

TWO DECADES OF CUBAN SOCIALISM: The Economic Context*

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ECONOMIC GROWTH, BASIC NEEDS AND INCOME DISTRIBUTION IN REVOLUTIONARY CUBA. By CLAES BRUNDENIUS. (Lund, Sweden: Research Policy Institute, University of Lund, 1981. Pp. 232.)

CUBA: CAMBIO ECONÓMICO Y REFORMA EDUCATIVA (1955–1978). By MARTIN CARNOY AND JORGE WERTHEIN. (Mexico: Editorial Nueva Imágen, 1980. Pp. 158.)

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CUBA: ESTILO DE DESARROLLO Y POLÍTICAS SOCIALES. By Comisión Económica para América Latina (CEPAL). (Mexico: Siglo XXI Editores, 1980. Pp. 195.)

REVOLUTION AND ECONOMIC DEVELOPMENT IN CUBA. By ARTHUR MACEWAN. (New York: St. Martin's Press, 1981. Pp. 265.)

THE ECONOMY OF SOCIALIST CUBA: A TWO-DECADE APPRAISAL. By CARMELO MESA-LAGO. (Albuquerque: University of New Mexico Press, 1980. Pp. 235.)

LA ECONOMÍA CUBANA EN LOS PRIMEROS AÑOS DE LA REVOLUCIÓN Y OTROS ENSAYOS. By JUAN F. NOYOLA. (Mexico: Siglo XXI Editores, 1978. Pp. 178.)

CUBA: ECONOMÍA Y PODER (1959–1980). By ALBERTO RECARTE (Madrid: Alianza Editorial, 1980. Pp. 235.)

CUBA FACES THE ECONOMIC REALITIES OF THE 1980S. By LAWRENCE H. THERIOT. Study prepared for the Joint Economic Committee of the U.S. Congress (Washington: U.S. Government Printing Office, 1982. Pp. 49.)

“What does Cuba expect in the year 1980? A per capita income of approximately \$3000, higher than the United States. . . . Leave us alone, let us develop and in twenty years we can again come together to see if the siren song came from revolutionary Cuba or from someone else. We announce, responsibly, this annual

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rate of growth. . . . The objectives of Cuba's first economic development plan for the next four-year period [1962–1965] are: an annual growth rate of 12 percent per year and of 9.5 percent in per capita terms . . . transformation of Cuba into the most highly industrialized country in Latin America relative to its population . . . self-sufficiency in food production . . . economic diversification . . . sugar and its by-products will account for approximately 60 percent of the value of our exports rather than the 80 percent they currently account for . . . elimination of 40 percent of the housing deficit. . . .”

Ernesto Guevara, Punta del Este, Uruguay, 8 August 1961¹

“We must continue to work to increase even more the efficiency of our economy; simply, we must do more with fewer resources. . . . Sugar constitutes the principal product in our trade with the Socialist countries . . . 80 percent of our trade is with Socialist countries and 20 percent with Western countries. . . . However, this 20 percent is very important. We use hard currency to import medicines, food, raw materials, spares for construction equipment, and so forth. . . . Manufacture of paint has dropped to minimal levels because it depends on raw materials from the capitalist market. The manufacture of tires and paper has also decreased. . . . The shortage of spare parts continues to affect agriculture, transportation, construction and many other activities. . . . The plan for industrial investment . . . being developed mostly with the cooperation of the USSR and other socialist countries . . . has been affected due to limitations in the availability of some complementary resources that come from Capitalist countries. . . . [As a result,] in some cases it could be necessary to reduce work hours or even days. . . . It could be that in the near future our economy will grow very little or not at all.”

Fidel Castro, Bayamo, Cuba, 26 July 1982²

Roughly twenty years separate Ernesto Guevara's bold challenge regarding Cuba's impending rapid economic development in 1961 before the OAS Inter-American Economic and Social Council and Fidel Castro's somber appraisal of economic performance in 1982 and prospects for the future. Much has happened in Cuba in the interim. During the score of years that have transpired between these two statements, the Cuban economy has undergone acute transformations and has been subjected to experimentation with different development strategies and systems of domestic organization and incentives.

Short-term assessments of the Cuban economy during this period have varied widely, from characterizations of Cuba as an “economic basket case” that is kept afloat purely by Soviet subsidies to those prescribing the application of the Cuban development model to other developing countries. That appraisals of the Cuban economy differ so widely is not really surprising because few subjects generate more controversy among scholars and the public or evoke deeper passions than contemporary Cuba. Whether the issue at hand be foreign policy, human rights, personal freedoms, or economic development, diametrically opposed views can be anticipated. It is not an overstatement to say that true scholarship on Cuba is the exception rather than the rule.

To some extent, differences in appraisals of the Cuban economy

can be attributed to the economic or social variables that the analysts choose to examine. One of the most serious challenges facing those attempting to evaluate the economic performance of revolutionary Cuba during the last two decades is the proper set of weights (either implicit or explicit) to attach to purely economic and social indicators. In essence, this is the familiar problem of measuring economic growth versus economic development. In situations where economic and social development occur at roughly the same rate, the weighting scheme is immaterial; but when growth in the two spheres is not balanced, as appears to have been the case in Cuba, the relative weight given to either economic or social achievements can bias the results and largely determine whether the Cuban experience is assessed as a success or a failure.

At least two other factors may have contributed to different appraisals of the Cuban economy made during the 1960s and early 1970s. First, because these assessments generally referred to relatively short time periods, they were unable to distinguish between trend and cyclical factors. This distinction is critical because of the importance of sugar in the economy and the severe impact that fluctuations in the world market price of sugar can have on economic performance. Thus, examination of isolated time periods (for instance, the second half of the 1960s, when sugar prices were depressed, or the first half of the 1970s, when they reached record highs) can lead to very different and contradictory results.

Second, for some time, Cuban statistical data were so scarce and so delayed that quantitative economic appraisals were practically impossible. Since the mid-1970s, however, the data timeliness and availability problems have been ameliorated. Cuba now regularly publishes a comprehensive statistical yearbook with about an eighteen-month lag,³ a respectably timely record by Latin American standards. The amount of economic data published also has increased modestly, but important gaps remain. Macroeconomic indicators are particularly weak in that they are missing completely for some key variables and subject to unknown and changing methodology for others. Since the early 1960s, when Cuba adopted the Material Product System (MPS) of national accounting that is followed by centrally planned economies, data on Western concepts such as gross national product have not been published. Global social product, the only macroeconomic activity series published with regularity, differs significantly from GNP, and its calculation methodologies have changed several times, giving rise to subseries that are not comparable over time. Variables for which systematic data are unavailable include inflation, income distribution, investment, foreign aid, foreign debt, nonmerchandise trade, balance of payments, military expenditures, and so on. Although some still believe that all official Cuban statistical data are falsified for political purposes and are there-

fore totally unreliable, it is now possible to quantify at least some aspects of the Cuban economy for the last two decades.

One therefore turns with eager anticipation to the volumes under review in search of a serious long-term analysis of the Cuban economy during the revolution. Among the nine volumes to be considered, one has primarily historical value (Noyola), another deals with economic issues only as they are related to educational reform (Carnoy and Werthein), and a third (the CIA publication) is essentially a statistical handbook; the remaining six (Brundenius, CEPAL, MacEwan, Mesa-Lago, Recarte, and Theriot) each purport to analyze long-term trends in the Cuban economy, using different methodologies and focusing on different mixes of economic and social indicators. This review will comment generally on the strengths and weaknesses of each of the volumes and will describe and contrast the ways that each of the six long-term studies advances our understanding of these three issues: What has been the record of the Cuban economy in the last two decades? What are the prospects for economic growth in the 1980s? And to what extent is the Cuban development model applicable to other developing countries?

Carmelo Mesa-Lago's *Economy of Socialist Cuba* is without doubt the most authoritative and comprehensive treatment of Cuba's economic development during the last two decades. In this volume, Mesa-Lago synthesizes, revises, and updates his numerous seminal contributions on Cuban statistics, labor incentives, foreign trade, distribution, planning, employment and unemployment, and similar topics in order to present a systematic view of Cuban development. Readers would be misled, however, to think that this volume is merely an update of Mesa-Lago's extensive writings. *The Economy of Socialist Cuba* is essentially a new book, more ambitious, deeper probing, and methodologically different from his earlier works. In my view, this volume is the definitive work on the Cuban economy during the first two decades of the revolution and clearly the most important book on the topic available today.

As he notes in the introduction, Mesa-Lago had the opportunity to travel to Cuba three times during the preparation of this volume. Thus, unlike some of his earlier works, the present volume benefited from discussions with Cuban scholars, technicians, government officials, relatives, friends, and the man in the street, from data not generally available in published form, and from a firsthand view of Cuban society. The information gathered during these three visits is effectively introduced throughout the volume. Although these firsthand experiences have added to the present volume, it is interesting to note that they have not altered significantly Mesa-Lago's earlier assessments of the Cuban economy that were carried out without the benefit of visits to Cuba.

Among the authors under review, only Mesa-Lago explicitly toils with the issue of how to weigh performance in economic and social variables in order to obtain a comprehensive evaluation of Cuban development. Rather than predetermine the results by assigning priorities, he analyzes Cuba's performance in the attainment of five major socioeconomic goals that most developing countries find desirable: sustained economic growth, diversification of production, relative external economic independence, full employment, and more equal distribution of income and social services. This methodology, which has much in common with that used by Abouchar in his economic evaluation of Soviet socialism,⁴ proves to be highly satisfactory in allowing Mesa-Lago to analyze in detail each of the five issues. As usual, his analyses are incisive and based on carefully assembled data. The author obviously revised and updated the manuscript several times because it frequently includes statistical data through 1979 and analyzes events that occurred during the first half of 1980.

Although all five issues are handled expertly by Mesa-Lago, his discussions on economic growth and on international economic relations stand out. In the context of analyzing patterns and factors influencing growth in the 1960s and 1970s, Mesa-Lago makes an important contribution in critically reviewing available macroeconomic data and pointing out their limitations; his insightful discussions on inflation and on the military burden on the economy, while of necessity based on fragmentary data, are by far the best scholarly treatment of these important issues. The chapter on international economic relations makes evident the continued openness of the Cuban economy and the failure of revolutionary Cuba to reduce its vulnerability to external economic shocks. His analysis of Cuba's foreign debt, which he estimated in 1975 to be the third largest in Latin America (after Brazil and Mexico) in absolute terms and the highest in per capita terms, is extremely useful in understanding the hard-currency debt repayment difficulties that Cuba has experienced in the second half of 1982.

In his *Economic Growth, Basic Needs and Income Distribution in Revolutionary Cuba*, Claes Brundenius makes a serious effort to analyze quantitatively economic performance in revolutionary Cuba. Recognizing that whatever Cuban official macroeconomic data are available are subject to questions of consistency and reliability, Brundenius develops indexes of material product for the principal goods-producing sectors and for the overall economy for 1946–61, 1961–68, and 1968–80. The Laspeyres-type quantity indexes that he develops ideally would reflect changes over time in total material product at constant prices and be free of the methodological problems that affect Cuban official data on the value of gross output. While this approach is sound conceptually, in practice it is not followed strictly in the construction of the aggregate

index for the period 1968–80, and therefore the results may be compromised. For certain intermediate industrial-product sectors, Brundenius uses official data on gross value of output as indicators of performance during 1968–80. These official data suffer from the problems of inconsistency that plague the gross value of output data and that led Brundenius to develop his alternative index. As a result, the latter is a hybrid, one portion of it derived by using a Laspeyres methodology and the other reflecting gross output trends. Unfortunately, the impact of the value data on the final indexes cannot be readily discerned.

Another contribution of Brundenius's work is his preliminary attempt to assess Cuba's performance in satisfying the basic needs of its population. This concern stems from the view shared by a large number of economists that production of goods and services is an inadequate measure of development because it does not address the question of how income and wealth are distributed. It is argued that a more meaningful measure of development is the extent to which the basic needs of the population are satisfied. After reviewing the literature on efforts to calculate human-needs-satisfaction indexes and noting many of the conceptual and practical problems involved, Brundenius cautiously proposes the calculation of a composite basic-needs-satisfaction (BNS) index for Cuba for the period 1958–80. The index, which covers five areas (food and beverages, clothing, housing, education, and health) is conceptually similar to the material output index.

The nature of the pioneering work done by Brundenius in his BNS index leaves him open to numerous challenges concerning alternative methods and data to construct the measures. While I am sympathetic to his efforts, I think it is appropriate to note some problems with his construction of BNS measures. Rather than discuss each of the subindexes, I will use his housing index to illustrate the limitations and conceptual problems involved in the computation of BNS indexes for Cuba. Brundenius's index of per capita expenditures on housing is derived from data on new housing units built during 1958–80, valued using construction costs per square meter in 1958 and the room-per-house distribution in the 1970 census. The housing stock series pivots around the census year 1970. Starting with the observed housing stock of 1,893,000 units in 1970, Brundenius applies annual new-housing construction data forward and backward to arrive at a housing stock series for 1958–80 and an estimate of the housing stock in 1980 of 2,054,200 units. In the construction of the series, Brundenius makes the heroic assumption that no housing units were demolished during the entire period. Using this same methodology, I have calculated the 1953 housing stock at 1,739,000 units.

Because population and housing censuses were also taken in 1953 and 1981⁵ (results of the 1981 census became available after Brundenius

completed his work), it is possible to compare the housing stock estimates with census data for 1953, 1970, and 1980. The differences are dramatic. According to Brundenius's method, the housing stock rose during 1953–70 by 154,600 units, or at an annual average rate of 9,100 units, while the census data yield an increase of 648,216 units (38,130 units per annum). For the period 1970–80, the differences are equally pronounced: 161,100 units according to Brundenius vis-à-vis 459,968 units (1970–81) according to census data. These differences suggest that the housing construction data are not meaningful indicators of changes in the housing stock and raise questions about interpretation of the BNS index for housing. Further, they raise an additional concern regarding the quality adjustment procedure used by Brundenius, which is based on the availability of electricity, flush toilets, and running water in housing. He has presumed that all new housing units built after 1958, because they were built according to high government standards, contained all three of these services, and he adjusted the housing stock to reflect their high quality. The overwhelmingly larger number of housing units not built by the state, which may not include all three facilities, make this procedure questionable.

Alberto Recarte served as commercial officer in the Spanish embassy in Havana during most of the 1970s. His book, *Cuba: economía y poder (1959–1980)*, is unique in that it is written from the perspective of a foreign observer with firsthand information on the Cuban economy and its external relations. Recarte's style is crisp and direct, and his book is loaded with useful information from official sources and helpful insights. It consists of five essays written around issues of critical importance for understanding the Cuban economy: shifts in economic policies, population standard of living, Cuban-Spanish commercial relations, Cuban-Soviet economic and commercial relations, and organizational changes in the agricultural sector. In addition to the five essays are an introductory chapter summarizing structural economic problems and performance prior to 1959 and during 1959–75 (the latter drawn from Castro's report to the First Congress of the Cuban Communist Party) as well as chapters discussing human and natural resources and political and administrative organization.

The major theme of Recarte's volume is that despite its deep transformation, the Cuban economy continues to suffer from the structural problems that hindered development prior to the revolution: the high contribution of sugar production to national income and of sugar exports to total export earnings and the concentration of trade vis-à-vis one partner. He makes a compelling case for examining major shifts in Cuban economic policies in terms of the behavior of the balance of payments. The burden of substantial trade deficits vis-à-vis the Soviet Union that accumulated during the 1960s forced Cuba after 1970 to

adopt policies that brought it closer to the Soviet Union; a similar situation occurred after 1974–75, when Cuba was forced to turn to the Soviet Union for assistance in meeting hard-currency debt obligations.

The most important contribution of Recarte's volume is his fascinating chapter on Cuban-Spanish commercial relations. The continuation and expansion of commercial relations between Franco's Spain and revolutionary Cuba, particularly after the Western and Latin American trade embargo that was declared in the early 1960s, have always seemed an oddity. For the first time, Recarte discusses these very complex relations and reveals their economic and political rationale. His chronology and analysis of each of the agreements concluded between 1959 and 1979 provide fascinating reading: the lengthy (and sometimes heated) negotiations made necessary by the "clearing" basis of the agreements, the rationale for shifting to multi-year agreements after 1971, the interplay of trade and politics that led the Cuban government to release a number of Spanish citizens being held as political prisoners in 1966, and the "errors" made by Spanish negotiators in 1963, 1965, and 1974 that led to fixed-price purchases of Cuban sugar at above-market prices.

In 1965 CEPAL published an upbeat assessment of the Cuban economy during 1959–63 that relied heavily upon statistical data provided by Cuba.⁶ As one of the earliest attempts by a reputable international organization to analyze the Cuban economy after the revolution, the CEPAL report (and its summary) received wide circulation.⁷ Two years later, however, CEPAL revised downward a large portion of the data,⁸ thereby raising serious questions about the validity of the earlier analysis.

Cuba: estilo de desarrollo y políticas sociales is a commercial edition of two subsequent CEPAL reports: the first is a study issued in 1978 (the first such study on Cuba by CEPAL since 1965) that describes and evaluates the economic and social policies of the Cuban revolutionary development model,⁹ and the second is a review of the Cuban economy in the 1970s that was published in 1980.¹⁰ Taken together, these two studies provide a useful review of Cuban economic development strategies and of recent economic performance based on a large quantity of official statistical data.

The importance of analyzing Cuba's development experiences is explained by CEPAL: ". . . while the majority of the countries in the [Latin American] region practice an approach to development which has led to relative gains in economic growth, this approach has not eliminated inequalities in the distribution of the fruits of growth either among different population strata or regions. In contrast, the predominant approach in Cuba has been to emphasize the amelioration or elimination of inequities as part of an integral approach to development which would guarantee, through distribution policies, the basis for self-sustained

growth" (p. 7). Instead of presenting a formal model of Cuban development, however, CEPAL reviews the development of social and economic policies in Cuba and their effect on specific areas such as education, culture, sports, public health, social security, and housing.

Although the analysis professes to be objective and succeeds to a large extent, there is little question that the Cuban model has considerable appeal for CEPAL. Thus, the introduction states that the Cuban experience is "pertinent to any country which pursues the path of 'integrated development'" consistent with the international development strategy approved by CEPAL member nations (pp. 8–9). In view of the impossibility of isolating the Cuban development model from the highly charged ideological arena, CEPAL refrains from making an overall evaluation of the model. But in effect, CEPAL admits that the success of the model is proved by the very fact that it has survived in Cuba: ". . . [i]n the end, Cuba has demonstrated in the last fifteen years the viability of an alternative development model even under particularly adverse conditions" (p. 8).

Theriot's *Cuba Faces the Economic Realities of the 1980s* is a brief but ambitious monograph submitted to the U.S. Congress in early 1982.¹¹ In it the author first summarizes Cuban economic performance during the 1960s and 1970s, then analyzes the magnitude and role of Soviet assistance, and finally discusses Cuban development prospects up to 1985 in the context of Cuban relations with the Council for Mutual Economic Assistance (COMECON). Regarding the form of the monograph, the use of subheadings without a clear outline leads to considerable confusion. More importantly, the monograph does not contain footnotes or references to the sources of data or assertions (except for a handful of references to addresses by Castro or to documents from Cuban Communist Party congresses). Because this document has semi-official status (Theriot is with the U.S. Department of Commerce), the reader is left to wonder whether the bases for parts of the analysis are official and publicly available Cuban data; Cuban data available to U.S. Government analysts but not in the public domain; or estimates by Theriot. For instance, in the context of a discussion on Cuban energy demand, Theriot presents data on Cuban energy use in 1979 by principal industrial sectors (pp. 26–27). This is the first time that I have seen these important data, which to the best of my knowledge are not regularly or officially published by Cuba, but because there is no indication as to their source, I am somewhat hesitant to accept them. While the format of the monograph (no footnotes, references, or bibliography) might have been dictated by the intended user (the U.S. Congress), it is nonetheless a source of frustration to the reader and reduces the monograph's overall usefulness to researchers.

The main contribution of Theriot's study is his analysis of Soviet

economic assistance to Cuba. He notes the different types of economic aid that the Soviet Union has given Cuba (higher-than-world-market prices for purchases of Cuban sugar and nickel, subsidized export prices for Soviet oil, purchases of Cuban sugar for hard currency, technical aid, grants for specific industrial projects) and then attempts to quantify it. Although these estimates are of necessity very tentative, they do provide some information about this very important issue on which Cuban statistics are totally silent. Theriot also presents an interesting discussion of the burden of Cuban aid for the Soviet Union and the vulnerability of the Cuban economy to potential changes in Soviet aid patterns.

The most disappointing book of the lot is Arthur MacEwan's *Revolution and Economic Development in Cuba*. In the introduction MacEwan writes, "I shall proceed to examine the Cuban economy with a dual purpose. I want to interpret the Cuban experience from the general perspective of viewing socialist development in terms of changing social organization and class relations. I also want to expand this general perspective on socialist development by the examination of the Cuban experience." The result is an unbalanced work, long on Marxist reinterpretations of Cuban economic history and the revolution, but short on serious analyses of Cuba's economic development. This narrow approach of considering Cuban development in the light of the model followed by other nations that have experienced "socialist revolutions" leads MacEwan to compare Cuba with China and the Soviet Union with reference to pre-revolutionary agrarian structure, postrevolutionary agrarian transformation and collectivization, the role of education in creating socialist consciousness, the allocation of resources between industry and agriculture, and so on, but his comparisons are sterile and trivial. The data used in the book and the analyses are badly out of date; although the volume appeared in 1981, the data and analyses stop with 1975 (with the exception of a brief discussion on sugar production in 1978). This failure to update the discussion and data, particularly in view of the ready availability of data, is frankly incomprehensible. From my perspective, the weaknesses in MacEwan's volume go beyond his comparisons with China and the Soviet Union or his use of five-year-old data. The crux of the matter is that MacEwan fails to advance the reader's understanding of Cuba's economic problems and policies before and after the revolution or its economic performance since 1959. Marxists conceivably might profit from this work, but those interested in learning about the Cuban economy, its performance, and its problems would do well to turn to some of the other volumes reviewed here.

The wider availability of Cuban economic data referred to above is reflected in the CIA publication entitled *The Cuban Economy: A Statistical Review*. For researchers who do not have access to the Cuban statistical yearbooks, this publication fills an important void. It contains a wealth

of useful economic statistics culled from several Cuban sources on the topics of agricultural and industrial output; transportation; distribution; value, direction, and product composition of foreign trade (in U.S. dollars, converted at the official peso-dollar exchange rates); and population and labor force. In most cases, data are reported for the period 1970–78 (except for foreign trade, where data run through 1976 or 1977), for 1957 (the peak prerevolutionary year), and for 1965. A section comparing Cuba with other Third World (primarily Latin American) nations with respect to a group of socioeconomic indicators is also included. In a notable improvement over earlier CIA publications,¹² data sources are clearly noted for each of the tables. In addition to reporting official Cuban data, the publication also contains estimates (presumably made by the CIA) of the Cuban GNP in dollars, hard-currency balance of payments, and the value of Soviet assistance. These estimates are valuable because, as noted above, official Cuban data on these key variables are not available. Unfortunately, neither the methodology used to estimate GNP nor estimates of GNP components are given. A brief description of how the estimates on hard currency, balance of payments, and Soviet aid were prepared is included, but more information is needed to evaluate their reasonableness.

Carnoy and Werthein originally undertook their study of economic development and educational reform in Cuba as part of a broader, internationally comparative project sponsored by the World Bank. *Cuba: cambio económico y reforma educativa (1955–1978)* is the Spanish-language version of their report, which originally appeared in English in January 1979.¹³ The Carnoy-Werthein work is fairly narrow in scope. Its authors are primarily concerned with analyzing quantitative and qualitative changes in the Cuban educational system since the revolution. They argue that the major changes (an all-encompassing literacy campaign, a massive adult education program, a rapid move to meet the basic needs in schools, and curriculum changes emphasizing school as a place to learn to work together) were largely means of rationalizing and legitimizing fundamental changes already taking place in the economic and social structure, and hence the importance of considering economic factors.

Most of the discussion on economic and social changes is concentrated in Chapter 3 (pp. 31–61). Because of the authors' concern with educational reform, their analysis is limited to identifying economic policy changes and some general comments on a half-dozen economic topics (redistribution, the U.S. embargo, central planning, emigration of skilled workers, and so on). By and large, the analysis is superficial; while adequate to support the argument being made, it breaks no new ground in terms of data or approach.

La economía cubana en los primeros años de la revolución y otros ensayos

is a posthumous collection of lectures and essays written by Juan F. Noyola during 1959–62, with an introduction by Mexican Finance Minister Jesús Silva Herzog. It provides a fascinating insight into the early revolutionary thinking on Cuba's economic problems and development strategies. In June 1959, Mexican-born and -trained economist Noyola arrived in Cuba as the head of a CEPAL technical assistance mission. For the previous ten years, he had worked with CEPAL during the critical period when the so-called CEPAL doctrine, which envisioned a sizable role for government intervention in economic development, was being developed. Shortly after his arrival in Cuba, Noyola became immersed in Cuban economic affairs through his ties with Regino Boti, then president of the Cuban Central Planning Board (Junta Central de Planificación or JUCEPLAN) and a former CEPAL colleague. This involvement increased in October 1961, when Noyola resigned from CEPAL to occupy a series of influential positions in Cuba, first as technical advisor to JUCEPLAN and later as its technical director. As part of his government duties, Noyola often represented Cuba at international meetings. On the return trip to Cuba from a regional conference of the FAO held in Rio de Janeiro in November 1962, the airplane carrying the Cuban delegation (including both Noyola and Cuban National Bank President Raul Cepero Bonilla) crashed into mountains during a refueling stop in Lima, leaving no survivors.¹⁴

The lectures and essays included in this volume cover a period of policy experimentation in Cuba's revolutionary process. The most important contributions in the volume are the transcript of a course on economic development taught by Noyola during September–December 1959, reproduced under the title "Curso intensivo de capacitación en problemas de desarrollo económico," the transcript of an appearance on Cuban television in September 1960, and a lecture on economic aspects of the Cuban Revolution given in Mexico City in January 1961. In the first essay, apparently the earliest contribution by Noyola on the Cuban economy, he analyzes the problems facing the Cuban economy and offers some solutions along the lines of the CEPAL doctrine. The television interview, titled "Posibilidades mediatas e inmediatas de la economía cubana," elaborates on these same issues. The third piece exemplifies the utopian thinking by government officials (such as Guevara and Boti) during this period that took for granted extraordinarily high rates of economic expansion.¹⁵ While the materials in this collection merit being included, two important essays by Noyola are missing: another upbeat lecture presented in Mexico City in January 1961 that appeared in *El Trimestre Económico* and gave rise to a detailed rebuttal by Felipe Pazos,¹⁶ and an article coauthored with Francisco García, entitled "Principales objetivos de nuestro plan económico hasta 1965."¹⁷

The majority of the works under review suggest that Cuban eco-

conomic growth in per capita terms during the first two decades of the revolution has been very modest. Except for a growth spurt in the first half of the 1970s that was mainly due to booming world-market prices for sugar, average per capita real growth during the rest of the period has been barely positive. This growth record emerges whether official Cuban macroeconomic data (Mesa-Lago, Recarte, CEPAL) or other measures (Brundenius's total material product index) are used. Another characteristic of Cuban development that is readily apparent in the works under review is the continuing (and increasing) dependence of the Cuban economy on sugar as the main source of export revenue and on the Soviet Union and members of COMECON as trade partners. Soviet trade subsidies in the form of lower-than-world-market oil prices have insulated Cuba from the so-called oil crisis, but at the same time have prevented Cuba from adjusting to the higher cost of energy, an adjustment that is inevitable in view of increasing pressure on Soviet oil resources from domestic consumption and from sales for hard currency and to COMECON. Large investments in the sugar and nickel industries, whose products are in world oversupply but are subsidized by the Soviet Union, appear to be a misallocation of scarce investment resources that will have serious long-term implications for Cuba's ability to export to nonpreferential (that is, non-COMECON) markets.

The consensus of the volumes under review is that Cuba has made significant advances in achieving a more equitable distribution of income and delivering social services to the population. CEPAL, Mesa-Lago, and Recarte all essentially agree that Cuba performed relatively well in these areas, although Mesa-Lago and Recarte both raise questions about the performance in the housing sector. Interestingly, the index developed by Brundenius suggests a lower performance in basic needs satisfaction than one would expect based on the literature. Thus, his BNS index grew rapidly immediately after the revolution, began to stagnate (and even declined in some years) after 1962, and did not begin to show a positive trend until 1971.

With reference to the prospects for the Cuban economy in the next decade, several of the authors are pessimistic. Recarte notes that two problems that will face Cuba in the 1980s are unemployment and difficulties with balance of payments and debt repayment (p. 230). These two important issues merit further examination.

As Mesa-Lago carefully demonstrates, open unemployment in Cuba declined steadily from approximately 13.6 percent of the labor force in 1959 to 1.3 percent in 1970; in the 1970s, it fluctuated and rose as high as 3.9 percent in 1974 (pp. 121ff). While this record is impressive by any standards, two points need to be raised: first, a significant (but unknown) portion of these employed workers are underemployed or not performing productive work; and second, particularly in the second half

of the 1970s, Cuba's internationalist activities have served as an escape valve relieving pressures of surplus labor by sending abroad (sometimes for pay in convertible currencies) a significant number of Cuban soldiers, doctors, teachers, technicians, and others. Nevertheless, demographics do not augur well for Cuba, at least for the rest of the decade. In 1980 children born in the peak years of the baby boom of the early 1960s were in the 15- to 19-year-old group, the most important one in terms of entry into the labor force; approximately 1.1 million persons, or 11.4 percent of total population, were in this cohort, an increase of 50 percent over 1974.¹⁸ Productive employment for these new entrants into the labor force must be found, but the range of alternatives appears limited. Industry would be the logical sector to absorb these new workers; however, it is not clear whether the investment capacity exists to generate the huge number of jobs required.

The investment uncertainties are in part a function of balance-of-payments difficulties. In essence, the Cuban economy maintains two separate balance-of-payment and debt accounts, one relating to transferable rubles and the other to convertible currencies. While the majority of Cuban external economic relations are conducted with COMECON members and use transferable rubles, relations with Western countries in convertible currency are critical, as is indicated by Castro's statement at the opening of this essay. Theriot notes Cuba's substantial hard-currency debt, estimated at \$2.6 billion in 1980, and speculates that Cuba could expect repayment problems due to limited immediate opportunities in increasing and diversifying hard-currency exports (pp. 37–40). In fact, in August 1982, Cuba announced that it had encountered difficulties in repaying approximately \$1 billion in convertible currency that would come due during 1982–85 and requested from its creditors (primarily commercial banks in Japan, Canada, France, and West Germany) a stretch-out of repayments for ten years.¹⁹ Discussions on debt renegotiation are currently under way. In view of the poor prospects of increased trade with the West, Recarte and Theriot foresee Cuba becoming more closely associated with the COMECON nations as a way to weather the next few difficult years. But what about 1986, Mesa-Lago wonders, when about \$5.3 billion of the estimated \$7.5 billion debt owed to the Soviet Union will mature (p. 107)?

Although only the CEPAL and Carnoy-Werthein works deal in detail with the Cuban development model, the discussion in the rest of the volumes under review bears on the evaluation of the model and its applicability to other developing countries. The consensus appears to be that the Cuban development path ensures a more equitable distribution of income and wealth, but does not lead to sustained increases in either. That is to say, the model redistributes well, but does not produce with the same measure of success. Cuba's current debt repayment difficul-

ties, also shared by other Latin American nations, suggest that Cuba's claims for the beneficial insulation from capitalist markets that would result from integration into COMECON was overstated. It is also questionable whether other nations could count on the sustained economic support that the Soviet Union has granted to Cuba. It is fair to say that the luster of the Cuban development model has dimmed considerably, but it is too early to discount it entirely. Against odds, Cuba could rebound to prove the long-term viability of its economic system, but such a recovery would be somewhat surprising to this reviewer as well as to several of the authors of the volumes considered here.

NOTES

1. Ernesto Guevara, *Obra revolucionaria* (Mexico: Ediciones Era, 1971), pp. 426, 427, 432.
2. *Granma*, 28 July 1982, pp. 3–4.
3. For example, the *Anuario Estadístico de Cuba 1980*, which contains economic data for 1980 (with the major exceptions of foreign trade and wages and salaries, for which the most current data reported is for 1978 and 1979, respectively), was published in mid-1982.
4. Alan Abouchar, *Economic Evaluation of Soviet Socialism* (New York: Pergamon Press, 1979).
5. For data on the 1953 and 1970 censuses, see Junta Central de Planificación, Dirección de Estadística, *La situación de la vivienda en Cuba y su evolución perspectiva* (La Habana: Editorial Orbe, 1976), p. 47; for the 1981 census, see Comité Estatal de Estadísticas, *Censo de población y viviendas 1981: cifras preliminares* (December 1981), p. 125.
6. "The Cuban Economy in the Period 1959–63," *Economic Survey of Latin America 1963* (New York: United Nations, 1965).
7. The summary, which appeared as "La economía cubana en el período 1959–1963," *Noticias de la CEPAL* (December 1964), was also reprinted in *Comercio Exterior* (Mexico) 15, 2 (February 1965), and in *Economía y Agricultura* (Lima) 6 (1965), for example.
8. *Economic Survey of Latin America 1965* (New York: United Nations, 1967).
9. *Apreciaciones sobre el estilo de desarrollo y sobre las principales políticas sociales en Cuba*, CEPAL/MEX/77/22/Rev 3 (Mexico: CEPAL, 1978).
10. "Cuba," in *Economic Survey of Latin America 1978* (Santiago de Chile: CEPAL, 1980). Beginning with this issue, CEPAL resumed publication of annual country notes on Cuba in the *Economic Survey*; however, Cuba is not considered in the regional analysis that precedes the country notes.
11. The study has also been included as a chapter in U.S. Congress, Joint Economic Committee, *East-West Trade: The Prospects to 1985* (Washington: U.S. Government Printing Office, 1982), pp. 104–35.
12. For example, Central Intelligence Agency, *The Cuban Economy: A Statistical Review 1968–1976*, ER76-10708 (December 1976).
13. Martin Carnoy and Jorge Werthein, *Cuba: Economic Change and Educational Reform 1955–1974*, World Bank Staff Working Paper No. 317 (Washington: The World Bank, 1979). Interestingly, the direct translation of this work, under review in this essay, is *Cuba: cambio económico y reforma educativa (1955–1978)*. That is, according to the titles, the time span covered by the Spanish-language version is four years longer than in the original, although there is no change in the text or in the underlying data presented.
14. In Cuba, Noyola is regarded as an internationalist hero. In May 1982, ceremonies were held in Havana honoring Noyola on what would have been his sixtieth birthday. See, for example, "Trabajar en Cuba fue la tarea más importante que le encomendaran en su carrera," *Granma*, 8 May 1962, p. 3.
15. The transcript of the lecture appeared in *Investigación Económica* (Mexico) 21, 82 (1961).

16. Juan F. Noyola, "La revolución cubana y sus efectos en el desarrollo económico," *El Trimestre Económico* 28, 111 (July–September 1961); Felipe Pazos, "Comentarios a dos artículos sobre la revolución cubana," *El Trimestre Económico* 29, 113 (January 1962).
17. Juan Noyola and Francisco García, "Principales objetivos de nuestro plan económico hasta 1965," *Cuba Socialista* 4, 13 (September 1962).
18. For an important discussion of Cuban demographic issues, see Sergio Diaz-Briquets and Lisandro Pérez, "Cuba: The Demography of Revolution," *Population Bulletin* 36, 1 (April 1981).
19. John M. Leger, "Cuba Requests Delay in Paying Its Foreign Debt," *The Wall Street Journal*, 1 September 1982, p. 19.