Cuba's Co-ops: The NEW Revolutionary Road…

5th ANNUAL INTERNATIONAL CHE GUEVARA CONFERENCE
-Cuba's Economic Reforms: Capitalism or Socialism
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Cuban Revolution and Socialism

Cuba's Special Period…

Cuba's new co-operative path

International significance

Havana Workshops Dec 2011
we were wowed…

Jose Marti
(1853-1895)

Cuba's National hero

philosopher, poet, essayist, journalist, professor, publisher, revolutionary

REVOLUTION 1959:

- Socialism
- Land Reform
- Alliance with FSU resulted in large state farms
- Formation of agricultural co-operatives

  CPA's and CCS's
- Economy driven by sugar
- Educated population
- High standard of living

CUBA'S SPECIAL PERIOD…

Collapse of Former Soviet Union 1990

- Economy thrown into darkness
- Shortage of energy, food, basic materials
- US tightened economic noose
- How to produce food in countryside?
  - ✓ without chemicals and pesticides
  - ✓ without fuel and tractors
  - ✓ revert to traditional methods
- How to feed the urban population?
  - ✓ without fuel

6 CRITICAL FACTORS in Cuba's transition

Good soils, water, climate

Literate farmers

Scientific capacity

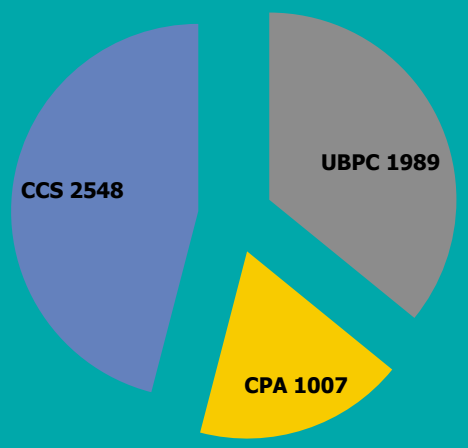
Solid agricultural extension

ANAP – one voice

Strong farmer co-operatives

- Break up of inefficient state farms into UBPC's
- Urban Agriculture
- Ecological agriculture

Cooperatives in CUBA
Today = 79.3% of Farm Production



Cuban Government Policy to Increase Food Security by increasing Number of New Farmers

DECRETO LEY 259

(as of SEPTIEMBRE DEL 2011)

Land distributed in usufruct: ***1 319 396 hectáreas***

In Production: 79.2 %: 1 045 thousand ha

Individual new farmers: 146 816 (97 % of those who have applied)

New farmers in application process: 4,540

Total New Farmers: ***151 356***

Average land given per person: ***8.7 ha***

One third of new farmers are 18-35 years old, 25% were unemployed and 13 percent are retired..

TODAY

Cutting edge practices…
Bio-controls replace chemicals

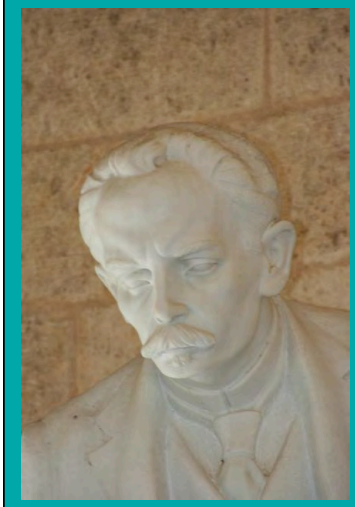
Only nation to achieve sustainability based on ecological footprint and social development index (WWF)

World leader in organic agriculture (1999 Right Livelihood Award Sweden)

World leader in urban agriculture (organoponicos)

Sustainable Economics

Los Lineamientos: Cuba's new co-operative path



While not a socialist construct per se, co-operatives are a natural economic choice for a socialist society because they embrace the values of social equity and justice from the bottom up…

The same values embraced by the Cuban Revolution and the writings of Jose Marti.

Under Raul Castro, the Cuban government has mandated strong openings for worker-owned coop engagement in the non-state sector.

Their importance and main direction is socialism, social ownership, limited privatization and co-operatives.

- **April 18, 2011: Lineamientos**
  6th Congress Communist Party

- **Transition to co-op**
  worker control
- **Begin with agriculture -**
  create 2nd tier co-ops
- **Production co-operatives**
  appropriate form for organizing labour in a socialist society

"Today, more than ever, the economic battle is the main task and the focus of the ideological work of the cadres, because the sustainability and preservation of our social system depend on that."

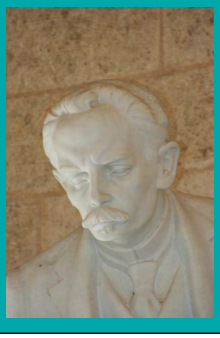
RAÚL CASTRO RUZ
Ninth Congress, Cuban Young Communist League, April 4, 2010

LOS LINEAMIENTOS:

Comprehensive Guidelines:

1. economic management policy
2. macroeconomic policy
3. external economic policy
4. investment policy
5. science, technology, innovation & environment policy
6. social policy
7. agro-industry policy
8. industry and energy policy
9. tourism policy
10. transportation policy
11. construction, housing & water resources policy
12. trade policy

Seven of these policy statements widen the opportunity for co-operatives as a form of non-state enterprise to help deliver the socialist objectives of human development, equity and social justice called for by Jose Marti and embedded in the tenets of the Cuban Revolution.



- ✓ Subordination of capital
- ✓ Labour rightful owner of income
- ✓ Fair income distribution
- ✓ Social security
- ✓ Provision of basic necessities
  food, shelter, health, education

LOS LINEAMIENTOS – Chapter I Management Model

25. Grade 1 co-operatives shall be established as a socialist form of joint ownership in various sectors. A co-operative is a business organization that owns its estate and represents a distinct legal person. Its members are individuals who contribute assets or labor and its purpose is to supply useful goods and services to society and its costs are covered with its own income.

26. The legal instrument that regulates the co-operatives must make sure that this organization, as form of social property, is not sold or otherwise assigned in ownership to any other co-operative or any non-State organization or any natural person.

LOS LINEAMIENTOS – Chapter I Management Model

27. A co-operative maintains contractual relations with other co-operatives, companies, State-funded entities and other non-State organizations. After satisfying its commitment with the State, the co-operative may pursue sales operations free from intermediaries and in accordance with the business activity it is authorized to perform.

28. Subject to compliance with the appropriate laws and after observance of its tax and contribution obligations, each co-operative determines the income payable to its employees and the distribution of its profits.

LOS LINEAMIENTOS – Chapter I Management Model

29. Grade 2 co-operatives shall be formed and the partners of which shall be Grade 1 co-operatives.
A Grade 2 Co-operative shall represent a separate legal person that owns assets. The purpose of this co-operative is to pursue supplementary related activities or conduct operations that add value to the goods and services of its partners (such as production, service and marketing operations) or carry out joint sales and purchases for greater efficiency.

LOS LINEAMIENTOS – Chapter VII Agro-industrial Policy

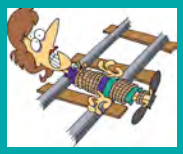
180. Make sure that the management of the different forms of co-operatives is autonomous and agro-industrial service co-operatives are formed at local level.

200. Develop a comprehensive training plan in keeping with structural changes. The purpose of this plan will be to train (and re-train) managers and workers in the fields of agronomy, veterinary medicine, industrial and food technologies, economics and business management. This plan must also cover co-operative and environmental management.

Los Lineamientos and 7 Co-operative Principles

1. Voluntary and open membership.
   (Guidelines 25 and 29)
2. Democratic Member Control.
   (Guidelines 25 and 27)
3. Economic participation of members.
   (Guidelines 25 and 27)
4. Autonomy and independence.
   (Guidelines 25, 27, 28 and 180)
5. Education, training and information.
   (Guideline 200)
6. Cooperation among co-operatives.
   (Guidelines 27, 29 and 180)
7. Commitment to the community
   (Guidelines 25 and 180)

International Significance



CAPITALISM	SOCIALISM
Private Ownership as means of production	Production process integral part of social process
Sovereignty of capital ; labour is a resource of $	Sovereignty of Labour capital is resource of labour
Material incentives to drive behavior of "rational" economic beings	People as complete human beings (Novkovic's dual motives)
Social function: charity	Values of humanism, equity, equality and solidarity

WHY CUBA IS UNIQUE…

- Coops in a capitalist country are *quite different* than coops in a socialist country.
- With exception of China and Vietnam (distinct and disconnected from USSR) NO socialist economy in transition (post 1989) has made a concerted effort to remain socialist…

  (Why Cuba does not want to be termed 'in transition' but rather they are transforming, or reforming their socialist economy.)

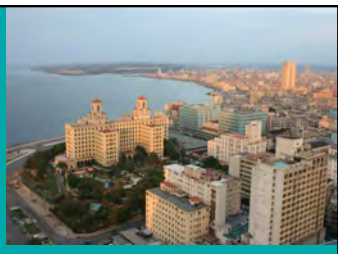
- Transition economies all moved to outright capitalism (selling of assets to employees was a small part of their privatization efforts for a number of reasons - none ideological)
- Employee-ownership is still marginally present in some countries; none of them introduced a co-operative economy….

CUBA'S BRAVE NEW PATH…

- ✓ Cuba could be the first nation to get this right.
- ✓ Without mountainous foreign debt to the World Bank and IMF that has constrained the sovereign choice of others, Cuba is relatively free to walk her own path.
- ✓ And without a capitalist sector, Cubans are more likely to consider worker and producer co-ops, for example, as a real option, not just a way-station on the road to capitalism.
- ✓ Because agricultural co-operatives have a long tradition of working well in the Cuban economy, farmers will lead the way down this wider co-operative path - joining to form "second tier" co-operatives to provide, for example, further-processing, value added services to the members.

Havana Workshops Dec 2011
6th Principle & International Support

MOTIVATORS:



- ✓ The purpose of the HAVANA WORKSHOPS was to convene co-operative champions/thought leaders to understand what is happening here and share ideas and networks to support its success.
- ✓ Is there resonance?
- ✓ if so, how can the international co-operative movement support? (6th Principle)
- ✓ identify potential path for co-op engagement.

CHALLENGES

- ✓ How to ensure co-ops NOT perceived as a way-station on road to capitalism…
- ✓ How to best achieve autonomy within a socialist model
- ✓ Agriculture: common understanding/capacity
  (too soon = failure = setback)
  PALMA PROJECT
- ✓ Creating a legal framework with appropriate safeguards
  common asset ownership; poison pills
- ✓ Education and awareness of coops from ground up
- ✓ Ensuring incubation support

Observations and Next Steps

1. **SUPPORT AND CONFIDENCE _ A+++**

"Listening to your approaches this week, I feel you have addressed all the barriers… "

"I feel you have studied the Co-operative Principles very thoroughly and correctly translated them to your system, applying them in a Cuban context"

"Los Lineamientos provides a vision/view of the future and that is very important."

"In my experience, I have never seen a more thorough approach to rolling out a co-operative model . Very intentional, very well resourced, well thought-out and broad based. Obviously the entire country is involved. That is very impressive to me. And I want to congratulate you for your hard work and your effective planning – it is very competent and in my opinion very powerful.

"You are doing the right thing."

Observations and Next Steps

1. SUPPORT AND CONFIDENCE A+++

"Coops that we have studied and are familiar with - the very successful ones – all began just as you have: with education."

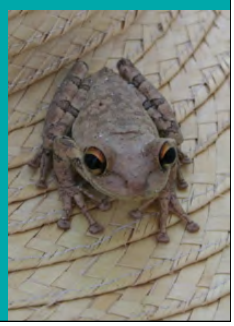
"Seeing how you have developed the training and university programs is very impressive and exciting and shows that so many people in so many places are dedicated to making the co-operative movement strong, to helping it reflect on itself as it grows, as it begins, and being very intentional in making it successful. I wish very much that we had this in the United States."

"There is complete consensus around this table that we are very impressed. What Cuba is doing is very important not only to Cuba but to the rest of the world…."

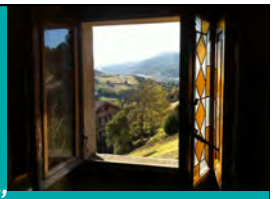
Observations and Next Steps

2. BEST PRACTICES AND LESSONS TO BE SHARED

- ✓ *Sharing of information, peer support*
- ✓ *Conferences of Coops*
- ✓ *Ongoing development assistance (Canadian Worker Coop Federation: coop metrics; diagnostic tools to measure degree of "co-operativeness" - Coop Index)*
- ✓ *Sustainability Score card – measures adherence to 10 principles and values (quick assessment)*



Observations and Next Steps



3. INTERNATIONAL NETWORKS

"Tell us what you need and how we can help…"

- ✓ *ICA Americas Research Group meet in Cuba?*
- ✓ *SSHRC (Social Sciences and Humanities Research Council)*
- ✓ *IDRC has funding for exploratory network collaboration between Latin America and Canada; Cuba ia an approved country.*
- ✓ *Encourage SOCODEVI and Desjardins to come to February 2012 Conference at University of Havana*
- ✓ *Sharing of technical assistance between coops in Canada and Cuba*

Observations and Next Steps

4. CAPITAL

"Importance of social capital for development and sustainability of coops is critical in a capitalist economy."

"In Cuba, It is the state that has the function and they are doing a good job. (ref. Cuba's achievements on human development)."

"So the question remains: how are Cuban co-operatives going to find financial capital? And you may find your own solutions, for example some creative ways of securing funding for co-operative development? "

"e.g. Italian/Spanish model where you have to save a certain percentage within co-operatives that will be used for coop development. Or put aside more of the profit for indivisible reserves for development of the co-operative sector (not just for the particular coop)?"

Observations and Next Steps

5. TIER TWO

Scottish Agricultural Organizations Society:
- 105 year old Tier Two Coop
- 80 coops
- $3.5 billion turnover a year.
- 45,000 members/15,000 farmers
  - (each on average a member of 3 coops)
- a lot of support for new co-operatives
  - case studies, hands on assistance,
  - two years to start up, +3 more years support
- support for coops with problems
- education and training support
- coop manager support
  - managers groups
- board support
- conduit to government – keep coops separate

Legal structure important

Observations and Next Steps

6. COOP MODELS IN OTHER SECTORS

- ✓ social coops (Solidarity coops) municipal partnership to deliver social services (health, education)
- ✓ housing coops (new construction, repair and maintenance of existing housing stock)
- ✓ construction materials
- ✓ restaurants, food services
- ✓ transportation
- ✓ artists
- ✓ support for ecology/ sustainable practices – e.g. organic/urban agriculture – for domestic, tourist, export demand
- ✓ servicing small business (marketing, distribution…)
- ✓ "Rings" –members provide services to others (SAOS)

Observations and Next Steps

7. PERMANENCE THRU CARROTS AND STICKS: INDIVISIBLE RESERVES

in a capitalist country – two demutualization threats: members and predatory capitalist firms

carrots and sticks: incentives and disincentives (poison pills) and continual member education to prevent demutualization.

Not sure how this applies in Cuban context.

Cuba is in a fortunate position to be writing the legislation and can plan for this.

Is it a social asset or a member asset? If former, members have no right to exploit work of past to benefit themselves)

Build system so retiring members do not need to sell their shares for retirement. (Mondragon example of individual profit accounts)

wendyholm.com/HAVANA.WORKSHOPS.Dec.2011.pdf

Walking the Walk:
Cuba's path to a more co-operative and sustainable economy

Report on the outcomes of an informal Havana dialogue between co-op thought leaders from Cuba, Canada, the United States and Scotland

December 12-16, 2011.

Wendy Holm, P.Ag.
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Canada

Esta humanidad tiene ansias de justica…

Fidel ...

WE ALL HAVE A STAKE IN CUBA'S SUCCESS

PRINCIPLE 6: International co-operative community needs to support Cuba's brave new coop path…

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