital stock in heavy industry. Everywhere, central planning failed to produce consumer goods in abundant quantity or high quality.”


“In Castro’s ideal socialist world the worker identifies totally with the society, the state, and the means of production and covets complete harmony between his work and himself.” Sheldon B. Less, Fidel!: Castro’s Political and Social Thought 61 (Boulder, CO: Westview Press, 1994).


Boaventura de Sousa Santos, Globalizations, 23 THEORY, CULTURE & SOCI’Y 393, 394-95 (2006).

resisted these realities. On the one hand, over the past decade Cuba has sought to internationalize a counter-model to that offered by conventional globalization, forming for that purpose the Bolivarian Alliance (ALBA). On the other hand, Cuba has also embarked on what was a potentially far-reaching project of internal self-reflection and change within the parameters of the current political structure. This project produced a potentially far ranging set of economic reforms, a new Party line approved at the 2011 6th Party Congress, and memorialized in a set of Guidelines to be implemented by the state apparatus, Lineamientos de la política económica y social del partido y la Revolución (the “Lineamientos”).

What has emerged then, especially since 2009, and accelerating with the adoption of the Lineamientos, are what appear to be potentially significant efforts by Cuba’s leaders to embark on a peculiarly Cuban version of economic experimentation. That experimentation has been carefully circumscribed within the Cuban Communist Party’s sense of its Marxist Leninist organizational principles. Cuba continues to re-affirm

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27 Partido Comunista de Cuba, Lineamientos de la politica economico y social del partido y la revolucion, VI Congreso del Partido Comunista de Cuba aprobado el 18 de abril de 2011, available http://www.prensa-latina.cu%2FDossiers%2FLineamientosVICongresoPCC.pdf&ei=1AmUPPxHjW09Hm3YGIDQ&usg=AFQjCNF6xG7WTjGAPgtQOX3ijJ6t7CgJvA
its fundamental commitment to some of the ideals of Soviet state organization—strong and direct state ownership and control of the principal levers of economic activity, a deep suspicion of the allocation and aggregation of productive property in the hands of private individuals. But it is also trying to create spaces beyond a centrally planned control economy, both in the state sector and within what is hoped to be an important if small non-state sector.  

Some of the elements of this experimentation have been widely discussed and criticized—from the efforts to produce a rigidly controlled class of proprietorship businesses, to the limited and highly regulated efforts to open agricultural cultivation to farmers. Less well treated are the institutional forms in which economic development is to be undertaken. The Lineamientos strictly limited the availability of the corporate form to state owned enterprises, or enterprises involving the state and foreigners. The rationale is that the Marxist Leninist foundation of the state would be undermined if the corporate form were made available except through the state to Party apparatus. That rationale, in turn, is founded on the idea that only the state may aggregate the ownership of property and that the corporate form, in effect, is in fact, a manifestation of political rather than economic or property power. The foundational principle is that under Cuban Marxist Leninist economic organization, only the people, organized through the state sector and directed by the Party, can accumulate the means of production and engage in collective activities. To permit collective activities outside the state sector would be understood as a threat to the principal authority.


33 En las Formas de gestión no estatales no se permitirá la concentración de la propie-dad en personas jurídicas o naturales. (Lineamientos 2011, No. 3, at pg. 11).
of the state and its apparatus as the vanguard of popular action. For those brought up under Soviet Socialist theory, this approach sounds familiar. It has also, to some extent been abandoned virtually everywhere, at least in the form the Cuban Communist Party seeks to preserve.  

In its place, other, more limited vehicles for aggregation of capital in private ventures have been suggested. If corporations are prohibited as a form of private economic activity but reducing such activity to prescribed simple sole proprietorships may not produce the sort of positive economic growth necessary to avoid economic stagnation, then the question of finding an alternative form of economic activity that permits private aggregations of economic activity becomes critical to the forward movement of Cuban economic reforms consistent with its governing ideology. To be palatable, these vehicles cannot be understood as a means of aggregating capital for absent owners; but instead must provide a basis for pooling labor or other direct contributions by the participants in the enterprise. It must permit the use of capital but must be grounded in principles of participant control and operation. And, for Cuba, it must be compatible with the organization of the national economy, within which only a small place is available for individual activity and all such activity must be licensed and controlled by the state.

Among the most important of these alternatives are cooperatives. Focusing on the work of academics organized with Camila Piñeiro Harnecker of the University of Havana’s Centro de Estudios de la Economía Cubana, and recent actions of the Cuban state, this paper examines the consequences of the current approach to the creation and management of economic enterprises within Cuba. The cooperative device is not new. It has become an important element for aggregations of efforts around the world. Since the 1990s new models have emerged which “appear to be not only a reaction to the exogenous environmental influences of globalization, industrialization, consolidation, technological advances, institutional uniqueness of the country to legal environment, and overcapacity in the food sector but also to the intrafirm coordination challenges of redirecting strategy.”  

34 See Lineamientos, supra, Paragraph 3 and discussion infra at text and notes --.
Indeed, cooperatives “represent a substantial share of the economy in most developed market economies. . . . [and] is larger in advanced market economies than it is in less developed economies.”38 But these models tend to be property based in taxonomy.39 In Cuba it has served principally as a device for managing agricultural production. But Piñeiro Harnecker and her colleagues may be attempting something new and potentially more radical—the development of a theory for a proletarian corporation.

This essay examines the consequences of the current approach to the creation and management of economic enterprises within Cuba. That approach is grounded on the creation of four distinct spheres of economic activity. The first is public and centered on the reorganization of state managed economic activity; the second is private and centered on consumer goods and services; the third is national, centered on the development of an integrated economy grounded in Party Line principles; and the fourth is regional, and is centered on the development of state to state economic activity under the ALBA model. Integrating these approaches requires a careful balancing of the logic of a centrally planned and public oriented Marxist Leninist approach to economic control and the logic of the framework of a market’s based system of economic globalization. But that balancing produces the potential for important contradiction, at the heart of which is the tension between the norms and forms of economic globalization and the current conventional framework of Cuban Marxist Leninist state organization.

The essay first examines the current development of a new structure of economic organization in Cuba. That structure reveals a limited space for individual economic activity in the shadow of but not directly managed by the State. To operationalize that structure, the Lineamientos provides a framework that allocates permitted forms of economic activities and specifies their limits: private individual enterprise, corporate organization for some state enterprises, and the possibility of individual labor aggregation through cooperatives. The essay then considers the cooperative in more depth. It examines the history of the cooperative form in post-Revolutionary Cuba and current efforts to re-purpose it. It also focuses on the way in which the move toward acceptance of the cooperative as a means of aggregating

economic activity in the small non-state sector reveals potentially deep ideological fissures within the Cuban Communist Party. Within that context, the analysis also suggests the benefits and limitations of this peculiarly Cuban innovation within confines of Cuban political ideology as well as what the turn to the cooperative form in private enterprise may mean for the future course of the development of Cuban State-Party ideology. The last section attempts a contextual analysis of the Cuban approach within the structures of Cuba’s regional economic engagements. The cooperative is an important element for the development of an integrated approach to regional trade grounded in state-to-state economic transactions. The focus is the internationalization of the Cuban model through the structure of ALBA. The problem of the cooperative highlights a fundamental conundrum of Cuban economic development: can Cuba develop a conceptually useful vehicle, like the cooperative, that enhances individual autonomy, and not hobble it for fear that it will undermine the socialist character of the 1959 Revolution. Cuba’s solution to that problem will determine the course of its future.

II. Economic Organizations in Cuba—Limiting Power of Individuals to Aggregate Capital or Labor Without Direct State Control.

A. Resetting the Regulatory Context—From Command to Lineamientos. For years now the writing has been on the wall. Over the last decade two great factions within the Cuban governing elite have been debating the future course of Cuban economic development. On the one side stood the governing apparatus of traditionalists tied to the old Soviet model of development. This group assumed there was no flaw in the Soviet model and they were determined to show that they could succeed where the Soviet sphere failed. On the other stood progressives, with significant elements in the Fuerzas Armadas Revolucionarias, that increasingly looked to East Asian models of development as a means of preserving the political system while modifying the economic system to preserve political stability and the legitimacy of the leadership role of the Party.40 One side was supported by Fidel Castro; the other side was supported by Raúl Castro.41


The battle between the two sectors of the governing elite appeared to tip in favor of the Raulistas at the beginning of September, 2010, when in a carefully staged interview, Fidel Castro appeared to concede the point. "It was a casual remark over a lunch of salad, fish and red wine but future historians are likely to parse and ponder every word: 'The Cuban model doesn't even work for us any more.'"\(^42\) ("Towards the end of a long, relaxed lunch in Havana, Jeffrey Goldberg, a national correspondent for the Atlantic magazine, asked Castro if Cuba's economic system was still worth exporting. The reply left him dumbfounded. "Did the leader of the revolution just say, in essence, 'Never mind'?" Goldberg wrote on his blog.")\(^43\)

The interview, of course, produced a bit of misdirection in the West, whose analysts would predictably misread the meaning and effect of the "admission." "Fidel Castro's nine-word confession, dropped into conversation with a visiting US journalist and policy analyst, undercuts half a century of thundering revolutionary certitude about Cuban socialism."\(^44\) Westerners and the enemies of the regime tended to over-read the statement—finding it too difficult to resist the urge to read into the statement their own hopes, desires and long term perspectives.\(^45\) Yet the evidence of its effect within Cuban conversations about the future of economic organization was not hidden. "Raúl Castro has been saying the same thing in public and private since succeeding his older brother two years ago."\(^46\)


\(^43\) Id.

\(^44\) Id.

\(^45\) It was reported for instance: "He is either crazy or senile. This certainly does not sound like something Castro would say," said Jaime Suchlicki, a long-time Castro observer and head of the University of Miami's Research Institute for Cuban Studies. "But if he was quoted accurately, then I guess he's come to the realization, like everyone else, that Marxist-Leninist governments do not function. So the real question is, what is he going to do about it now? Is he going to bring about change in Cuba since the Cuba model doesn't work?" (Wyss and Yanez 2010).

\(^46\) Id
The remark should not, however, be interpreted as a condemnation of socialism, added Wilkinson. "That is clearly not what he means, but it is an acknowledgement that the way in which the Cuban system is organised has to change. It is an implicit indication also that he has abdicated governing entirely to Raúl, who has argued this position for some time. We can now expect a lot more changes and perhaps more rapid changes as a consequence." 47

And so it is important to ask, at this point, what the Cuban elite is permitting to be said about this change.

Recent reports published in Granma suggest indirectly that over the last several years it has been Raúl and not Fidel who is asserting the leadership role with respect to economic issues. 48 Rather than refer to Fidel's observation, she starts with Raúl's address to the National Assembly at the start of August, a month before the carefully staged interview with Fidel, describing plans to reduce public employment. 49 Raúl Castro also indicated a substantial revision of the legal impediments to private economic activity, at least at the lowest levels of such activity. 50 "Cuban President Raul Castro has ruled out large-scale market reforms to revive the communist island's struggling economy. But Mr Castro said the role of the state would be reduced in some areas, with more workers allowed to be self-employed or to set up small businesses." 51

This is no revolution, even judged by Chinese or Vietnamese standards. 52 Rather, the focus is not on the aggregation of capital, or

47 Id.
49 "El pasado primero de agosto el General de Ejército Raúl Castro Ruz anunció en la Asamblea Nacional la decisión de ampliar el ejercicio del trabajo por cuenta propia, y utilizarlo como una alternativa más de empleo para los trabajadores que queden disponibles luego del proceso de reducción de plantillas infladas que deberá asumir el país." Id.
50 "En la reunión parlamentaria se conoció, además, que se eliminarán varias de las prohibiciones vigentes para el otorgamiento de nuevas licencias y la comercialización de algunos productos, además de flexibilizar la posibilidad de contratar fuerza de trabajo en determinadas actividades." Id.
even of labor, for the production of goods or services. Rather, the focus of the changes are on the sole proprietor. Large scale economic activity remains the sole province of the state. The state has been careful to limit the sorts of occupations or economic activities to which liberalization applies.\footnote{53 See generally Luis R. Luis, Economic Impact of New Employment, Tax and Financial Policies in Cuba, Papers and Proceedings of the Twenti-first Annual Meeting Association for the Study of the Cuban Economy (ASCE) 60-70 (2011), available \url{http://www.ascecuba.org/publications/proceedings/volume21/pdfs/luis.pdf}.} About 178 occupations are listed.\footnote{54 Philip Peters, A Viewer’s Guide to Cuba’s Economic Reform, Lexington Institute at p. 12-13 (May 2012), available \url{http://www.lexingtoninstitute.org/library/resources/Cuba/ResearchProducts%2FViewersGuide.pdf}.} The state emphasizes the extent to which this listing liberalizes a number of activities traditionally beyond the reach of the individual. Valhuerdi Cepero is quoted as saying, "Se concederán nuevas autorizaciones en 29 actividades que, si bien se ejercen en la actualidad, no se otorgaban nuevas autorizaciones desde hacía varios años."\footnote{55 Id.} However, a careful reading suggests a focus on the lowest level of economic activity—that is on activity with respect to which aggregation of labor or capital is not required.

The Lineamientos serve as a basis for reordering the failing economic framework within Cuban socialism. The origins of the Lineamientos, at least in broad outline, are well known.\footnote{56 Larry Catá Backer, Order, Discipline and Exigency”: Cuba’s VIth Party Congress, the Lineamientos (Guidelines) and Structural Change In Education, Sport and Culture?, in Papers and Proceedings of the Twenty-First Annual Meeting of the Association for the Study of the Cuban Economy (ASCE) 21:148-170 (2011); available \url{http://www.ascecuba.org/publications/proceedings/volume21/pdfs/backer.pdf}.} It was circulated widely in draft form\footnote{57 Partido Comunista de Cuba, Proyecto de Lineamientos de la Política Economica y Social del Partido (2010), available at \url{http://www.prensa-latina.cu/Dossiers/ProyectoLineamientosPCC.pdf}.} and there was an effort, significant in the historical context of post Revolutionary Cuba, to promote greater circulation and consultation in and outside of Cuba.\footnote{58 “Perhaps the most important early initiative of Raúl Castro was the call for a consulta (consultation) with the Cuban people. Barrio committees, factory workers, local party organizations, and others were encouraged to meet and register their thoughts and complaints. By August 2009, 5.1 million people out of a total Cuban population of 11.2 million had participated in the consultation. There were 3.3 million registered comments of which almost half were critical.” Roger Burbach, Cubans Seek Change, Not End to
were considered, modified and approved at the 6th Congress of the Communist Party of Cuba. That it was modified at all, and in some respects in significant fashion, suggests deep changes in the relationship between the CCP, as a body, and the leadership, which can no longer count on unquestioning approval of its programs. But in this case, elaborated below, it also indicates a deep strain of suspicion of substantive reform. In its final version the 313 sections of the Lineamientos suggest action affecting nearly every aspect of Cuban economic life. A companion booklet (Tabloide) 59--summarizes the changes between the draft Lineamientos and the official reasons for the changes.

There is little dispute that the Lineamientos arose from a recognition that the then current system of managing the Cuban economy was not working. More importantly, that economic model was unsustainable even in the short run. The Lineamientos were not undertaken in a vacuum, nor did they emerge without foundation. The state had been moving for years to develop public sector enterprises, at the national and transnational level, as vehicles through which it could engage in economic activities, especially with foreign partners. As important, in the year immediately before their introduction, the state had moved dramatically to attempt to open up private sector activity. That opening, like the development of state sector corporations, reflected a deep suspicion of autonomous economic activity, and a presumption that opening up had to be tightly regulated and supervised. As is typical in


See also, Marcelo Vieta, Cuba’s Coming Co-Operative Economy? Reflections From Two Recent Field Trips, Centre for Research on Globalization (Montreal Canada) (GlobalResearch.ca), July 18, 2012, available http://www.globalresearch.ca/index.php?context=va&aid=31966 (“The release of the “Draft Guidelines” of the economic reforms in the fall of 2010, and the promising public consultations that were had between December 2010 and February 2011 with over 1 million Cubans in the process of developing the lineamientos, has, most certainly, committed Cuba to a massive reform of the economy such as it has never seen before. Cuba is, in a word, at a crossroads right now.”). Whatever one believes about the legitimacy of the consultation process, and whatever one thinks of its real effectiveness, the call for such a process of consultation, and its use, even marginally, marks a very different culture of governance from that in effect in the decades before. But it also raised the stakes. If the Cuban population is engaged in the process and buys into it, there is a greater expectation of success and follow through and a greater penalty to be paid in the event of failure.

Marxist-Leninist states, the ideas behind these efforts originated in the Party and were then implemented through the state apparatus. But the Lineamientos also suggest that Raúl Castro’s reform efforts have generated opposition within CCP and state sector leaders. That opposition was most in evidence in the success that the 6th Party Congress achieved in sometimes significantly narrowing the reforms proposed by Raúl Castro, especially in the opening and management of the non-state sector. This is both good and bad news—good news for those seeking to strengthen an institutionalized Party apparatus to preserve stability in government, bad because the price of that stability appears to be a significant conservatism in political views of the appropriate implementation of MarxistLeninist statecraft.

The Lineamientos start from a presumption that they are directed toward the preservation of the fundamental character of the 1959 Revolution, and effectuated to preserve its gains. But within the framework, the Lineamientos appears to nod in the direction of the realities of the economic situation that has brought the Party to the revaluation of its values. Thus, the Lineamientos sought to guarantee changes to the system by which services are provided, but to limit those promised changes to those possible under existing economic circumstances.

At a 2011 Conference in New York, Cuban economists from CEEC, an economics institute at the University of Havana, considered these tensions. First, and perhaps conceptually most important, was a point raised by Omar Everleny Pérez Villanueva. He forcefully made the point that Cuban economists, political theorists and government officials should distinguish between markets and capitalism, that there is no necessary identity of meaning between them. Markets, he noted, suggest

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a mechanism; capitalism embraces an ideology. That capitalism used markets in accordance with the logic of its ideology should not mean that there is no place for markets within socialism. And indeed, the move toward pragmatism in the presentations of each of the economists suggested that it might be possible to take a fresh, and more sophisticated approach to socialist markets both within Cuba and as a means of Cuban engagement with global markets.

A second point was the recognition that even if markets were to be a method of reform, the private sector markets envisioned will remain small and effectively dependent on public sector markets and enterprises. There were two parts to this point. The first was that private aggregations of capital was to be discouraged. Only the public sector would have access to corporate forms, to the possibility of creating and operating through juridical persons, and to have the ability to operate in the transnational sector. The private sector is understood to consist of small sole proprietors, and perhaps tightly regulated cooperatives of sole proprietors. The only corporate enterprises will be state owned, or state based joint ventures, empresas grannacionales under the ALBA framework. And, indeed, there was a suggestion made that the state expected to hire these proprietors in a sort of state supported privatized sector.

The last point, raised by Camila Piñeiro Harnecker, was also telling. Among the reforms contemplated in the Lineamientos is permitting individuals to hire others in their small businesses. That would reflect a substantial change in the Cuban economic system in which only self employment and employment by the state was possible. Piñeiro Harnecker, however, suggested that this new form of employment relationship might be tightly controlled by the state. She suggested that the State was considering, for these private enterprise employees, to create a state sponsored union that would have substantial authority to determine the terms and conditions of employment available in the private sector. These might well mimic the state enterprises that

now determine both the conditions of employment and the charges for that employment of Cuban workers hired by foreign enterprises. The reforms, then, do not contemplate the creation of independent or private labor markets.

Although the Lineamientos focus predominantly on economic reform, they also address the forms of economic organization. The Lineamientos then allocate distinct forms of economic organization among these two spheres of economic activity. The Cuban model, as structured through the Lineamientos, divides economic activity between local small scale and national/regional activity. This is a division that is then carried forward in the construction of Cuba’s form of global engagement through socialist regional trade organizations, principally ALBA. Small-scale activities are to be open to individuals, but remain small scale and targeting local retail sectors. The private sector is allocated a precise set of activities that may be undertaken as sole proprietorships or through collectives. In either case the focus is on the aggregation and utilization of labor and an avoidance of means of aggregating and allocating capital in economic activities outside the control of the state. Property remains firmly attached to the state under the direction of the CCP. In contrast, the bulk of economic activity is to be organized at the national/regional level. This activity is to remain an instrument of national control and marked by direct micro state planning or organization into well-controlled juridical persons (mostly in corporate form). The state sector is to be allocated the fields of economic activity that touches on the overall direction of economic activity and includes the enterprises understood to have national impact. These are organized by sector and may be run via direct state control or devolution to SOEs. Their use is also bounded by the conceptualization of globalization within the ideological parameters of ALBA.

The Lineamientos, then, seek to provide a basic framework for reconceptualizing the economic organization of the Cuban State. What emerges is an outline of an economic structure that is, even among Marxist Leninist states, somewhat unique. It confirms the role of the State’s role as owner of the productive capital of the nation. These it may utilize directly through state ministries, or devolve into sub-units—corporations, grannacionales, or mixed enterprises. It provides for the creation (or better the recognition and regularization) of a private sector economy. But that sector is understood to be small, and limited to the

retail sector. It is not meant to be sufficiently well organized to challenge the state sector, nor is it meant to strip the state of its control of capital. As such, this sector is tightly regulated. However, within the scope of its permitted operations, the state is permitting a limited range of aggregation of activity. In the form of cooperatives, individuals engaging in permitted private activities may aggregate their labor and the objects they may sell, for mutual gain. This system is then internationalized within the context of ALBA ideology.

B. Economic Organization—The State Sector Omnipresent. Corporations constitute property in the hands of their owners. But corporations also constitute collective persons, and in that respect mirror the state. As juridical persons, as great collectives of people and resources, operating in accordance with their own constitution, and serving the needs of their constituents, corporations operate as institutions, with social, political, and economic power.

Marxist-Leninist “Socialist” states are grounded on the fundamental notion of state monopoly over the social, political, and economic organization. Collectives of people, of things, operating independent of the state, even if subject to state regulation, deprive the state of its monopoly position, and, if they can amass enough power, threaten the fundamental ordering principles of state organization. Retaining an organizational form based on the suppression of all collectives other than those “owned” by the state provides the simplest and most effective form for safeguarding the Marxist-Socialist character of the state. Even when organizations, like corporations, that mimic the state are permitted, these serve as a convenient means of allocating resources within the state apparatus and dividing authority for its use.

Since the 1990s, Cuba has revised its Constitution and laws to permit joint ventures between state enterprises and foreign corporations, and to provide for the operation of foreign corporations within Cuba.66 Cuban economic policy limits the economic activities of foreign corporations and joint ventures to export-oriented activities within a few small economic development zones. The internal Cuban economy is substantially insulated from the activities of these enterprises, and Cuban individuals are substantially prohibited from forming or investing in these export-oriented enterprises. In other respects, Cuba retains a

commercial code little different from the Spanish colonial law it inherited at the end of the nineteenth century and a primitive corporations law.

The Lineamientos do little to change this basic set of premises that have guided Cuban economic policy since the 1959 Revolution. The corporation remains an instrument of state policy. The socialist system continues to frame economic organization.\(^{67}\) For that purpose socialist state enterprises may be formed. These constitute the principal form of national economic activity.\(^{68}\) And additional forms of economic organizations may be recognized (mixed enterprises, cooperatives, individuals operating as sole proprietors, various agricultural ventures, all organized to increase economic efficiency.\(^{69}\) Individuals are not permitted to aggregate property in juridical or natural persons.\(^{70}\) The Lineamientos do seek to separate administrative form economic activity, but from the original to the adopted version, the 6\(^{th}\) Party Congress inserted a provision to ensure that the process of separation be gradual and ordered.\(^{71}\) Though organized in corporate form, cooperation rather than competition is privileged—rather, corporations are still viewed as ways to efficiently organize and economic sector on production rather than competition lines.\(^{72}\) This represents a retreat from the provision as originally proposed that spoke of strong and well organized enterprises but did not speak to any sort of enforced cooperation among them.\(^{73}\) That was added during the course of debate.

Central planning remains the heart of the economic system;\(^{74}\) and state sector planning is meant to take into account the management of

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\(^{67}\) Lineamientos, supra note --, ¶ 1

\(^{68}\) Lineamientos, supra note --, ¶ 2.

\(^{69}\) Id.

\(^{70}\) Lineamientos, supra note --, ¶ 3.

\(^{71}\) Lineamientos, supra note --, ¶ 6.

\(^{72}\) “Lograr que el sistema empresarial del país esté constituido por empresas eficientes, bien orgaizadas y eficaces, y serán creadas las nuevas organizaciones superiores de dirección empresarial. Se desarrollará la cooperación entre las empresas para garantizar mayor eficiencia y calidad. Se elaborará la norma jurídica que regule todos estos aspectos.” (Lineamientos P. 7).

\(^{73}\) The original provided only that: “Será necesario lograr que el sistema empresarial del país esté constituido por empresas fuertes y bien organizadas, y serán creadas las nuevas organizaciones superiores de dirección empresarial. Se elaborará el Reglamento General para estas organizaciones.” (Tabloide P. 7).

\(^{74}\) “El sistema de planificación socialista continuará siendo la vía principal para la dirección de la economía nacional, y debe transformarse en sus aspectos metodológicos, organizativos y de control.” (Lineamiento P. 1).
emerging market sectors as well. The Cuban state will retain authority over all economic sectors, where the state sector, the private sector or the sector involving in bound investment. While the form of planning may change to meet the realities of new forms of activities, the object remains effective control and integration of all aspects of economic activity in Cuba, bringing them all under the political direction of the state. However, the opening of private space for economic activity and the recognition of the need to deal with foreigners, also requires the elaboration of a system to regulate agreements between these enterprises, and their enforcement. It also contemplates the organization of wholesale markets to service both state sector corporations and participants in private sector activities, including cooperatives. The focus on reorganizing at least part of the state sector through state enterprises continues and refines a process that appears slow in going forward, going back at least to the efforts at enterprise optimization of 1998, now more clearly tied toward the preservation of state control of economic activity.

Cuban foreign investment is governed by Decree Law 77 which permits inbound foreign investment and the establishment of joint ventures, but only with Cuban state enterprises and subject to a fairly complicated system of approvals under the direction of the Ministry of Foreign Investments and Economic Cooperation. Moreover, foreign minority owned ventures are still impossible in Cuba, though there is nothing that would prevent Cuban state enterprises operating in corporate form from taking a minority stake in a foreign corporation operating abroad. Cuban foreign investment law has been criticized outside of

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75 Lineamientos, supra note --, ¶ 1 (“La planificación tendrá en cuenta el mercado, influyendo sobre el mismo y considerando sus características.”). 76 “La planificación abarcará el sistema empresarial estatal, la actividad presupuestada, las asociaciones económicas internacionales, y regulará otras formas de gestión no estatales que se apliquen y será más objetiva en todos los niveles. Los nuevos métodos de planificación cambiarán las formas de control sobre la economía. La planificación territorial tendrá en cuenta también estas transformaciones.” (Lineamientos, P. 5).

77 Lineamientos, supra note --, ¶ 10.

78 Lineamientos, supra note --, ¶ 9.

79 Tabloide, supra note --, ¶ 9 and commentary.


Some have argued that the system is highly inefficient. Individual authorization is required for every foreign entity. The areas set aside for investment are limited and designed more like quarantine zones than economic zones. They are meant to prevent all but the most controlled contact between Cubans and foreigners. Moreover, the underlying law of contract through which business and investment relationships must be effectuated within Cuba remains, by global standards, primitive.

Cubans have generally rejected the Chinese approach to economic re-organization, especially in the matter of permitting individuals the use of the corporate form. Such a variant of Marxist Leninist structuring permits too much individual autonomy for Cuban tastes. Moreover the resulting disparities of wealth that arise, as has been the case in China, are still unacceptable in Cuba, especially as between individuals. These observations are usually deployed to support a basic line—that the Chinese model does not work. Indeed, from the perspective of some, any sort of hybridity would invariably create the conditions for a return of capitalism.

There are other arguments that have been made as well to resist the Chinese approach and in defense of substantially greater state direction of economic activity. First, neither Maoism nor Stalinism has overcome the contradictions of Marxist-Leninism and the autonomous private economic collective. Second, the general argument is advance—that Cuban Stalinism is fundamentally incompatible with Deng Xiaoping style Marxist Leninism and the evolving Chinese model. Third, the Chinese model is impossible to implement because Cuba remains isolated from global capital flows. Fourth, the U.S. embargo and aggressive American policies makes adoption of the Chinese model impossible—the U.S. facilitated Chinese changes; they would hinder similar moves by Cuba to further U.S. policy to destabilize and aid in the overthrow of the current Cuban government. That leads to the last

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argument—that Cuba may not be yet able to compete in the global marketplace, because of its size, its lack of infrastructure and its inability to access capital through global institutions, and principally the IMF and World Bank.

C. Private Enterprise. Large scale, capital intensive and nationally significant economic activity remains the sole province of the state. That does not preclude the possibility of opening a sector of the economy to private activity. Individual economic activity, grounded on the sole proprietorship connected to local small-scale production or service delivery, has been the focus of this privatization. The idea, effectively, is that it might be more efficient to permit some individual autonomy at the lowest and smallest levels of economic activity because the cost of state supervision at this level far exceeds its value. The issue remains, though, the extent to which even in this privatized space, the state ought to assert a more or less aggressive regulatory or supervisory presence.

Control is most effectively exercised by strictly limiting the kinds of activity that might qualify for privatization. The state has carefully, and perhaps over precisely limited the sorts of occupations or economic activities to which liberalization applies. Each of the 178 occupations listed requires a separate license. The types of occupations listed are neither capital-intensive activities, nor do they directly challenge the state’s control of the non-retail sector. This suggests a focus on the lowest level of economic activity—that is on activity with respect to which aggregation of labor or capital is not required. The official account, as elaborated in Granma, suggested that the privatization of a small retail sector was meant to respond to popular demand for a wider variety of goods and services and the need for the State to reduce its support for goods already made available through State enterprises, especially in difficult financial times. Despite the limitations, many Cubans have sought to apply for licenses—some regularizing current unregulated private activity and others seeking entry into the non-state sector for the first time.87

87 Desde entonces muchos han quedado a la espera de una solución que, alejada de la improvisación y lo efímero, posibilitará el incremento de la oferta de bienes y servicios, a la vez que asegurará ingresos a aquellos que decidan ejercerla. Contribuirá, también, a que el Estado se sacuda una buena parte de la carga de subsidios excesivos, mientras deja en manos no estatales ofertas que durante años asumió a pesar de la difícil coyuntura económica. Leticia Martínez Hernández, Mucho más que una alternativa. GRANMA (Sept. 24, 2010). Available http://www.granma.cubaweb.cu/2010/09/24/nacional/artic10.html.
The small local sole entrepreneur, then, is the model that is to be cultivated at the heart of the reformation of the political economy of Cuba.\textsuperscript{89} One can view this either as bottom up development or as the necessary bifurcation of the economy, with a market based local sector and a state sector for everything else. Privatization was characterized as a means of revamping the political economy of Cuba to increase productivity and efficiency, to increase a collective sense of worker self worth and to move away from the consequences of a Party Line in the 1990s that seemed to condemn private enterprise legitimately permitted (and regulated) by the State.\textsuperscript{90}

Internal Cuban state documents that surfaced in Miami also suggested that a limited amount of aggregation will be permitted—cooperatives of individuals but not corporations.\textsuperscript{91} That document appeared to premise privatization on the willingness of individuals to take advantage of a new form of cooperative in ordering their economic activities—but economic activities limited strictly to those professions identified and permitted by the state and subject to appropriate licensure, regulation, monitoring and the like. But it was also anticipated that "many of the fledgling businesses won't get off the ground because laid-off workers often lack the experience, skill or initiative to make it on their own."\textsuperscript{92}

It clearly emerges that the principal objectives of the state are to convert workers from cost items to revenue generators. The hope is that as a result people will have a larger assortment of goods and services available and the state will not be burdened with the subsidies necessary to provide these items. Work flexibility is taken to redesign the political economy of the Island to increase individual productivity and


\textsuperscript{90} La medida de flexibilizar el trabajo por cuenta propia es una de las decisiones que el país toma en el rediseño de su política económica, para incrementar niveles de productividad y eficiencia. Se trata, además, de brindar al trabajador una forma más de sentirse útil con su esfuerzo personal, y de alejarnos de aquellas concepciones que condenaron el trabajo por cuenta propia casi a la extinción y a estigmatizar a quienes decidieron sumarse a él, legalmente, en la década de los noventa. Leticia Martínez Hernández, \textit{Mucho más que una alternativa}. GRANMA (Sept. 24, 2010). Available http://www.granma.cubaweb.cu/2010/09/24/nacional/artic10.html.

\textsuperscript{91} Paul Haven and Andrea Rodriguez, \textit{Document charts Cuba’s path to economic reform}, MIAMI HERALD (Sept. 14, 2010).

\textsuperscript{92} Id.
efficiency as well as to provide a means through which workers can feel more useful, change popular conceptions of work, and to reduce its stigma. And the revenue generated is not merely available to the producers but also to the state in the form of taxes.\footnote{This income is meant to fund state activity in ways unavailable today. And so these private operators of commercial activity will be taxed if they mean to enjoy all of the social benefits provided by the state.} This income is meant to fund state activity in ways unavailable today. And so these private operators of commercial activity will be taxed if they mean to enjoy all of the social benefits provided by the state.

Cuando entren en vigor las nuevas regulaciones, los que están afiliados al trabajo por cuenta propia, y quienes se incorporen a él, tendrán la obligación de pagar impuestos sobre los ingresos personales, sobre las ventas, los servicios públicos, y por la utilización de fuerza de trabajo, además de contribuir a la Seguridad Social.\footnote{“El primero de agosto se hacía pública también la aprobación de un régimen tributario para el trabajo por cuenta propia que responde al nuevo escenario económico del país. Que aporte más quien más reciba es el principio del nuevo régimen tributario que ayudará a incrementar las fuentes de ingresos al presupuesto del Estado, y a lograr una adecuada redistribución de estos a escala social.” Leticia Martínez Hernández, \textit{Mucho más que una alternativa}. \textsc{Granma} (Sept. 24, 2010). Available \url{http://www.granma.cubaweb.cu/2010/09/24/nacional/artic10.html}.}

But that leaves a number of specific questions about the form of liberalization that the Communist Party publication, Granma, seeks to answer.\footnote{Leticia Martínez Hernández, \textit{Mucho más que una alternativa}. \textsc{Granma} (Sept. 24, 2010). Available \url{http://www.granma.cubaweb.cu/2010/09/24/nacional/artic10.html}.} These questions include the scope and objectives of efforts to privatize economic activities; the role of the state in that revised system and the extent of autonomy of privatized occupations from state control.

The government suggested that, in addition to strict controls on the sorts of occupations subject to liberalization, the state will tightly control the economic activities with respect to which private markets will be permitted.\footnote{“Pero, ¿cómo se ampliará el trabajo por cuenta propia? ¿Cuáles actividades se incluyen en él? ¿Qué prohibiciones se derogan? ¿Cómo se organizará y se controlará? ¿Qué impuestos se pagarán? Tras estas y otras interrogantes anduvo Granma, y consultó a especialistas de los Ministerios de Economía y Planificación, Finanzas y Precios, y Trabajo y Seguridad Social, quienes listan las regulaciones del trabajo por cuenta propia, que deberán comenzar a aplicarse a partir de octubre. ” Leticia Martínez Hernández, \textit{Mucho más que una alternativa}. \textsc{Granma} (Sept. 24, 2010). Available \url{http://www.granma.cubaweb.cu/2010/09/24/nacional/artic10.html}.} Markets control is indirect--it is focused not on the markets for activities permitted, but rather focuses on markets for materials...
necessary to conduct business in a wide variety of activities that might otherwise have been permitted. Access to these markets will be carefully controlled and changes made slowly over the course of 2011 and beyond. At its base, these secondary markets will be treated as part of the controlled sector. And space for private market activities, especially in foodstuffs will be expanded a little.

These changes are not treated so much as a deviation from prior practice as a return to the practices of the early post-revolutionary period. The fig leaf for this opening of economic activity are the regulations that grandfathered professionals in the practice of their profession entered into before 1964; but it was a fig leaf that also drew the outer boundaries of reform. The state characterized its reforms largely as a ratification of more fundamental policy first articulated in the grandfathering provisions of 1964 and a building on the premises from out of which this grandfathering was structured. The connection between the need to identify a narrow band of professions as the only permitted basis for private activities, and the framing of private enterprise going forward was made quite clear.

There is an additional benefit—the conversion of illegal into legal activities and the consequent reduction in the need for State Security to enforce laws that were increasingly ignored. (Ibid.). This is especially the

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97 Del necesario mercado para estas actividades, explicó Marino Murillo Jorge, vicepresidente del Consejo de Ministros y titular de Economía, que "estamos diseñando en el plan de la economía del año próximo qué debemos incorporar teniendo en cuenta las nuevas transformaciones que demandarán ferreterías, exigirán de equipamientos gastronómicos que hoy no se venden. Tenemos que conducir el plan para lograr coherencia con lo hecho. Lo óptimo es un mercado mayorista con precios diferentes para ellos. Pero eso no lo vamos a poder hacer en los próximos años. Ahora tenemos que lograr un mercado donde ellos puedan comprar lo necesario aunque sin diferenciar los precios minoristas." Id.

98 "Valhuerdi comentó que, cuando entre en vigor la resolución, podrán utilizarse hasta 20 plazas en las "paladares", donde antes se podían tener 12; que se permitirá comercializar en ellas productos alimenticios elaborados a base de papa, mariscos y carne de res. Se prescinde, además, del requisito de ser jubilado o tener algún vínculo laboral para acceder a esta forma de empleo." Id.

99 "Con estas regulaciones se ratifica la continuidad del ejercicio por cuenta propia a los profesionales universitarios y técnicos graduados con anterioridad al año 1964. Se respeta así el ejercicio que desde hace más de cuatro décadas viene ejerciendo un pequeño número de personas, quienes están inscritos en el Registro de Contribuyentes." Id.

100 "Y en la flexibilización del trabajo por cuenta propia se tuvo en cuenta la ampliación de la actividad de arrendamiento de viviendas, la cual elimina añejas prohibiciones tras las que se fían un entramado "bien visible" de ilegalidades. Tales negativas, que en un momento cumplieron su función, constituyen hoy un obstáculo al difícil problema de la vivienda." Id.
case with respect to markets in real estate. With appropriate licenses from the State (the costs of which will likely be seen both as an impediment to an exuberant market and as a source of revenue to the state—and sadly possibly also a source of graft for front line officials) a limited market in rentals will be tolerated, available for the most part to those who receive permission to leave the country for a minimum amount of time.

A careful review, then suggests that the great changes to the Cuban political economy assumes a coherent shape that is hardly revolutionary or that otherwise points to a rejection of its current framework. This is change at the margins, even if understood as significant within the framework of Cuban political thinking. As such, control remains the key, and the avoidance of the creation of potential challengers to state-Party power critical. The State controls private economic activity in three ways: First it does not permit aggregations of economic power by individuals. Second, the State limits the occupations with respect to which private activity is permitted. And third, the state tightly controls markets open to private activity however it is described.

The great opening, so emotively received in the West, in actuality provides a very tightly regulated set of activities within sectors that would not compete with the state for financial power, or otherwise threaten to open society to the possibility of aggregations of private individuals other than through the Communist Party or state approved (and controlled) organs. And indeed, Martínez Hernández ends with an explicit reminder of the framework within which these changes are made—one in which a small non state sector is tolerated at the level of individual basic needs, but which does not otherwise affect the power of the state to command the economy at the macro level and in its dealings with global actors.

101 "Entonces, se autoriza el arrendamiento a las personas que tienen autorización para residir en el extranjero (PRE) o a aquellos que, viviendo en Cuba, salgan del país por más de tres meses. Igualmente, y para apoyar el trabajo por cuenta propia, se concede la posibilidad de alquilar viviendas, habitaciones y espacios para su ejercicio." Id.

102 Es oportuno señalar que el dueño de la vivienda puede designar a un representante para pedir una licencia de arrendamiento, lo cual viabilizará la gestión a quienes no estén en el país y deseen alquilar su domicilio. La aprobación será, en todos los casos, del director municipal de Vivienda. Igual sucederá con los transportistas que decidan afiliarse al trabajo por cuenta propia. Los que tengan autorización para residir en el exterior o viajen por más de tres meses, también pueden nombrar un representante para arrendar sus vehículos. Id.

103 "Como dijera el General de Ejército en el Tercer Periodo Ordinario de Sesiones de la VII Legislatura del Parlamento, el primero de agosto de 2009, el fin es defender,
For all that, it is not clear that those who continue to defend the traditional control economy model have given up. The newspapers in Miami reinforce this point, noting both the scope of the attempted reform (at least by the internal measure of these changes within Cuban politics) and the strongly voiced expectations of failures (and thus of reversion to traditional models)—“a cold dose of reality for those who think reforming one of the last bastions of Soviet-style communism will be easy: It warns that many of the new businesses will be shuttered within a year.”

The real danger for Cuba is that these reforms, like the lukewarm reforms of the 1990s—which also followed the familiar pattern of opening at the bottom to a limited number of individual entrepreneurs—will not produce the self-sustaining local economic market oriented enterprises at the core of Chinese-style progress.

This outcome is not an accident, but the result of a conscious attempt by the Cuban leadership to maintain absolute political control. It seems to have two basic policies in the economic realm. One is adopting economic mechanisms that yield control of foreign exchange for the leadership, which allows them to buy the support of the elite that makes up its power base and throw some crumbs to the rest (in dissident circles the crumbs are known as la jabita, la merienda and la propina). The other one is rejecting mechanisms that provide permanent and independent access to wealth creation for anyone who is not a member of the nomenklatura, and even to some who think they are members.

And, indeed, the fear of operation in corporate form, in aggregations of people and capital that appear autonomous of the state (something permitted in China) may do more to reduce the success of this opening than any machination of Cuba's external enemies. Sometimes a mania for control may prove fatally counterproductive to the maintenance of that control. The Chinese Communist Party understood this in 1978.
(though it took a generation to produce results); it is not clear that the Cuban Communist Party is willing to open itself to that lesson.

What clearly emerges, then, is the premise that the principal objectives of the state are to convert workers from cost items to revenue generators. The hope is that as a result people will have a larger assortment of goods and services available and the state will not be burdened with the subsidies necessary to provide these items. Work flexibility is taken to redesign the political economy of the Island to increase individual productivity and efficiency as well as to provide a means through which workers can feel more useful, change popular conceptions of work, and to reduce its stigma. And the revenue generated is not merely available to the producers but also to the state in the form of taxes.

III. THE COOPERATIVE IN CUBA—AN INCREASINGLY FLEXIBLE POST-REVOLUTIONARY DEVICE.

As an alternative, the Cuban state apparatus, and its intellectual elites, have been exploring an alternative—the cooperative form. Much of the theoretical justifications and arguments supporting this form as an acceptable alternative for the organization of private economic activity has been recently explored in a collection of important essays assembled by Camila Piñeiro Harnecker.107 For cooperatives to work as an alternative acceptable under the current regime’s assumptions about the corporate form, it would be necessary to distinguish between the autonomous governance form at the foundation of the corporate form and a cooperative form more amenable to state supervision and control. This section considers the cooperative as a mediating device between the state sector corporation and the sole proprietorship as the basic building block of private economic activity in Cuba. It suggests the political and cultural108 as well as the economic dimension of the project of theorizing a proletarian corporation.

A. History of the Use of the Cooperative in Cuba Post 1959. The development of co-operatives in Cuban agriculture is based in the enactment of the first and second law of the agrarian reform in May 1959.


and 1963. With the enactment of both laws more than 70% of farm land was expropriated by the Cuban state, creating the Cuban state agricultural state sector. Collectivization followed, along with a growing exodus of people to the cities and intermittent agricultural crises.

The first co-operatives created in the revolutionary period were known as the peasant associations, created in the first years of the triumph of the revolution. These were the embryos of the latter co-operatives. With the exit from Cuba of the financial institutions that provided co-operatives credits, they decided to create the co-operative of credits and services in 1960. The CCS were integrated by a voluntary fashion by the peasants that were benefit by the agrarian law reforms. The sugar cane co-operatives were also created, after the ending of the 1960 crop in great part of the nationalized lands of the retaken lands in 1959. The first sugar cane co-operatives were created by peasants that did not own lands. They were later organized into sugar cane collectives.

To respond to the stress of agricultural production after 1975, the Co-operatives of Agricultural production are constituted. They were formed with peasant that owned land and means of production and gave them on a voluntary matter. Unlike the CCS members the CAP sell their means to the co-operatives, are paid and become owners and collective workers. The Cuban agricultural model was characterized by the state business of great scales of production and elevated centralization. It was based in a industrial agriculture, with a high rate of consumption of its inputs, with an important investment and equipment ratio per area, by with a high external dependence. With the collapse of the socialist nations, the Cuban agriculture was thrown in to an economic crisis. After the crisis hit, the basic units of co-operative production were created in 1993, it was established that this units were going to be the owners of their production and that they would sell their production to the state.

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112 Id.
through the business or any other way the state decided.\textsuperscript{113} The Cuban agriculture sector is integrated by five types of productive entities: UBPC, CAP, CCS, private and state. The first three are considered cooperatives. The forms that have a higher efficiency are the CCS and the private peasants.\textsuperscript{114} The UBPC, indeed, has been offered as something of a model for a generalized form of cooperative structure outside of the agricultural sector.\textsuperscript{115} In addition, Cuban farmers have sought to develop an independent cooperative movement, which were effectively discouraged by the state about a decade ago.\textsuperscript{116}

B. The Cooperative in the Lineamientos and Beyond—Party Line and Legal Changes. At first glance, the Lineamiento provisions for cooperatives appear fairly straightforward and liberal. First level (\textit{primer grado}) Cooperatives are recognized an economic organization with legal personality that aggregate goods and labor.\textsuperscript{117} Interests in cooperatives have the character of social property that may not be negotiated (in contrast to shares).\textsuperscript{118} They may enter into contracts with other entities and natural persons. They may also determine the distribution of funds to participants.\textsuperscript{119} Second Level (\textit{segundo grado}) cooperatives made up of first level cooperatives.\textsuperscript{120} They can be formed as separate juridical

\begin{footnotesize}
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\item\textsuperscript{113} JOSÉ ÁLVAREZ, CUBA’S AGRICULTURAL SECTOR (Gainesville, FL: Florida University Press, 2004) (Part II, chapters 4-6).
\item\textsuperscript{115} Emilio Rodriguez Membrado, and Alcides Lopez Labrada. 2011. “\textit{La UBPC: forma de rediseñar la propiedad estatal con gestión cooperativa}” In \textit{COOPERATIVAS Y SOCIALISMO: UNA MIRADA DESDE CUBA} (La Habana: Editorial Caminos 2011, p.337-365).
\item\textsuperscript{116} José Álvarez, Independent Agricultural Cooperatives in Cuba, Papers and Proceedings of the Ninth Annual Meeting of the Association for the Study of the Cuban Economy (ASCE) 157-164 (1999).
\item\textsuperscript{117} “Se crearán las cooperativas de primer grado como una forma socialista de propiedad colectiva, en diferentes sectores, las que constituyen una organización econó-mica con personalidad jurídica y patrimonio propio, integradas por personas que se asocien aportando bienes o trabajo, con la unalidad de producir y prestar serviciosútiles a la sociedad y asumen todos sus gastos con sus ingresos.” (Lineamientos ¶ 25).
\item\textsuperscript{118} “La norma jurídica sobre cooperativas deberá garantizar que éstas, como propiedadsocial, no sean vendidas, ni trasmitida su posesión a otras cooperativas, a formas de gestión no estatal o a personas naturales.” (Lineamientos ¶ 26).
\item\textsuperscript{119} “Las cooperativas mantienen relaciones contractuales con otras cooperativas, empresas, unidades presupuestadas y otras formas no estatales, y después de cumplido el compromiso con el Estado, podrán realizar ventas libremente sin interme-diarios, de acuerdo con la actividad económica que se les autorice.” (Lineamientos ¶ 27).
\item\textsuperscript{120} “Se crearán cooperativas de segundo grado, cuyos socios son cooperativas de pri-mer grado, las que tendrán personalidad jurídica y patrimonio propio y se formancon el objetivo de organizar actividades complementarias aínes o que agreguenvalor a los productos y servicios de sus socios (de producción, servicios y comer-cialización), o
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persons. Their objective is to facilitate the business of the associated cooperatives.121

But a closer reading suggests both the tensions within the CCP over liberalization, and a clear tilt in favor of state control. The final version of the cooperative form in the Lineamientos suggests a conservative push back from elements in the CCP that viewed the liberalization of economic activity, even in this small space, as potentially threatening to the core values of the Cuban Revolution. Thus, for example, the Lineamientos originally provided for a broader conceptualization of the cooperative, grounded in the basic premise that workers were free to join together in cooperative enterprises.122 This power of association for cooperative economic activity extended to ownership, lease or use of the means of production in permanent usufruct—echoing the idea of usufruct being developed for the lease of non-productive agricultural land.123 As modified, the emphasis was changed distinctly from a focus on the right of association for the exploitation of productive capacity to the devolution of economic activity from the state to these enterprises organized within the framework of Cuban state-centralized control.124

realizar compras y ventas conjuntas con vistas a lograr mayor eficiencia” (Lineamientos ¶ 29).
121 “Las cooperativas, sobre la base de lo establecido en la norma jurídica correspondiente, después de pagar los impuestos y contribuciones establecidos, determinan los ingresos de los trabajadores y la distribución de las utilidades.” (Lineamientos ¶ 28).
122 As originally drafted, P. 25 provided: “Estarán basadas en la libre disposición de los trabajadores a associarse en ellas. Pueden ser propietarias de los medios de producción, arrenderlos o emplearlos en usufructo permanente. (Tabloide, P. 25).

To stimulate the domestic production of foodstuffs and substitute imports, the government started to allow the leasing of small plots of State owned land in usufruct by private individuals and corporate bodies. To this end, landless individuals could obtain up to 13.42 hectares and existing landholders could bring their total up to 40.26 hectares under licenses valid for up to 10 years, with the possibility of being renewed (Decree Law 259 and Decree Law 282).


124 As finalized, Lineamientos P. 25 provides:

Se crearán las cooperativas de primer grado como una forma socialista de propiedad colectiva en diferentes sectores, las que constituyen una organización económica con persona- lidad jurídica y patrimonio propio, integradas por personas que se asocian aportando bienes o trabajo, con la finalidad de producir y prestar servicios útiles a la sociedad y asumen todos sus gastos con sus ingresos.

Tabloide P. 25.
Rather than promoting free associations of workers with control in usufruct over the means of production, the final version of the Lineamientos emphasized the socialist collective nature of the cooperative and its property, emphasized the power of the state to reduce its availability by economic sector, limited to the contribution of labor who may contribute either goods or labor to the enterprise for the purpose of producing or offering socially useful services, for which privilege these collectives would assume their own expenses. The explanations for the change was quite clear—uneasiness with the idea of private aggregation or collectivization outside the direct control of the state.\(^{125}\)

Likewise, the limitations on the power of cooperatives to negotiate cooperative assets to other private enterprises\(^{126}\) was strengthened to emphasize that cooperative property was public property (\textit{propiedad social}) devolved to the use of the cooperative participants. Likewise, the scope of cooperative activity was also subtly restricted, permitting private transactions but strengthening the direct power of the state to manage those relations. The original provision permitted economic activity in the non-state sector as long as these conformed to approved social objectives.\(^{127}\) As revised, the provision imposes a requirement that cooperatives first satisfy whatever economic needs the State imposes before the cooperative can engage in private economic activities in the non-state sector,\(^{128}\) and reinforces the limits of private activity as authorized for individuals proprietorships.\(^{129}\) This last imposition represents a significant effort to bring the cooperative back into the state sector—cooperatives will have to service the state before it can engage in private activities; and the state ministries can then effectively devolve state sector obligations to the cooperatives. Rather than create an autonomous private sector that responds to local needs, the cooperative

\(^{125}\) “\textit{Aclara y especifica el concepto de cooperativa de primer grado, 1 130 dudas en todo el país. Agrega que la cooperativa es una forma socialista de propiedad colectiva, por 29 opiniones en 9 provincias.” Tabloide, supra note --, at P. 25 (commentary).  

\(^{126}\) Originally, Lineamiento P. 26 provided: “El Reglamento General de las Cooperativas deberá garantizar que la propiedad cooperativa no sea vendida, alquilada o arrendada a otras cooperativas o formas no estatales de producción.” (Tabloide P. 26).  

\(^{127}\) “Las cooperativas mantienen relaciones contractuales con otras cooperativas, empresas, unidades presupuestadas y otras formas no estatales, y realizan ventas directas a la población de acuerdo con el objeto social aprobado.” (Tabloide P. 27).  

\(^{128}\) The cooperative may engage in private economic activity only “después de cumplido el compromiso con el Estado.” Tabloide, supra note --, at P. 27.  

\(^{129}\) The provision as revised reads in full as follows: “Las cooperativas mantienen relaciones contractuales con otras cooperativas, empresas, unidades presupuestadas y otras formas no estatales y después de cumplido el compromiso con el Estado, podrán realizar ventas libremente sin intermediarios, de acuerdo con la actividad económica que se les autorice.” Tabloide, supra note --, at P. 27.
becomes a vehicle for privatizing the state sector without a loss of control. The commentary made clear that the presumption for cooperatives must be to service and supplement the state sector—non-state sector transactions must be understood, form that perspective, as the exception rather than the rule, and possible only after all of the needs of the state sector have been satisfied. The resulting narrowing of the activities of cooperatives could be significant.

The focus on expense and fiscal responsibility is reinforced by provisions on the tax obligations of cooperatives. As originally proposed, Paragraph 28 provided that cooperatives, within the requirements of any enabling rules, would set the income allocation for its workers, provide for additional distributions, make public contributions and pay taxes. As adopted, the primary obligation of the cooperative is to pay its taxes and other contributions to the state, then determine worker income and then make additional distributions. The change is subtle but telling. The initial focus was on the wealth creation possibilities of the cooperative—the benefits of private sector activity. The final focus was on the utility of the cooperative for the production of wealth for the state—to be distributed as the state apparatus determines. It reduces the scope of the autonomy of the cooperative and ties it more closely to the state sector by re-focusing the purpose from one centered on the activities of the workers to one focused on the production of income for the state. The last provision deals with second level cooperatives, which are meant to be aggregations of first level cooperatives. As originally conceived, second level cooperatives had as their object the organization of common processes of production or service provision among cooperatives, or the aggregation of cooperatives to buy and sell goods with greater efficiency. As adopted, the

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130 That, perhaps, explains the somewhat curious explanation for the change in the Tabloide. “Agrega la posibilidad de venta sin intermediario y se mejora la redacción. Responde a 438 opiniones en 14 provincias.” Tabloide, supra note --, at P. 27.
131 Lineamiento supra note --, ¶ 25.
132 Lineamiento supra note --, ¶ 28.
133 “Las cooperativas, sobre la base de lo establecido en su Reglamento General de la cooperativa, definen los ingresos de los trabajadores y la distribución de las utilidades, y liquidan al Estado los impuestos y las contribuciones establecidas.” Tabloide, supra note --, P. 28.
134 “Las cooperativas, sobre la base de lo establecido en la norma jurídica correspondiente, después de pagar los impuestos y contribuciones establecidos, determinan los ingresos de los trabajadores y la distribución de las utilidades.” (Ibid.).
135 “Las cooperativas de primer grado, de forma voluntaria, pueden acordar entre ellas la constitución de cooperativas de segundo grado, con personalidad jurídica y patrimonio propio, con el objetivo de organizar procesos comunes (de producción y servicios), realizar compras y ventas conjuntas con vista a lograr mayor eficiencia.” Tabloide, supra note --, P. 29.
objectives of second level cooperatives changed in some respects: their principal objective now is described as organizing similar or complementary activities that add value to products and services of their partners (production, and marketing services), or joint purchases and sales in order to achieve greater efficiency.\textsuperscript{136}

The proposed formal changes in the Lineamientos, of course, suggest only half of the challenge for the Cuban state and Party. Beyond the formal aspects of economic re-organization lies the potentially more intractable problem of suppressing, or least managing, the informal rule system within Cuba. That, in turn, will require a substantial movement toward popular confidence in the ability of the state to enforce fairly and consistently the rules it has formally imposed, and enforce them through appropriate public organs accountable to the state. The informality of the current legal system in Cuba, reflecting in part earlier generation Marxist Leninist notions of the convergence between law and politics, in which systems of rules consistently applied were understood as contingent on the needs of the state as determined by the Party. But a move toward state-directed economic activity necessarily requires a rules based system of managing that enterprise, and a system for the enforcement of those rules that may be distinct from the traditional approaches of a centrally directed economy model. The CCP recognized this in limited ways. Lineamientos Paragraphs 2 and 27 speak to the need to arrange relations among state and non-state sector enterprises, including cooperatives, through contracts.\textsuperscript{137} Lineamiento Paragraph 16 includes a provision for the liquidation of state enterprises that fail to meet their contractual obligations. Linemiento Paragraph 73 expresses the ideal that the state will increase its international credibility through strict compliance with its obligations.\textsuperscript{138} Paragraph 181 emphasizes the need to arrange

\textsuperscript{136} “Se crearán cooperativas de segundo grado, cuyos socios son cooperativas de primer grado, las que tendrán personalidad jurídica y patrimonio propio y se forman con el objetivo de organizar actividades complementarias afines o que agreguen valor a los productos y servicios de sus socios (de producción, servicios y comercialización), o realizar compras y ventas conjuntas con vistas a lograr mayor eficiencia.” (Id). The change was justified on grounds of producing greater clarity but it also noted a large number of questions about second level cooperatives. Id, commentary.

\textsuperscript{137} See also Linemientos, supra note --, Paragraph 122 (“El contrato constituirá una herramienta de trabajo en la planificación y control de todas las etapas del proceso inversionista, asegurando el resultado final de la inversión, con la calidad requerida y dentro de los plazos previstos en el cronograma de ejecución.”) Id.

\textsuperscript{138} “Trabajar con el máximo rigor para aumentar la credibilidad del país en sus relaciones económicas internacionales, mediante el estricto cumplimiento de los compromisos contraídos.” Lineamientos, supra note --, P. 73). On this point see also Linemientos, supra note --, Paragraphs 90, 98,
contracts in form that encourages compliance with their terms.\textsuperscript{139} This suggests both the coming importance of systems of contract rules, but also the absence of such a system today. It also suggests that the rules for the enforcement of obligations among individuals remains informal and customary—and is situated well below the structures of state enforcement vehicles. Lastly, it points to the absence of certain and consistently applied practices at the state level. The result may be a fear of arbitrariness in the management of economic activity, and especially economic activity in the non-state sector. That fear might be fed by the very public narrowing of the scope of cooperative activity. The consequence is a likelihood that, for small operators, the risks of investing, and of doing business increases. Increased risk substantially increases the transactions costs of operation. This may make transactions uneconomic in general. But more importantly, it may impede, in substantial respect, the value of forming cooperatives.

Recently, the Cuban state announced that it was moving from theory and intent to practice. It was announced that Mafrino Murillo, the Vice President of the Counsel of Ministers, confirmed the preparation of new rules for the operation of cooperatives outside the agricultural sector,\textsuperscript{140} to include services, transport and restaurants.\textsuperscript{141} The announcement was timed to coincide with the visit of Pope Benedict XVI and was meant to suggest sustained movement to implement the Lineamientos approved by the Party and State apparatus, without encouraging political reform.\textsuperscript{142} The principal priority was to be given to the reorganization of the most important posts of the state sector—agriculture, mining, tourism and the biotech industry—followed by a review of the public health and education sectors. But the most important task was the reorganization of the state enterprises to make them more efficient, and a need to stimulate economic productivity in the

\textsuperscript{139} “Adecuar la producción agroalimentaria a la demanda y la transformación de la comercialización, elevando la calidad y exigencia en los contratos, para que las partes cumplan sus obligaciones; limitando la circulación centralizada a aquellos renglones vinculados a los balances nacionales; otorgando un papel más activo a los mecanismos de libre concurrencia para el resto de las producciones.” Lineamiento, supra note --, P. 181).


non-state sector. But to date there has been little movement to actually draft the legislation necessary to effectuate a cooperative sector beyond the traditional agricultural cooperatives, but based on agricultural cooperatives rules. And this model of cooperative has been recently criticized as fatally flawed.

C. The Cooperative as a Proletarian Corporation: The Debate Within Cuba. It is clear that the determination to limit the private sector to cooperatives, preserving the corporate form to the state makes little sense from the perspective of increasing the efficiency and scope of the private sector. The Chinese have well evidenced the way in which a Marxist Leninist state can extend the corporate franchise to individuals and still retain overall control of the economy. They have moved from a system of direct command of all facets of productivity to an objectives based system of regulation for the private sector and a more closely monitored control of the state sector. If the object was merely to foster productivity and increase wealth, the division does no more than impede progress while retaining the need for a bloated public sector of managers who would substitute themselves for pricing and market mechanisms for productivity and wealth creation. But the Lineamientos suggest that economic efficiency and wealth production are not the only, or even perhaps the most important, objectives of privatization.

Lead by Camila Piñeiro Harnecker, the Cuban intelligentsia has attempted to develop a theoretical framework within which the cooperative form can be legitimated and applied to meet the objectives of the State in its retail sector privatization efforts. These efforts are worth considering in some detail both to examine the success of this enterprise and to understand the tight conceptual connection between Cuban internal and external economic policy in the face of internal financial difficulties and the challenge of contesting the forms of globalization in Cuba’s relations abroad.

Part of the problem for them is the current flabbiness in the application of the appellation “cooperative.” It appears currently as the name applied to a variety of enterprises with little in common other than they are neither sole proprietorships, strictly speaking, nor corporations

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143 Id.
(impossible within the private sector). And, indeed, with little by way of unifying theory, cooperatives have become something of a chameleon useful to anarchists, Marxists, capitalists, and non-governmental organizations in globalization. She also notes the predominance of cooperatives in the agricultural sector; a characteristic of cooperatives that, like Hansmann, she believes is not necessarily inevitable.

More importantly, perhaps, is the close connection between the cooperative and corporate form. Henry Hansmann has nicely suggested both the nature of that convergence. He notes that there are little functional differences between a consumer cooperative (owned by its customers), a producer cooperative (owned by individuals selling a factor of production to the firm) and a business corporation. “The same is true of the standard business corporation, which is a firm that is owned by persons who supply capital to the firm. In fact, the conventional investor-owned business corporation is nothing more than a special type of producer cooperative—namely a lenders’ cooperative or a capital cooperative.” Enterprise organization, then, can be understood in terms of the factor of their respective organization as a function of the way in which it privileges or is built on the nature of a particular factor of production. He thus suggests a basis for separating these organization al forms in ways that touch on the political economy of states: “A business corporation is different from a dairy cooperative or a wheat cooperative or a workers’ cooperative only with respect to the particular factor of production that the owners supply the firm.”

154 Id.
155 Id.
And in that insight may be the key to the development of a proletarian corporation using the form of cooperative. A proletarian corporation can be constructed by emphasizing the contribution of labor rather than capital to the firm. It may be possible to offer in place of the capital cooperative (the corporation) a labor cooperative, but one tied to the mass politics and solidarity norms of classical Marxist Leninist theory within which such labor privileging enterprises remain subject to the political requirements of the state identified by the Party in power.156

Thus, Piñeiro Harnecker and her colleagues suggest there is a way of emphasizing the solidarity aspects of cooperative organization and from starting point, better merge its form and operation with the basic tenets of Marxist Leninist state organization as practiced in Cuba.157 In contrast to the work of Western economists, then, this is as much a political as it is an economic enterprise, but one in which capital does not serve as the organizing foundation of economic enterprises, labor does.158

Piñeiro Harnecker, for example,159 starts with the ICA’s seven principles of cooperative practice: voluntary and open membership; democratic member control; member economic participation autonomy and independence; education, training and information; co-operation among co-operatives; and concern for community.160 To these she adds the proletarian element. Emphasizing the political element of choice of organizational form, she suggests that cooperatives are inherently socialist precisely because they reject the fundamental organizing principal of capitalism—the privileging of capital in the formation of enterprises.161 Just as it is natural for the political objectives of capitalism to treat the capital cooperative as a unique entity and fashion its law

around its development, so it might be natural of socialist states to do the same for labor cooperatives, in which the emphasis is on labor, rather than capital, contribution in determining ownership and rights to direct the productive factors of joint or aggregate enterprises. For Cruz Reyes and Piñeiro Harnecker, the labor cooperative is essentially anti-capitalist because it does not build on the premise of an inevitable connection between capital and ownership. They thus posit as against the corporation as a special type of producer cooperative tied to the values hierarchies of capitalism, the labor cooperative (what I call the proletarian corporation) as a special type of producer cooperative tied to the values and hierarchies of Marxist Leninist states.

For this to work, at the retail service level anyway, requires a strong governmental hand to suppress the usual determinants of demand—markets and price. The proletarian corporation operates in a world in which demand is measured internally by the decision making and planning functions of the associates of the cooperative, rather than externally, through market and price mechanisms. This is not as strange as it may sound, even to western ears. Henry Hansmann noted that one of the strengths of cooperatives was precisely its ability to measure success in terms beyond wealth production in the form of dividends. Hansmann linked the need for strong member control in cooperatives to the “benefits that the members of a cooperative receive . . . in the form of higher quality goods or services.” This is the suggestion made by Piñeiro Harnecker as well. And it makes sense from an economic perspective—if “ownership need not be, and frequently is not, associated with investment of capital” then neither organizational form nor assessment of welfare maximization need follow corporate models, and a n approach more compatible with Marxist Leninist ideals might be approached.

But in the Cuban context, this may not be possible precisely because cooperatives are not operating autonomously—that is where labor has discretion in the form and amount of productive capacity to devote to the enterprise. Interposed between labor and cooperative is the state, which continues to operate on the basis of capital and as the monopoly capitalist within the national economy. Anchored in large

162 Id.
165 Id., 389.
state corporations and state control of capital, guided by the ideals of welfare maximization based on that ownership in the public sector, the cooperative necessarily takes on the control and decisional characteristics of the enterprises that control capital. It follows that the move from price and market to socially privileged production appears to lead inevitably back to the state. The proletarian corporation, then, becomes a vehicle through which state planning mechanisms and sensibilities can be exported and outsourced. In the absence of price and market structures, cooperative associates must engage in the same patterns of planning and production as state functionaries for production in the national economy. Indeed, Avelino Fernández Peiso has suggested that Cuban co-operatives have been conceived in great measure like state business and as a self-managed group of people.166

In this respect the autonomy of the private sector is meant to be constrained by a normative structure that requires each enterprise to act as if it were an instrumentality of the state, but ones much more closely connected with the small sub part of the population they are meant to serve. The effect is privatization but the retention of the structures of state control. That parallel control economy planning mentality at the cooperative level gives rise to problems of sustainability similar to those that required the Cuban state to privatize in the first place. To resolve that problem, Piñeiro Harnecker suggests that state institutions should not demand that co-operatives provide services at prices that do not generate sufficient utility markets in order to further continue their productive cycle. For her, in order for this to work the state should establish politics that reduce costs and allow them to provide lower prices.167

The solution to privatized central planning, then, might be more planning at the state level. That is not encouraging and might require substantially more development. If the object is to embrace the possibilities of cooperatives, even in the form of proletarian corporations, then the operationalization ought not to impose those structures and norms that led to privatization in the first place. Yet this may be precisely the result sought through the Lineamientos, which insist that all sectors of the economy, including the non-state sector, is to be managed by the state. New methods of planning may change the form of control, but

autonomy of the private sector is not to be undertaken outside the premises of the central planning model at the heart of the conventional Cuban economic system.  

For that purpose, the ICA principles are necessary but not sufficient. They suggest additional principles of organization that emphasize the privileging of labor and the marginalization of capital ownership in the organization of the proletarian corporation. These include what she identifies as redistributive solidarity and social transformation. But as an instrument of political and social goals, the traditional markers of enterprise success (based perhaps on the logic of the corporation as a capital cooperative) become problematic—in lieu of risk and profit, they would privilege solidarity and risk aversion. And, because of the

<table>
<thead>
<tr>
<th>Capitalist Corporations</th>
<th>Co-operatives</th>
</tr>
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<tbody>
<tr>
<td><strong>Control of the decision making process</strong></td>
<td>Rests in the stock holders, who are not necessarily the works</td>
</tr>
<tr>
<td><strong>Destiny of the enterprise</strong></td>
<td>Decided by the stock holders</td>
</tr>
<tr>
<td><strong>Income of the workers</strong></td>
<td>Decided by the stock holders</td>
</tr>
</tbody>
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168 Lineamientos, supra note —, P. 5.  
170 Jesús Cruz Reyes y Camila Piñeiro Harnecker, *Una introducción a las cooperativas*, in COOPERATIVAS Y SOCIALISMO: UNA MIRADA DESDE CUBA 31-54 (Camila Piñeiro Harnecker, ed., La Habana: Editorial Caminos, 2011). Co-operatives must differentiate from capitalist corporations, in a substantive manner, Table 1 fundamental differences between the capitalist corporations and the co-operative.
privileging of labor rather than capital, she suggests, such enterprises might define efficiency differently—not grounded in the minimization of labor for the production of profit, but the minimization of capital for the production of labor satisfaction.

This proletarian corporation would operate within a limited field of production—one that parallels the retail sector liberalization policies of the Cuban state. It is in those areas that such a model of economic activity could be understood as socially productive. The targets are those activities where economies of scale are absent (and with respect to which the state, through its corporate enterprises would be expected to operate alone). Another advantage of the cooperative in the retail and small production sector, she suggests, is their ability to adapt quickly to local needs without the need to reduce their workforce (and thus meet the government’s objective of keeping people employed). Small and medium businesses have their fundamental strength in the capacities of their workers and not so much on technology, they have more flexibility to modify or add new lines of production and hence offer new products that satisfy the variables and different preferences of the consumers. This focus suggests as well the tendency to criticize efforts, like those on Mondragon, the Basque cooperative, that appear to leverage labor (for example by permitting the hiring of labor that is not part of the management structure); the fear is that substantial bureaucratization and institutionalization will cause a cooperative to move away from a labor to a capital privileging model.

<table>
<thead>
<tr>
<th>Democratic rights of the workers</th>
<th>They might have a say thru the union, but they don’t have a vote</th>
<th>Each one has voice and vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main objective</td>
<td>Maximize the revenue of the stock holders</td>
<td>Satisfy the needs of the associates</td>
</tr>
<tr>
<td>Primary motivation of the proprietors</td>
<td>Individual benefit</td>
<td>Collective benefits, material and spiritual</td>
</tr>
</tbody>
</table>

Yet the lessons of cooperative organization can also have potential for challenging the cultural norms existing now in Cuba on the operation of state enterprises as well.\(^{173}\) Drawing heavily from Istvan Meszaros,\(^{174}\) Novaes argues\(^ {175}\) that Marx’s vision of a post capitalist society corresponds to a self-managed socialism that is not concerned only in distributing material wealth under certain criteria of equality but it produces that wealth in a superior form, one that focuses on human dignity rather than wealth accumulation. Cooperatives permit the overcoming of the alienation that is present in the private corporation but also in the state corporation managed in an authoritarian manner where the participation of the workers is just a formality. He proposes democratic management of the corporation like a way to resolve the nonsense that the workers that directly participate in a production process loss power of decision over this process. Others took this notion farther, suggesting cooperatives as a central element in the construction of a solidarity economy\(^ {176}\)—one whose principles become closely intertwined with the organizational paradigms of ALBA.

Effectively, then, a rising culture of cooperative management might have an effect on the operation of the state sector, like the state sector appears to mold cooperative organization in its own image.\(^ {177}\) Within Cuba, that dialogue would have profound possibilities, if not suppressed. And indeed, the possibility of cooperative autonomy and its effects on state enterprises causes concern among Cuban theorists. The idea of autonomy of some workers organized autonomously from the entirety of the workers through which the state apparatus derives its authority is viewed as destabilizing the Cuban economic system.\(^ {178}\) Thus rather than


\(^{176}\) Claudio Alberto Rivera Rodríguez, Odalys Labrador Machín and Juan Luis Alfonso Alemán, Retos del cooperativismo como alternativa de desarrollo ante la crisis global. Su papel en el modelo económico cubano, in COOPERATIVAS Y SOCIALISMO: UNA MIRADA DESDE CUBA 397-415 (La Habana: Editorial Caminos 2011).


suggesting greater autonomy, some call for closer control of these entities as if they were state owned enterprises. Ironically here Hansmann’s notion of the fundamental similarity of cooperative and corporation tends to serve as a brake on the possibility of creating a class of private enterprises outside the control of the state, where the state appropriates for itself all control of productive activity.

That potential to challenge economic cultural norms through cooperatives is limited by ideological divisions within the CCP that have been transposed into a set of structural constraints on cooperative activity. Ideological constraints are grounded in the reluctance to open even a very limited space for private activity. This approach is grounded in a very conservative perspective of the requirements of Marxist Leninist economic organization, one at variance with the official positions in other Marxist Leninist states but consistent with the majority view within the Cuban Communist Party leadership before 2006. The strength of this perspective was much in evidence in the finalization of the Lineamientos provisions on cooperatives. But it is also clear that there is growing support among cadres and CCP leadership for an approach grounded in state direction, and ultimate control, but with a larger space within which economic activity can be devolved to individuals, either in a private sector or through the operation of state enterprises. However, for the moment this state-directed rather than state-control model has not yet been accepted among a majority of CCP leaders.

As a consequence, cooperatives (and state owned enterprises as well) remain subject to a number of structural constraints. In addition to the formal constraints described in the Lineamientos, cooperation rather than competition in the state sector and the operation of the private sector for the production of income first for the state within tightly constrained and licensed private sector vocations, the control of basic good and products necessary for cooperative activity remains controlled by the state. Limited to the contribution of goods (usually retail ready) and labor (for direct service provision), the cooperative operations are limited by the availability of goods and the scope of permitted occupations, both of which are controlled by the state. Even if cooperatives could be structured for the contribution of unfinished goods or components for assembly and sale through the cooperative, something contemplated for second level cooperatives in the proposed Lineamientos but perhaps eliminated in the final version, the state would still control

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179 Discussed above at text and notes --.
180 Discussed above at text and notes --.
cooperative size and operations through control of the provision of goods and the approval of activity to which those goods are directed. As a consequence, cooperatives are structured to remain small and contribute to the residual economy, something in line with the general re-organization of the Cuban economy, but they remain dependent on state planning because there is no access to goods markets and the scope of activities are tightly controlled. The state remains very much in control—but now the control is also indirect, something contemplated in the Lineamientos.\textsuperscript{181}

Piñeiro Harnecker understands the challenges.\textsuperscript{182} She acknowledges that new cooperative theory is criticized as merely utopian by some. Others criticize it for being unrealistic within the context of the regulation of the Cuban economy by the state—they will never have sufficient autonomy to be effective. Still others fear cooperatives, even labor cooperatives as a threat to the state precisely because they will be too autonomous and fracture the unity of proletarian power on which the ideology of the organization of the state rests.\textsuperscript{183} These were themes raised in the essays she assembled.\textsuperscript{184} More broadly, those difficulties also continue to make the form of corporate organization (whether as a capital cooperative or in these new form labor cooperatives) particularly troublesome for regimes, like that of Cuba, which view juridical or legal

\textsuperscript{181}See, Lineamientos, supra note --, ¶¶ 1-10.
\textsuperscript{182}Camila Piñeiro Harnecker, Prólogo, in COOPERATIVAS Y SOCIALISMO : UNA MIRADA DESDE CUBA 7-30 (Camila Piñeiro Harnecker, ed., La Habana : Editorial Caminos, 2011).
\textsuperscript{183}Cuando en Cuba se propone a la cooperativa de producción como una —no la única— forma de organización empresarial, es común encontrarse sobre todo con tres preocupaciones: unos la conside-ran demasiado “utópica” y por tanto ineficiente; otros, a partir de las formas que ha tomado en Cuba, sospechan que será insuficientemente autónoma o “demiási parecia a la empresa estatal”; y otros, habituados a un control de la actividad empresarial por un Estado que interviene de manera directa y excesiva en la gestión, la rechazan como demasiado autónoma y por tanto un “germen del capitalismo”. Este libro intenta tener en cuenta todas estas inqui-te-dades, aunque sin dudas se requiere de más espacio para tratarlas adecuadamente. Id., 7-8. (“When it is proposed that the production cooperative be one – though not the only – form of enterprise in Cuba, three concerns above all are frequently encountered: some consider it too “utopian” and therefore inefficient; others, on the basis of the cooperatives that have existed in Cuba, suspect that they will not have sufficient autonomy or that they will be “too much like state enterprises”; while others still, accustomed to the control over enterprise activities exercised by a state that intervenes directly and excessively in enterprise management, reject cooperativism as too autonomous and therefore a “seed of capitalism”. This book tries to take account of all these concerns, though there is no doubt that more space would be required to address them adequately.” Camila Piñeiro Harnecker, Cooperatives and socialism in Cuba, Links: International Journal of Socialist Renewal, Sept. 26, 2011 (Preface to COOPERATIVES AND SOCIALISM: A CUBAN PERSPECTIVE (extract) By Camila Piñeiro Harnecker, translated by Marce Cameron available http://links.org.au/node/2515).
\textsuperscript{184}Id.
persons that constitute the aggregation of popular power as threatening to
the state unless the state owns or controls these organizations.185

Cooperatives are viewed as a means of economic aggregation that
avoids the problems of corporations in their relationship to the state and
society—shareholder wealth maximization, avoidance of corporate social
responsibility principles, and labor exploitation.186 Yet, like the corporate
form that remains the sole province of the state, the problem of
autonomy remains a key issue in the academic debates in ways that
mirror the political debate of the 6th Party Congress. It is the issue that
raises, for the Cuban political economy, the ideological question of the
extent of the role of the state in the planning of economic decisions, that
is whether the state will set the general goals and objectives of economic
activity or whether the state will direct more precisely the economic
choices of individuals and cooperatives at an operational level. The
framework of analysis is quite clearly tailored to Cuban circumstances:

The managerial autonomy of the collective that makes up the
cooperative — the ability of this group of people to make
decisions independently — is the key reason why the historical
experiences of socialist construction have rejected their
relevance to the building of socialism and have relegated them to
agriculture or marginal economic spaces. Some see in autonomy
a disconnection from, or a wanting to have nothing to do with,
social interests and the strategic objectives embodied in the
socialist economic plan, and ask the following questions: Is it
possible to “hitch” an autonomous enterprise to a planned
economy? Can a cooperative respond not only to the interests of
its members but also to wider social interests? When one thinks
in terms of absolute autonomy and authoritarian (i.e.
undemocratic) planning, if the interests of collectives (groups)
are considered a priori to be indifferent to social interests, then
the answer is obviously negative. The authors of this book are
motivated by the certainty that the answer is affirmative. We

185 See, Larry Catá Backer, Cuban Corporate Governance at the Crossroads: Cuban
Marxism, Private Economic Collectives, and Free Market Globalism." 14(2)
186 Asimismo, para evitar la concentración de riqueza que explica los altos impuestos
aplicados a los cuentapropistas, debería sobre todo promoverse que el nuevo sector no
estatal adopte preferentemente el modelo de gestión cooperativo, donde los beneficios
son distribuidos de forma equitativa entre sus miembros y que favorezcan en alguna
medida las comunidades adyacentes." Camila Piñeiro Harnecker, Prólogo, in Cooperativas
Y Socialismo : Una Mirada Desde Cuba 7, 28 (Camila Piñeiro Harnecker, ed., La Habana :
Editorial Caminos, 2011).
argue the case here, though we are unable to respond to all of the questions about how this can be achieved in practice.\(^{187}\)

Piñeiro Harnecker highlights both the peculiarities of the Cuban discussion about economic reform and engagement in global economic movements, and its distance from the path followed by the Chinese Communist Party since the 1980s. Cuba is seeking to forge a third path between the market oriented economic model of the West and the pattern of economic control developed by the great Asian Marxist Leninist states. It remains committed to a significant degree of central planning, and suspicious of autonomous aggregations of capital or individuals not directly controlled or managed by the state. It has sought to build these notions into its international and regional economic planning to the same extent it seeks to base it internal economic model on those principles. (Backer and Molina Román 2010). But she may not fully consider the institutional challenges of creating the rule system contemplated in the Lineamientos, founded on contract law that is viewed as legitimate and fairly enforced, the absence of which substantially raises the risks and costs of forming these enterprises as going concerns.

The case of the Cabildo nightclub\(^{188}\) is in this respect quite telling, both for the difficulties of regularizing the private sector activities of individuals and for what it portends for rule systems managing cooperatives.

El Cabildo is the product of one man's moxie and of changes in government policy aimed at improving Cuba's struggling economy. Ulises Aquino, a 50-year-old opera singer who founded Opera in the Street in 2006, was looking for a home for the company, so when President Castro announced a series of reforms two years ago promoting private businesses he decided to seize the opportunity. . . . In 2011, Aquino, whose performers were accustomed to playing in rudimentary conditions, including in the street, convinced authorities in Havana's upscale Playa district to let him use the remnants of one of the city's many collapsed buildings.\(^{189}\)

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\(^{189}\) Id.
By July 2012, the enterprise had about 130 employees operating a 150 seat venue. But to get to this size, Aquino ran up against the complex system of rules for the licensing of private activity in the non-state sector. His solution illustrated both the objective of those regulations—to ensure that private enterprises remain small and local, to avoid a threat to the economic dominance of the state sector—had to bend the rules. “The new entrepreneurs had to get a license for their business and private restaurants were limited to a maximum of 50 seats. Aquino got around the limit by taking out three restaurant licenses, which enabled him to put in 150 seats, and then another as an "organizer of events and other activities."”

No sooner had the Cabildo nightclub garnered international attention than it was closed buy state authorities.

A week ago government inspectors burst into the El Cabildo cultural center to the shock of patrons, artists and staff attending musical performed by its theater company, the "Opera in the Street." The local authorities, citing a recent Reuters story on the center that mentioned a cover charge for customers, took away El Cabildo's license on the grounds of "illicit enrichment." The vast majority of El Cabildo's clients were Cuban, paying a 50-peso cover charge, the equivalent of $2, while foreigners paid more. The inspectors searched El Cabildo for hours and interrogated its young artists and restaurant staff, but found nothing more amiss than two cooks working on a trial basis without proper papers, employees said.

The original international news story peaked the interest of state bureaucrats, who called Aquino to discuss his operations. What he described suggested a cooperative, in which all workers shared in the revenues of the enterprise. There was a sense that the operations were

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190 Id. ("Using the latter, he plans to expand the business by offering boat rides on the Almendares River, which flows beside El Cabildo just before opening into the Straits of Florida.").

191 Marc Franck, Cuban opera singer challenges "jealous" bureaucrats over closed theater, REUTERS, Aug. 1, 2012. Available http://www.reuters.com/article/2012/08/01/us-cuba-theater-reform-idUSBRE8701R120120801. ("A Cuban economist said El Cabildo's cover charge may have fallen into a gray area in Cuban law. Though private establishments were not prohibited from having cover charges, establishments associated with the Culture Ministry, such as such as El Cabildo, might be more restricted in what they can charge.” Id.).

192 Id.

193 Id ("Reuters also had reported that El Cabildo's proceeds were shared after expenses, taxes, and investments, resulting in monthly wages four times greater than the country's 450 pesos average, or around $19. "The earnings of the Opera of the Street are divided
allowed to continue in the absence of publicity, but were shut down when news stories revealed no merely the extent of the operation but more significantly, that the workers in that enterprise were able to make substantially more money than in the state sector, even after the payment of all state tax and other obligations. Rather than use this as a means of challenging the state sector to do better, the bureaucracy appeared to take the operations as a challenge to the system itself. If success is interpreted as a threat, then it is unlikely, at least with this generation of party and state cadres, for the reforms developed at the elite level will be successfully implemented on the ground. Even if the operations violated rules, or their interpretation, the decision to shut it down rather than to fine it, and the lack of the appearance of process, suggested the possibility of arbitrariness that will impede other risk takers seeking to take the state up on its offer to invigorate the non-state sector. And the solution?: the government announced that it would allow the presentation of the artistic part of the operation as a state subsidized activity.\(^{194}\) It seems that in this case, the consequence of private sector success is incorporation into the state sector.

In this story we see the scope of the challenges facing Cuba—a bureaucracy that may be resisting changes proposed at the top of the state and Party hierarchies, limited ability to manage implementation of economic reforms for lack of deep cultures of non-state sector management, limited rule structures for determining conformity to the new economic model, and the lack of a set of procedures for challenging government action. In a sense the closure is as much a challenge to senior Party leaders as it is to the emerging non-state sector.\(^{195}\) It also illustrates the determination of Cuban authorities to maintain the division


\(^{195}\) “Raul Castro himself told Cubans in a recent speech that bureaucrats who stand in the way of change will be swept aside. He's laid out plans to reuscitate Cuba's state-run economy by creating millions of jobs in new small businesses and cooperatives. But the process is dragging. Closing El Cabildo has eliminated 130 of the jobs created for Cubans like Angel Basterrechea, who fears he may have lost the highest-paying job he'll ever have.” Nick Miroff, Opera Unfolds When a Cuban Cabaret is Closed Down, NPR News, July 31, 2012. Available http://www.npr.org/2012/07/31/157656452/opera-unfolds-when-a-cuban-caberat-is-shut-down.
of economic activities within which the private sector always occupies a small part. It is clear that, whatever the shape of the reforms, the state sector will not be challenged, and challenge, for the moment appears to be quite broadly construed. But the Cabilido affair also suggests the power of Raúl Castro’s efforts to move from a state-controlled to a state-directed economic model. These enterprises can operate successfully as cooperatives; Mr. Aquino was creating the sort of proletarian corporation the success of which suggests that reform might have been on the right path. The Cabildo appeared to provide a substantial boost to the Cuban economy by providing a local service through a collective enterprise in which the workers shared in the proceeds and met local needs. The Cabildo paid its taxes and generated income for the state. It operated in a sector that posed little danger to the integrity of the national economy. If the Cabildo poses a threat to the organization of the Cuban economy, then it is not clear that there will be much space for the non-state sector or that effective reform will be possible soon.

The cooperative, like the rest of the reform agenda, will remain an elegant theory with powerful insights into the operation of a Marxist Leninist economy, with no possibility of effective implementation.

Additionally, the cooperative structure envisioned in Cuba, with its focus on the possibilities of producer labor cooperatives but one dependent on the state apparatus as the holder of productive capital, presents a more fundamental challenge. That challenge suggests the extent to which Cuba may be missing an opportunity for change in line

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197 Indeed, among Cuban intellectuals committed to the regime, this affair has been reported as revealing the real intent of the government with respect to reforms. “El destino del centro cultural El Cabildo está en el centro de atención de intelectuales y artistas de la isla, y se ha convertido en una prueba de fuego en los esfuerzos impulsados por Castro para expandir el sector privado mientras reduce drásticamente la burocracia estatal.” El Gobierno cierra un centro cultural considerado la mayor empresa privada de Cuba, EuropaPress España, August 3, 2012. Available http://www.europapress.es/latam/cultura/noticia-cuba-gobierno-cierra-centro-cultural-considerado-mayor-empresa-privada-cuba-20120803154826.html.

198 “A staunch advocate of socialism, Aquino charged in his letter that the forces behind the closing of his center were "jealous" of its success. "Those who fear that the worker, the intellectual and the artist might find their own productive road are not revolutionaries, they are conservatives," he wrote. "They enjoy the benefits of power that gives them the ability, as in this case, to decide the destiny of human works, not to help them flourish, but to destroy them," Aquino charged.” Marc Franck, Cuban opera singer challenges "jealous" bureaucrats over closed theater, Reuters, Aug. 1, 2012. Available http://www.reuters.com/article/2012/08/01/us-cuba-theater-reform-idUSBRE8701R120120801.
with the basic tenets of its system. Many of those focusing on labor issues, tend to overlook a potentially powerful form of labor organization that might tilt the balance of power away from capital on capital's home turf. When labor controls labor, and does so through the mechanics of power that operate within a dominant system of institutionalized power, labor will be able to meet capital on its own terms: domiciled within the network of nation states but free to move globally and to take advantage of disjunctions in capital markets. It might be worth thinking through the possibilities of a global system in which labor controls labor, in which labor is no longer controlled by capital, in which the individual laborer is no longer arrayed against aggregations of capital. But this requires labor to lose their dependence on the state--to take the step that capital took two centuries ago when it effected what would be an increasing independence from the state. When labor begins to use the state in the way that capital has learned to do it, when labor ceases to organize itself like an element of civil society and becomes more like a value optimizing factor of production, then perhaps the global conversation about labor may take on a different hue. That is not possible under a construct in which cooperatives are constituted formally as autonomous and labor driven, but are effectively organized as little more than privatized centers of central planning that reinforces traditional (and now clearly failed) approaches to economic governance even within Marxist Leninist premises.

Within that environment, cooperatives, so benign in China and Vietnam, assumes a more problematic place in the Cuban political economy. Whether the experiment will succeed remains to be seen, but the search for forms of economic organization that are not necessarily grounded in shareholder wealth maximization, and that serve social goals, even those controlled by the state apparatus, may provide insights and models of use elsewhere and for other purposes. Indeed, it is precisely this model that underlies an important element of Cuban foreign policy as it seeks to develop a counter approach to regional trade that challenges the norms and structures of conventional economic globalization.

IV. THE COOPERATIVE IN GLOBAL CONTEXT—THEORY AND ENGAGEMENT IN CUBA AND THE ALBA ZONE.

Piñeiro Harnecker highlights both the peculiarities of the Cuban discussion about economic reform and engagement in global economic movements, and its distance from the path followed by the Chinese Communist Party since the 1980s. Cuba is seeking to forge a third path
between the market oriented economic model of the West and the pattern of economic control developed by the great Asian Marxist Leninist states. It remains committed to a significant degree of central planning, and suspicious of autonomous aggregations of capital or individuals not directly controlled or managed by the state. It has sought to build these notions into its international and regional economic planning to the same extent it seeks to base it internal economic model on those principles. Indeed, ALBA appears to be moving to reflect the two part division of economic activity within Cuba—a public sector populated with state owned corporate enterprises and a private sector focused on small retail professions and organized through cooperatives—and to use the cooperative as a basis for the advancement of the organization’s political goals.

ALBA is critically grounded on the idea that internationalization must be effected through states and public action rather than individuals and private markets. ALBA is not necessarily opposed to all private activity, just those activities that have become liberated from precise control by the state. ALBA is thus founded on the notion that traditional divisions between public and private sectors remains valuable and important, and that certain sectors, traditionally overseen by the state as agent for territorially based communities, are essential for the maximization of the welfare of people organized into states. (Bossi 2004). To this is added a fundamental distrust of private markets—markets that are not strictly controlled and managed by the state.

ALBA is both a system of free trade and as a nexus point for legal and

201 ALBA is said to institutionalize radical conflict necessary to build an integrated political space in Latin America, develop a model of 21st century socialism, and support the radical revolutionary processes within member states. See, Joel D. Hirst, What id the Bolivarian Alternative to the Americas and What Does it Do?, AMERICAS QUARTERLY, available http://www.americasquarterly.org/HIRST/ARTICLE. “The fortification of the State like central actor of the economy from a country at all the levels, facing the opposite private practices the public interest, such as the monopoly, oligopoly, the cartelization, hoarding, speculation and usury.” Fundamental Principles of the Peoples’ Trade Treaty - TCP, VII Summit - Cochabamba, Bolivia - October 17, 2009, Principle 6, available http://www.alba-tcp.org/en/contenido/fundamental-principles-tcp.
political resistance to economic globalization and legal internationalism sponsored by developed states.  

The organization of the Cuban economy and its understanding of the notion that property, then, remains a prerogative of the state that is embedded in Cuba’s regional foreign relations. Critical to that effort is the form of organization that ALBA has developed for the structuring of economic life in the transnational sphere and especially in the context of regional integration. A central framing element of that organization are what ALBA has designated–grannacionales—and designed as a form of capital aggregation along principles that reject the fundamental market oriented principles of conventional economic globalization.

The conception of grannacional is divided into three components, historical and geopolitical, socio-economic, and ideological. Like cooperatives, grannacionales are both political and ideological premises. The historical and geopolitical premise is grounded in the sense that the business of the construction of Latin America, started with the wars of liberation of the 19th century, is unfinished. Its object is integration at the supra-national level, that is, to understand grannacionales as the formal expression of efforts to create a single nation. The socio-economic

203 Fernando Bossi, ¿QUÉ ES EL ALBA? Construyendo el ALBA desde los Pueblos, Portal TCP-ALBA (Nov. 2009), available http://www.alianzabolivariana.org/modules.php?name=News&file=article&sid=470. Thus, inframing the fundamental principles of ALBA, it was stated:


206 Fernando Bossi, Keynote address 10 Puntos para Conocer el ALBA: Construyendo el ALBA desde los pueblos, given in the Forum that was held during the III Summit of the People (Nov. 3, 2005), available http://www.alianzabolivariana.org/modules.php?name=Content&pa=showpage&pid=1858.
premise understands the commercial activity and its traditional forms as a functional means to reach the political ends of integration.

Grannacionales are to serve as the great vehicle for state directed development.207 The ideological premise envisions the grannacional as functional integration devices advancing political and economic aims of the state. Specifically, the grannacional enterprise has as its objective the manifestation of a united front by generating a multi-national block for the structuring of sovereign regional politics. This produces an approach that parallels the conceptual framework of cooperatives. And, of course, that produces consequences when looked at from the perspective of conventional economic globalization. Efficiency is measured differently than in classical economics or under the framework of conventional economic globalization. It is understood only in relation to the aims of the state in meeting its political goals, measured to some extent on the state’s assessment of its ability to meet the needs of a majority of its people.208 Both the political and needs objectives are also constructs of state policy. This produces something of an inversion from concepts in classical economics.

The implementation of the grannacionales framework is effectuated through proyectos grannacionales” (PG) and “empresas grannacionales” (EG). The relationship between PGs and EGs follow the organization of the economy within Cuba—one in which economic sectors (including social and cultural production) are organized through ministries charged with planning and control, and and specific production is devolved to economic units organized in “corporate” form. PG’s are the structuring element for reorganization of key sectors of state activity around which state to state activity is contemplated.209 These include key fields of activity, encompassing political, cultural, economic, scientific and industrial activity. This organization is grounded in ALBA’s normative

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The basis of just trade and solidarity, also a foundation for cooperative operation, are based on principles of barter transactions, non-reciprocity in trade relations, and differential treatment of trade partners to advance national and development objectives (comercio compensado, no-reciprosidad, y trato diferenciado).\footnote{Larry Catá Backer, \textit{Globalization and the Socialist Multinational: Cuba at the Intersection of Business and Human Rights}, in \textit{HANDBOOK ON CONTEMPORARY CUBA: ECONOMY, CIVIL SOCIETY, AND GLOBALIZATION} (New York: CUNY/Paradigm Press, forthcoming 2012).}

EG’s are entities created to carry out the economic and trade activity organized through PG’s. If PGs are meant to organize productive activities, EGs are meant to implement them in an orderly way. EGs are all state owned enterprises, established a separate juridical persons, interest in which is measured through share ownership by participating ALBA Member States.\footnote{Tratado de comercio de los Pueblos, Documentos de la VI Cumbre, Conceptualización de Proyecto y Empresa Grannacional en el Marco del ALBA (Published Oct. 30, 2009). Available \url{http://alainet.org/active/21866}, official at \url{http://www.alianzabolivariana.org/modules.php?name=Content&pa=showpage&pid=2074}.} But they might be organized in other ways by special legislation or as a department of a ministry. PG and EG projects are not limited to be established at the supra-national level—single state PGs and EGs may be created as long as they are consonant with ALBA principles and goals. Relationship between PG and EG is not strictly linear—though it is clear that every EG must derive from a PG, not every PG will require the establishment of an EG. Embody an alternative to the model of the private multinational enterprise. EGs are said to invert the traditional maximization model by seeking to maximize the welfare of the objects of economic (or other) activity, rather than those involved in the production or financing of that activity. They are organized as autonomous state enterprises that might enter into joint venture arrangements with private sector enterprises and whose primary focus of activity is within the ALBA zone; with “excess” activity directed outbound. The effect is to develop a regionalist globalization model with economic activity directed by states rather than through markets. This suggests a new face for traditional command economy activity, but it is unclear whether it also suggests a change in function.
EGs embrace the form of organization and production of private multinational corporations, including supply and production chain principles, and resource procurement optimization. But their intense connection to states makes them both regulatory and commercial vehicles. Pricing grounded in notions of “fair price”, an ambiguous term likely grounded in principles of “just trade” and solidarity identified by the state; it might best be understood as a political rather than a conventionally economic principle. The idea, paralleling the Cuban ideas of a tight integration between centralized planning and the state enterprises as vehicles through which central planning is effectuated, is one grounded in harmony rather than competition, and deep management rather than markets.\footnote{Lineamientos, supra, note --, ¶ 1-10.}

That is in line with ALBA’s core notion of the conflation of politics and economics.\footnote{Larry Catá Backer and Augusto Molina Román, *Cuba And The Construction Of Alternative Global Trade Systems: ALBA And Free Trade In The Americas*, 31(3) UNIVERSITY OF PENNSYLVANIA JOURNAL OF INTERNATIONAL LAW 679-752 (2010).} That, in turn, is in line with ALBA’s core political principle of the inseparability of public (sovereign) activity and market activity of state or private actors. The concepto grannacional, then, takes the organizational forms and premises of the Lineamientos and internationalizes it. It internationalizes state-based central planning model within a regional trade zone. It adopts conventional organizational forms from emerging private markets framework of economic globalization. It changes conventional welfare maximization model from a focus on the shareholder (or the firm) to something like national welfare maximization effected through firms.\footnote{Id.}

Together PGs and EGs represent the state sector in the international arena. But, as in Cuba, ALBA also contemplates a private sector. That sector, however, is understood to be small, and to focus on the retail sector—the delivery of services to people at the most basic level of economic activity. ALBA reflects the idea, as well, of transnational and national private sector enterprises organized as cooperatives and similar entities, built around transnational commitments to public “purchases [which] are a planning tool for the development and promotion of national production that must be strengthen through participation, cooperation and the joint execution of purchases when convenient.”\footnote{Principle 14, Fundamental Principles of the Peoples’ Trade Treaty – TCP, VII Summit - Cochabamba, Bolivia - October 17, 2009, available http://www.alba-tcp.org/en/contenido/fundamental-principles-tcp.}
“favoring to the communities, communes, cooperatives, companies of social production, small and medium companies. The Joint promotion towards exports markets of our countries and of productions that result actions of productive complementation.”

The duplication of the Cuban organization model now has a parallel in Venezuela, where cooperatives are organized by the state to serve the local demand of neighborhoods in the production of consumer goods, where the training and capital is provided by the state and the cooperative is managed to produce an aggregate benefit to the people contributing their labor.

As in Cuba, these are closely connected conceptually to agricultural cooperatives.

And like the emerging Cuban cooperatives, these are meant to serve political, social and economic objectives—all in the service of the local people (micro planning) in away that furthers the larger objectives of the state (macro planning).

Within ALBA, this process is treated as a public service.

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218 Describing MUDEBAR, a women’s cooperative producing textiles for local consumption, a participant explained:

In reality, we didn't have money or anything until the government offered us credit so that we could achieve our objective, which was to associate ourselves as a cooperative. The process was a call made by the government to participate in a social mission called Vuelvan Caras, a call to all the women who were in their houses without work, simply doing domestic work, doing housework until god called, watching our grandchildren and taking care of the house and when all of the women were called to the mission we began taking the courses. We took really good courses, and from that they prepared us to become a cooperative.


220 Describing another cooperative, one that runs neighborhood buses, a person noted:

So we organized an assembly in the neighborhoods and those assemblies decided what the bus routes were going to be and who would be some of the workers. And out of those buses we also had political discussions and distributed fliers. So we broke with this business model of division, the separation into a business that gives a service and those who receive it.

socio-political process in which the non-state sector is meant to be reduced and the aggregation vehicle privileged will be the cooperative.\footnote{See, e.g., Ken Cole, \textit{ALBA: A Process of Concientización}, 2 \textit{The International Journal of Cuban Studies} 31-41 (December 2008), available \url{http://cubanstudies.plutojournals.org/Portals/8/Issues/sisssue_2_bw.pdf#page=31}.}

Cuban cooperatives thus serve a political purpose beyond the internal organization of the Cuban domestic economy. It provides a basis for the division of organizational economic labor within Cuba in ways that are compatible with Cuba’s efforts to internationalize its vision of socialist command economy. Organization that privilege capital are consigned to the state sector as the only location for capital ownership and exploitation. The private sector may aggregate labor but not capital. For that sector the labor cooperative offers the model of organization best suited to its circumstances and to the fundamental Marxist notion that the proletariat ought to focus on the offer of its labor in the context of collective economic activity. Capital is to be supplied by the state as the guardian of that means of production for all people. As a consequence, the state sector has responsibility for the organization of the economy, for the macro economic policies and operations at the national and regional levels. The private sector is to provide micro responses to local needs, under the supervision of the state, which supplies capital and ensures policy purity. The EGs and PGs are the analogues to the state sectors in Cuba. Cuban cooperatives are meant to join their counterparts in Venezuela and elsewhere to focus on the local retail sectors to the extent permitted by state policy.

V. CONCLUSION.

Is it possible to theorize a proletarian corporation? Will cooperatives make a difference and set the stage for the development of new forms of economic aggregations that will obviate the need for access to the corporate form for private individuals? The Cubans have been attempting to make the cooperative a reality within their highly regulated system. As a matter of theory, the form of the cooperative could be a very useful means of modernizing the Cuban economic model, and of doing it within the broad framework of Marxist Leninist state organization. Indeed, it is well understood that the Cuban form of the cooperative has strong Leninist roots.\footnote{See, e.g., Ken Cole, \textit{ALBA: A Process of Concientización}, 2 \textit{The International Journal of Cuban Studies} 31-41 (December 2008), available \url{http://cubanstudies.plutojournals.org/Portals/8/Issues/sisssue_2_bw.pdf#page=31}.} Cooperatives offer a means of aggregating products and labor in ways that do not threaten the national control of the direction of national economic policy, nor does it impede
state planning with respect to macroeconomics. Limiting the financial cooperative (that is the corporation) to the state, while permitting other forms of aggregation, provides at least some method of communal activity at the simplest levels of economic activity that could stimulate small-scale retail activity and increase public welfare. For non-Marxist systems, the ability of individuals to aggregate labor power, the way that financial institutions aggregate capital, could prove an useful means of reshaping the usual marginalization of labor within globalization. But the model of the Cuban cooperative, situated within the confines of a system which remains suspicious of non-state economic activity, and which retains control of goods markets necessary for the sort of activities that are the lifeblood of cooperatives, is likely to substantially reduce the utility of these ventures to effectuate the goals of the Cuban State and Party. The Cubans appear to insist on doing Lenin one better—Lenin would have combined private interest with state supervision; the Cubans insist on private enterprise through state control with little privilege.

Conceptually, the cooperative idea fits nicely within Cuba’s efforts to develop a complex and well-integrated program of economic organization that means to tie local activity to national socio-economic goals to international economic activity coordinated through states as the nexus point of the system. The cooperative could serve as an important ingredient in the construction of economic structures that are meant to provide an alternative to the private markets principles of economic globalization, one in which small retail sector private spaces operate to deliver goods and services the framing for which is determined as a matter of national policy and effectuated by state enterprises operating as the holders of productive capital for the people, an organization that is then replicated in the international arena where state to state economic transactions grounded in principles of popular welfare are organized through state sector enterprises with goods and services delivery at the retail level through individuals and private cooperatives. But the elegance of the system bumps up against the realities of Cuban politics—and especially the reluctance of the CCP’s left wing to move far form an economic model in place since the 1960s. What that tendency produces is some of the outward forms of a new system but one that is hobbled by the insistence of perhaps too great a space for central planning and

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223 Vladimir Lenin, *On Co-Operation*, in *What Is Soviet Power?* 91, 91-92 (Moscow: Progress Publishers, 1973) (“for we have now found that degree of combination of private interest, of private commercial interest, with state supervision and control, that degree of subordination to the common interests which was formerly a stumbling block for very many socialist.”).
control by the state sector and too small a space for the operation of private enterprise. The differences between the Lineamientos as proposed and as adopted relating to the provisions on cooperatives illustrate this well.

The article first described the universe of organizational forms available for the conduct of economic activities within Cuba. It then considered the cooperative as an alternative to the corporate form, suggesting both its benefits and its limitations, even within the confines of Cuban political ideology. The paper concluded with an analysis of the Cuban approach to private capital aggregation in light of Cuba’s regional trade structures and the realities of globalization. It suggested that the institutional limitations of the current Cuban approach will substantially inhibit the growth of private economic activity and is unnecessary even within the ideological confines of the Lineamientos. As long as Cubans continue to politicize the property component of corporate ownership, and bifurcate economic aggregation between a political corporation and a private cooperative, it may not be able to meet its objectives under the Lineamientos. If the state is the only capitalist and labor is dependent on the state for the ownership of incidents to labor power it may bring to a cooperative, then the asymmetries of a capital privileging regimes remains. State capitalism with a subordinate state for producer labor cooperatives may prove too unbalanced to permit the cooperative, to fulfill its promise.

The problem of the cooperative and corporation in Cuba highlights a fundamental conundrum of Cuban economic development: the determination of the extent to which the current economic situation, and the change of leadership, had made possible a reconsideration of what was permissible within the context of revolutionary thought and what fell outside. It is the scope of that context that tends to be the most dynamic element in the equation. Until recently, what fell within the Revolution was very narrowly circumscribed. Necessity, and perhaps time, has permitted something like a small broadening of what might fall within the Revolution and thus be a permissible approach to reform. Moreover, the Cuban state, especially in the context of the Lineamientos, must still confront the basic issue that has been troublesome since the first days after the 1959 Revolution: if something falls outside the Revolution, does it necessarily or invariably constitute an anti-revolutionary act, or might there be a space outside the revolution that is not against the revolution? 224 Cuban economists looking at the cooperative have

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224 This is a reference to the famous statement on the scope of academic expression in Cuba:
suggested yet another interpretation—that the issue is not whether there is a space outside the revolution that is not against the revolution; instead the question is what constitutes revolutionary space. The proceedings of the 6th Party Congress Havana provided an indication of the extent of Revolutionary space, as well as the reluctance of significant segments of the CCP to open that space very wide. But even the possibility of discourse about cooperatives within an altogether to small an operational space is a step in the right direction. In times of great change the discussion of the extent of revolutionary space ought not to be treated, itself, as counter revolutionary.

Within the revolution, everything; against the revolution, nothing. Against the revolution, nothing, because the revolution also has its rights, and the first right of the revolution is the right to exist, and no one can oppose the revolution’s right to exist.