
Cuban government approves measures to boost the economy

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The Council of Ministers, led by its President, Miguel Díaz-Canel Bermúdez, has approved a group of measures to launch an economic strategy based on taking maximum advantage of domestic capacity and human potential within the country.

The President explained that - based on government visits to the provinces, the population's opinions, proposals in congresses like that of the Federation of Cuban Workers, and addressing the problems facing the economy aggravated by the hostile policy of the U.S. government - for several months a work group including academic specialists in economic sciences systematically discussed the decisions that are now approved by the highest body of the country's government.

Minister of Economy and Planning Alejandro Gil Fernández stated that, in general, the measures "are focused on providing a greater response to the needs of the population and the economy, encouraging the active participation of all actors in the search for solutions and ways to confront the economic siege imposed on us by the United States government."

The goal is that what has been designed will not only stimulate savings, and promote development, but also allow progress to continue on fundamental questions to generate more favorable conditions for the Cuban economy's performance.

He commented that the measures essentially seek to defend national production; diversify and increase exports; substitute imports with domestic products; strengthen the state enterprise; advance in food sovereignty; promote local development; implement the Housing Policy; and put science at the service of resolving problems.

All this, he emphasized, requires the use of methods and work styles far removed from formalism and bureaucracy, using a comprehensive approach, to contribute to making decisions adopted by the government more effective.

Gil Fernández explained that the measures, which will be put into practice gradually, address dissimilar issues,

including an increase in national production; municipal self-sufficiency; local development projects; investments; retail sales; and the promotion of agricultural production.

He noted as fundamental the role of cadres at all levels and their training. He likewise described as imperative, “concretizing changes related to the country’s institutionalality, since changes have been made in the economic model, yet we continue working with basically the same institutional structures.”

INCREASES IN SALARIES FOR THE BUDGETED SECTOR AND PENSIONS

“This is not the final salary increase we are heading toward, but it is significant enough given the conditions in which we find ourselves,” the President of the Councils of State and Ministers emphasized, referring to the salary increase for the budgeted sector.

The goal is, he said, that this decision will begin to be implemented in the month of July, so that, before the end of the summer, workers will receive the first benefits.

In this regard, the Minister of Economy and Planning explained that the minimum salary in the budgeted sector will increase to 400 pesos and the average monthly salary will rise to 1,067, saying, “This measure includes 1,470,736 workers in Central State Administration agencies, local People’s Power bodies, organizations and associations, and has an estimated annual cost of 7,050,000 pesos.”

In the case of Social Security, taking into account increases made to the minimum pension in November of 2018, this remains at 242 pesos. Other persons who at that time did not receive an increase, and have pensions below 500 pesos, will benefit from the approval of these new measures, which will favor 1,281,523 persons, at an estimated annual cost of 700 million pesos.

Meanwhile, Social Assistance will not change, given the increase provided in November of 2018, when the minimum amount was established as 217 pesos.

Minister of Finances and Prices Meisi Bolaños Weiss additionally explained that the application of the Special Contribution to Social Security will be extended to workers in the budgeted sector, in line with the principle that all contribute to the financing of expenses to provide these benefits, saying, “This rate will be 2.5% for those with monthly incomes of up to 500 pesos, and 5% for those with salaries greater than 500 pesos.”

Likewise, it was explained that the cost of this salary increase must not increase the State Budget deficit approved for 2019. In this regard, it is imperative that measures be taken to make savings and strictly control expenses, in both budgeted and non-budgeted activities, while collecting all income generated, and taking advantage of all potential and reserves present in the economy.

In terms of the enterprise sector, the Minister of Economy and Planning recalled that in 2014, the approval of pay per performance regimens was decentralized. The allocation and distribution of salaries was linked to meeting specific indicators and administrative restrictions were eliminated. As a result, he said, the average salary had increased from 600 to 871 pesos by the end of 2018.

Despite the positive impact of these measures, the Minister noted that difficulties persist. Thus the Council of Ministers agreed to perfect pay per performance mechanisms in the enterprise sector, maintaining the link with production results, which will be implemented beginning in 2020.

Among the incentives, he emphasized the granting of authority to approve salary systems to enterprise directors, always prioritizing individual productivity wherever possible, and maintaining growth in earnings before taxes (compared to previous periods) as an indicator considered in enterprise pay for performance plans.

With the goal of avoiding the inflationary effect of the measures, he emphasized that the Minister of Finances and Prices will have the necessary mechanisms throughout the economy to mitigate possible price increases.

In this regard, the President noted that involved ministries must establish observatory mechanisms to stay abreast of prices, and of how consumption evolves, “So that we have time to rectify any element to prevent inflation.”

He likewise called for stimulating sales of food, construction materials, tourist packages, and offers made by the

Cuban Telecommunications Enterprise, Etecsa, for example. In summary, he said, let's all think about new options.

Díaz-Canel highlighted the need to be rational in filling staff positions. The person employed must be the one who will produce the most, because the measures are not meant to throw money around, but to give an incentive to those who work and contribute more, he said.

He likewise insisted that, from now on, cadres must be well trained to avoid erroneous interpretations, and systematic follow-up on developments around these issues must be provided.

The intention of this group of measures, he commented, is to strengthen the country's development and confront the current difficult situation. Not all will be put into effect immediately, since they require more analysis and work.

Over the next few days, via different press media, our population will receive more detailed information on the scope of these decisions.
