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A Socially-responsible Economy for Cuba

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For the past two years, a consortium of organizations have been working with Cuban government agencies and Cuban academic and nonprofit institutions to promote the country's transition to a social economy fuelled by social enterprise and co-operatives, and 2012 was a big year in terms of change.

We first learned about the ambitious vision to transition Cuba to the world's first social solidarity economy earlier this year when we met Eric Leenson, founder of [Sol Economics](#), at Social Venture Network's spring conference. (You can read the original story [here](#))

I recently caught up with Eric, who is travelling in South America, to learn more about progress made in Cuba in 2012.

Not everything highlighted here is a perfect model, by any means. What these changes represent are economic opportunities for Cubans and much-needed new forms of revenue for the country's government, which has faced major deficits since the fall of the Soviet Union.

Here are some of the new developments coming from a country grappling with the challenge we should all be facing: creating a sustainable, social economy:

Property Sales Possible:

In late 2011 Cuba announced it would allow the buying and selling of property with few restrictions. The government has followed through on this promise, allowing for the first time since the early days of the revolution buyers and sellers to set home

prices and move when they want.

While prices are reported to be inflated and sales slow, Cubans have been able to access capital by selling their homes, and using the money to fund retirement, smaller apartments or new ventures.

A Growing Class of Entrepreneurs

New self-employment laws are allowing thousands of citizens to make money for themselves by opening up their own ventures. Eric estimates that currently 390,000 people are self-employed, which is about three times as many people since the reforms were introduced several years ago.

New Progressive Co-op Laws

In December 2012, the Cuban government announced new laws that enable people to form their own co-operatives. The laws are heralded as progress while encouraging the co-op model over individual entrepreneurship. A minimum of three people can come together to form a co-op, where every member gets a vote.

These co-ops will receive lower tax rates than individual entrepreneurs and the opportunity to bid on leases of idle government properties.

In addition to the co-op laws, Cuba announced it would turn 220 of its state-run enterprises into worker-owned co-operatives. If this initiative proves successful, Eric anticipates the government transitioning thousands of state-owned enterprises into worker co-operatives.

Cubans Allowed to Leave the Island

Another unprecedented change that happened in 2012 was the announcement to allow Cuban nationals with a passport to leave the country without obtaining an exit permit. Prior to this change, expected to come into effect Jan. 14, 2013, Cubans currently have to go through a lengthy and expensive process to obtain a permit and dissidents are often denied one.

According to Eric, in addition this being one of the most popular reforms, the government is answering a crucial plea from its citizens.

“It’s something that people have been asking for for a long time, and it certainly facilitates the migration of people who want to go. It also means that they can leave and come back to Cuba, whereas before they were (not always able to),” says Eric.

Eric cautions that the government is still able to prevent people from leaving the island for different reasons but adds the change is a very big liberalization from the previous system and will likely allow for a significantly improved mobility for the great majority of people.

Challenges and What’s Next

While the above headings highlight progress made, 2012 also saw challenges. The farming co-ops, which represent arguably the strongest private sector in Cuba, do not have the access to capital or other infrastructure that would enable them to thrive.

Eric estimates that Cuba is still importing nearly 70 per cent of its food, and Hurricane Sandy left massive destruction in her wake further crippling Cuba’s agricultural co-operatives.

For progress to continue Eric says it’s imperative that the Cuban government begin to address its credit system.

The consortium supporting Cuba’s transition is also exploring crowd-funding platforms that would allow citizens from other countries to support start-up Cuban co-operatives through small donations.

In the coming years there is much potential for Cuba to learn from other countries through in-person visits and regular communication. For example, this February Canadian agrologist and writer [Wendy Holm](#) is organizing a delegation of Canadian farmers to visit Cuba and share their experiences.

Brazil, which Eric says is a leader in establishing a social solidarity economy, also has many easily transferable strategies that could be adopted by Cuba. For example, in Brazil the government has mandated that 30 per cent of all food consumed in public schools come from family farmers, which are often co-operative enterprises.

With new legislation and plans for 2013 there is anticipation and hope that Cuba is on-track to continue progress towards building a social economic system, which would avoid the perils most former communist countries faced when transitioning from communism to capitalism. Yet, as Eric and anyone living in Cuba knows, change is slow.

In order for the transition to be successful the government will need to accelerate its support for building proper infrastructure and systems that will enable co-ops and social enterprise to grow.

It's for these reasons Eric says the social experiment that is Cuba is a story still unfolding.