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ACADEMIC ARTICLE

SOCIAL AND SOLIDARITY ECONOMY AND THE TRANSFORMATION OF THE CUBAN ECONOMIC MODEL[1]

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Abstract

As a consequence of the recent economic reforms, many believe that Cuban society is in reality evolving towards the *deconstruction* of its social and solidarity economy and that the economic players are *less and less* responsible towards the society and the environment. Is it true that we run the risk that greed and narrow-minded personal pursuit will supplant social values such as righteousness, generosity, compassion, cooperation, empathy and community? This article examines the concept of the social and solidarity economy (SSE) applied to the Cuban reality, beginning with a characterisation of its economic system based on the mixed or plural economy model. It concludes that a Cuban SSE is the potential union of those three spheres – public, enterprise and private – comprised of a variety of economic actors – State, associative and autonomous – that adopts the principles of responsibility towards society and the environment.

Keywords: social and solidarity economy, reforms, socialism, sustainability, public and private enterprise

Introduction

On May Day 2018, International Labour Day, hundreds of thousands of Cubans – including groups of self-employed workers or 'cuentapropistas' – paraded in dozens of cities and towns across the Island, embracing the novel slogan launched by the government, 'Towards a prosperous and sustainable Socialism.' They were summoned by the Cuban Workers Confederation (CTC), which aims to organise and represent them as it does State-sector workers.

The implicit message is that Cuba's private-sector workers are allies of their public and cooperative colleagues in the construction of the new model of a socialist economy. Implicit also is that the citizens who are building that model share the values of solidarity and social and environmental responsibility, intrinsic to Socialism.

But, what Socialism are we supposed to be building? According to Marino Murillo (2013), former minister of the Economy and Planning,

> Socialism is social ownership of the fundamental means of production. Prosperity refers to the satisfaction of people's needs. Sustainability is the capacity of the society to sustain itself economically, socially and environmentally, which is equivalent to development, because you cannot sustain what you do not develop.

In economic terms, it means developing a (macro) *social and solidarity* economy (SSE) made up of a mix of economic actors – State-owned enterprises, cooperatives, private workers – that adopt as part of their (micro) economic activities of production, distribution and consumption of goods and services, the principles of *responsibility towards society* (family, employees, clients and other stakeholders, the community) and the environment, natural and constructed, and democratic governance.

Nevertheless, many believe that Cuban society is in reality evolving towards the *deconstruction* of its SSE and that the economic players are *less and less* responsible towards the society and the environment. Is it true that we run the risk that greed and narrow-minded personal pursuit will supplant social values such as righteousness, generosity, compassion, cooperation, empathy and community?

This article examines the concept of the SSE applied to the Cuban reality, beginning with a characterisation of its economic system based on the mixed or plural economy model. It concludes that a Cuban SSE is the potential union of those three spheres – public, enterprise and private – comprised of a variety of economic actors – State, associative and autonomous – that adopts the principles of responsibility towards society and the environment.

Cuba's Socialist Economy: Implicit and Changing Concepts

In Cuba, social responsibility and solidarity constitute – theoretically – the *raison d'être* of economic activity, promoted top-down by the central government in an economy with a strong predominance of the State sector. The term used in Cuba to characterise our system is 'socialist economy', not 'social and solidarity economy', despite their coincidences. This model was created by the State

through its socio-economic and political system, central planning and publicly owned enterprises. The enterprises have social objectives that are implicit, rarely explicit or defined by its managers and workers. They do not enjoy – to date – the financial autonomy necessary to allocate part of their revenue towards social or environmental actions, not explicitly contemplated in their Economic Plan.

The *Guidelines of Economic and Social Policy*, the most important plan to 'update' the Cuban socialist model since 1976, first unveiled in 2011, stipulate that the economic system that will prevail will continue to be based on the socialist property of the *fundamental* means of production and the primacy of planning over the market for guiding the distribution of goods and services. They propose greater independence for State-owned enterprises and expansion of non-state forms of ownership and management in production and services 'to unshackle the productive forces, increase production levels and improve the standard of living of the population'. They reaffirm the social nature of the economy, endorsing 'the principle that in Cuba's socialist society no one will go unprotected', and stating that 'economic entities of all forms of management will be subject to a regulatory framework that takes into account the established norms of social and environmental responsibility' (PCC 2017a).

This is enterprise social responsibility (ESR) based on external norms and regulations established by the government, not as a voluntary, discretionary initiative, managed by the firm as a form of stakeholder engagement.

As part of the process of renovation of the Cuban economic model, the government is exploring ways to strengthen the socialist state enterprise in key sectors and to grant it greater autonomy and to decentralise a large portion of the economic activity while simultaneously transferring a great number of jobs from the public sector to the growing cooperative and private sectors.

The three economies in Latin America

How do we characterise the Cuban economy? We start out from José Luis Coraggio's (2009: 29) proposition that existing economies are always mixed, or plural, resulting from the interaction of three spheres or dominions of the economy: the public, the enterprise and the popular sectors.[3]

The *public economy* is the sphere where governments at the different levels – national, regional and local – supply goods and services to the citizenry, typically free or at subsidised prices. These include education, health, defence and internal security, social security, housing and communal services, culture and arts, sports, science and technology, public spaces, water and sewage, roads and highways, environmental services and many more. It is financed from tax revenues and other public funds and administered by a political leadership that interprets the needs of

the citizenry or else oversees it through a democratic process that builds consensus or broad majorities.

The *enterprise or business economy* can be capitalist, driven by the pursuit of profit and the dynamic of capital accumulation, or socialist, directed at fulfilling sectorial plans and generating revenue for the State. Its assets can be 100 per cent private, publicly owned or mixed; ventures can be national, foreign or joint, or some combination of these. In any case, the decisions of the owners or managers are subject to external limits imposed by the head office, market competition, regulatory policies, economic plans, political power and civil society.

The *popular economy* is comprised of individuals, families, communities and various collectives that act in pursuit of material gain but are also inspired by values of solidarity and cooperation. Its foundation is the *domestic family economy*, aimed at producing a dignified standard of living and using values to satisfy necessities, but foregoing the market (familiar gardens, animal husbandry, domestic services). But it also includes the *popular market economy*, based on variable combinations of the sale of labour power and independent work to produce goods and services, privately or cooperatively, in small private enterprises or in the informal sector, activities aimed at earning income to purchase consumer goods and services in the market.

At the intersection of these spheres, we find 'another' economy, the *Solidarity Economy*, where a concurrence takes place between the public economy – services to the population, development planning and participatory budgeting and management; the business economy – public–private enterprises and private for-profit businesses with social and/or environmental goals; and the popular economy – persons and organisations that undertake economic activity for satisfying material and spiritual needs. It typically includes cooperatives, mutual aid societies, foundations, philanthropies, brotherhoods, community volunteer organisations, associations and nonprofit NGOs. But the concept has evolved to include self-help groups that produce goods and services, fair trade networks and other forms of solidarity purchasing, consumer groups, associations of undocumented and informal workers, NGOs that generate income for economic self-sufficiency, co-working and other business forms (Betancourt and Sagebien 2013).

The *SSE* is thus about creating new social relations that construct an alternative economy, organised not around the reproduction of capital but rather around the supremacy of work in the reproduction of life. This umbrella term is increasingly used to refer to forms of economic activity that prioritise social and often environmental objectives and involve producers, workers, consumers and citizens acting collectively and in solidarity (Utting 2015).

The three economies in Cuba

How can we apply this model, conceived for capitalist economies in Latin America, to the Cuban economy? Let us begin by describing the Cuban economy based on the model of the mixed economy.

In the Cuban socialist system, the *public economy* or *budgeted system* constitutes an important and encompassing sphere since the State assumes the provision of basic services almost exclusively. In 2016, the activities financed through the government budget represented two-thirds of the country's current account public spending and 40.8 per cent of gross domestic product (GDP). Education, public health, social security, culture and sports represent 69 per cent of total government spending. In total, 40 per cent of the total labour force or 1.9 million workers were employed in communal, social and personal services in 2016. That year, the National Office of Statistics (ONE) tallied 2,345 budgeted units, out of a total of 9,878 economic entities in the country (ONEI 2014).

Other goods and services, such as housing, retail trade, food services, transportation and certain communal, social and personal services, which are privately owned in the majority of countries, in Cuba constitute part of the public economy, notwithstanding the portion (not quantified) that is supplied by the popular economy.

In 2011, the government announced its goal that a significant number of the currently public budgeted units, national and local, that produce goods or personal and business services, be transferred to the private and cooperative sectors. The weight of the budgeted system in the Cuban economy was expected to drop significantly and, as a consequence, public spending in this sector of the economy. Despite government intentions, it has not been possible to achieve a significant reduction in the public sector of the economy in favour of the enterprise and popular spheres. The total number of budgeted units dropped only 4 per cent between 2011 and 2016, and cooperatives also fell by 7 per cent in the same period. Nevertheless, while total employment fell 2.5 per cent in this period, jobs in the State sector dropped 14.5 per cent. Jobs in the cooperative sector fell 4.7 per cent, while they increased 94 per cent in the private sector.[4]

In Cuba, the enterprise or business economy is State owned, given the nonexistence of private enterprises and the fact that joint ventures are the product of investment between foreign and State-owned firms. In 2016, there were a total of 1,904 State-owned enterprises, 21 per cent less than in 2011. A snapshot of the Cuban enterprise system shows at the top some 30 new Higher Organisations of Enterprise Management (OSDEs), a kind of head office for the State enterprise groups, which answer to the corresponding government minister. The OSDEs oversee many enterprise groups or unions, similar to corporations, and

at the base, there are nearly 2,000 Basic Enterprise Units (UEB) with little autonomy and connected by vertical links to the level above (Marcelo Yera 2014).

A number of ministerial decrees and resolutions were emitted in 2014 that mandated a series of changes for State-owned enterprises (Rodríguez 2014). Among these were ones that established that the enterprises be allowed to sell at market prices any excess in production once they have met their contracts with State entities as well as market their idle and slow-moving inventories to other enterprises or directly to the wholesale market. The enterprise is not required to contribute to the State the value of depreciation and amortisation and may retain 50 per cent of after-tax profits. They are allowed to create voluntary reserves from net profit, if these are duly authorised. Nevertheless, their possible uses do not include social investments.

The purpose of these reforms of the Cuban enterprise system is to make State-owned enterprises more self-managed – make key strategic and operational decisions internally – and operate according to the rules of the market – maximise profit and accumulate capital – rendering their behaviour analogous to that of capitalist corporations and enterprises.

Yet, central planning of the economy and a perennial shortage of resources – particularly foreign exchange – make this autonomy more symbolic than real since production, investment and consumption decisions are mostly made at the top, and a plethora of regulations limit even further decision-making at the enterprise or unit level.

The Cuban State-owned enterprise has always had implicit solidarity objectives, but rarely have they been explicit or defined by its managers and workers. Insofar as State entities will be limited in the use of their reserves, there is little that the enterprises can do even if they have the will. The current transformations may either contribute to the State-owned enterprise definitely rejecting its responsible and solidarity vocation to maximise profits and capitalisation or constitute the opportunity to embrace it consciously, explicitly and democratically.

An employee of one of today's leading Cuban State-owned enterprises stated,

> Every socialist enterprise [. . .] should respond to the following basic questions: What will be their contribution to society? What benefits will it grant its workers and which of their needs will it satisfy (through salary and other means)? How will it guarantee continual growth and the maximum level of efficiency and profits? (Castillo Vitlloch 2013: 83)

As for the *popular economy* in Cuba, in this article, we define it as equivalent to the *non-state sector*, made up of cooperatives and private workers: individual farmers, artists and artisans, and self-employed workers (TCP). It is made up of

the *domestic family economy*, aimed at the production of use values to satisfy human needs while foregoing the market, as well as the *popular mercantile economy*, based on variable combinations of the sale of salaried labour and self-employment to produce goods and services, aimed at earning income to purchase consumer goods and services in the market.

In 2010, there were a total of 589,000 employed in the private sector (12% of total employment), of which 147,000 were self-employed (TCP), in 178 licensed activities. That year, the government gave a big push to self-employment by increasing the number of permitted activities to 201 and enabling the de facto creation of small businesses.[5] By 2015, employment in the private sector was nearly 1.2 million (24.4% of total employment) between farmers and other private (58%) and TCP (42%), and in May 2018, the number of TCP workers alone reached 13 per cent of total employment, 591,456 workers (*OnCuba* 2010).

With the growth of the private sector, particularly, small businesses such as rooming houses and restaurants, came an increase in tax evasion and purchases of inputs stolen from the State sector. In part, this is in response, on the one hand, to excessively progressive income tax rates and a cash economy, and on the other hand, to the absence of a wholesale market and supply shortages in retail stores. The government responded by freezing the emission of new licenses for these and other key activities in August 2017.

Almost a year later, in July 2018, the government announced that starting that December, licenses will once again be issued for food and beverage service providers, room rental and other popular activities. New regulations were announced aimed at controlling the private sector and the fiscal revenues that it generates (Gaceta Oficial 2018). An Enterprise Law, which will grant legal status to small- and medium-sized private business, is expected to be enacted after the new Constitution is passed in 2019.

Given that the principal resource of a worker is his or her capacity to work and that labour can be sold in exchange for a salary, the limits between the popular economy and the public and enterprise economies are often blurred and connected through formal and informal links. Since real salaries are not sufficient to meet basic material needs of persons and their families, many workers in the State economy – services and enterprises – dedicate part of their labour to the popular economy, to supplement their cash or in-kind incomes. Double and triple employment is common in today's Cuba.

If we add to the 1.2 million private workers the informal workers carrying out unauthorised private activities, the total number of persons earning income from work outside of the State could reach 2 million, 40 per cent of the work force, or more (Feinberg 2013).

Cooperatives are considered

> a socialist form of collective property [. . .] that constitutes an economic organization with legal status and private assets, made up of persons that associate and contribute personal assets or work, with the aim of producing and providing useful services to society and that covers all of its expenses with its income. (PCC 2017a, Guideline No 25)

It is therefore different from both State-owned and private property and can be considered social or associative property.

From the beginning of the Revolution until 2013, the only authorised cooperatives were agricultural. In 2013, the Council of Ministers approved the experimental creation of cooperatives in other sectors of production and services. As of March 2014, they had approved 498, in the following sectors: food services and retail trade, construction, personal and technical services, recycling, light industry, public transportation and energy. Of the total number of approved cooperatives, 77 per cent resulted from enterprise units formerly managed by the State that were turned over to their workers, and 23 per cent were from the non-state sector, at the request of TCPs interested in associating (Piñeiro Harnecker 2014). Furthermore, the absence of professional occupations among the 201 authorised self-employment (TCP) activities severely limited the number and technical level of non-state cooperatives approved. The new TCP regulations enacted in July 2018, rather than broadening the list of approved activities to include professionals in response to wide popular demand, instead reduced the total number from 201 to 123, by consolidating 96 existing activities into 28 (Gaceta Oficial 2018).

It is noteworthy that while the 2011 *Guidelines* consider only the State-owned enterprise as socialist and the cooperative as a 'form of social property', the *Conceptualización* of 2016 went further. This strategic document, a product of the VII Congress of the Cuban Communist Party, characterises the Cuban Economic and Social Model of Socialist Development and represents the aspirations and objectives of the Cuban revolution in this new juncture (PCC 2017b).

It defines the 'socialist property of all the people' as common property of all citizens represented by the State. It is made up of the system of enterprises and budgeted units. Rather than 'State-owned', it refers to publicly owned property that is State-managed for the benefit of its owners. 'Cooperative property is recognized in the Model as socialist . . . and is thus an object of special attention among the non-state forms.' Finally, mixed property is conceived for the production and marketing of goods and services, 'made up of domestic entities

of different property forms with foreign investors'. The language seems to exclude domestic investors in public–private partnerships.

Private property is recognised for specific complementary, 'socially purposeful' activities, to satisfy the needs of the economy and promote efficiency. Natural Cuban persons can constitute two types of businesses: non-incorporated small businesses made up principally of workers and their families; and medium, small and micro enterprises, legally recognised (incorporated). They can create productive links among themselves and with other forms of property and should contribute to local and regional development strategies.

Finally, the *Conceptualización* allows for the 'property of political, mass, social organizations and other entities of Cuban civil society'. These entities, operating mainly for the public interest, produce goods and services that contribute to society and may create for-profit enterprises. This constitutes a recognition that existing Cuban foundations and NGOs already publish and market publications, charge admission to their museums, entertain international tourism, offer courses and lodging to paying students, own farms and workshops that market their productions and develop other activities to generate revenues that help cover their costs.

The terms 'social and solidarity' do not appear anywhere in the document (PCC 2017b).

These concepts are taken up in the project for a new Constitution proposed in July 2018 by the National Assembly and expected to be approved in 2019 after a broad popular debate and a national referendum. The only major difference is that this document differentiates between private property of means of production and personal property over other means that 'contribute to the satisfaction of material and spiritual needs of the holder' (ANPP 2018).

The SSE in Cuba: Potential and Aspiration

In Coraggio's model of a mixed economy in Latin America, the solidarity economy is described as the intersection of the three spheres, made up of a subset of solidarity activities and actors from each one. Yet, it is inconceivable that a capitalist economy, no matter how progressive, can be, in its essence, social and solidarity. At least the majority of the business sector or enterprise economy will respond primarily to the logic of reproduction of capital, maintaining the SSE as much as possible on the fringes. Only an economy truly socialist, 'with' and not 'of' the market, can aspire, in the words of Coraggio (2013a), to the formation of new social relations that construct an alternative economy based on the supremacy of labour in the reproduction of life.

Thus, the Cuban SSE is, potentially, the union of the three spheres (Figure 1). It is possible to develop a (macro) economy that in its essence is a SSE, comprised of a series of economic players – State, associative and private – that adopt as part of their (micro) economic process of production, distribution and consumption of goods and services, the principles of responsibility towards society and the environment.

The key to constructing a truly SSE in Cuba is to consciously assume enterprise social/environmental responsibility, from the macroeconomic model down to the behaviour of all its players, creating the public policies that can make this happen. ESR should complement the regulatory framework established by the government, not exempt the State from fulfilling its civic duty of serving the public interest. It is a question of crafting an 'entrepreneurial citizenship' capable of contributing to the 'Prosperous and Sustainable Socialism' that Cuba is committed to building.

Cuban economist Luis del Castillo opines that the SSE is a means of promoting wide democratic participation of society in support of Cuba's socialist principles and conceptions. He points out that the emerging private sector shows spontaneous tendencies towards the appropriation of the work of others, while at the same time, enjoying the economic and social benefits provided to all members of the society. He argues that 'If these tendencies become consolidated the

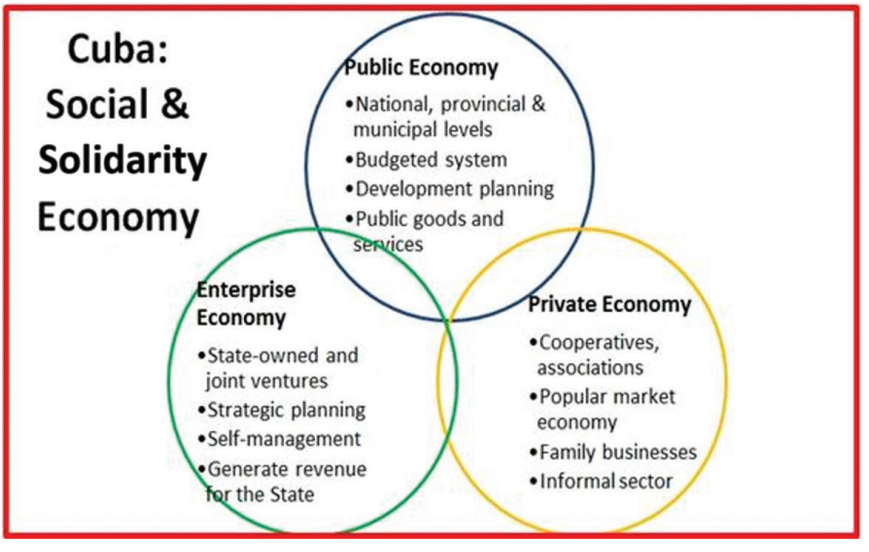

Figure 1 Diagram of the Cuban mixed economy and the (potential) Social and Solidarity Economy (SSE)

construction of a new society resulting from the concentration and centralization of private property could be irreversible' (del Castillo Sánchez 2015: 27).

The way to avoid this is to incorporate the organisations and enterprises of the Popular and Solidarity Economy (PSE) – associations, cooperatives, self-employment, family and community businesses – within the socialist model, recognising their contribution to local development, strengthening the role of local government and serving as counterparts to the private sector. These projects can prioritise vulnerable sectors, low-income groups and depressed territories and counteract the effects of the 'inverted pyramid' where qualified personnel and professionals working in the public sector earn less than many of their less qualified peers in the private sector.

We should not limit ourselves to 'updating socialism', he argues, but rather seek to renovate it, revitalising 'the principles of PSE by promoting popular economic enterprises in our society [is] to further socialist values, at the individual, family and community levels' (del Castillo Sánchez 2016: 6).

According to Paul Singer, Brazilian economist and sociologist, generalising self-management of the economy and the society is the principal role of the solidarity economy in the struggle for socialism. For Singer (2013), it is an economy without bosses functioning through work managed by the workers themselves.

The essential paradox of Cuban socialism is that it grants workers ever-increasing rights, subsidises their expanding needs and guarantees fundamental equality. Yet, these victories are not the result of struggles of the working class or its organisations, who turned over their authority and representation to the revolutionary vanguard that came to power in 1959 and has guided the process ever since. These benefits are part of a social contract, whereby the workers accept the power of the State and the Communist Party to determine how the common wealth is distributed and the degree of citizen participation in the decision-making process (Dacal Díaz 2017).

In turn, the revolutionary vanguard must depend on executives and managers to act in its name and guarantee its objectives. Nevertheless, these managers are ever more conscious of defending their own interests, that is, they tend to become a class unto themselves.

The resulting contradiction between theory and practice is evident in the question of property. The predominant form of property is, conceptually, 'the socialist property of all the people', made up of public enterprises and service providers, and in managing them, the role of the State is to represent the people and its interests. In practice, these 'State enterprises' and 'budgeted units' fall short of the goal of a revolutionary working class playing a leading role, 'capable of working with motivation, efficacy, productivity and social responsibility, in fulfilling plans and budgets, and exercising their condition as common owners

of the fundamental means of production' (PCC 2017b). The shortfall lies in their limited role in determining plans, budgets and distribution of the benefits.

Cuban popular educator Ariel Dacal Díaz argues that

> The state-centered model that characterizes this nominally socialist experience did not structure an adequate combination between participation, efficiency, autonomy and equity, four essential components in any revolutionary social project. The employment relationship, grounded on a person that sells their labor and another that buys it, was not surmounted, rather, it was perpetuated.

Achieving full popular sovereignty requires 'an economic citizenry where labor is not subjugated to either capital or the vanguard' (Dacal Díaz 2017: 85).

The relevance for Cuba of the SSE is thus twofold. On the one hand, the organisations and enterprises of the SSE (associations, cooperatives, self-employment, family and community businesses) are already an integral part of the Cuban socialist model. Potentially, they can promote the principles of cooperation, democratic participation, mutual aid and social inclusion. They can harness new technologies and utilise competition to address a number of economic, social, demographic and environmental problems. They can contribute to local development, in partnership with local governments and their urban and regional development plans. They can be targeted to vulnerable sectors and territories, thus contributing to greater social equality by complementing the redistributive policies of the State and reducing social expenditures. They can mobilise domestic savings and capital and help attract foreign capital, including remittances, impact investment and specialised funds. They can contribute positively to the balance of trade by substituting for imports and accessing niche markets. They can network with like-minded regional and global networks such as CICOPA and RELIESS to learn from and exchange experiences.

On the other hand, implementing the stated objectives of reshaping the State-managed public economy and elevating the working class to a leading role would greatly enhance the SSE, insofar as in Cuba the SSE is potentially the union of the three spheres, State, associative and private, something uniquely possible in a socialist system with public ownership over the fundamental means of production. For this to happen, it will be necessary to achieve the goal of granting the State-managed enterprise the necessary autonomy in management and social responsibility, while they fulfil their role in carrying out national development strategies and plans and comply with public policies and directives.

It will also require achieving the lofty goal of bestowing to 'the working class and workers in general the leading revolutionary role . . . applying participatory methods of management and control unburdened by formalities, that involve

workers in order to motivate collective and individual interests . . . in accordance with collective labor agreements' (PCC 2017b). The latter implies strengthening and redefining the role of Cuban labour unions to play a greater role.

Public policies for the SSE

Public policies to promote and regulate are key for the construction of a SSE. While the Cuban State has approved extensive public policies to provide universal social service coverage, it has not advanced much in policies specific to the SSE, considering that it does not even recognise the SSE as a system or category. The current Constitution only recognises agricultural cooperatives, while the project for the new Constitution recognises cooperatives in general and 'mass and social organizations that bring together different sectors of the population, represent their interests and incorporate them into the tasks of building, consolidating and defending the socialist society' (ANPP 2018: Article 14). Once enacted, the new Constitution will open the way for enacting new legislation to implement it, including the much expected laws of associations, enterprises and cooperatives.

Cuba's Agricultural Cooperative Act dates back to 2002, whereas non-agricultural cooperatives were legally recognised in Law Decrees 305–306 in 2012. The first non-agricultural cooperatives were created in July 2013. When comparing the principles of cooperativism in this legislation to the seven Cooperative Principles (known as the Rochdale Principles), there is a notorious absence: Principle 7, Concern for Community, does not appear in the Cuban law.

In their essay on the Costa Rican model, Peter Utting and Yasy Morales examine the advances and challenges of institutionalising the SSE and obtaining government support in this Central American country, where various associative forms of socio-productive activities have significant weight in the economy and the society (Utting and Morales 2017). A key factor was a series of laws that created various institutions to supervise and promote the SSE. This is particularly evident in three important sectors for the SSE: the cooperative movement, solidarity movement and Associations for Communal Development.

The essential role of cooperatives for development was recognised in the 1949 Constitution. In subsequent years, a series of norms, regulations, incentives and new institutions were put in place that were consolidated in the 1968 Cooperative Associations Act. Modifications in 1982 created the National Cooperatives Council (CONACOOP), the Institute for Cooperative Promotion (INFOCOOP) and the Center of Cooperative Studies and Training (CENECOOP). Cuba has no institutions analogous to these.

The expansion of agricultural lands and the rural–urban migration that followed evidenced the need to provide basic services to migrant workers in Costa Rica. This gave rise to communal development associations and, in 1967, the

Community Development Act which created the National Directorate for Community Development (DINADECO). Finally, it spurred the 1984 Solidarity Associations Act, which positioned the solidarity movement at the level of the cooperatives and unions in terms of recognition and rights.

A key element in the institutionalisation of the SSE in Costa Rica has been the creation of a number of financial mechanisms that generate considerable resources for the principal SSE sectors and institutions. As opposed to many countries, the SSE in Costa Rica does not depend so much on ad hoc financing associated with the national budget, projects or programs. Rather, it is supported by a number of specific taxes on income, cooperative profits and State bank profits.

As a result of the institutionalisation of State support for the SSE and the degree of social organisation of its key sectors, the SSE in Costa Rica today not only assimilates a significant percentage of the country's economically active population but also plays an essential role in accessing the means of production in rural and urban areas and as a first-class partner of the State in the implementation of social policies. The term 'co-responsibility' is often used to describe this relationship (Utting and Morales 2017).

The Communes in Venezuela are another example of the institutionalisation of the SSE. Luis Miguel Uharte of the University of the Basque Country argues that Chavez and his followers championed the decentralisation of power as part of the premise of participatory democracy, to position it mainly in the social organisations, the basis of Popular Power. At the same time, they defended the de-concentration of the economy, recognising the plurality of forms of property and management, but making clear that self-managed enterprises should have a central place in the new economic system.

The Commune incorporates the philosophy of the 'communal economy', which is opposed to the capitalist model of property and management. According to Uharte, the duality Popular Power–Communal Economy can be considered 'the most unconventional, radical and anti-systemic gamble that has been tested in Venezuela'. While the balance has been positive, Uharte (2017: 274) points to the pressure from public officials and functionaries who constantly seek to control from above the self-management processes and limit the autonomy of the Communes.

In Quebec, the co-construction of public policies to promote the SSE is a process of collaboration between civil society and the government to design, develop, implement, evaluate and adjust public policies, to assure greater efficacy and reduce misalignment and incoherence, inflexible up–down approaches and intermediary costs (Brossard-Sabourin 2013).

Taking into account its contribution to sustainable social and economic development, the SSE requires deep reflection about the role and scope of public policies. Some countries have recently adopted improvements in the legal charter

of the SSE through framework laws that favour the co-construction of public policies for that economy.

The framework law is an act that defines the general principles in a way that it shifts to the Executive the responsibility for its implementation through policies and regulations. For the social economy, it can allow for the recognition of the contribution of collective enterprises, insure their acknowledgement by all government institutions and policies and establish a permanent dialogue with governments to realise new public policies.

In the case of Ecuador, Art. 4 of the Popular and Solidarity Economy Act summarises the guiding principles of the organisations that form part of this sector. The first element is that they must have as their objective contributing to *Sumak Kawsay* or 'good living' and the common good. Secondly, it upholds that labour must have priority over capital and the collective over the individual. In addition, their activities must be guided by fair trade, ethical and responsible consumption, gender equity, respect for cultural identity, social and environmental responsibility and solidarity (Ecuador 2011).

The Mexican framework law specifies that the SSE enterprises should work for mutual benefit and for the community, particularly, the communities where they operate (Mexico 2012). In 2013, the Quebec National Assembly approved the Social Economy Act. It acknowledges and regulates the social economy in Quebec and establishes a permanent dialogue with the government to continue developing new policies in favour of the SSE. The three objectives of the law are to promote the social economy as a lever for economic and social development; support the development of the social economy by adapting the tools of intervention, with coherence and transparency; and favour the social economy enterprises, their access to opportunities and programs of the administration (RELIESS 2013).

Cuba lacks this legal framework for the SSE.

Nevertheless, Coraggio (2017: 109) opines that public policies per se cannot generate an environment of individual or corporate generosity. It is about the State and civil society inducing, facilitating or imposing with legitimacy 'in the daily economic practices of big and large players, the dimensions of reciprocity, philanthropy, of care for one another, of justice, of respect for nature, of solidarity and positive freedom'.

Scaling Up the SSE

Peter Utting points out that rightly or wrongly the SSE has been regarded as a fringe economy within the broader mixed or plural economy. But data on both scale and growth suggest that significant scaling up of the SSE has acquired considerable momentum (Utting 2015).

Individual cooperative organisations, such as Desjardins in Canada, Mondragon in the Basque Country and Amul in India, rank among the largest corporations in their sectors in their respective countries. The SSE makes up a significant part of the plural economies in places such as Quebec and Kerala (Utting 2015). In South America, while there are marked differences in approach across countries, institutionalisation of the SSE has occurred in the context of the progressive and popular turn of the previous decades, and its decline is similarly associated with a return to neoliberalism and oligarchical governments in the last 5 years (Coraggio 2015).

SSE organisations such as Le Chantier de l'économie sociale and RIPESS have helped advance the SSE on an international scale. Le Chantier de l'économie sociale, based in Montreal, is an autonomous organisation that promotes and develops the social economy as an integral part of the socio-economic structure of Quebec, in partnership with the government. RIPESS is a network of continental networks that connects the social solidarity economy networks throughout the world. The continental networks (RIPESS-LAC, RIPESS-EU, RIPESS-NA, RAESS and ASEC) in turn bring together national and sectoral networks. RIPESS believes in the importance of global solidarity to build and strengthen an economy that puts people and planet front and centre. RIPESS organises global forums every 4 years and is a nexus for learning, information sharing and international collaboration.

The International Centre for Innovation and Knowledge Transfer on the Social and Solidarity Economy – C.I.T.I.E.S. – supports the international gathering, sharing and transfer of knowledge and best practices in the field of the social economy. It focuses on collaborations between local governments and civil society that enable territorial development. C.I.T.I.E.S. brings together local governments, social economy networks, institutions of higher learning and international organisations. C.I.T.I.E.S. believes that the SSE is the key to the harmonious development of territories. While social innovations and meaningful initiatives spread across the world, C.I.T.I.E.S. aims to facilitate the successful scaling of the social economy by promoting the sharing of knowledge and good practices at an international level.[6]

C.I.T.I.E.S. founding partners include the following. In Quebec, they include Le Chantier de l'économie sociale; the City of Montreal; Territoires innovants en économie sociale et solidaire (TIESS), who brings together actors from the SSE, territorial development, research and education fields; and the Karl Polanyi Institute of Political Economy, Concordia University, contributing to urgent policy debates on alternative and innovative development strategies, both locally and internationally.

In Seoul, they include the Seoul Metropolitan Government, which has helped to develop a sustainable ecosystem and increased the number of SSE enterprises from 340 to over 2,800 since 2012; the Seoul Social Economy Center, the

frontline agency for the social economy in the city offering shared offices, meeting spaces as well as a training centre; the Karl Polanyi Institute Asia; and the Seoul Social Economy Network that aims to integrate the SSE throughout Korea through networking and public policy development.[7]

In Catalonia, they include the City of Barcelona, which launched the Plan to Promote the SSE 2016–19. This is a municipal initiative that encompasses a transformative socio-economic look at the reality of the city, and a plan of action aimed at contributing to the reduction of social and regional inequality and promoting an economy at the service of people and social justice (Ajuntament de Barcelona 2015). In the Basque Country, they include the cities of Bilbao and Mondragon and LKS group, a part of the Consulting and Engineering Division of Mondragon.

In 2014, the Global Social Economy Forum (GSEF) was founded in Seoul. This international organisation brings together local governments, civil society networks, international organisations and research institutes committed to promoting the international development of the social economy. One of the missions of the GSEF is to facilitate the dissemination of information and good practices on the social economy, including at international meetings. GSEF 2013 and GSEF 2014 held in Seoul gathered more than 1,000 people at each of the events. In Montreal, GSEF 2016 brought together nearly 1,500 participants from 330 cities and 62 countries. GSEF 2018 will be held in Bilbao and is expected to draw a similar gathering, including for the first-time representatives from Cuban cities, government agencies and civil society organisations.

Conclusion: Cuba and the Challenge of Incorporating the SSE

The SSE in the context of the dominant capitalist economy has advanced the values of cooperation, democratic participation, mutual aid and social inclusion. Its enterprises have helped millions overcome poverty through gainful employment, satisfy individual needs through collective efforts, advance worker ownership and management and resist the crisis with resilience. In developed economies, innovative technologies affect investors, and market niches have opened new opportunities for SSE enterprises. Their SSE umbrella is heterogeneous but economically dynamic and politically stable.

Insights from successful SSE experiences suggest the importance of the 'local development state' as an institutional form that can play a major role in cooperative enterprise development. These combine local government support policies (credit, training, promotion of markets for local goods, etc.) with more direct interventions and investments associated with so-called build-operate-transfer (BOT) models of public investment to allow producers to bypass intermediaries, access export markets and add value through processing (Utting 2015).

In Third-World capitalist countries, SSE experiences respond to the high levels of inequality and social exclusion; the term commonly used is PSE. SSE–PSE institutions and public sector support are erratic and depend on the government in power. This demonstrates, as Utting reminds us, that scaling up the SSE in a particular country and time is not enough. There is a need not only for political will but also for stability of governments committed to SSE and PSE. The significant advances that have taken place in Latin America in the last 15 years are threatened, or in full retreat, after the return to power of neoliberal, right-wing governments.

In comparison to other Latin American countries such as Ecuador, Venezuela and Costa Rica, Cuba has not advanced as much as those did in their heyday. In Cuba, the SSE has yet to be seen as a pillar of the renewed socialist model, the advance of cooperativism has stalled, and the very limited and restricted private sector is ignored as a potential social asset. But at least, the socialist economy and the political leadership are strong and stable and committed to updating and improving the model. The commitment includes – ironically – preserving the State-centred model, with the revolutionary vanguard in power.

Cuba should study in depth the various SSE experiences, particularly, in developed countries, and consider the various economic, legal, organisational, technological and environmental instruments and solutions that these management forms have applied and put in practice. The academy – universities and research institutes – should open more spaces to study and debate these experiences and provide pertinent recommendations and advice to policymakers. Civil society organisations, in particular, the National Association of Economists and Accountants (ANEC), should promote evaluation and debate of the SSE to learn its lessons for organisation and management of cooperatives and explore markets and investment opportunities.

Finally, Cuba must revive the creation of new cooperatives and create the institutions to support, promote and represent them.

What can the SSE contribute to the renovation of the socialist model? As we have seen above, consciously assuming the SSE as a complement to central planning can contribute to reducing social expenditures by the government, more effective and less distressing wealth redistribution, greater social cohesion and integration, and democratic governance. SSE enterprises open the way to public–private partnerships, increasing foreign investment, introduction of new technologies and methods, expanding the use of renewable energy, accessing niche markets for organic and fair trade products leading to increased food production, sharing the burden of the State, and creating new opportunities for home care and other social cooperatives.

The call made by Castillo not to limit ourselves to 'updating socialism' but to renew it, to revitalise socialist principles and ethics based on wide democratic participation, is still pending. So is the challenge posed by Coraggio (2013b: 10): 'It is not clear nor easy to decide if this proposal – build "Another Economy" that surpasses both the capitalist culture and the centrally-planned socialist economy – is utopian in principle or an achievable economy.'

Havana, 13 September 2018

Notes

1. This article is an updated and enhanced version of the one that appeared in Spanish in Catalejo, *Revista Temas* February 2014, http://temas.cult.cu/blog/?p=2217.
2. Rafael Betancourt is Professor of Urban Economics at the Colegio Universitario San Gerónimo de La Habana, is a member of the Editorial Board of *Revista Temas* www.temas.cult.cu, and is a consultant for Sol Economics, https://soleconomics.com.
3. According to the Constitution of Bolivia, 'The plural economy is comprised of the community, State, private and social cooperative forms of economic organization.'
4. The reduction in the number of cooperatives and corresponding employment has taken place in the agricultural sector, home to 93 per cent of all cooperatives. While the number of non-agricultural cooperatives doubled between 2013 – the first year that they were authorised – and 2016, the number of agricultural cooperatives fell 7 per cent between 2011 and 2016 due to the fact that many were unprofitable and the State ceased subsidising them. The biggest drop was 25 per cent in Unidades Basicas de Producción Cooperativa (UBPCs), while the Cooperativas de Producción Agropecuaria (CPAs) fell 11 per cent and Cooperativas de Crédito y Servicio (CCSs) 6 per cent. This is a reflection of the continued problems in Cuba's agricultural sector.
5. It is still not legally possible to incorporate a private business in Cuba, thus existing enterprises are made up of a single license holder – say, an owner/provider of restaurant services – and a varied number of salaried workers licensed to be employees of the main license holder.
6. For a further description of C.I.T.I.E.S. and its work, see http://cities-ess.org/?lang=en.
7. For information on C.I.T.I.E.S.'s partners, see http://cities-ess.org/partners/?lang=en.

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