

**Ideological, Political, and Economic Factors in the Cuban Controversy on  
Material Versus Moral Incentives**



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*IDEOLOGICAL, POLITICAL, AND ECONOMIC FACTORS  
IN THE CUBAN CONTROVERSY  
ON MATERIAL VERSUS MORAL INCENTIVES*

This paper discusses the Cuban stand in the socialist controversy on material versus moral incentives, placing emphasis on the role of economic, political, and ideological factors. The controversy is of fundamental importance for Marxist-Leninist theory, as well as for the implementation of such theory in socialist countries. Actually, the reference to "incentives" conveys the impression of a narrower scope than the controversy has been in reality. Internally, the type of incentives chosen affects crucial economic areas such as the method of planning, the allocation of resources, the distribution system, the use of money, the organization of the enterprise, and even the criteria for appointing managers. In the political sphere, the incentive decision affects political control, mass mobilization, people's participation in the decision-making process, and the degree of consensus. In the social sphere, the incentive decision affects social stratification, income equaliza-

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tion, and alienation versus solidarity problems. The external policy of the socialist countries is also often related to the internal system of incentives. Usually, material incentives are tied to "construction of socialism in one country," while moral incentives are related to "universal socialism."

In the socialist world, there are three groups of countries actively taking part in the controversy: Yugoslavia, as the leading proponent of material incentives; the Soviet Union and most of Eastern Europe, also in favor of material incentives but in a more moderate position; and Cuba and the Chinese group, stressing moral incentives. The impact of the concentration on material incentives typified by Yugoslavia would imply, initially at least, emphasis on economic over ideological development; higher productivity of capital and labor, but some degree of unemployment; maintenance of social and economic inequalities; some emphasis in quality and assortment of production; better supply of consumer goods; tendency toward decentralization in planning and use of market mechanisms; expertise and training as the main criteria for selecting managers; self-financed enterprise; increasing participation of the public in politics, and labor unions in decision-making and enterprise profits; a freer attitude of the state concerning education and artistic expression; and a foreign policy characterized by respect of the sovereignty of other states and coexistence between different economic systems.

Moral incentives as typified by Cuba would imply, initially at least, emphasis on ideological over economic development; lower capital and labor productivity, but full employment; trend toward equalization; emphasis in quantity of production; bias in favor of capital goods and, often, scarcity and rationing of consumer goods; planning centralization; political loyalty as the main criterion for selecting managers; budgetary enterprise; mass mobilization in support of political and economic plans; more state control over education and artistic expression; and a foreign policy characterized by the commitment to export the socialist revolution. What is most significant about the Cuban experiment is the intensity of the commitment, the desire to

implement the model rapidly, and the length of the period in which the government has been pushing this policy forward.

If the Cuban path were successful, a rapid development of this model should be expected in the less-developed countries of the socialist world. The Cuban experiments seem to have a significant appeal to the youth movements throughout the world, and especially in the industrialized countries, such as the U.S. or France, and to the black movement in the U.S. Finally, the feasibility of the Cuban model is also observed with attention by the Third World, particularly Latin America. If unsuccessful, the Cuban experiment will be a landmark in the practice of the international communist movement, and the implications will be profound for the development of Cuban society itself.

#### *Antecedents: Marxist-Leninist Theory*

Karl Marx (1936) vaguely distinguished between two stages which would come about after the socialist revolution destroyed the capitalist system. The first stage, characterized by the dictatorship of the proletariat, would be a period of gradual transition between capitalism and communism and, therefore, would maintain shortcomings of the abolished system and would also begin to manifest the evolution of certain communist traits. Among the shortcomings, Marx singled out the existence of money, the scarcity of goods and services, individual interest and selfishness, continuation of labor as a means to earn a living, centralized control by the state, unequal distribution of income and wage differences (each person was paid according to his work, instead of according to his needs), and social conflicts.

In the higher stage of communism, a society purified of the cited defects would appear, and its principal characteristics would be: the absence of money and of the state as an oppressive force in society, the abundance of goods and services, the transformation of labor into a pleasurable activity

which permits the self-realization of man, the distribution of income in an egalitarian manner or in accordance with the needs of each person, the disappearance of classes and social conflicts, and the appearance of a "new man" with a superior communist consciousness—that is, stripped of selfish interests and dedicated entirely to serving the community.<sup>1</sup>

Marxist-Leninist theory maintains that the passing from the transition stage, socialism, to the superior stage, communism, ought to be realized by mass education, the transformation of the means of production, and individual self-betterment. The plan consists of gradually replacing individual and material incentives and stimuli typical of the bourgeois society (salaries, enterprise profit, connections between effort and remuneration, and the like) by the so-called social or moral stimuli (the satisfaction of fulfilled social duty, honorary rewards, social services granted directly and gratuitously by the state). Today, there is not a communist country in the world, since all are in the transition, or socialist, stage. In accordance with the theory, the degree of development of communist consciousness in a given country (e.g., the USSR) can be measured partly by the advance of moral incentives over material ones.

In spite of the above theory, one of the more serious difficulties encountered by the governments of the socialist countries has been the substitution of moral incentives for material ones: "Socialism created new moral stimuli for the workers. . . . Nevertheless, the practical construction of socialism has already demonstrated within the first few years, that moral incentives, by themselves, are not enough to deeply interest the workers in the increase and perfection of production. . . . This showed the necessity of using material incentives for the development of the labor activities within the masses" (Shkurko, 1962).

### *Sino-Soviet Experiments*

During the stage of "War Communism" (1919-1920), Trotsky and his followers conducted experiments with communes in

factories, trying to skip the transition stage and directly construct a communist society. In said communes, all the workers put their salary into a collective fund, which was invested in the acquisition of consumer goods, which were in turn distributed equally among the members. Outside the communes, Lenin attempted to reduce inequalities in income by means of salary scales with small differences among the different occupations (Shkurko, 1962: 39, see also Felker, 1966: 21-27). But these experiments did not produce the hoped-for results and, facing a decline in production and economic chaos, Lenin stated in 1921: "Not directly upon the enthusiasm, but upon personal interests, upon individual advantages, on the basis of commercial yield [enterprise profit] is it possible to come near communism. . . . Personal interest elevates production" (Lenin, 1950). With a foundation in this new criterion, Lenin inaugurated the New Economic Policy (NEP) which emphasized economic incentives, substantial differences in salaries, enterprise profitability, profit as a means to increase efficiency, free markets, and the importance of private initiative, in order to reconstruct the Soviet economy. In 1927, the results of the Leninist plan had surpassed expectations (see Dobb, 1966: 97-176).

At the end of the 1920s, Stalin was faced with a sharp controversy within the Soviet leadership. One faction, labeled right-wing and led by Bukharin, proposed to maintain the NEP and to develop industry with certain moderation. The other trend, called left-wing and presided over by Trotsky, rejected the plan of the NEP and supported the collectivization of all the means of production as well as accelerating industrialization. With great political astuteness, Stalin liquidated the leaders of both factions and then after a brief apparent flirtation with the right-wing thesis, fervently embraced the left-wing program (see Campbell, 1966: 11-25). The first Five-Year Plan (1928-1932) was characterized by the abandoning of the NEP and the collectivization of agriculture, but Stalin did not completely eradicate the policy of material incentives. Attacking egalitarian ideas as obsolete (typical of French utopian socialism which

Marx so strongly criticized) the Soviet leader substantially augmented differences in salaries and introduced a system of bonuses based on the fulfillment and overfulfillment of output quotas (on Stalin's position against egalitarianism, see Stalin, 1955: 58-59, 120-121, 361-364). However, the use of the market mechanism and the technique of enterprise profitability were abandoned and, in substitution, strict state control of the economy was established, on the basis of centralized planning.

The schism between the USSR and Yugoslavia, occurring in 1948, facilitated in the latter a gradual return to economic decentralization, use of the market mechanism, increases in material incentives, and expansion of private initiative especially in agriculture. After the death of Stalin, the reformist Yugoslavian ideas influenced the economists of Eastern Europe (Bicanic, 1966). Thus, during the Khrushchev years, a new movement grew in the USSR, headed by the economist Evsei Liberman (*Problems of Economics*, 1963, 1965a, 1965b, 1965c). Based on the reestablishment of profit as a principal indicator to measure the success of state enterprises, the plan was tested with encouraging results in several enterprises. The new Premier, Kosygin, officially endorsed Libermanism at the end of 1965. One of the reasons, alluded to by the change, was the necessity of revitalizing the Soviet economy, which had shown signs of crisis since the end of the 1950s. Another reason was the increasing complexity of an unmanageable economy. The new program not only reintroduced profit, but also interest and rent (rejected by Marx), while at the same time it gave greater autonomy to the state managers and interested them and the workers in the profit of the enterprise (*Joint Economic Committee*, 1966). The use of market mechanisms (e.g., profit) does not necessarily imply that the USSR is moving back to capitalism, because the means of production are still owned by the state. Yet it could be argued that the increasing use of economic incentives and the relative negligence of moral stimuli have not helped to develop communist consciousness.

The failure of the Soviet attempt to eliminate economic incentives during War Communism could have been caused in

part by other factors such as the disorganization created by the civil war, the brief and limited nature of the experiment, or the lack of experience of the leaders. China offers a shining example of the large-scale establishment of moral incentives. Between 1953 and 1968, three stages in incentives occurred, and one can see a connection between the use of material or moral incentives and the country's economic situation. The first stage coincided with the first Five-Year Plan (1953-1957) and was based on material incentives in the Soviet pattern. In general, the effects of the plan, at least measured by the growth in GNP, were satisfactory.

But the Chinese leadership, especially Mao Tse-tung, wanted more rapid and spectacular results in both ideological and economic development. With this end in mind, they embarked upon an ambitious program, the Great Leap Forward, which replaced the projected second Five-Year Plan (1958-1962) of the Soviet type. Collectivization of industry and especially of agriculture was accelerated, piecework was eliminated, and rural communes were created. In these communes, the Trotskyite experiment was repeated: the connection between work effort and remuneration was broken in order to establish the distribution of the product in accordance with the necessities of the members of the commune. The change in the economic system, together with other factors (e.g., adverse climate, suspension of Soviet aid) brought about an abrupt decline in production levels. An economic depression soon developed. Waves of hungry Chinese people sought refuge in the British port of Hong Kong, and the Chinese government was forced to import large quantities of wheat from Canada and France. Pressured by the failure of the experiment, the leaders interrupted the Great Leap and initiated, at the beginning of 1961, a return to material incentives. This third stage ended the cycle begun in 1953, but at the price of a decade of lag in development (Hoffman, 1964; Li, 1964: 11). When, in 1966, the economy appeared to be recuperating, Mao launched a new campaign, the Great Proletarian Cultural Revolution, based on the enthusiasm of the masses, moral incentives, and the



permanent revolution. According to Western experts in 1967, industrial output in China declined by ten to twenty percent (Asia Research Centre, 1969: 47; Hughes, 1970). In 1968, the campaign had been abandoned, and although official silence made it difficult to find out its exact results on the Chinese economy, it was clear that fear of economic deterioration had been a crucial factor in ending the movement.

The Sino-Soviet experiments suggest that the use of moral incentives with priority over material ones has been, at least an important factor, if not an essential one, in the economic stagnation and recession suffered by these countries in certain periods of their history. Cuba has ignored the above experience and, after several vacillations, has chosen the path of moral stimulation, taking the position today as a leader of this tendency within the socialist world.

### *Cuba: The Stage of Vacillations*

Between 1963 and 1965, two antagonistic positions relative to the problem of incentives were outlined in Cuba. One defended material incentives, following the Soviet line of thinking, which is labeled revisionist or right-wing by the Chinese. The other position advocated moral incentives, adopting the Chinese line of thinking of the epoch of the Great Leap, which is tagged left-wing deviation by the USSR (a brief resumé of the controversy in 1963-1965 has been prepared by De Santis, 1965; for more recent information, see Mandel, 1967). The majority of the Cuban leaders, however, did not take part in the controversy, possibly imitating the ambiguous position of Fidel Castro during this period.

#### *THE SOVIET LINE OF THINKING*

The members of the prerevolutionary Communist Party (PSP) were the principal defendants of this position. Next follows a relation of the participants in the controversy and of the official posts that they had at the time: Blas Roca

(President of the PSP and Director of the newspaper *Hoy*); Lázaro Peña (Secretary General of the Confederation of Cuban Workers: CTC); Aníbal Escalante (organizer of the first nucleus of the Cuban Party: ORI); Carlos Rafael Rodríguez (President of the National Institute for Agrarian Reform: INRA); Manuel Luzardo (Minister of Domestic Trade); and Ramón Calcines (head of the Agricultural Trade Union). Also included in this group was a small number of young revolutionaries, such as Alberto Mora (Minister of Foreign Trade); Marcelo Fernández (President of the National Bank), Regino Boti (Minister of the Economy); and Augusto Martínez Sánchez (Minister of Labor). Finally, foreign specialists (e.g., the Frenchman Charles Bettelheim) gave scientific backing to this line of thinking. The magazine *Cuba Socialista*, controlled by the PSP until the end of 1965, began in 1962 to publish articles by Soviet specialists defending material incentives (Evenko, 1962; Glezerman, 1964; Shkurko, 1962: 38-54). Other articles signed by Cubans and foreign technicians (e.g., Liberman, Ota Sik, Bettelheim) were also published in the above magazine or in *Comercio Exterior*. The principles of this position (i.e., material rewards, self-financed enterprise, socialist emulation based on economic stimuli) were applied in several government agencies, especially INRA, and were endorsed by the Minister of Foreign Trade and the National Bank.

The controversy began in 1963, with an article written by Mora in which he labeled as unrealistic the idea of doing away with the laws of supply and demand and the use of the market mechanism in the transition stage. For his part, Fernández expanded on the theme defending in two articles the method of self-financed enterprise. This accounting system consists of permitting the state enterprises to retain a large part of their profits with the aim of reinvestment and distribution and allegedly stimulates efficiency, productivity and the interest of the state administrators and workers. The most important theoretical work was written by Bettelheim, trying to demonstrate that the development of consciousness ought not to be advanced more than the system of production has evolved

(Mora, 1963; also Barros, 1963; Fernández, 1964a, 1964b; Bettleheim, 1964; Infante, 1964).

Practical implementation of the above theory was led by Rodríguez, who introduced, during the 1963 sugar harvest, a system of piecework payment with a progressive scale whose object was increasing production. In the harvests of 1965-1966, material rewards in the form of trips to resorts in Cuba or other socialist countries were added, as well as houses, automobiles, motorcycles, and refrigerators. But it must be indicated that only twenty percent of the labor force participated in this program and only between one and 1.7 percent of the workers were benefited by the rewards (CMQ-TV, 1963; Gaceta Oficial, 1964; Castro, 1965a, 1965b).

One of the principal instruments conducive to material incentives in Cuba has been the system of salary scales and rewards for production, of the Soviet type, introduced in 1963 by the Minister of Labor in collaboration with the CTC (Suplemento de la Revista Trabajo, 1963; Sánchez, 1963).<sup>2</sup> The scales shown in Table 1 fixed graduated wage rates (according to the workers skills and the complexity and effort required in their work) for three occupational groups—that is to

TABLE 1  
COMPARISON OF WAGE RATES IN CUBA BY MID-1960s  
(pesos per month)

<i>Grades</i>	<i>Agricultural Workers</i>	<i>Nonagricultural Workers and Administrative Employees</i>	<i>Executive and Technical Personnel</i>
1st	63.80	85.00	302.60
2nd	72.45	98.60	351.00
3rd	82.80	114.75	408.10
4th	96.60	134.30	478.10
5th	112.10	157.25	559.80
6th	131.10	185.30	659.70
7th	153.50	218.45	777.70
8th	—	263.50	938.05

SOURCE: Carmelo Mesa-Lago, *The Labor Sector and Socialist Distribution in Cuba* (New York, 1968), pp. 94-101, Tables 8-11.

say, agricultural workers (forty-two percent of the labor force), nonagricultural workers and administrative employees (fifty-three percent), and technical and executive personnel (five percent). Information on the percentage distribution by wage rate within the first and third occupational groups is not available. Within the second occupational group, eighty-three percent of the workers fell in the four lowest grades of the salary scale—that is, the worst paid—and the percentage of workers in the highest grade, or the best paid, was only 0.7 percent (for original sources and detailed comments, see Mesa-Lago, 1968: 92-112, and Figures 7 and 8).

The French Marxist, Jacques Vallier (1968), maintains that the salary scales were a step forward in favor of egalitarianism because they reduced the differences in income which existed at the time in Cuba (see also Karol, 1967; Zeitlin, based on isolated observations, made some wrong conclusions about the Cuban wage-salary scale ratios, 1970). This thesis that the introduction of wage scales helped to reduce wage differences has also been maintained by Cuban officials, but these stress that prior to the Revolution wage differences were not as large in Cuba as in most of Latin America due to the development, in the former, of organized labor and minimum wage legislation (Cuba Socialista, 1966a).

In fact, wage differences among occupational groups were still significant in the mid-1960s after the implementation of the wage-scale system, and the Minister of Labor justified such differences by attacking egalitarianism in salary as unjust (Suplemento de la Revista Trabajo, 1963: 3). Table 1 shows that, in 1964, for each peso earned by an agricultural worker of the first grade, a nonagricultural worker of eighth grade earned 4 pesos. If the comparison is made between two extremes in the table—that is, the minimum salary of agricultural workers and the maximum salary of technical personnel—the ratio is 1 to 15. Furthermore, official data suggest that, after a reduction of wage differences in 1964, there was a tendency for widening wage differences in 1965-1966 (Dirección Central de Estadística, n.d.: 26, Table 4). By comparing, within the state sector,

the median salary of the worst-paid occupation (cattle-raising) with that of the best-paid occupation (air transport), a ratio has been computed. In 1963, this ratio was 1 to 3.6; in 1964, it had been reduced to 1:3.4, but, in 1965, the ratio increased to 1:3.5, and, in 1966, it was back to 1:3.6. It should be noted that these data compare median wages which do not give the extreme differences (i.e., between the highest and the lowest wages) as Table 1 does.

The above comparisons are made taking cash salary as a base, but if benefits of various types received by one group or another are included, income differences are even greater. Adolfo Gilly (1964), a South American journalist who is sympathetic with the Chinese line of thinking and who was in Cuba in 1964, has said concerning this: "The bureaucratic sectors exert [a permanent pressure] to increase their share by invisible means—these may be a series of privileges which go with the job or which are added on arbitrarily: automobiles, apartments, trips, meals, etc." Zeitlin (1970: 14) has also acknowledged privileges such as cars and chauffeurs, as well as expense accounts, but underestimated the importance of housing, resorts, and travel. Radoslav Selucky (1964), a Czech economist who visited Cuba in 1964, criticized the Cuban salary policy, saying that although he rejected egalitarianism, the wage differences in Cuba were cruelly large, even in comparison with the capitalist countries of Western Europe.

Besides the basic salary fixed by the scale, other economic incentives were: bonuses for overfulfillment of the work quota assigned to each worker (output standard), and the payment for overtime work with a higher salary. Also, the so-called "historical salary" was added—that is, the difference resulting between the salary a worker received before the salary scales were established, and the new remuneration assigned to the same worker by the corresponding grade.

Finally the "socialist emulation" (competition among workers and among state enterprises in order to raise production and productivity), in force in the years 1964 and 1965, offered material rewards consisting of cash bonuses in proportion to the

base salary, and paid vacations of 20 to 30 days to tourist centers in Cuba (Gaceta Oficial, 1964; see also PURS, 1963).

It is almost impossible to judge how effective (or ineffective) material incentives were in Cuba. The experiment was tried for three or four years only and in small scale. Even more, a former adviser of the Cuban government, the Chilean economist Albán Lataste maintains that material incentives, when implemented, were actually corrupted or mixed with elements of the moral-incentive model. For example, the state granted capital "gifts" to many of the so-called self-financed enterprises, or subsidized them or covered their deficits, hence making this a disguised budgetary-enterprise system (Lataste, 1968: 36).

#### THE SINO-GUEVARIST LINE OF THINKING

This position was defended by a select group of the so-called "new communists" (*fidelistas*) led by Ernesto Che Guevara. Although they did not reject the plan of material incentives, they relegated these to a secondary position, giving priority to moral incentives. Technicians and foreign ideologists (e.g., the Americans Leo Huberman and Paul Sweezy, and the Belgian Ernest Mandel) made their contributions to the thesis and publicized it outside Cuba. Two publications controlled by Guevara when he was Minister of Industry, *Nuestra Industria* and *Nuestra Industria Revista Económica*, as well as *Cuba Socialista*, published several articles by Guevara (1964a, 1964b, 1964c, 1963) responding to the arguments of the opposing line of thinking. The first of these magazines criticized the already cited articles of the Soviet technicians, as well as Liberman's theory endorsing material incentives (*Nuestra Industria*, 1964a, 1964b, 1964c). Other interesting contributions on this topic are those of the Minister of Finance, Luis Alvarez Ron (1963, 1964) and that of Mandel (1964).

According to Guevara (1963: 54), the communist society will be characterized by the existence of a new man, with a superior consciousness, and the excessive use of material incentive in the transition stage does not contribute at all to the development of that consciousness but, on the contrary, delays its evolution:

We do not deny the objective necessity of material stimulus [but] we reject its use as the fundamental level of the economy [because] it rapidly takes unto itself special powers and afterward imposes its own force on social relations. We must not forget that it proceeds from capitalism and is destined to die in socialism. . . . The society in transition should liquidate its old ties in order to enter quickly into the new stage.

Accepting that material incentive is in opposition to the development of communist consciousness, the problem still remains that the former is the fundamental lever for obtaining increases in production. Guevara himself was faced with the dilemma: "Must one understand that preferential attention to the development of consciousness delays production and economic growth?" His answer (Guevara, 1963), although cautious, was negative:

In comparative terms, in a given period, it is possible [that the preferential attention to consciousness delays economic development], although no one has made the pertinent calculations. . . . We affirm that in a relatively short time, the development of consciousness will be more favorable to economic development than material incentives. . . . [However], this assertion requires confirmation by experience, which we are now undergoing. If in the course of the experiment it is demonstrated that [this attitude] is a dangerous brake on productive forces, the decision will have to be made to pluck it by the roots and start again on already trodden roads.

The Sino-Guevarist line of thinking emphasizes several aspects: progressive use of moral incentives instead of material ones, enterprise financed through the state budget (instead of the accounting system of self-financing), education through unpaid labor, and strict administrative centralization.

Moral incentives consist of medals, flags, pennants, and diplomas, earned through socialist emulation and granted by the CTC and the Council of Ministers. Also, honorary titles of "Vanguard Worker" and "National Work Hero" are awarded. One form of moral punishment is the selection of the laziest worker (or the least productive) in an enterprise and the

exhibition of his name in a visible location (Gaceta Oficial, 1964: articles 40-47).

Another aspect of the system is the gradual reduction of the proportion paid to a worker in cash (monetary salary) and the increase in social services conferred gratuitously by the state (social salary), such as education, housing, medical attention, and social security. Through this mechanism, it is hoped that the worker will less and less associate his work effort with the remuneration that the enterprise pays him and begin to relate his effort to the services that the state gives him in gratuitous form.

Under the budgetary accounting system, the state enterprises are dispossessed of their profit by means of a high tax whose revenue goes to the national treasury. Afterward, the planners decide how to invest this revenue through capital allocation to the enterprises, stipulated in the state budget. These are not bank loans but capital "gifts" that do not have to be repaid; deficits in the enterprise accounts are often cancelled. In the majority of cases, the criterion for investment is not the profitability of the enterprise, but the importance of the development of certain sectors of the economy or regions of the country. Thus, the connection is broken between the effort of managers and workers of the enterprise and the possibility of reinvesting part of the profit in the enterprise and distributing the other part among the managers and workers. For its part, the enterprise depends totally on the state in order to receive the capital grants necessary for its expansion (Guevara, 1963: 50-54).

Education, indoctrination, and political mobilization are, at least in theory, means to produce a change in the attitude of society—that is, a gradual transformation in the set of values which, ultimately, results in communist consciousness.<sup>3</sup> Unpaid labor is conceived as an essential instrument for transforming the consciousness of the masses. This type of labor is realized in a good number of cases by force—e.g., recruits for the compulsory military service, political prisoners, and re-educating bureaucrats. It may also be under strong pressure from mass



organizations—e.g., workers under the CTC, students under the Young Communist Union (UJC), and housewives under the Cuban Women's Federation (FMC). But there is a large number of workers who give their labor in a truly voluntary form. The promoters of this system understand that donations of work reinforce the sense of solidarity of the masses with respect to the state and the community, weakening their utilitarian individual interests (for a detailed treatment of this aspect, see Mesa-Lago, 1969a).

Finally, through the centralized planning system, a single agency hierarchically structured in a pyramidal manner (the Central Planning Board: JUCEPLAN) controls most decision-making powers and the allocation of resources. JUCEPLAN concentrates and allocates resources with a macroeconomic view instead of dispersing them among regions or enterprises that could decide according to their own needs and objectives. This planning system is essential for the implementation of the Sino-Guevarist model, which requires a tremendous mobilization, on a national scale, of economical, technical, and human resources.

The latest declarations made by Guevara on this theme were published while he was on a trip through Asia and Africa at the end of 1964 and the beginning of 1965. On the occasion of his visit to the United Arab Republic, Guevara (1965a) criticized the economic revisionism of Yugoslavia, Poland, and Czechoslovakia, contending that due to the excessive use of economic incentives the first of these countries ran the risk of returning to capitalism. A letter sent to the Uruguayan magazine *Marcha* by Guevara (1965b) contained his last admonition: "Pursuing the chimera of achieving socialism with the blunted weapons bequeathed to us by capitalism (profitability, material interest as a lever, etc.) one can end up in a blind alley." On March 14, 1965, Guevara returned unexpectedly to Cuba and after that time was veiled in mystery until, in October 1967, the Bolivian Army announced his capture and death.

*THE FLUCTUATING POSITION OF CASTRO*

Until the middle of 1966, Castro's position in the controversy was not clear, inclining at times toward material incentives and at times toward moral stimuli. In 1964, the Prime Minister stated in an interview granted to *Nouvelle Critique*: "The problem is to find the equilibrium between material stimulation and moral stimulation" (see *Nuestra Industria*, 1964d). With this delicate equilibrium, Castro succeeded in controlling the two tendencies within Cuba regarding the matter of incentives. At the same time, he was able to negotiate with the USSR, threatening it with a swing to the Sino-Guevarist tendency.

Nevertheless, in the years 1963-1964, pressure from the Soviets and other socialist countries reached a climax. This coincided with the economic difficulties confronted in the application of the Cuban Four-Year Plan and Castro's two visits to the USSR. The Cuban controversy between the two lines of thinking also climaxed in 1964. Besides this, several technicians and visitors from the socialist bloc, as well as sympathizers with the revolution, began to censor Cuba's excessive emphasis on moral stimulus. The French Marxist and agrarian adviser of Cuba, Dumont (1964: 41, 50, 54-55), attacked Guevara: "to trust in moral stimuli as substitutes for material rewards will lead to the reinitiation, in a voluntary and unuseful way, of the whole cycle of errors perpetrated by other socialist countries . . . disregard the very high price already paid by such mistakes." The American Marxist and economic adviser of the Cuban government, Edward Boorstein, writing in the theoretical magazine of the U.S. Communist Party criticized the excessive administrative centralization, the system of budgetary enterprise, the gigantic proportions of state enterprises, and the financial irresponsibility that the Cubans demonstrated by their scorn of the idea of enterprise profitability: "In many circles of the government, the lessons of the Soviet experience in giving financial autonomy and responsibility to individual enterprises was disregarded" (Bellows, 1964). The Czech economist Selucky (1964: 22) reminded the adherents of the Sino-Guevarist line of thinking of Lenin's statement in the sense that

socialism cannot be constructed only on the basis of enthusiasm but that it is necessary to use material interest. It has already been explained how the French planner Bettelheim became involved in a serious controversy with Guevara, in which the former criticized the idea that the development of the communist consciousness could precede the development of the material base. He concluded that the process of state control in Cuba should not be hurried and nonsocialist forms of property organization should be allowed (e.g., cooperatives, private farms).

The strategy employed by Castro under double pressure, internal and external, reminds one of the strategy followed by Stalin during the debate that preceded the first Five-Year Plan. Castro got rid of the leaders of both the right-wing and left-wing tendencies, appearing at first to support the Soviet line of thinking. Later, when he was sure of his power, he adopted the Sino-Guevarist tendency even more emphatically than had Guevara. The Minister of Foreign Trade, Mora, was dismissed in June of 1964, while the Minister of the Economy, Boti, was given the same treatment in July. In December, the Minister of Labor, Martínez Sánchez, was dismissed from his job for having committed "serious administrative errors," and the next day he attempted suicide (*El Mundo*, 1964). In January of 1965, Castro supported Rodríguez's idea of introducing material rewards in the sugar harvest. Animated by his apparent victory, Rodríguez praised Castro's decision and predicted that the use of material incentives would result in an increase in sugar production. Two weeks later, Rodríguez (1965) was removed from his position and replaced by Castro himself. In March, Guevara in his turn ceased to be an influential figure, at least within Cuba.

In July of 1965, Castro presided over the presentation of material rewards to the cane cutters in the sugar harvest and referred to the controversy over incentives with a clear criticism of the Sino-Guevarist line of thinking:

We cannot choose idealistic methods that conceive that all men are guided by the concepts of duty, because in actual life, this is not

so. . . It would be absurd to expect that the great masses of men who earn their living cutting cane will make a maximum effort just by being told that it is their duty, whether they earn more or less. This would be idealistic [Castro, 1965c].

Immediately, Castro announced that for the sugar harvest of 1966, the number of material rewards would be increased and that other new types of rewards would be established.

Early in October, all the newspapers published the list of the members of the new Central Committee of the Communist Party of Cuba (PCC). The leaders of the Soviet line of thinking were excluded from the Political Bureau and reduced to secondary posts in the Committee. Only two members of the vanished PSP participated in secretarial positions within the Party, Roca and Rodríguez. On the other hand, the name of Guevara was not included. As a justification, a letter attributed to Guevara was published, in which he renounced all his positions within Cuba. On the same day, October 14, 1965, the newspaper of the PSP, *Hoy*, was merged with the newspaper of the July 26 movement, *Revolución*, into a new publication, *Granma*, which was turned over to Castro's most loyal followers. The road was clear by the end of 1965 so that the Prime Minister could make his own decision.

### *The Adoption and Radicalization of the Sino-Guevarist Line of Thinking*

In spite of the slight increase in material rewards, the sugar harvest of 1966 was poor. Only 4.9 million tons of sugar were produced, 1.6 million less than the goal set by the prospective plan. Rodríguez's prediction was not realized, but it is fitting to ask oneself if the insignificant number of rewards granted in this harvest constituted an effective incentive to increase production. Besides this, a large portion of the rewards for 1965 (refrigerators and motorcycles) had not been delivered by the end of that year, due to delays in imports. Finally, the rewards consisting of trips to the socialist countries were apparently not

very attractive, since only 80 workers accepted one of the 500 trips offered (El Mundo, 1965; Granma, 1965a).

The Twelfth Congress of the CTC, held at the end of August 1966, set up the bases for the change in the Cuban position in the controversy. Symbolically, Lázaro Peña, a man in the confidence of the USSR, member of the vanished PSP, founder of the CTC and Secretary General of said organization since 1962, was replaced in his position by a young *fidelista*, Miguel Martín. In his official report to Congress, Martín placed great emphasis on the necessity of forging a new man and harshly attacked the line of thinking which favors material incentives. To this end, he exhorted the working class to fight against materialistic formulas and affirmed that the communist consciousness ought to be encouraged with a basis of moral stimuli (Martín, 1966).

Castro's speech terminating the Twelfth Congress was even more categorical. The Prime Minister complained that he was accused of being "a heretic of Marxism-Leninism" because he was against the dogmas and disagreed with the manuals, and asserted that he had his own criterion for the construction of socialism. Indirectly accusing the USSR and other countries of Eastern Europe, the speaker said: "It could easily happen that a country would believe that it is constructing communism and in reality be constructing capitalism. We want to construct [at the same time] socialism and communism. . . . The socialist society is not going to create a man so that he can be guided by the same criteria as the capitalist man." Castro (1966a) announced that the first Congress of the PCC, to be held in 1967, would decide the question of material versus moral incentives. The announced Party Congress never took place.

Proving that Castro's decision was a fact, several administrative and political agencies hastened to support the new line of thinking. Thus, the Minister of Education, José Llanusa warned that in the teaching profession all kinds of material stimuli would be eliminated, and that there would only be room for teachers whose goal was the formation of the new man. A plan for socialist emulation, developed by the Party and the CTC was

released two weeks after the termination of the Congress of the CTC. Said plan, in effect today, has eliminated every kind of material reward and has increased moral rewards (El Mundo, 1966a, 1966b).

At the end of September 1966, Castro made his decision official, announcing before thousands of representatives of the Committees for the Defense of the Revolution (CDR: an association in charge of vigilance in the cities) that in Cuba they would not develop socialist and communist consciousness with a dollar sign on the brain. Castro's formula would be to expand moral stimulus and the enthusiasm of the masses; all those who disagreed with this formula would be comparable to counter-revolutionaries and combatted by the CDR: "He who strives for material gains is a reactionary, an obstacle to the creation of the superior consciousness. . . . We revolutionaries will not cease to combat individualistic and selfish tendencies" (Castro, 1966b).

In December, Carlos Rafael Rodríguez was interviewed by the magazine *Marcha* on the subject, and explained that, although the official position of Cuba was to give "absolute preference" to moral incentives, there was not, nor could there be unanimity among the leaders with respect to said controversy (Rodríguez, 1966; Monthly Review, 1967).<sup>4</sup> With the argument that, due to the lack of ideological maturity, it was not possible to discuss publicly the problems of the nation, the magazine *Cuba Socialista* which had taken the Soviet side during the controversy over incentives, was closed down in February of 1967 (Cuba Socialista, 1967). During the following months, all the magazines which had taken part in the controversy (e.g., *Nuestra Industria*, *Nuestra Industria Revista Económica*, and *Comercio Exterior*) were also closed down.

The year 1967 witnessed a gradual elimination of those material incentives that still remained in the system of production. In January, the workers of the state farms were deprived of the small family parcels of land (where they could cultivate their own crops and do with them as they wished) with the allegation that they were dedicating more time to said parcels of land than to the state's land (Granma, 1967a). In the

sugar harvest, material rewards were not offered. The planning system was centralized even more, erasing all traces of self-financing in the enterprises. A pilot plan of six months' duration was tried in an important cement factory in order to cut back the payment of bonuses for the overfulfillment of the work quotas. Later it was announced that said bonuses, as well as payment for overtime hours, were in the process of being eliminated (El Mundo, 1967; London Times, 1968). The trade unions began to exhort workers to renounce the "historical salary," with the aim of reducing wage inequalities.

In an interview which Castro granted to Herbert Matthews (1967), the Prime Minister harshly attacked the Soviet line of thinking: "Communist countries like Russia are becoming more capitalistic because they are relying on material incentives more and more." Next, Castro explained that Cuba was developing its own Marxist-Leninist system, different from that of Eastern Europe:

Our economic system is being planned, gradually and with much success, to create a society in which money will become unnecessary except for certain things that cannot be acquired in other ways. It will take a long time, but we do not believe in the materialistic concepts of capitalism or other types of communism in which money is the incentive. Men live for more things than money. . . . [The workers] must learn that their work is a contribution to the good of all the people and the state.

The process of eliminating material incentives was accelerated, at the beginning of 1968, in the agrarian sector, as well as in the commercial and industrial sectors. By the end of 1967, the National Association of Small Farmers (ANAP) had agreed, in meetings in the provinces of Las Villas and Oriente, to end the sale of goods on the open market, in order to sell all dairy and farm products to the state, at the low prices fixed by INRA (Granma, 1967b). In January 1968, Castro announced that more than ninety percent of the small farmers of the so-called Green Belt (ring of cultivated lands around Havana) had withdrawn from commercial distribution (Granma Revista

Semanal, 1968a). Said attitude is considered a model to be extended to the entire country. Instructions for the application of the agreement of the ANAP were published a few months later (*Granma Revista Semanal*, 1968b). Leo Huberman and Paul Sweezy (1969: 117-121), after discussing the disadvantages of the small private farms, have supported the measures taken by the Cuban government and recommended the elimination of the private sector as soon as possible. Between 1967 and 1969, some 12,000 private farms were sold to the state (Ramírez, 1969: 33).

Against the rest of the private nonagricultural sector, the "Revolutionary Offensive" has been launched, a movement directed toward eradicating selfishness and all remaining manifestations of individualism. In March and April, 55,635 businesses, mainly trade and manufacturing enterprises of the family type, were confiscated by the government. With this step, Cuba was converted into the socialist country with the highest percentage of state property. The offensive also involved an ambitious plan of labor, political, ideological, and educational mobilization in order to reinforce the revolutionary consciousness of the masses (Castro, 1968a; Mesa-Lago, 1969b).

A small group of followers of the Soviet line of thinking (the "microfaction") that still occupied positions in government, in the Party, and in mass organizations was purged in February 1968, being accused of conspiracy against the state. Almost forty officials were condemned to prison for terms between two and fifteen years, and it was revealed that a member of the Soviet Embassy in Havana, Rudolf Shliapnikov, was connected with the activities of the conspirators. Castro labeled the microfaction as a reformist, reactionary, and right-wing tendency which propagated the idea that the government's policy of moral incentives would end in categorical failure (Mesa-Lago, 1969b; *Granma Revista Semanal*, 1968c; *Quarterly Economic Review*, 1968). A Hungarian journalist criticized the purge of the PCC and the movement against material incentives, as well as Premier Castro's excessive influence and the irregularity of meetings of the Central Committee of the PCC (Szabad



Foldmuyes, 1968). But Raúl Castro responded to these and other criticisms reaffirming the radical line of thinking favoring moral incentives (Castro, R. 1968).

Fidel Castro's speech of July 26, 1969, was dedicated almost entirely to the topic of incentives and constituted the blueprint of Castro's position on the issue. The Prime Minister began by stating that the great task of the Revolution is the formation of the new man with a communist consciousness. After reiterating his right to interpret Marxist-Leninist doctrine in his own way, Castro indicated that the Cuban approach was to develop communist consciousness at the same time as productive forces. Nevertheless, he affirmed repeatedly that it was necessary to develop the material base first, in order to use this foundation to develop consciousness.

Next, Castro referred to the measures put into effect and those under study to develop the superior consciousness:

(a) The granting of hundreds of thousands of scholarships for young students who would also receive free housing, food, clothing, medical attention, recreation, and books. These young people live in a communal manner and are treated in an egalitarian way.

(b) Compulsory establishment of elementary schools (in effect) and secondary schools (planned). This program will be combined with military training and productive labor.

(c) Extension of the child day care centers, which tens of thousands of children attend free of charge, so that their parents can enter into productive labor. In the day care centers, the children live in a communal manner.

(d) Expansion of free medical attention, including prescriptions in the state hospitals (with important exceptions) as well as preventive vaccinations. Burials are also free.

(e) Development of free sports facilities and certain kinds of recreation.

(f) Eradication of private ownership of the means of production (almost completed) and interest payments on capital (in effect).

(g) Gradual lowering of taxes and rents on housing, with the hope of totally eliminating them in the future (currently house rent is equal to ten percent of wages). The public utilities—water, telephone, and electricity—will also be offered without cost (public telephones are free).

(h) Gratuitous concessions in the future (without setting the date) of food, clothing, shoes, and transportation (bus fare in Havana has been reduced by fifty percent, to \$0.05). In a certain number of enterprises and in the residences of students who have scholarships, there are already free communal dining halls.

(i) Gradual elimination of money and of salaries, although both will remain for many years. In some communes, principally those of the young people (e.g., Isle of Pines, Pinares de Mayarí), but also those of a large number of families (such as the commune of San Andrés counseled by the Department of Psychology of the University of Havana), experiments with communist societies are under way in which monetary remuneration is minute and is not related to production, while the majority of consumer goods and services are granted free of charge by the state administration. Some 40,000 young workers in Camagüey province are being paid a salary worked out in each case according to needs.

(j) Gradual reduction of wage inequalities. All salaries, however, will not be equal in the near future. First, the lowest salaries and pensions will be increased (pensions until they reach the level of minimum salaries) in proportion to increases in production. The goal is for every worker to earn the same amount, whether he be a cane cutter or an engineer.

(k) Abolition of social classes. The elimination of wage differences and a more egalitarian income distribution will end class differences (most data come from Granma Revista Semanal, 1968d; the remainder of the information was obtained from newspapers and from direct observations of visitors to Cuba).

The above information shows that a good number of these measures have been postponed to the future. Nevertheless, in his speech Castro referred to a measure that would be put into effect immediately. It deals with an ingenious mechanism to

eliminate additional pay for overtime hours and to obtain greater productive effort from the workers. In all the work centers in which payment for overtime has been given up, the workers receive their entire salary in cases of disability or retirement. If said workers die because of an on-the-job accident, a pension is paid to their family, equivalent to one hundred percent of the salary which the deceased received. Since 1964-1965, the "vanguard workers" have benefited from this arrangement as well as from other privileges such as priority in receiving scarce durable consumer goods such as refrigerators and ovens (Granma Revista Semanal, 1968d; Granma, 1965b; Trabajo, 1964).

In response to the plan proposed by Castro, the official press immediately began to publish news about enterprises in which workers renounced payment for extra hours (Granma, 1968a, for an example of workers' renouncing of payment). In another move, the Minister of Labor prepared a draft for the implementation of the plan. This draft criticized the present salary scales as unjust and harmful to the development of the communist consciousness and predicted their elimination. It promised, instead, that the compensation paid in case of sickness, maternity leave, old-age retirement, and pensions for death will be equivalent to one hundred percent of the salary in the enterprises where the workers fulfill the following requirements: give up overtime pay; adopt the 44-hour work week instead of the old one of 40 hours or less; eliminate absenteeism; exceed the work quotas without collecting bonuses; and contribute unpaid labor in the enterprises or in agriculture (Granma, 1969).

The draft was approved in October, but it was not enforced until August 1969. At this time, only 1,410 enterprises having a total of 113,043 workers or a little more than five percent of the labor force fulfilled the above requirements.<sup>5</sup> In the fall of 1969, Zeitlin (1970: 68) discussed this plan with some mining workers, alleging that it "sounded like a material stimulus rather than a moral one." But they rejected his argument by saying that this was a collective rather than an individual incentive, and

that only a small minority of the workers did not benefit from the plan. This reasoning, of course, is contradicted by the official data quoted above.

### *Cuba Versus Czechoslovakia*

By the middle of 1968, Cuba and Czechoslovakia had become the leaders of the two opposing lines of thinking within the socialist world. Although Yugoslavia continued to be the most advanced country in the matter of economic liberalization, Czechoslovakia was realizing a notable effort to democratize the socialist system, and to develop a program of economic decentralization based on material incentives and the reintroduction of market mechanisms. At the other extreme of the socialist spectrum was Cuba, with a strictly centralized administrative regime, colored by Castro's personalism and the intense campaign to develop the "new Man."

Herbert Matthews (1969: 272) has commented on the disillusionment of Czech and Soviet technicians upon seeing that much of the help that they were giving to Cuba was being wasted, and their technical advice not being followed. Before the invasion of Czechoslovakia, the visible friction between this country and Cuba had been limited to criticisms by Czech technicians of the deficiencies in the Cuban economy. Selucky (1964) has already been mentioned. Another work published in an economic magazine in Prague by a professor and engineer, Valtr Komarek (1967a, 1967b), is more detailed and profound. This article criticized the negative attitude of Cuba with respect to material incentives as an unnecessary complication that had aggravated the economic situation and been an obstacle to development. Among the consequences of said policy, Komarek pointed out: stagnation of agricultural production and of exports, the unpopular system of rationing, the serious disequilibrium in the balance of payments, the low return on investments, the excessive and strict administrative centralization, and the exaggerated propaganda. The Czech engineer

suggested that his country was ready to continue trading with Cuba, but on the basis of parity in the balance of payments, rejecting indirectly the idea that Czechoslovakia would subsidize Cuba with hundreds of millions of dollars, as the USSR does.

One point is clear in the above interpretation: Cuba could try all the economic experiments she wanted, but Czechoslovakia would not accept part of the high costs. This position is different from that maintained by the Soviets. It is logical to suppose that if the Czech reform had continued, the attitude expressed by Komarek would have been encouraged. On the other hand, if the Czech model had been extended to other countries of Eastern Europe, including the USSR, the large credits granted to Cuba would possibly have been reduced.

Another important contradiction between the two countries grew out of the political system. Castro has maintained a personalistic system of power, controlling the key posts in the government, in the party, in the planning apparatus, and in agriculture. Furthermore, the system of budgetary enterprise removes all autonomy from the administrators of the state enterprises, concentrating the decision-making power in the budget, which is managed by the government. The Czech regime, on the other hand, was moving rapidly toward political democratization and economic decentralization, characterized by the delegation of responsibility and a considerable amount of autonomy at the enterprise and municipal levels. Czechoslovakia, then, represented the political and economic antithesis of Cuba.

The above reasons, together with the fact that Czechoslovakia is a border country of the USSR, while Cuba is an island separated by thousands of miles from the USSR, explain Castro's approbation of the Soviet invasion of Czechoslovakia. Other socialist countries that sympathized with the Chinese line of thinking, including Albania, Rumania, and even China itself, criticized the invasion—Yugoslavia, strongly so.

Analysis of Castro's (1968b) speech justifying his position is important in order to indicate exactly to what extreme the

Cuban radicalization on the question of incentives had progressed. Castro assured that, "Czechoslovakia was moving toward a counter-revolutionary situation, toward capitalism only to fall into the arms of imperialism." Therefore, it was "absolutely necessary," as "an unquestionable obligation," at "whatever cost," to avoid the triumph of counterrevolution in the country. The Cuban Premier indicated that, although the Soviet invasion was a flagrant (legal) violation of the Czech sovereignty, it was justified from a political point of view. Furthermore—Castro warned—this situation would never repeat itself in Cuba, because the leaders would avoid all kinds of deviations of the type that occurred in Czechoslovakia.

The referred-to deviations, according to Castro, were not limited to Czechoslovakia, but were typical of almost all of Eastern Europe:

There, the youth is strongly influenced by all the ideas and tastes of the countries of Western Europe; there, they only speak of stimuli, salaries, and are not really developing a communist consciousness. Voluntary labor [unpaid] does not exist, [all labor] is paid. . . . Many of our scholarship students [in Eastern Europe] have, more than once, undergone emotional stress because of this vulgarization of material stimuli.

Castro also referred to the disappearance of international consciousness in Eastern Europe. This has caused those countries to "soften" and to close their eyes to the problems of the underdeveloped countries. "The constant, foolish, and unexplainable campaign for peace" has also contributed to this problem. As a consequence of these attitudes, "many socialist countries" maintain commercial practices with the underdeveloped world "similar to those practiced by the bourgeois, capitalist world." Even more serious is the attitude concerning technical aid: "[the Czechs] sold us, at a high price, many arms that were spoils of the war with the Nazis, for which we are still paying at the present time." If this occurs in matters of defense, nothing better can be expected concerning other areas of trade. According to Castro, the agencies of foreign trade of the

developed countries of the socialist bloc are eager to sell "any old junk" to the underdeveloped countries: "Many times they have sold us technologically backward factories."

Castro emphasized that he was not only against the liberal Czech reforms, but also against the moderate reforms introduced in other countries of the socialist camp, including the Soviet reforms. The speaker asked if the USSR's intervention implied that said country would put an end to the growing tendency to give greater emphasis to the use of the market mechanism. He also harshly attacked Yugoslavia and accused it of being an agent and an instrument of American imperialism within the socialist world, and the principal promoter of the Czech deviations. Castro ended his speech stating that before making a concession to imperialism, Cuba would prefer to disappear along with her Revolution.

*Causes and Effects of the Application of the Sino-Guevarist Line of Thinking*

In this final part of the study, an analysis is made of three variables—ideology, economics, and politics—which could have led to the use of moral incentives in Cuba. Then the impact of moral incentives on the transformation of consciousness, the development of production, and political consensus is discussed. The author does not attempt to evaluate which of the three variables has been the most significant in the process. For this, it would be necessary to have the coordinated work of specialists in the three fields, as well as more extensive and precise data.<sup>6</sup> The fact that the economic variable in this study receives a more sophisticated treatment than the other two is simply the result of the author's training in economics. Ideological and political variables are treated in a schematic, perhaps superficial manner, and, therefore, remain subject to revision. The author considers it opportune to incur the risk of criticism in order to present suggestions for research that could be made concerning these two variables.

## CAUSES

*Ideology*

Evaluation of the ideological variable is extremely difficult because one cannot determine with precision the thoughts of the Cuban leaders on this particular matter. A crude content analysis of the speeches of the leaders (especially Castro and Guevara) in the years 1963-1966 shows that the thinking of Guevara was consistent, but that of Castro fluctuated notably in this period. This ideological fluctuation together with the pragmatic attitude that the Cuban Prime Minister has shown in the past could suggest that ideology has not been a crucial factor in his decision to adopt the moral-incentive model. Wondering at Castro's rashness in believing in the feasibility of this model, Matthews (1967: 249, 328-329) has quoted several Cuban leaders (e.g., President Dorticós, Minister of Armed Forces Raúl Castro, Chancellor Roa, Director of *Casa de las Américas* Haydeé Santamaría) in support of his own forecast of what would be Castro's reaction in case the Sino-Guevarist experiment would not work: "Castro is not going to stick with these ideas and go down with them. He will change as he has changed in the past. . . . It is not his idealism which has saved him through these years; it is his pragmatism."

The French planner and Marxist ideologist, Bettelheim (1969) has discussed a hidden motivation that may have played a significant role in Castro's decision in favor of moral incentives. Bettelheim indicts Paul Sweezy, as well as Castro and Guevara, for the error of "ideological obscurantism" (also see Sweezy's answer, 1969). According to the Frenchman, the decisive or dominant factor in the ideological discussion is political—i.e., the system of underlying basic social relationships or class relationships: "The practice (economic, political, ideological) of the agents [of production], and particularly of the political leaders, can be understood only in terms of the place they occupy within the system of social relationships." These agents or leaders may constitute themselves in a social class that imposes relationships of domination or exploitation upon the proletariat.



What characterizes socialism as opposed to capitalism—says Bettelheim—is not the existence or nonexistence of market relationships (the market, money, prices, incentives) but the existence of the domination by the proletariat. The idea of a direct and immediate abolition of market relationships is “utopian and dangerous” because it disregards these necessary characteristics of the period of transition.

In given historical circumstances, the effect of ideological obscurantism mentioned earlier is increased through an effect of displacement. This occurs when the ideological positions which provoke this effect of obscurantism ‘feed’ a political practice. Such, I think is the case of the political practice of the Cuban leadership. If this leadership attaches so much ‘importance’ to problems of market relationships—to the point of making them the ‘center’ of its ideological conception and political practice—this cannot be the result of only a subjective ‘error.’ In my opinion, this is the effect of an ideology and political line which concentrate all power in the hands of a ruling group, and which therefore do not create the necessary conditions—ideological, organizational, and political—for the democratic exercise of proletarian power.

Bettelheim believes that the political practices of the Cuban leaders have a class significance: “It is related to political domination by a ‘radicalized’ section of the petty bourgeoisie,” which identifies socialism not with the power of the laboring masses but with the disappearance of market relationships. This “disappearance” is purely mythical for it cannot occur during the transition period. Hence the fact of denying the necessity of the market and economic incentives leads—despite speeches and repression—to the opposite of the desired aim—e.g., the development of the black market.

If this is so, why is it that the Cuban leaders so greatly emphasize the elimination of market relationships? Bettelheim suggests that the presence of obsessive and mythical themes (e.g., the market, money, incentives) in the speeches of the Cuban leaders is subconscious—the fear of a threat to the highly concentrated political power that such leaders have imposed

upon the masses. "These 'threats' (thought of as 'threats against socialism') present themselves in the manifest form of the 'market,' 'money,' etc., but beyond this form they 'represent' the masses, their labor, their aspirations, their always possible spontaneous movements."

If the above interpretation is accepted, one must conclude that the political variable has been decisive in Castro's adopting the Sino-Guevarist line of thinking. More will be said on this, but first, it is necessary to consider the economic variable.

#### *Economics*

Can material incentives function properly in developing, mono-crop, socialist economies where a large majority of consumer goods are not produced? In this situation, consumer goods either have to be imported or the population will be forced to endure deprivation, at least in the short run. In the case of Cuba, this problem has been particularly acute—in view of the island's isolation from the Western Hemisphere—mainly as a result of a particular phenomenon explained in detail by Andrés Vilariño (1967), an economist in the Schools for Revolutionary Instruction. According to Vilariño, the constant increase in monetary income and money in circulation on one hand, together with the decline in productivity on the other, have created a disequilibrium between the purchasing power of the population and the consumer goods available on the market. The increment in purchasing power occurred before production capacity of consumer goods increased.

Vilariño points out the factors that increased disposable income, especially during the first years of the Revolution: the expansion of employment; the increase in the minimum agricultural wage as well as in minimum pensions; the reduction of rent (and in some cases, its elimination); the decrease in the cost of certain utilities such as electricity; and the expansion of gratuitous services such as education and medical attention. Factors which had a negative effect on production were: the ignorance of the new administrators; errors in planning; the inefficiency of state investment; the underutilization of equip-

ment, and the decrease in the labor effort. This last phenomenon requires a more detailed discussion.

Carlos Romeo (1965: 19), the Chilean planner working for the Cuban government, has explained the cause of said phenomenon: "The destruction of the capitalist mode of production implies a transformation of workers' attitudes in almost all economic sectors." The result of this—according to Romeo—was that in certain sectors, such as agriculture, "the productivity dropped due to a reduction of the work effort."

At the end of 1963, a study conducted on the state farms demonstrated that laborers were working only between 4.5 and 5 hours a day, but they were receiving their salary for 8 hours. In the same year, it was verified that labor productivity on the state farms was only fifty percent of that on the private farms (Dumont, 1964: 71). A Cuban journalist (Pascual, 1966), after reporting "an alarming apathy" among the workers on the state farms, complained: "there is no reason for this decline in effort; the rural worker should fulfill his tasks now in the same way that he always did [under private enterprise]."

As explanations for this change in attitude, an official report that the Cuban government sent to ECLA in 1966 pointed out the situation of full employment and wage stability (Cuba Socialista, 1966b: 162): "The agricultural worker has been able to reduce his work hours and still maintain the same standard of living. . . . The level of income of the rural worker exceeds his purchasing power due to the lack of manufactured products. This lack of material incentives does not stimulate the peasants to use their idle forces." The decrease in the labor effort of the rural workers induced a drop in agricultural production, and the consequent lack of food also had repercussions for the industrial workers. Thus, several Cuban economists of the Sino-Guevarist line of thinking told the Czech Selucky (1964: 22): "It is impossible to satisfy material interests when there is a blockade, rationing, and a shortage of goods. High wages can be an incentive to better work, only when more money automatically means more consumer goods. The rationing system negates most of the advantages of material incentives." Four

years later, Castro (1968a: 7) himself confirmed the above idea: "Are we going to stimulate the people with money with which they can buy nothing?"

The rationing assigns to each person an equal minimum quota of scarce available consumer goods, but it does not resolve the problem of surplus money supply. This surplus could in part be spent on the purchase of consumer goods on the black market, at prices almost ten times higher than official ones. The black market, although illicit, grew rapidly between March 1962 and March 1968, when it was apparently eradicated. The surplus income also could be spent on eating in restaurants, on drinking in the bars, on trips, or on the few gambling games that were still allowed (e.g., cockfights). But these safety valves were closed or substantially reduced by the Revolutionary Offensive, rationing of gasoline, and other recent provisions.

The excess of money gave support to a unique institution that flourished in Havana until the end of 1969: the selling at high prices of turns to eat in restaurants or dance in night clubs. In order to be able to eat in a restaurant, it is necessary to stand in line for several hours to get a turn for the next day. Since meals in restaurants are fairly good (although quite expensive), lines are very long. Some 200 professional "queuers" (*coleros*) were making incredible profits in Havana by staying in these lines and then selling turns for \$5 a seat. On special holidays, the turn could reach a price as high as \$40. Some of these queuers had opened offices and were making as much as \$80 daily. In January 1970, the Ministry of Interior conducted an investigation that resulted in the imprisonment of several of these queuers who were sanctioned by popular courts to five or six months of forced labor on state farms.<sup>7</sup> This action apparently liquidated the professional queuer as an absorber of surplus income.

Vilarifio referred to several measures applied by the Cuban government to reestablish the equilibrium between income and available consumer goods, whether it be trying to reduce the former or increase the latter. Part of the money in circulation was withdrawn in 1961 taking advantage of the change in

currency effected by the National Bank and the restrictions on withdrawing money from bank accounts. A second measure has been the strong pressure on the worker to save part of his salary with the aim of reducing his purchasing power. Donations of unpaid labor have operated, at least theoretically, as an anti-inflationary mechanism, since they produce goods and services without increasing income. Price increases (or the Soviet turnover tax—i.e., taxes on consumer goods) have not been used on a large scale (exceptions are cigarettes, liquor, and beer) for political reasons—that is to say, in order to avoid having those with lower incomes most affected by inflation. The official price of consumer goods has been slightly increased and those of luxury items and certain services such as meals in restaurants have been greatly augmented. One recent measure has been the reduction of the percentage of GNP devoted to private consumption, with the aim of accelerating the investment process in order to expand production. To this end, the percentage of unproductive investments (e.g., in hospitals and schools) has also been reduced in order to increase those of a productive nature (e.g., agriculture, cattle-raising, mining).

On the other hand, opposing factors have contributed to increasing the disequilibrium. Among them can be cited the creation of unproductive jobs or disguised subsidies to the unemployed, which have provided income to these groups without a corresponding production increase. Also, there has been an extension of certain moral incentives, such as gratuitous services granted by the state—that is to say, food, clothing and lodging to scholarship winners, as well as housing, burials, local public telephone calls, sports, and child care centers. In some cases, the granting of these services has not solved the old problems or has created new difficulties. For instance, the reduction or elimination of home rental has practically resulted in an increase in the disposable income with which nothing tangible can be achieved. Due to the housing shortage, most people still live in the same place they did before the Revolution; hence distinctions in and dissatisfactions with housing arrangements continue. Free telephone calls induced a dramatic

increase in the number of calls, which in turn overloaded the lines, so the public has been asked to restrain the calls to those of absolute necessity and to talk for the least possible time.

The government does not appear to have had much success in expanding the availability of consumer goods on the market since, in spite of the increase in investment, most lines of production have continued either stagnant, falling, or growing at a low rate. This phenomenon could have been caused in part by inefficient utilization of capital and waste of resources, caused in its turn by the lack of adequate economic indices (e.g., the capital goods market, interest, and profitability). It is logical to suppose, moreover, that new restrictions on consumption, beginning in 1968, have accelerated the rate of decrease of work effort and productivity.

#### *Politics*

An internal political justification for the use of moral incentives, from the official point of view, is that the immaturity of the Revolution requires a centralized apparatus of control, mobilizations, campaigns, the emulation, and the constant pressure on the masses to avoid the possibility of a "cooling" and the risk of a counterrevolutionary coup. A liberal socialist system of the Yugoslavian or "Czech Spring" style would increase this risk.

On the other hand, the personalistic, centralized method of government applied by Castro is not conducive to a system of material incentives which supports administrative decentralization and delegation of decision-making. In the countries of Eastern Europe in which economic reform has been put in effect, a tendency in favor of political liberalization and public discussion of some national problems has been observed. In Cuba, the situation is the reverse, as is shown by the closing of magazines in which the controversy over incentives was aired and the removal of functionaries and leaders who had maintained points of view that opposed those of Castro. The question of incentives could also have been used by the Prime Minister to rid himself of the two political forces which could

have presented a threat to his power—that is to say, the PSP and the Guevarists.

External political factors could also have played an important role. In 1962 and 1963, when the economic situation of Cuba was critical and aid from the USSR was badly needed, there were no serious qualms about the introduction of the Soviet method of material incentives. Later, the discrepancies between the two countries (e.g., the withdrawal of the missiles; the Soviet policy of peaceful coexistence and trade relations with Latin American nations in which Castro was supporting the guerrillas; the deterioration in Cuba's balance of payments; the Soviet pressure for Cuba to abandon her plans of industrialization) could have influenced the radicalization of Cuba. It is possible that Castro resented the deterioration of his image as an independent revolutionary in the Third World and decided to show his autonomy vis-à-vis the USSR, even at the cost of a reduction of internal consumption, in order to maintain external subversion (Jackson, 1969: 146-147).

### *EFFECTS*

#### *The Transformation of Consciousness*

Is it possible to measure the results of moral incentives on the transformation of consciousness in Cuba? A survey in the field would be the most appropriate method to determine if any advance has been made in this matter. Serious obstacles hinder such a survey, like the apparent lack of freedom of movement and research within Cuba and the problem of dissemblance on the part of those interviewed. Between 1961 and 1962, three sociopolitical surveys were conducted in Cuba, but none of them dealt specifically with this question; nothing else has been done thereafter (Free, 1960; Cantrill, 1965; Zeitlin, 1967). The Cuban government's strict control over entry visas is another obstacle to objective academicians who have a desire to make serious investigations.<sup>8</sup>

Another possibility would be to conduct such a survey among those exiles who are arriving from Cuba. This method

presents the serious difficulty that the sample would not be representative of the Cubans as a whole, but of only one sector. The danger of dissemblance would function in the opposite sense in this case, and it would be necessary to eliminate any distortion due to the ideological extremism which is common among the exiles.<sup>9</sup>

The problem could also be undertaken in the opposite manner, that is, instead of investigating whether a change has been produced, negative indices that denote either resistance to change or the existence of a behavior that is opposite to the ideal could be evaluated. Three population segments to be considered in this sense are the youth, the intellectuals, and the workers. The speeches by leaders, news transmitted over the radio, articles in the newspapers and magazines, and literary production all offer material for content analysis. For example, in 1968, Castro complained that the masses suffered from "ideological weaknesses," because "bourgeois customs still remain," and "there is no consistency in heroism." According to him, these shortcomings were the result of inadequate indoctrination of the people (Castro, 1968a: 2). Several examples follow, but the author insists that it is difficult to judge what their representativeness or significance may be.

*The youth:* In November 1968, the Cuban news media said that hundreds of young people were wearing American-style clothing and listening to American-style music. One of the immediate directives of the Revolutionary Offensive was to reject long hair, beards, and tight clothing on young men and miniskirts on young women, but recent reports from visitors to Cuba (e.g., Boorstein, Fagen, Zeitlin) indicate that these directives have not been implemented. The young people referred to by the Cuban news media had given way to vagrancy, promoted the prostitution of young girls between fourteen and sixteen years of age, destroyed public telephones and educational material, and burned pictures of Guevara. After the Minister of Education's efforts to dissuade the young rebels met with no success, the government conducted a raid and



announced that it was going to reeducate them in state farms (Castro, 1968c). The press and radio also reported that in the second half of 1967 and in late 1968 there were various waves of robberies in Havana, and a large proportion of those guilty of these attacks on socialist property were young people (Bohemia, 1967; CMQ-TV, 1967; New York Times, 1968). A new wave of robbery and vagrancy was reported in late 1969 among teenagers from Oriente province, particularly in the cities of Guantánamo and Holguín (Radio Rebelde, 1969).

In 1969, a forum on delinquency made public the increase in crimes against property (including theft, robbery, and misuse of state funds) as well as in juvenile delinquency. Crimes against property rose in 1962 when rationing began, but decreased notably in 1963 and 1964 due to the introduction of a law which imposed punishments of up to 30 years' imprisonment or death for thieves. Nevertheless, in 1965, a new wave of this type of crime began, increasing almost three times between 1964 and 1968. The official reasons for the increase are: shortage of consumer goods, insufficient number of police and a less rigorous application of the law. It was also announced by the forum on delinquency that in 1967, in forty-one percent of the crimes (of all types), minors had participated and that this tendency was increasing (Granma Revista Semanal, 1969).

Massive desertions by young people in the labor camps have also been reported, although this may be partially due to the lack of minimum standards of living in these camps (Juventud Rebelde, 1968; Echarry, 1968). Another negative index is the large proportion of young people of military age among those who have fled from Cuba through illegal means (Clark, 1969: 15-17).

In all the described cases, groups of young people who belong to the age bracket most affected by indoctrination, demonstrated a conduct very different from that of the "ideal man." On the other side, the Cuban news media claim daily that the youth has transformed its mentality and offer examples of such change in consciousness. Typical of these examples are those groups on the Isle of Youth and in the Centennial Youth Column.

*The intellectuals:* In 1968-1969, there were several attacks on the intellectual liberty of Cuban literary figures. In the 1968 contest of the National Union of Writers and Artists of Cuba (UNEAC), Antón Arrufat's play "Los siete contra Tebas" (Seven Against Thebes) was awarded the National Theatre Prize. In addition, Herberto Padilla, who had worked in 1962 for "Novedades de Moscú," in the USSR, won the National Poetry Prize for his book of poems "Fuera del Juego" (Outside the Game). Both works contained concealed criticism on the strict political control, hardships, and lack of intellectual liberty in Cuba. Immediately, the magazine *Verde Olivo* of the Revolutionary Armed Forces (FAR) attacked both honored authors, labeling them as counterrevolutionaries and advocates of the "ideological softening" of the Revolution. An intense radio and press campaign followed this, in which UNEAC participated in accusing the two authors of being deviationists, defendants of a depoliticized, neutral line in literature, and liberals in the style of the "Czech Spring." Norberto Fuentes' novel on the anti-Batista struggle in the Sierra del Escambray was also condemned as counterrevolutionary by *Verde Olivo*. Fuentes had been awarded the *Casa de las Américas* Short Story Prize in 1968 for his novel "Condenados de Condado."

Other well-known authors such as the theatre writer Virgilio Piñera and the poets José Rodríguez Feo and Pablo A. Fernández also became a target of the critics. Immediately before the polemic began, a novelist, Guillermo Cabrera Infante, had deserted the Revolution, complaining about the lack of intellectual freedom. In September 1969, UNEAC expelled the writer José Lorenzo Fuentes from its ranks, accusing him of releasing information to a Mexican diplomat who was officially charged as being a CIA agent.<sup>10</sup>

Fausto Masó, a Cuban intellectual who worked on the revolutionary magazine *Lunes* and is presently exiled, believes that the crucial problem in the relations between literature and the construction of a socialist society in Cuba has two facets. The writers who were educated before the Revolution, those that have published valuable books, do not sufficiently criticize

the prerevolutionary society, and even, at times, describe it in attractive or nostalgic tones. On the other hand, writers of the new generation, brought up under the Revolution, still have not produced a work of both literary quality and innovation from a point of view of revolutionary content and style. Cuban writers, says Masó (1969), "have been unable to implement in a creative way the ambitious project of building a new man."

The lack of revolutionary consciousness among intellectuals has been acknowledged and severely criticized by two well-known Cuban poets who have significant official posts. Roberto Fernández Retamar, the director of the journal *Casa de las Américas*, was asked in Mexico by Víctor Flores Olea why Cuban intellectuals (referring to literary men) do not participate in the discussion over incentives, the law of value, and the development of a new culture, as political leaders do. Although Fernández claimed that politicians were intellectuals too, he acknowledged that poets, novelists, and playwrights should go out of their narrow fields and approach such problems (Retamar, 1969: 232).

In late 1969, Nicolás Guillén, President of UNEAC, warned the Cuban intellectuals, by using a parable, that they could not stay away from the political problem and that they should participate in the revolutionary struggle.

In a state of war everybody has to have a war mentality. We writers and artists can't ignore such war. Just imagine a soldier in an invaded nation who in the midst of the battle decides to use his rifle to hunt ducks. He is an excellent marksman, his weapon is in perfect condition, he has enough ammunition, but he chooses the wrong target. Hence his effectiveness is nil, and because of his improper behavior he will end before the firing squad. The Cuban writers and artists are no different than this soldier [Guillén, 1969: 5].

A harder line in cultural affairs became apparent in 1971. On March 20, the poet, Herberto Padilla, was jailed, but later released after having signed a long confession. It was personally delivered by Padilla at a meeting of the UNEAC, where he exhorted other writers to follow his example. As a result of

these events, a large group of European and Latin American intellectuals, in two public letters addressed to Castro expressed their concern on the Stalinist methods being used in Cuba.<sup>1 1</sup> The resolutions from the First National Congress on Education and Culture held in April and Castro's speech closing this event further emphasized the new hard line: (a) primacy of political and ideological factors in staffing universities, mass media and artistic institutions; (b) reeducation of school-age children who show criminal or "antisocial" behavior; (c) tighter controls on literary contests to assure that judges, authors and topics are "truly revolutionary"; (d) more control on subjects of publication, giving priority to textbooks over literary works; (e) elimination of foreign influences in art and literature to wipe out "cultural imperialism"; and (f) violent attack against the "pseudoleftist bourgeois intellectuals" from abroad, warning that the doors of Cuba will be closed except for those foreigners who are "unconditionally" in favor of the Revolution (Granma Weekly Review, 1971).<sup>1 2</sup>

*The workers:* In March 1969, Castro said that the system of moral incentives did not motivate the manual workers sufficiently because their work lacked interest and their sense of duty was insufficient. Therefore it was necessary to eliminate routine and to introduce new motivations and organizational forms in manual jobs (Castro, 1969).

Five months later, in the National Congress of the Commissions for Administration of Labor Justice (a sort of labor arbitration body), Minister of Labor Risquet reported that wage claims had been substantially reduced to only eleven percent of the total number of claims, while claims resulting from absenteeism, negligence in work, and lack of discipline had sharply increased to reach fifty-eight percent of the total. Risquet stated that this was an indication that, besides the workers' vanguard in the matter of communist consciousness, there was an expanding rear guard, a sign of the remnants of capitalism. In trying to explain this phenomenon, Risquet (1969) pointed out two problems: the hundreds of thousands

of workers coming from the private sector that have been absorbed by the state sector and who still have to undergo a long process of reeducation; and the tens of thousands of youngsters who join the labor force annually and who have also to acquire the discipline and consciousness of the vanguard workers.

Risquet's report gives a solid base for the formulation of the following hypotheses. The scarcity of consumer goods could be the main reason behind the decline in wage claims in a society in which money is becoming less and less important. This lack of incentive may have resulted in a decline of the labor effort with the consequent increase in absenteeism and labor-negligence claims. It appears also that most workers incorporated into the state sector in the collectivization waves of 1959-1961 have not transformed their labor attitudes yet, while most teenagers brought up under socialism have not developed a communist consciousness.

Some of the above hypotheses seem to be confirmed by a report on absenteeism released by the Party Commission on Revolutionary Orientation (COR) in October 1969. The report begins by stating that absenteeism is "an evil which causes great harm every day" but, in spite of it, most absentees consider themselves revolutionaries. The most significant cause of absenteeism according to COR—is that the new socialist society has not yet fully developed methods of its own to replace the market system of checks and incentives that previously was the motivation behind production: fear of unemployment and wages. "There is more money in circulation than things on which to spend it. Every worker knows that he can live on what he is paid for working 15 or 20 days a month." Thus, he stays at home 5 or 10 days every month. Extreme measures (e.g., the transfer of the absentee from one place of work to another) do not seem to have achieved anything but the alienation of the worker. Hence, the report recommends political and ideological education and more strict managerial supervision as the only way to solve the problem. If the "appeals to the worker's sense of responsibility, his duty to society, and his consciousness as

revolutionary" do not work, then less gentle techniques should be employed. The COR's report ends by saying that there is a long way to go before every worker is guided by an appreciation of the new values (Granma Weekly Review, 1969).

Four techniques recently introduced—perhaps following the COR's suggestion—tend to cut down absenteeism and to foster the labor effort by increasing control and discipline and introducing new severe sanctions. The first is a new identification card made mandatory for all workers. This card is a sort of record of labor performance (i.e., includes data on absenteeism, fulfillment of work quotas, and so on) and must be presented to state managers to get a job.<sup>13</sup>

A second measure, recommended by Armando Hart, former Minister of Education and now Secretary General of Organization of the Party, applies military organization to agricultural work. Comparing low productivity and absenteeism among permanent agricultural workers with the high production and discipline of the labor brigades of the armed forces, Hart pointed out the absence of a "chain of command" in the former as an explanatory reason. The examples of such labor brigades should be followed by the trade unions which—according to Hart (1969)—are still not functioning properly: "New revolutionary structures will have to be established in the future by the labor movement, more related to the needs of production, to assure greater efficiency in work and to raise productivity and technical skills."

A third step is the reinforcement in the application of work quotas (output standards) through a campaign that began in late 1970. It culminated in the first half of 1971—named "The Year of Productivity"—with the fixing of these standards in order to cut out nonessential workers in factories and exert pressure upon the remaining workers to increase their effort (Granma, 1970; Castro, 1970a).

Finally, another intensive campaign against absenteeism began early in 1971 and climaxed on March 16 with the enactment of a law against loafing. It established the obligation to work upon all men from 17 through 60 who are physically

and mentally able. The law makes a distinction between the "precriminal stage of loafing" (applicable, for instance, to absentees of more than 15 days) and the "crime of loafing" (incurred by recurrent incidents). Penalties fluctuate from house arrest to imprisonment in a rehabilitation center to do forced labor for a period ranging from one to two years. As a result of the three-month campaign that preceded the enforcement of the law (in the midst of which, mass organizations such as CDR and ANAP detected and denounced men who were potential violators of the proposed law), more than 100,000 men were incorporated in the labor force, half of them in agriculture (see the draft of the law in Granma, 1971).<sup>14</sup>

The author is aware that evidence could be presented supporting an opposite hypothesis from that maintained by him in this paper; that is, one trying to prove that there has been a transformation of consciousness among the youth, intellectuals, and workers. In fact, this type of information is more easily available (e.g., in Cuban newspapers) and has been published and discussed in America and Europe (see as an example, Moreno, 1971). Still, the question of the reliability of this type of information persists, particularly in a country like Cuba, where all communications media are controlled by the government. It must be remembered that since 1967 all periodicals that dissented with the official line of thinking were suspended.

Recent, direct observation in Cuba by American scholars who are sympathizers of the Revolution is also contradictory. During their latest visit to Cuba in 1968, Marxist economists Leo Huberman and Paul Sweezy (1969: 152), who follow the Sino-Guevarist line of thinking, could not arrive at any conclusion about the impact of moral incentives on the transformation of consciousness: "As far as the future is concerned, it is much too early to attempt predictions. The remaking of human habits and attitudes is at best a slow process about which there is very little that could be called scientific knowledge. It is even hard to know whether or not solid progress is being made."

Sociologists like Joseph Kahl (who visited Cuba in 1968) and Maurice Zeitlin (who was back in Cuba in 1969) have, however,

voiced a much more optimistic opinion of the success of the experiment (Kahl, 1970; Zeitlin, 1970). A political scientist, Richard Fagen (1969: 151-158), who has been in Cuba several times, the latest in 1969, has taken a more cautious although positive attitude. A specialist in education for development, Rolland G. Paulston, has come to the conclusion, after a visit to Cuba near the end of 1970, that, in spite of wide educational changes, the expected transformation of values has not yet materialized.<sup>1 5</sup>

#### *The Development of Production*

Comcomitant with the replacement of private property, the market system, and economic incentives by state property, central planning, and moral incentives in Cuba, the agricultural production has declined gradually. According to Table 2, the principal export and consumption crops increased slightly between the years 1957-1958 and 1960-1961, but decreased later, so that in the period 1965-1966 production levels were generally lower than were the prerevolutionary ones. The production of beef and milk has fluctuated, but in general a stagnation or decrease in production is observed between 1957 and 1966. On the other hand, the output of eggs (as well as fish) has increased in a consistent manner. It is symptomatic that the type of production that is dispersed and requires a large number of manual workers whose output is difficult to control (e.g., sugar, coffee and tobacco plantations, cattle-raising, and the like) is the one showing the poorest performance. On the other hand, certain operations that can be easily concentrated and operated with a small number of skilled, well-disciplined workers (e.g., fish and egg production) are the ones showing increase in output.

Traditionally, agriculture has been the Achilles' heel of the socialist countries and only recently, when proper economic incentives have been provided (e.g., decollectivization of land in Poland and Yugoslavia, better prices to farmers in the USSR) has this situation changed somewhat. Cuba is trying to develop its economy based in the agricultural sector, in which discipline



TABLE 2  
 PRODUCTION OF THE PRINCIPAL CONSUMER AND EXPORT GOODS IN CUBA: 1957-1966  
 (in thousands of metric tons)

	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
Sugar	5,672	5,782	5,964	5,862	6,767	4,815	3,821	4,590	6,082	4,867
Tobacco	42	51	36	45	58	52	48	44	43	51
Coffee	44	30	48	42	48	52	35	36	28	33
Rice	261	253	326	323	207	227	184	160	160	120
Dry beans	36	23	35	37	34	30	27	30	30	23
Beef	185	184	200	170	163	147	143	170	165	177
Fish and shellfish	22	22	28	31	30	36	36	36	40	43
Fresh milk	806	765	770	767	700	690	695	700	705	710
Eggs <sup>a</sup>	275	312	341	430	433	530	483	309	920	1,080
Nickel ore	20	18	18	13	15	17	20	22	27	27
Copper ore	20	18	18	12	5	6	6	6	6	5
Manganese ore	60	29	25	8	10	33	33	33	33	33
Cement	673	736	673	813	871	779	812	805	801	750
Electricity	2,357	2,589	2,806	2,981	3,030	2,998	3,057	3,250	3,355	4,100
Footwear <sup>b</sup>	-	20	17	14	7	12	19	19	16	16
Beer <sup>c</sup>	1,292	1,232	1,557	-	1,394	927	891	1,036	993	1,088
Cigars <sup>a</sup>	-	628	591	-	-	-	369	616	655	622
Cigarettes <sup>a</sup>	9,803	10,197	11,434	-	13,611	14,400	15,347	16,015	16,462	18,455

SOURCE: Based on official figures from Cuba (mainly IUCEPLAN, *Boletín Estadístico, 1966*) checked against figures of the United Nations, the FAO and ECLA. The methodology and original sources can be seen in the author's article, "Availability and Reliability of Statistics in Socialist Cuba," *Latin American Research Review* (Spring and Summer 1969), Tables 3 and 4.

a. Millions of units.

b. Millions of pairs.

c. Thousands of hectoliters.

and organization are difficult to impose. Besides, the leaders are neglecting economic stimuli. The only alternative seems to be the militarization of agricultural production, as Dumont (1970) concluded after his trip to Cuba in 1969.

Cuban performance in the mining-manufacturing sector is contradictory, but better than in agriculture. In most modern, dynamic industries which are highly concentrated and operate with a small number of skilled workers whose output can be carefully controlled, production has increased. Traditional industries which are dispersed and are labor-intensive show a poor performance. According to Table 2, the extraction of minerals declined until 1960-1961, with some recuperation thereafter, notably in nickel. This was one of the most technologically advanced industries in 1958 and suffered in 1959-1961 by the flight of technicians and skilled manpower and the lack of spare parts, but as soon as these difficulties were solved, output rapidly increased. Production in the modern cigarette and electricity industries has increased steadily, although at a slower pace than in prerevolutionary days. Production of cement and beer, which are also modern industries, declined after records achieved in 1961. Footwear and cigar output, handicraft types of operation, have fluctuated with 1966 production below the 1958 level.

It is still premature to evaluate the impact that the radicalization of the Sino-Guevarist line of thinking in the years 1967-1968 has had on production, particularly in agriculture. Nevertheless, isolated bits of news suggest a new decrease in production of milk and the extension of rationing to other consumer goods that formerly were sold on the open market, such as bread and sugar. Apparently there are also growing difficulties in the supply of meat, beans, and cooking oils (Mesa-Lago, 1969b: 29, 62). Some American scholars who visited Cuba in 1968 (e.g., Kahl) have reported that food was scarcer in that year than ever before. Table 3 shows that total agricultural output in Cuba increased fifteen percent between 1958 and 1961 but declined by twenty-three percent between 1961 and 1969. If per capita figures are used, the decline is even

more dramatic—thirty-three percent between 1961 and 1969. Agricultural output per capita in 1969 was twenty-seven percent below the 1952-1956 levels.

Guevara's prediction, in 1964, that the development of consciousness does more for the development of production than material incentives, has not yet been confirmed. Either one alleges that consciousness still has not developed and, therefore, the increase in production has not been possible, or one admits that the Sino-Guevarist line of thinking has not given the expected results. One could also allege, however, that it is premature to judge the results of the application of the Sino-Guevarist line of thinking because it was not definitely established until 1966. Yet most elements of the moral incentives model have been present in Cuba since 1961-1962, (e.g., central planning, rationing, budgetary enterprise, education through unpaid labor), and the economic performance in the last ten years has been deceptive.

The economy of Cuba seems to have fallen into a vicious circle. The substantial increase of income between 1959 and

TABLE 3  
INDEX NUMBERS OF FOOD AND AGRICULTURAL PRODUCTION  
IN CUBA: 1957-1969 (1952-1956 = 100)

Year	Food Production		Agricultural Production	
	Total	Per Capita	Total	Per Capita
1957	108	101	108	101
1958	108	99	107	98
1959	112	101	112	101
1960	113	100	114	100
1961	122	106	122	106
1962	98	83	100	85
1963	85	71	86	71
1964	92	75	94	76
1965	114	90	113	89
1966	93	72	94	72
1967	116	88	115	87
1968	107	80	106	79
1969	99	73	99	73

SOURCE: Based on FAO, *Monthly Bulletin of Agricultural Economics and Statistics*, XIX (July-August 1970), pp. 14-17, Tables 3A, 3B, 4A, 4B.

1960, without an adequate increase in production, brought out the scarcity of consumer goods beginning in 1962. This scarcity, in turn, was a determining factor in the decrease in the labor effort, productivity, and production between 1962 and 1966. The scarcity has been, besides, a factor influential in the establishment, in 1966, and radicalization, in 1968, of the Sino-Guevarist line of thinking favoring moral incentives. But the lack of material incentives seems to have accentuated the negative effects on labor effort and production.

#### *THE POLITICAL CONSENSUS*

The deterioration in production and the consequent scarcity of consumer goods have created problems of a political nature in Cuba. In March of 1968, Castro (1968a: 2) asserted that the deficiencies in supplies were causing dissatisfaction, discontent, confusion, uneasiness, and protests. In order to face the problem, the Prime Minister proposed a greater political control and a more intense indoctrination of the masses. Responding to the suggestion, the PCC has declared that it will guarantee control of state as well as of political and mass organizations in order to combat all kinds of opposition. The CDR has vowed to increase their vigilance and to organize meetings for the political orientation of the people. The FMC has exhorted its members to suppress rumors and criticisms that may exist against revolutionary laws and measures (Granma Revista Semanal, 1968e, 1968f).

At the end of September 1968, Castro admitted that since April (that is, in less than six months) more than eighty acts of sabotage had occurred in Cuba against: industries producing fertilizers, fodder, and automobile tires; warehouses for sugar, coffee, tobacco, wood, fertilizers, leather, and clothing; state stores, hotels, vessels, schools, other government buildings, and so on. At least one-fourth of the acts of sabotage were labeled significant, with losses of millions of dollars. It should be pointed out that the wave of sabotage began immediately after the process of collectivization of private property and emphasis

on moral incentives reached its climax with the Revolutionary Offensive. Castro (1968c: 4-5) said that those who committed the acts of sabotage were not tolerant of state property and announced even more severe laws to punish these acts: "before the Revolution ceases to be, not one single counter-revolutionary will remain with his head on his shoulders in this country."

As a result of the above announcement, a decree has been enacted establishing the death penalty for those who inflict intentional damages during the sugar harvest. The FAR and CDR have also been asked to guard the cane fields and to prevent acts of sabotage. In November of 1968, the Cuban radio reported changes in military commands and inaugurated a daily radio program devoted to the political indoctrination of the members of the FAR and the Ministry of the Interior (MININ). A "Week of Homage" was also organized in honor of the army and internal police with participation of all the mass organizations.<sup>16</sup>

In December, it was announced that a group studying public opinion, established since the end of 1967 by members of the PCC and the Young Communists Union (UJC), was conducting surveys of public opinion in order to find out what people's attitudes were concerning measures taken by the Revolution, with special emphasis on those causing social change (Granma, 1968b). (One of these surveys reported widespread dissatisfaction with the closing of bars and night clubs, and these are now open during holidays and weekends.) In May 1969, the forum on delinquency concluded that it was necessary to reinforce the application of the law punishing crimes against state property, as well as policy and CDR vigilance.

Although it is difficult to evaluate the real significance of the above examples and cases, they tend to suggest a deterioration in political stability, apparently caused by popular dissatisfaction and increasing use of government force. Huberman and Sweezy (1969: 201-218), confronted in 1968 with the problem of a deteriorating political consensus in Cuba, indicated as alternatives an increase in the real participation of the people in decisions and responsibilities or an intensification of the

repressive measures. Since his visit to Cuba in 1969, Zeitlin (1970: 20, 70, 74, 77-78) has stated that, in order to develop a new man, a decisive effort has to be made to create a new political form of democratic socialism, one such as Guevara dreamed of:

despite their experimentalism and originality in many areas, the Cuban revolutionaries have so far done little to establish institutions to guarantee that competing points of view can be heard within the revolutionary socialist consensus; that meaningful alternatives are debated; that policies are initiated, as well as implemented, by the citizenry at large.

In practice, Zeitlin has concluded, the Party does not have real power, the trade unions seem to have "withered away" and public debate is absent. It is unquestionable, finally Zeitlin has said, that the revolutionaries must choose soon between autocracy and the establishment of socialist democratic political forms.

Both René Dumont (1970) and K. S. Karol (1970) have concluded after their visits to Cuba in 1969 that the Revolution is becoming increasingly autocratic and militarized: there is a lack of democratic discussion, production is organized along militaristic lines, army officers are being appointed to all key posts, and so on. Recent measures introduced to check labor and culture (e.g., the labor identity card, the law on loafing, the resolutions of the Congress on Education described elsewhere in this paper) point in the direction of reinforcement of the apparatus of control and discipline.

#### *SUMMARY AND OUTLOOK TO THE FUTURE*

The evidence gathered in this paper suggests that the implementation of the policy of moral incentives in Cuba has not succeeded as of this date in transforming the mass consciousness and, on the contrary, may have contributed to the decline in production, particularly in agriculture. It appears also that the deficiencies in supply, together with other factors,

have caused popular discontent with resulting political disaffection. The principal measures taken by the government to confront these problems have been directed toward reducing income, increasing capital accumulation at the cost of consumption, and for investment purposes, reinforcing ideological indoctrination and political-police control, developing military-type organization in production, and stressing discipline and control among the labor force.

Although theoretically the possibility of transforming consciousness and creating a new man is accepted, the problem is presented of the costs of this experiment. Some sociologists maintain that in the long run and with adequate educational methods, change in the values of the population can be produced. Nevertheless, the experiments conducted in the USSR and China to accelerate the development of consciousness had to be interrupted because of the economic and political deterioration which these countries suffered. Although the Cuban experiment has produced similar effects, there exists an important difference; that is to say, the experiment persisted at least until 1970. The key to the problem is how long the economic and political situation, which seems to be in a deteriorating condition, will allow the continuation of the costly ideological experiment.

Three alternatives present themselves to the dilemma: (1) the continuation of the experiment of moral incentives supported by an even more strict political control (which seemed to be the line that Cuba followed until 1970); (2) a radical shift in favor of material incentives and political liberalization à la Yugoslavia (a change difficult to visualize under current conditions); and (3) a combination of pragmatism in economics (with moderate use of material incentives) and tight control in politics (that is, the Soviet model but colored by Castro's personalism, a sort of tropical Stalinism). Some signs, evident in the first half of 1971, strongly suggest that the Cuban Premier has chosen the third alternative.

In his speech of May 1, commemorating Labor Day, Castro (1970a; italics added) said:

We must insist on the search for the development of a consciousness that will lead us to communism. However, the way to communism is not a question of consciousness alone. It also has to do with the development of both the forces of production and the material base. . . . We cannot fall into the idealism of thinking that . . . consciousness has been developed and that we already have the necessary material foundation. . . . This really is not the case [our consciousness has a long way to go in the matter of development]. *If in the pursuit of communism we idealistically go further ahead than is possible, we will have to retreat sooner or later.*

Then Castro explained that in view of the production difficulties created by the gigantic mobilization for the 1970 sugar harvest, some of the problems presented in the above quotation had been discussed. (At that time he had sadly complained: "Perhaps our major idealism has been to believe that a society which has scarcely left the shell of capitalism could enter, in one bound, into a society in which everyone would behave in an ethical and moral manner"; Castro, 1970b). As a result of such a discussion, several solutions were suggested, and a series of "realistic measures" are now under testing: "As part of this strategy we must understand that we are in a transitional [socialist] stage . . . that we cannot just act as if we were already in communism. . . ." For simplicity, the measures referred to by Castro have been summarized and grouped below into three areas by the author.<sup>17</sup>

First, there is the stress on wage differentials, a typical material incentive supported in Cuba in 1963-1965 by the Soviet line, but strongly opposed in 1966-1968 by egalitarianism. Now Castro warns that wages cannot be equal for all and that wage differences will have significance in the future as an incentive for those who have labor skills or bear heavy responsibilities and for those who work in hard jobs or in places deprived of minimum facilities. If these wage differentials were abolished, then those who make an extra effort to study or have physically hard jobs would be discouraged.



The second set of measures aims at the reduction of excess money in circulation, some three billion *pesos* in early 1971. If the above-explained incentives are going to work properly, the current disequilibrium between the population demand (fostered by excessive money in the market) and the scarce supply of goods and services must be solved. This excess of money—according to Castro—results in “vice, corruption and commercialism [e.g., the black market], in short, in a setback for consciousness.” In order to avoid further increases in excess money, Castro has postponed indefinitely both the abolition of house rent (that was scheduled to disappear in 1970) and the raise of bottom wages in the scale (that had been announced by him in his blueprint of July 26, 1968). In order to somewhat reduce the money in circulation, Castro has announced a new increase in the price of cigarettes and beer, and a raise in the rate paid on water and electricity for those who have a high consumption of such utilities.

The third set of measures relates to the supply side of the disequilibrium—thus, the tremendous emphasis placed in 1971 in increasing productivity and output. There is now a program to refix output standards that resembles the 1963-1965 policy stressed by the Soviet line and which was played down in 1966-1968. Redundant labor released through output standard fixing is being organized into construction brigades mainly to build houses, but also schools, day care centers, and factories. As a way to stimulate the workers and reduce the severe housing shortage, the government is providing materials to workers who donate free time for home-building. Nevertheless, the houses will be owned by the enterprise in which the worker is employed (six percent of his salary will be deducted as rent) in order to “establish a link between the place of work and that of living.” The possibilities open for management control of low labor productivity are obvious. Finally, a large number of former “loafers” have been incorporated into the labor force principally to help in agriculture.

If the trend continues in this direction and results are not too impressive, more stringent measures could be taken. These

could be: (a) currency manipulations such as printing of new money with the concurrent obligation to change old bills for the new ones, pressures to deposit large sums at the banks and restrictions for withdrawal; (b) either a devaluation of currency or a general reform of the price system that would result in an increase in the price of consumer goods. The possibility of introducing a sales tax should not be discarded. On the other hand, the government may decide to ease off its capital accumulation rate to allow for higher consumption of both durable and nondurable goods. There is unconfirmed information to the effect that Cuba's investment coefficient, which had risen from thirty-one percent of GNP in 1968 to some thirty-three percent in 1970, declined to twenty-eight percent in 1971.<sup>18</sup>

Castro has stated that the place and time for making a final decision on these measures may be the Congress of the Confederation of Cuban Workers to be held by the end of 1971 or early 1972. Thus while the Twelfth Congress of the CTC in 1966 was the forum chosen by the Premier to launch the campaign in favor of moral incentives and the new man, the Thirteenth Congress could be the place to close this experiment definitely and enter into a more pragmatic, although less appealing, phase of the Cuban Revolution.

## NOTES

1. Joseph A. Kahl (1970: 99) has defined the Cuban term *conciencia* as "an amalgam of consciousness, conscience, conscientiousness, and commitment." For simplicity, I am using consciousness in this paper.

2. The Minister of Labor did not maintain a consistent position in 1962-1964 and, hence, contradictions frequently occur even in a single article.

3. Richard R. Fagen (1969) has made a profound study of three institutions that have been instrumental in educating the Cubans in the new political culture: the literacy campaign, the Committees for Defense of the Revolution, and the Schools of Revolutionary Indoctrination.

4. Zeitlin (1970: 68) has reported that by the fall of 1969 there continued to be "serious differences" within the Cuban leadership on the question of incentives.

5. This information is taken from Resolution of the Ministry of Labor 260 of 1968, and Radio Rebelde of August 30, 1969.

6. A multidisciplinary research team composed of two political scientists, two sociologists, one economist, one psychologist, and one expert in education was established in 1970 at the University of Pittsburgh to evaluate the impact of moral incentives in Cuba. Unfortunately, the inability to obtain research funds has precluded the materialization of the project.

7. This information is taken from Radio Havana of February 4 and 5, 1970.

8. This control was tightened in 1971 after Castro's denunciation of René Dumont and K. S. Karol as CIA agents. These European scholars, after doing field research in 1969, published books in 1970 criticizing the Cuban Revolution.

9. In 1970-1971, John M. Clark, a Ph.D. candidate in sociology at the University of Florida, conducted a survey among Cuban exiles who had recently arrived in the United States. He included in the questionnaire both a set of questions dealing with value change and an "objectivity test" to detect potential exaggeration among respondents. Final results will be available by the end of 1971 or early 1972.

10. The official attacks from FAR were published under a pseudonym (Avila, 1968a, 1968b, 1968c, 1968d). Other information is from Radio Havana of January 17, 1969, and Zeitlin (1970: 74). Summaries of the controversy have been prepared by Adler (1969: C 1, 42), Cortázar (1969), and Primera Plana (1969).

11. Padilla's confession was released by Cuba's Prensa Latina in Paris, and excerpts of it were published in *Le Monde* of April 29, 1971. The texts of the intellectuals' letters to Castro appeared in *Le Monde* of April 9 and May 20 of 1971. For more information, see Yglesias (1971).

12. For full coverage of the events discussed briefly in this section, see Casals (1971).

13. This information is taken from Law 1225, September 1, 1969. See also Zeitlin (1970: 70, 72).

14. Law 1231 of March 16, 1971, was published in all Cuban newspapers. See the English version in *Granma Weekly Review* (1971b). See also *Granma Weekly Review* (1971c).

15. Paulston, a professor at the University of Pittsburgh, was in Cuba during three weeks in December 1970. He visited numerous schools in the four eastern provinces. The information in the text was given to me on June 10, 1971.

16. This information comes from various broadcasts of Radio Progreso, Radio Rebelde, and Radio Liberación in Havana, in November and December of 1968.

17. Most measures were referred to by Castro in his May 1, 1970, speech. See also Castro (1970a) and *Granma Weekly Review* (1971c).

18. This information was given to me by U.S. journalist James Higgins on May 14, 1971. According to Higgins, this information was passed on to him on January 29, 1971, while he was visiting Cuba, by Lt. Juan Rizzo (possibly Capt. Julio Rizzo, Secretary of the PCC in Camagüey Province) and a high official of the Economic Commission of the PCC whom Higgins could not identify.

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