

# THE PROLETARIAN CORPORATION: ORGANIZING CUBAN ECONOMIC ENTERPRISES IN THE WAKE OF THE LINEAMIENTOS—PROPERTY RIGHTS BETWEEN CORPORATIONS, COOPERATIVES AND GLOBALIZATION

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In the West, notions of property are at the center of economic and political organization. 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. 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 the corporation is also understood as an autonomous entity, as 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).

A very different picture emerges in Marxist-Leninist states. Traditionally all capital 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 the idea of separation between property ownership and use: productive property as inherently political, as an instrument for the satisfaction of the needs of the people. In contrast, individual owner-

ship in the absence of state control or direction could be understood as a challenge to the unity of the people and a political threat. 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 manage productive assets (and the people through which productivity is extracted). Central planning has been abandoned in favor of still strong central direction and 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.

Cuba is an entirely different story. Still deeply committed to the 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

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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 strong loyalty to the Soviet model that all but disappeared after the dissolution of the Soviet Union nearly half a generation ago. Cuba remains very much in the Soviet orbit long after its center disappeared.

Yet modern realities have produced a strong pull against this form of economic organization. Globalization has substantially changed the rules through which global production is organized. 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. Cuba has both recognized and 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) (Backer 2010). 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. (Shreve 2012, 378–81). This project produced a potentially far ranging set of economic reforms (Forero-Niño 2011), a new Party line approved at the 2011 6<sup>th</sup> 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") (2011).

The Lineamientos strictly limited the availability of the corporate form to state owned enterprises, or enterprises involving the state and foreigners.<sup>2</sup> 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 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 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. For that purpose the Cuban state will offer the cooperative in a form that is yet to be determined.

Focusing on the work of academics organized by Camila Piñero Harnecker of the University of Havana's Centro de Estudios de la Economía Cubana (Piñero Harnecker ed. 2011), 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. (ICA Statement on Cooperative Identity). Since the 1990s, new models have emerged which "appear to be not only a reaction to the exogenous environmental influences of globalization, industrial-

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2. "En las formas de gestión no estatales no se permitirá la concentración de la propiedad en personas jurídicas o naturales." (Lineamientos 2011, No. 3, at pg. 11).

ization, consolidation, technological advances, institutional uniqueness of the country to legal environment, and overcapacity in the food sector but also to the intra-firm coordination challenges of redirecting strategy.” (Cook & Plunkett 2006, p. 423). Indeed, cooperatives “represent a substantial share of the economy in most developed market economies.... [and such share] is larger in advanced market economies than it is in less developed economies” (Hansmann 1999, 387). But these models tend to be property-based. (Chaddad and Cook 2004). In Cuba, cooperatives have served principally as a device for managing agricultural production. Piñeiro Harnecker and her colleagues may be attempting something new and potentially more radical—the development of a theory of proletarian corporations.

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-based system of economic globalization. But that balancing produces the potential for important contradictions, 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 provide 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 way these reforms reveal 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 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.

### **ECONOMIC ORGANIZATIONS IN CUBA— LIMITING POWER OF INDIVIDUALS TO AGGREGATE CAPITAL OR LABOR WITHOUT DIRECT STATE CONTROL**

#### **Resetting the Regulatory Context—The 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 side 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 (Backer 2007). One side was supported by Fi-

del Castro; the other side was supported by Raúl Castro.

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.’” (Carroll 2010). (“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. Id.).

The interview, of course, was meant to confuse 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 U.S. journalist and policy analyst, undercuts half a century of thundering revolutionary certitude about Cuban socialism.” (Carroll 2010). 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.<sup>3</sup>

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.” (Carroll 2010). The remark should not, however, be interpreted as a condemna-

tion of socialism, added Wilkinson. “That is clearly not what he means, but it is an acknowledgment that the way in which the Cuban system is organized 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.” Id. 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 it is Raúl, and not Fidel, who is now asserting the leadership role with respect to economic issues. (Martínez Hernández 2010). 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.<sup>4</sup> Raúl also indicated a substantial revision of the legal impediments to private economic activity, at least at the lowest levels of such activity.<sup>5</sup> “Cuban President Raúl 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.” (Raúl Castro No Reform But Cuba Economy Control to Ease 2010).

This is no revolution, even judged by Chinese or Vietnamese standards. The focus is not on the aggregation of capital, or even of labor, for the production of goods or services. Rather, the focus of the changes is on the sole proprietor. Large-scale economic activity remains the sole province of the state. The state

3. 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 Institute for Cuban and Cuban-American 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).

4. “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.

5. “En la reunión parlamentaria se conoció, además, que se eliminarían 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.

has been careful to limit the sorts of occupations or economic activities to which liberalization applies. About 178 occupations are listed.<sup>6</sup> The state emphasizes the extent to which this listing liberalizes a number of activities traditionally beyond the reach of the individual. Admi 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.” (Ibid.). 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. They were circulated widely in draft form and there was an effort, significant in the historical context of post-Revolutionary Cuba, to promote democratic circulation and consultation in and outside of Cuba. The Lineamientos were considered, modified and approved at the VI Congress of the Communist Party of Cuba. Its 313 sections suggest action affecting nearly every aspect of Cuban economic life. A companion booklet (Tabloide) summarizes the changes between the draft Lineamientos and the approved version 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 developed 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 pri-

ivate 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 Marxist-Leninist states, the ideas behind these efforts originated in the Party and were then implemented through the state apparatus.

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 appear to nod in the direction of the realities of the economic situation that has brought the Party to the reevaluation of its values. Thus, the Lineamientos sought to guarantee changes to the system by which services are provided, but to limit promised changes to those possible under existing economic circumstances. The Lineamientos were not solely produced for internal consumption. They were focused on internal development but with a necessary eye to the place of Cuba within a globalized economic order. In particular, their provisions were sensitive to the conceptualization of globalization within the ideological parameters of ALBA.

This poses a challenge: to permit private activity autonomous of the state without challenging the paramount power of the state over the direction of economic development. The challenge is complicated by an implicit rejection of the Chinese model, which is grounded on state direction of economic goals at the national/international level. Since the adoption of the Lineamientos in 2011, Cuba has embarked on its own version of economic experimentation within its own sense of its Marxist-Leninist organizational principles. 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.

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6. “Admi Valhuerdi Cepero, viceministra primera del Ministerio de Trabajo y Seguridad Social, explicó que podrá realizarse el trabajo por cuenta propia en 178 actividades, de las cuales 83 podrán contratar fuerza de trabajo sin necesidad de que sean convivientes o familiares del titular.” (Martínez Hernández 2010).

Less well treated are the structural divisions at the heart of the Lineamientos and the institutional forms in which economic development is to be undertaken.

Some Cuban economists have considered these tensions. First, and perhaps conceptually most important, was a point raised by Omar Everleny Pérez Villanueva at a 2011 conference in New York (Pérez Villanueva 2011). He forcefully made the point that Cuban economists, political theorists and government officials should distinguish between markets and capitalism as there is no necessary identity of meaning between them. Markets, he noted, suggest 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, this move toward pragmatism 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 in which “the state should study a future role for itself regulating enterprises rather than directly administering them.” (Pérez Villanueva 2009).

A second point emphasized by Cuban economist Pavel Vidal Alejandro (2011) 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 were 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, reinforced by Camila Piñeiro Harnacker (2012) is also telling. Among the reforms con-

templated 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 Harnacker, however, suggested that this new form of employment relationship might be tightly controlled by the state. She suggested that the State was considering, for 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 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. (Backer and Molina Roman 2010). 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 Cuban Communist Party (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 allocated the fields of economic activity which touch on the overall

direction of economic activity and include 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. The State may utilize these 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.

### **Economic Organization— The Omnipresent State Sector**

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. 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 that mimic the state (like corporations) 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. 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 (Lineamientos, ¶ 1). For that purpose socialist state enterprises may be formed. These constitute the principal form of national economic activity (Lineamientos, ¶ 2). 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 (Lineamientos, ¶ 2). Individuals are not permitted to aggregate property in juridical or natural persons (Lineamientos, ¶ 3). The Lineamientos do seek to separate administrative form economic activity, but from the original to the adopted version, the VI Party Congress inserted a provision to ensure that the process of separation be gradual and ordered (Lineamientos, ¶ 6). 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 (Lineamientos, ¶ 7). 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 (Tabloide P. 7). The latter was added during the course of debate.

Central planning remains the heart of the economic system (Lineamientos, ¶ 1); and state sector planning is meant to take into account the management of emerging market sectors as well (Ibid). The Cuban state will retain authority over all economic sectors 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 (Lineamientos, ¶ 5). 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 (Lineamientos, ¶ 10). It also contemplates the organization of wholesale markets to service both state sector corporations and participants in private sector activities (Lineamientos, ¶ 9), including cooperatives (Tabloide P. 9). The focus on reorganizing at least part of the state sector through state enterprises continues and refines a process that appears slow in moving forward, returning at least to the efforts at enterprise optimization of 1998 (Travieso-Diaz 2002), now more clearly tied toward the preservation of state control of economic activity.

### Private Enterprise

Individual economic activity, grounded on sole proprietorship connected to local small-scale production or service delivery, has been the focus of privatization. The idea, effectively, is that it might be more efficient to permit some individual autonomy at the

lowest levels of economic activity because the cost of state supervision at this level far exceeds its value.

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. About 178 occupations are listed. 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 small local sole entrepreneur, then, is the model at the heart of the reformation of the political economy of Cuba. 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. 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.<sup>7</sup> 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.<sup>8</sup>

Internal Cuban state documents that surfaced in the Miami press also suggested that a limited amount of aggregation will be permitted—cooperatives of individuals but not corporations. (Haven and Rodriguez 2010). The documents 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

7. “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.” (Martínez Hernández 2010).

8. “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.” (Martínez Hernández 2010).



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.” (Haven and Rodriguez 2010).

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 used 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 reduce its stigma. And the revenue generated is not merely available to the producers, but also to the state in the form of taxes.<sup>9</sup> 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.

Quando 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 (Martínez Hernández 2010).

But that leaves a number of specific questions about the form of liberalization that the Communist Party newspaper, *Granma*, seeks to answer.<sup>10</sup> 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.<sup>11</sup> Control of markets is indirect—it is focused not on the markets for activities permitted, but rather 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.<sup>12</sup> 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.<sup>13</sup>

These changes are not treated so much as a deviation from prior practice as a return to the practices of the

9. “El primero de agosto se hacía pública también la aprobación de un régimen tributario para el trabajo por cuenta propia que responda 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.” (Martínez Hernández 2010).

10. “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 alistan las regulaciones del trabajo por cuenta propia, que deberán comenzar a aplicarse a partir de octubre.” (Martínez Hernández 2010).

11. “Alhuerdi explicó igualmente que el otorgamiento de nuevas autorizaciones para el ejercicio del trabajo por cuenta propia se mantiene limitado por ahora en nueve actividades, porque no existe un mercado lícito para adquirir la materia prima, aunque se estudian alternativas que lo viabilicen.” (Ibid.).

12. “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.’” (Ibid.).

13. “Valhuerdi comentó que, cuando entre en vigor la resolución, podrán utilizarse hasta 20 plazas en los ‘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.” Ibid.

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.<sup>14</sup> 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.<sup>15</sup>

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 case with respect to markets in real estate.<sup>16</sup> 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.<sup>17</sup>

A careful review suggests that the great change 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.<sup>18</sup> For all that, it is not clear that those who continue to defend

14. “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.” (Ibid.).

15. “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 lían 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.” (Ibid.)

16. “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.” (Ibid.).

17. “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.” (Ibid.).

18. “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, mantener y continuar perfeccionando el socialismo, no destruirlo. Por esos caminos sigue desandando nuestra Cuba.” (Ibid.).

the traditional control economy model have given up. (Haven and Rodriguez 2010).

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. (Betancourt 1999, at 280–81).

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.

### **THE COOPERATIVE IN CUBA—AN INCREASINGLY FLEXIBLE POST-REVOLUTIONARY DEVICE**

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 edited by Piñeiro Harnecker (2011). For cooperatives to work as an alternative acceptable under the current regime's assumptions about the cor-

porate 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 cultural (Gil de San Vicente 2011) as well as the economic dimension of the project of theorizing a proletarian corporation.

### **History of Cooperatives in Cuba Post 1959**

The development of cooperatives in Cuban agriculture is based in the enactment of the first and second law of the agrarian reform in May 1959 and 1963. (Nova González 2011). 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.

The first cooperatives created in the revolutionary period, known as peasant associations, created in the first years of the triumph of the revolution. These were the embryos of the latter cooperatives. Created in 1960, the cooperatives of credits and services (CCS) were integrated in a voluntary fashion by peasants who were benefited by the agrarian law reforms. (Ibid.). The sugar cane cooperatives were also created, after the ending of the 1960 harvest, in great part of the nationalized lands taken in 1959. The first sugar cane cooperatives were created by peasants who did not own lands. After 1975, the Agricultural Production Cooperatives (CPA) were constituted. They were formed by peasants who owned land and means of production and gave them on a voluntary basis to the CAP. Unlike the CCS, CAP members convey their means to the cooperatives, are paid and become owners and collective workers. (Ibid.).

The Cuban agricultural model was characterized by large-scale highly-centralized state farms. It was based on industrial agriculture, with a high rate of consumption of imported inputs and high investment and equipment ratio per area. With the collapse of the socialist nations, Cuban agriculture was thrown in to an economic crisis. After the crisis, the basic units of cooperative production (UBPCs) were creat-

ed in 1993; it was established that UBPCs would be the owners of their production and that they would sell their production to the state through the agricultural procurement system. The Cuban agriculture sector is composed of five types of productive entities: UBPC, CAP, CCS, private and state. The first three are considered cooperatives. The forms that have the highest efficiency are the CCS and the private peasants. (Ibid.). The UBPC has been offered as something of a model for a generalized form of cooperative structure outside of the agricultural sector. (Rodríguez Membrado and López Labrada 2011).

### **Cooperatives in the Lineamientos and Beyond— Party Line and Legal Changes**

First level (*primer grado*) cooperatives are economic organizations with legal personality that aggregate goods and labor.<sup>19</sup> Interests in cooperatives have the character of social property that may not be negotiated (in contrast to shares).<sup>20</sup> First level cooperatives may enter into contracts with other entities and natural persons; they may also determine the distribution of funds to participants.<sup>21</sup> Second Level (*segundo grado*) cooperatives are made up of first level cooperatives.<sup>22</sup> They can be formed as separate juridical persons; their objective is to facilitate the business of the associated cooperatives.<sup>23</sup>

But a closer reading suggests both 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 within 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 (Tabloide P. 25). 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. As modified, the emphasis was changed 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 (Lineamientos, P. 25; 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. More importantly, as modified, the provision also underscored the power of the state to manage the scope of the economic sectors within which it can operate. It also limited the forms of contributions specifically to goods or labor to the enterprise and only for the production or offer of socially useful services, for which privilege these collectives would assume their own expenses. The explanation for the change was quite clear—uneasiness with the idea of

19. “Se crearán las cooperativas de primer grado como una forma socialista de propiedad colectiva, en diferentes sectores, las que constituyen una organización económica con personalidad 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.” (Lineamientos ¶ 25).

20. “La norma jurídica sobre cooperativas deberá garantizar que éstas, como propiedad social, no sean vendidas, ni transmitida su posesión a otras cooperativas, a formas de gestión no estatal o a personas naturales.” (Lineamientos ¶ 26).

21. “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.” (Lineamientos ¶ 27).

22. “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” (Lineamientos ¶ 29).

23. “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).

private aggregation or collectivization outside the direct control of the state (Tabloide P. 25 commentary). One can understand this as a means of privatizing central planning and exporting operation costs.

Likewise, the limitations on the power of cooperatives to negotiate cooperative assets to other private enterprises (Tabloide P. 26) was strengthened to emphasize that cooperative property was public property (*propiedad social*) devolved to the use of the cooperative participants. 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 (Tabloide P. 27). As revised, the provision imposes a requirement that cooperatives first satisfy whatever economic needs the State imposes before they can engage in private economic activities in the non-state sector (Ibid.), and reinforces the limits of private activity as authorized for individual proprietorships. (Tabloide P. 27). This last imposition represents a significant effort to bring the cooperative back into the state sector—cooperatives will have to service the state before they can engage in private activities and therefore state ministries can effectively devolve state sector obligations to the cooperatives. Rather than create an autonomous private sector that responds to local needs, the cooperative 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, from 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 fiscal responsibility (Lineamientos P. 25) is reinforced by provisions on the tax obligations of cooperatives. (Lineamientos P. 28). 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. (Tabloide P. 28). As adopted, the primary obligation of the cooperative is to pay its taxes and other contributions to the state, determine worker income and then make additional distributions. The change is subtle but telling. 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. (Tabloide P. 29). As adopted, the 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.

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 sector within Cuba (e.g., Pérez-López 1995). 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 to do so through appropriate public organs accountable to the state. The informality of Cuba's current legal system reflects in part earlier generation Marxist-Leninist notions of the convergence between law and politics, where 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 enterprises 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, and Paragraph 22 suggests that these arrangements should be formalized through contracts. Lineamientos Paragraph 16

includes a provision for the liquidation of state enterprises that fail to meet their contractual obligations. This may point to the absence of certain and consistently-applied practices at the state level. 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 has indicated that it will move from theory and intent to practice. It was announced that Marino Murillo, Vice President of the Council of Ministers, had confirmed the preparation of new rules for the operation of cooperatives outside the agricultural sector (Cuba priorizará sector cooperativo, 2012), to include services, transport and restaurants. (Cooperativas en Cuba podrían extenderse a transporte, gastronomía y servicios 2012). The principal priority was to be given to the reorganization of the most important parts 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 state enterprises to make them more efficient, and a need to stimulate economic productivity in the non-state sector. (Ibid.). To date there has been little movement to actually draft the legislation necessary to effectuate a cooperative sector beyond the traditional agricultural cooperatives. (Cooperativas en Cuba podrían extenderse a transporte, gastronomía y servicios 2012). And the model of agricultural cooperatives has been recently criticized as fatally flawed. (Valera 2012).

### **THE COOPERATIVE AS A PROLETARIAN CORPORATION**

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.

Led by Camila Piñero 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 this effort is the current flabbiness in the application of the appellation "cooperative." It is currently the name applied to a variety of enterprises with little in common other than they are neither sole proprietorships, strictly speaking, nor corporations (impossible within the private sector). (Reyes & Piñero Harnecker 2011). And, indeed, with little by way of unifying theory, cooperatives have become something of a chameleon useful to anarchists (Dolgoff (ed.) 1990), Marxists (Miranda Lorenzo 2011), capitalists (Hansmann 1999; Chaddad & Cook 2004), and non-governmental organizations (ICA). Piñero Harnecker also notes the predominance of cooperatives in the agricultural sector, something that, like Hansmann (1999, p. 396), she believes is not necessarily inevitable.

More importantly, perhaps, is the close connection between the cooperative and corporate form. Henry Hansmann has nicely suggested 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. (Hansmann 1999, p. 388). “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.” (Ibid.). 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 organizational 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.” (Hansmann 1999, p. 388).

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 a 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. (Gambina & Roffinelli 2011). Thus, Piñeiro Harnecker and her colleagues suggest there is a way of emphasizing the solidarity aspects of cooperative organization and from its starting point, better merge its form and operation with the basic tenets of Marxist-Leninist state organization as practiced in Cuba. (Reyes & Piñeiro Harnecker 2011). In contrast to the work of Western economists, then, this is as much a political as it an economic enterprise, but one in which capital does not serve as the organizing foundation of economic enterprises and labor does. (Gambina & Roffinelli 2011; Miranda Lozano 2011).

Piñeiro Harnecker (2011, Preface), for example, starts with the seven principles of cooperative practice of the International Co-Operative Association (ICA): voluntary and open membership; democratic member control; member economic participation autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community. (ICA 2010). 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. (Cruz Reyes & Piñeiro Harnecker 2011). 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’s, rather than capital’s, 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 against the corporation—a special type of producer cooperative tied to the values hierarchies of capitalism—the labor cooperative (what I call the proletarian corporation)—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, it 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. (Gambina & Roffinelli 2011). 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 the ability to measure success in terms beyond wealth production in the form of dividends. Hansmann linked the need for strong member control in cooper-

atives to the “benefits that the members of a cooperative receive . . . in the form of higher quality goods or services.” (Hansmann 1999, p. 398). This is the suggestion made by Piñero 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” (Hansmann 1999, p. 389), then neither organizational form nor assessment of welfare maximization need follow corporate models, and an 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 state corporations and state control of capital and 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 enterprises that control capital. It follows that the move from price and market to socially privileged production leads 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. (Fernández Peiso 2011).

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 very closely connected with the sub-part of the population they are meant to serve. The effect is privatization coupled with retention of the structures of state control. This parallel control economy planning mentality at the cooperative level gives rise to problems of sustainabil-

ity similar to those that required the Cuban state to privatize in the first place. To resolve that problem, Piñero Harnecker suggests that state institutions should not demand that cooperatives provide services at prices that do not generate sufficient revenues to sustain the cooperative as a going concern. To increase the likelihood of success, state intervention is required. Piñero Harnecker suggests the importance of the role of the state in controlling prices to permit greater profitability (Piñero Harnecker 2011, Preface). The solution to privatized central planning, then, might be more planning at the state level. And, indeed, the consequence is that the cooperative becomes dependent on state pricing policy; since enterprise inputs are not market driven as to availability and price, market distortions in inputs markets will be reflected in the viability of cooperatives. This 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.

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. (Altuna Gabilondo et al. 2011). These include what Piñero Harnecker 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. (Cruz Reyes & Piñero Harnecker 2011) Co-operatives must differentiate from capitalist corporations, in a substantive manner. Table 1 shows fundamental differences between capitalist corporations and co-operatives. And, because of the 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.



**Table 1. Capitalist Corporations v. Co-Operatives**

	<b>Capitalist Corporations</b>	<b>Co-Operatives</b>
<b>Control of the decision making process</b>	Rests in the stock holders, who are not necessarily the workers	The collective of the associates, being all the workers
<b>Destiny of the enterprise</b>	Decided by the stock holders	Decided by the associates
<b>Income of the workers</b>	Decided by the stock holders	Decided by the associates, the workers
<b>Democratic rights of the workers</b>	They might have a say through the union, but they don't have a vote	Each one has voice and vote
<b>Main objective</b>	Maximize the revenue of the stock holders	Satisfy the needs of the associates
<b>Primary motivation of the proprietors</b>	Individual benefit	Collective benefits, material and spiritual

This cooperative form, as a sort of 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 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 of Mondragon, the Basque cooperative (Mondragon n.d.), 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. (Altuna Gabilondo et al. 2011).

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. (Novaes 2011). Drawing heavily from Istvan Meszaros, Novaes argues 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 produces that wealth in a superior form, one that fo-

cuses 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, even the state owned enterprise, as a way around the socialist conundrum of worker collectives in which labor has no voice in the operation of the enterprise. Others take this notion farther, suggesting cooperatives as a central element in the construction of a solidarity economy (Rivera Rodriguez et al. 2011), one whose principles become closely intertwined with the organizational paradigms of ALBA. Effectively, then, an emerging enterprise culture of cooperative management might have an effect on the operation of the state sector, even as the state sector appears to mold cooperative organization in its own image. (Piñeiro Harnecker 2011, Preface). 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. Yet the idea of increasing the autonomy of labor, organized in cooperatives beyond the direct control of the state is also viewed by traditionalists as a dangerous adventure that will destabilize the Cuban economic system. (Gil de San Vicente 2011). Thus rather than suggesting greater autonomy for non-state sector enterprises, like cooperatives, some call for closer control of these entities along the lines already in place for 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.

But Piñeiro Harnecker understands the challenges. (Piñeiro Harnecker 2011, Preface). 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.<sup>24</sup> These themes are raised in the essays assembled by Piñeiro Harnecker (2011). 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 the Cuban that view juridical or legal persons that constitute the aggregation of popular power as threatening to the state unless the state owns or controls these organizations. (Backer 2004).

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.<sup>25</sup> (Piñeiro Harnecker 2011). Yet, like the corporate form that remains the sole province of the state, the problem of autonomy remains a key issue. 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 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. . . . The authors of this book are motivated by the certainty that the answer is affirmative. We argue the case here, though we are unable to respond to all of the questions about how this can be achieved in practice. (Piñeiro Harnecker 2011, Marce Cameron translation).

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 its internal economic model on those principles. (Backer and Molina Román 2010).

The case of the “El Cabildo” nightclub 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 coop-

24. “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 consideran demasiado ‘utópica’ y por tanto ineficiente; otros, a partir de las formas que ha tomado en Cuba, sospechan que será insuficientemente autónoma o ‘demasiado parecida 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 inquietudes, aunque sin dudas se requiere de más espacio para tratarlas adecuadamente.” (Piñeiro Harnecker 2011, at 7–8).

25. “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 aledañas.” (Ibid.).

eratives. (Frank July 11, 2012). The success of this cooperative venture, and its closure, suggest that Cuba has a long road to travel to move from a rhetoric of cooperatives to on-the-ground reality. There is a sense that the operations were allowed to continue in the absence of publicity, but were shut down when news stories revealed not 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. 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 because of lack of deep cultures of non-state sector management, limited rule structures for determining conformity to the new economic model, and lack of a set of procedures for challenging government action.

But the cooperative structure envisioned in Cuba, with its focus on the possibilities of producer labor cooperatives 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 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 its dependence on the state—to take the step that capital took two

centuries ago when it effected 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, assume 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.

#### **THE COOPERATIVE IN GLOBAL CONTEXT—THEORY AND ENGAGEMENT IN CUBA AND THE ALBA ZONE**

Piñero 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 its internal economic model on those principles. (Backer and Molina Román 2010). 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 (e.g. Hoskyns and McKnight 2012).

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 remain 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 Fifth Extraordinary Summit 2009). ALBA is both a system of free trade and as a nexus point for legal and 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 remains a prerogative of the state 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 is what ALBA has designated as “grannacionales.”

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, grannacionales are a formal expression of efforts to create a single nation. The socio-economic premise understands commercial activity and its traditional forms as a functional means to reach the political ends of integration. Grannacionales are meant to serve as the great vehicle for state-directed development. The ideological premise envisions the grannacional as functional integration devices advancing political and economic aims of the state.

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. 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). PGs are the structuring element for reorganization of key sectors of state activity around which state-to-state activity is contemplated. EGs are entities created to carry out the economic and trade activity organized through PGs. 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 as separate juridical persons, interest in which is measured through share ownership by participating ALBA Member States. (ALBA Jan. 27, 2008). 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. 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.

That is in line with ALBA’s core notion of the conflation of politics and economics and 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 them; internationalizes the state-based central planning model within a regional trade zone; adopts conventional organizational forms from emerging private markets framework of economic globalization; and changes conventional welfare maximization model from a focus on the shareholder (or the firm) to something like national welfare maximization effected through firms.

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 strengthened through participation, cooperation and the joint execution of purchases when convenient.” (ALBA Fundamental Principles No. 14). The ALBA Fundamental Principles also commit ALBA states to “favor communities, communes, cooperatives, companies of social production, small and medium companies... in the joint promotion towards exports markets ... and of production that result in productive complementation.” (Ibid., No. 9). 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.<sup>26</sup> 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).<sup>27</sup>

Cuban cooperatives thus serve a political purpose beyond the internal organization of the Cuban domestic economy. They provide a basis for the division and organization of labor within Cuba in ways that are compatible with Cuba’s efforts to internationalize its vision of socialist command economy. Organizations that privilege capital are consigned to the state sector as the only location for capital ownership and exploitation. The private sector may aggregate labor,

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26. Describing 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. (Radio al Revés 2011). MUDEBAR was a product of the efforts of a PG, meant to organize the private clothing sector at the neighborhood level to meet national planning needs.

27. 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.” (Radio al Revés 2011).

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 macroeconomic policies and for operations at the national and regional levels. The private sector provides 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.

## 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 paper 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, has made possible a reconsideration of what is permissible within the context of revolutionary thought and what fell outside of it. 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 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?<sup>28</sup>

Cuban economists looking at the cooperative have suggested yet another interpretation—that the issue is not whether there is a space outside the revolution that is not against the revolution, but rather that the question should focus on what falls within and thus constitutes revolutionary space? The proceedings of the VI Party Congress in Havana provided an indication of the extent of revolutionary space and the possibility of discourse within that space: even in times of great stress there exists a great reluctance to open revolutionary space very wide, even when that opening up is suggested by Party loyalists within the framework of Party governance. Yet even a small opening may be a step in the right direction.

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28. This is a reference to the famous statement by Fidel Castro on the scope of academic expression in Cuba: "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." (Fidel Castro Ruz 2008 (1961), p. 117).

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