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**Cuba and the complex transformation of the State Enterprise (III)**

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28/07/2014



The operation of State-owned enterprises in Cuba has been developed in a very complex framework during the past five years. The burden that has taken on the budget through transfers to the business sector spent in 7 604 billion pesos in 2009 to an estimated 9 961 million in 2013, an increase of 31%.

Of this figure, the subsidy for losses rose 603 to 914 million in the same period, for an increase of 51.6%, calculated that focuses on companies of the MINAGRI, the Terminal and in the AZCUBA group of companies.

The subsidy generated other important load of public finances by difference in the prices that are paid to companies that exported or replace imports, whose margin would be lower if the production costs were reduced in the State business sector. This item rose 4 308 million pesos in 2010 to an estimated 5 614 million in 2013, for a growth of 30.3%.

Of course, a setting that allows to modify this situation must elapse gradually, unlike what has happened in good measure with the private sector and cooperative, whose high costs and profit margins have directly impacted the prices to the consumer, except in the cases of agricultural commodities, which are priced retailer controlled by the State for sale to the population.

Based on the wholesale prices for inputs from State-owned enterprises – once it goes through the elimination of exchange rate and monetary duality – should gradually reflect prices on the international market for imported inputs, and assuming internal costs and the profit margin for national productions, that trend should be cheaper.

But in this process – which will take time and great effort – not can be dispensed with a level of subsidies for retail prices that slow down the deterioration in the purchasing power of the consumer, as long as their incomes do not grow properly.

To achieve these changes at the enterprise level it will be necessary to have leaders and technicians that not only

they have a greater economic culture, they can be appropriately paid based on the results of their administration. This means, at the same time, a deep change in the Organization, planning, management and control of economic activity at the level of the State-owned company.

In this sense, planning non-deterministic and flexible, allowing to cover as far as possible the margins of uncertainty is imposed and risk that all economic activity implies, by reducing the levels of centralization in non-strategic decisions, and decentralizing the current operation in the management of the company.

In that direction, the economic control mechanisms must back open to step leaving the administrative control of high cost and low efficiency, concentrating in the main targets, and not to try to control each and every one of the actions that must undertake the company in their management.

A key element for the success of the change of mentality that such processes demand is in the active presence of the group of workers in the gestation and control of the enterprise activity, which supposes an effective work of the unions in the collective analysis of the plans and the participation of the same in the control of the economic activity through the control elements of the organization, including the Councils of Government.

Special attention will require the promotion and encouragement of technological innovation at the level of enterprises, through the creation of the necessary funds for its development from own generated profits.

Logically, the transit of the current situation to an efficient Socialist undertaking will require a suitable context.

A factor of great importance for the companies – especially in the agricultural sector – will be able to count on the infrastructure necessary to develop their production. The lifting capacity of irrigation, where they have managed figures that reflect only 9% coverage compared to 34% of irrigation area in the country, is essential.

Also it is necessary to advance the development of rail transport and the capacity of electricity generation using renewable energy – especially from the sugar industry – sources, factors that would make cheaper the costs of the sector significantly. In all, the role of foreign investment will be of huge importance.

Also a review of credit policy that allow companies to obtain financial resources essential for resulting required a more flexible banking policy enabling to manage medium and long terms the indebtedness of many companies today presenting losses seems appropriate. Equally, the convenience of defining the conditions of bankruptcy of a State-owned company to apply a rational financial policy should be examined.

Finally, it would be worthwhile to highlight the universe in which today serves the State company implies a substantial change, given the presence in the domestic market of a private and cooperative sector in expansion, which not only competes with the public entity positively in areas such as tourism and gastronomy that attracts workforce with greater compensation.

All this implies the need to achieve a higher level of competitiveness in the State-owned company, and so one might think in mechanisms that include the possibility of creating joint ventures with the non-State sector – a Variant that would be perhaps more favorable than the lease of State-owned, as well as the creation of financial mechanisms that enable social participation in remittance flows that are coming into the country as capital.

Complex transformation of the State enterprise is a vital process in the redesign of the economic model of socialism in Cuba, so pay greater attention to the different steps that occur in that direction, adequately assess the necessary experiments and ensure greater participation of workers in the same is the guarantee of its successful culmination.

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