

# **Enterprising Cuba:** **Citizen Empowerment, State Abandonment,** **or U.S. Business Opportunity?**



**Miami, Florida, October 9, 2015**



In partnership with

**Datamyne**

**Ted A. Henken, Ph.D.**

**[YumaTed@gmail.com](mailto:YumaTed@gmail.com) & [@EIYuma](https://twitter.com/EIYuma)**

Two common phrases from interviews with **Cuban entrepreneurs** in Havana for recent book *Entrepreneurial Cuba: The Changing Policy Landscape* explain their philosophy with wit and simplicity :

**1. “*El ojo del amo, engorda el caballo.*”**



**2. “*El que tenga tienda, que la atienda;  
y si no, que la venda.*”**

“I want free access to information so I can have my own opinion. I want to elect the president by direct vote, not another way. Neither militants nor dissidents, all Cubans with the same rights. **And an end to the blockade, and to self-blockade.** Free the Five Heroes (& María!)”

–[Robertico Carcasessés](https://www.youtube.com/watch?v=DLEcnpR_yWg), lead singer *Grupo Interactivo*, September 12, 2013  
([https://www.youtube.com/watch?v=DLEcnpR\\_yWg](https://www.youtube.com/watch?v=DLEcnpR_yWg))

The late Pope John Paul II visited Cuba in 1997 and said:

“**Cuba should open up to the world  
and the world should open up to Cuba.**”

But **what is Robertico adding** to this demand?

Cuban entrepreneurs said this above: **External U.S. embargo is not principle obstacle blocking Cuba’s economic revitalization.** It’s the “**auto-bloqueo**” or internal embargo.



**In fact, Raúl Castro has also repeatedly admitted as much himself:**

\*Nov. 2010: Economic reform “guidelines” (*lineamientos*) ushered in new definition of Cuban socialism (*socialismo*).



\*“In socialist society no one abandoned. Socialism means equality of rights and opportunities, not egalitarianism (*igaualarismo*). Work is simultaneously a right and duty, remunerated based on **quantity and quality**. Egalitarianism undermines productivity, and is exploitation of the good workers by the lazy ones.”

**\*“We must erase forever the notion that Cuba is the only country in the world where you can live without working.” – Raúl Castro**

**Fidel’s long-standing insistence on egalitarianism:**

Cubans became equal, But at the cost of **making them all *equally poor*...**

Except that some always ended up “***more equal***” than others.

## *“El momento cubano” & “El modelo cubano”*

\***December 17, 2014** widely portrayed as a “**Cuban moment**”: a time of historic change on the island. (“*Diecisiete-D*,” 17-D – as the date is referred to in Cuba)

\*However, 17-D more about **U.S. decision** to change its long-standing and uniquely unsuccessful isolationist policy toward Cuba than with any changes on the island itself.

### What are the real “*momentos cubanos*”?

1. *Los años duros* of the early 1990s following collapse of the USSR, Cuba forced into “*el período especial*,” opening to world economy and retooling its domestic economy.
2. Late-2010 when Cuba began unprecedented economic reforms – under Raúl Castro – that put flesh on the bone of what Fidel Castro had famously admitted to American journalist Jeffrey Goldberg in a rare moment of economic candor:

### *“El modelo cubano ya no funciona ni para nosotros”*

(The Cuban model no longer works even for us)

3. The third “Cuban moment” will arrive in the lead up to February 2018, when Raúl steps down, leaving the presidency and the **legacy/legitimacy** of the Revolution to a new generation.

## Raúl's Reforms

Ambition (*Prisa*) & Caution (*Pausa*)  
reflected in euphemistic language used by Cuban government:

***“Sin prisa pero sin pausa”***

(Reforms will move forward, “without haste but also without pause”)

\* *Cuentapropista* vs. *Emprendedora*

(“on-your-ownist”) (“entrepreneur”)

(government limits and control) vs. (ingenuity, resourcefulness, and market savvy of entrepreneurs)

\* *Acualizar el modelo socialista* vs. *Reformar la economía*

(“Update the socialist model” vs. “Reform the economy”)

\* *Sector no-estatal* vs. *Sector privado*

(“Non-state sector” vs. “Private sector”)

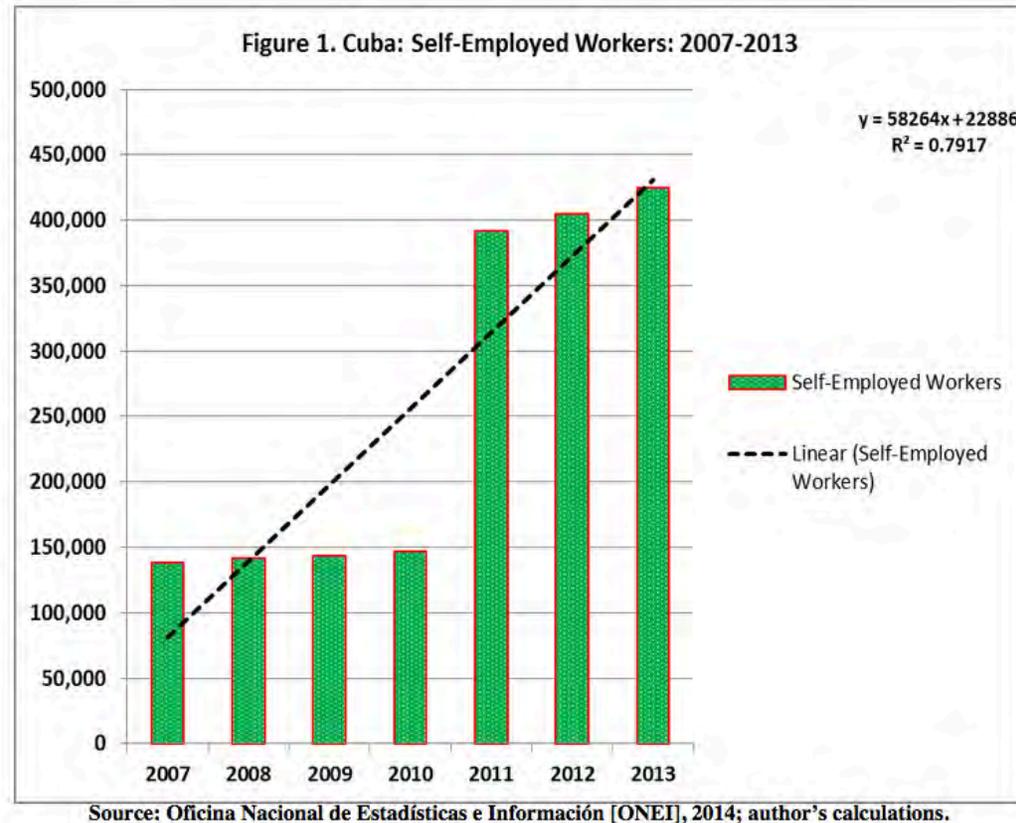
**Recently attended seminar in Havana on “Internet, Economy, and Cuba’s Future”**

\* *Pacencia* vs. *Persistencia*

(“Patience” vs. “Persistence”)

## Example: Self-employment

Growth from >150,000 to nearly 500,000 and from 178 to 201 legal occupations



“We have arrived at the conclusion that **self-employment** is one more alternative aimed at increasing the supply of goods and services to the population. **We should facilitate their work** rather than generate **stigmas and prejudices against them, much less demonize them**. Therefore, it is fundamental that we modify the existing negative approach that quite a few of us have towards this form of private work.”

– President Raúl Castro, December 2010

## Significant quantitative changes & some qualitative improvement

1. **Licenses** readily issued to virtually all applicants.
2. Potential entrepreneurs have **wider array of occupations** to do business in.
3. They face a much improved **tax policy** allowing deduction of more expenses.
4. For first time since 1968, they can now **legally hire** and pay private employees.

## Many onerous & frustrating obstacles block optimal expansion

1. Vast majority **not entrepreneurial**, productive, or wealth-generating, but low-skilled, service jobs targeted at Cuba's limited and cash-poor local markets.
2. Nearly all **professions excluded**, especially frustrating and counterproductive given Cuba's highly educated work force (just 7% are college graduates).
3. State continues to hold a **monopoly on import/export, trade, and investment**, despite the fact that Obama has promoted them all with private sector.
4. "A Cuban can go into business as a *party clown* but not a lawyer; she can *open a bar* but not a private clinic." –Julia Cooke, *The New York Times*
5. Some of the more **medieval occupations** include: **knife sharpener**, **fortune teller**, **mule driver**, **bathroom attendant**, **palm tree trimmer**, and **sheep shearer**.
6. Instead of a broad opening (with short list of prohibited jobs), GOC approved just 201 jobs, **outlawing all others by default**.

# Raúl's new understanding of socialism vs. Longstanding reinvention of socialism by the Cuban people

*Socialismo* > *Socio-lismo*

(Socio = Associate, friend, buddy)

“Cubans have a saying about daily life: *‘No es fácil’* – it’s not easy. Today, the United States wants to be a partner in making the lives of ordinary Cubans a little bit easier, more free, more prosperous.”  
– President Barack Obama, December 17, 2014

*“El invento cubano”*

“How can it be that in Cuba the government recognizes that the salary is insufficient and people still live; you see them well fed and well dressed? The answer is *el invento cubano*. Those people *inventar, resolver*. That characterizes Cuban life. The alternatives are infinite.”  
– Cuban novelist Leonardo Padura, 2014

Invent (*inventar*), Resolve (*resolver*), Struggle (*luchar*)  
Black market & Underground economy

*“Todo está prohibido pero Vale Todo”*

(Everything is prohibited, but **Anything Goes**)

## *Cuentapropismo* > meets < *El invento cubano*

Contested nature of *cuentapropismo* apparent in interviews with Cuban entrepreneurs. For example, when asked if he would obtain a license and emerge from the underground, Julián, a shoemaker who had lived for decades informally selling shoes he made himself, replied:



“What you need to be a *cuentapropista* in Cuba is a license and a lot of inventiveness: the license bureaucratically empowers you, but that is all appearance...

“What matters is *el invento*, the miracle not of multiplying fish and bread, but of producing them out of thin air, out of NOTHING!

“Of course for that, the license is useless; you have to ‘*ir por la izquierda*’ [operate on the black market] or you will only multiply the emptiness in your stomach.

“This is a country where to survive you have to break the law every day. There’s no other way.”

## Obama's Cuba Policy Pivot



\*Moving from a failed policy of **Destabilization** through **Isolation and Impoverishment**

\*Towards a new policy of **Empowerment** through **Engagement and Prosperity**

## Two Tracks

1. **POC**: “Today the U.S. is changing its relationship with the **people of Cuba**” -  
**Empowering individual entrepreneurs**
2. **GOC**: Reestablish diplomatic relations with the **Government of Cuba** -  
**Incentivize** (and even cooperate/collaborate with) **the GOC**  
to deepen its initial if cautious private sector reforms

However, is this new policy **simply regime change by other means?**

Means and Ends: “*Cambio de régimen*” vs. “*Evolución pacífica*”

**Obama explicit at Summit**: “*The US is not in the business of regime change*” -  
despite the fact that ***Congress still is*** given Helms-Burton

Thus: The U.S. should eschew any “**Trojan Horse**” approach to entrepreneurial engagement that seeks to **empower the people by undermining the government**

# Specific Elements of New Obama Pro-Entrepreneurship Policy



1. Negative List
2. Goods and Services
3. Specific areas with innovation potential:  
**homestay agent, real estate broker, Telecom agent, photographer/ videographer, computer programmer, bookkeeper, document translator, etc.**

**\*Airbnb** strategy/phenomenon as model?

**\*Outsource** back office to Miami?

4. **Living document:** Change rules (September 21, 2015) as way to incentivize expansion of reforms as conditions/laws change on the island (or not)

*“One giant leap for man’s kindness. The doors to 1,000 real Cuban homes are now open to you”*

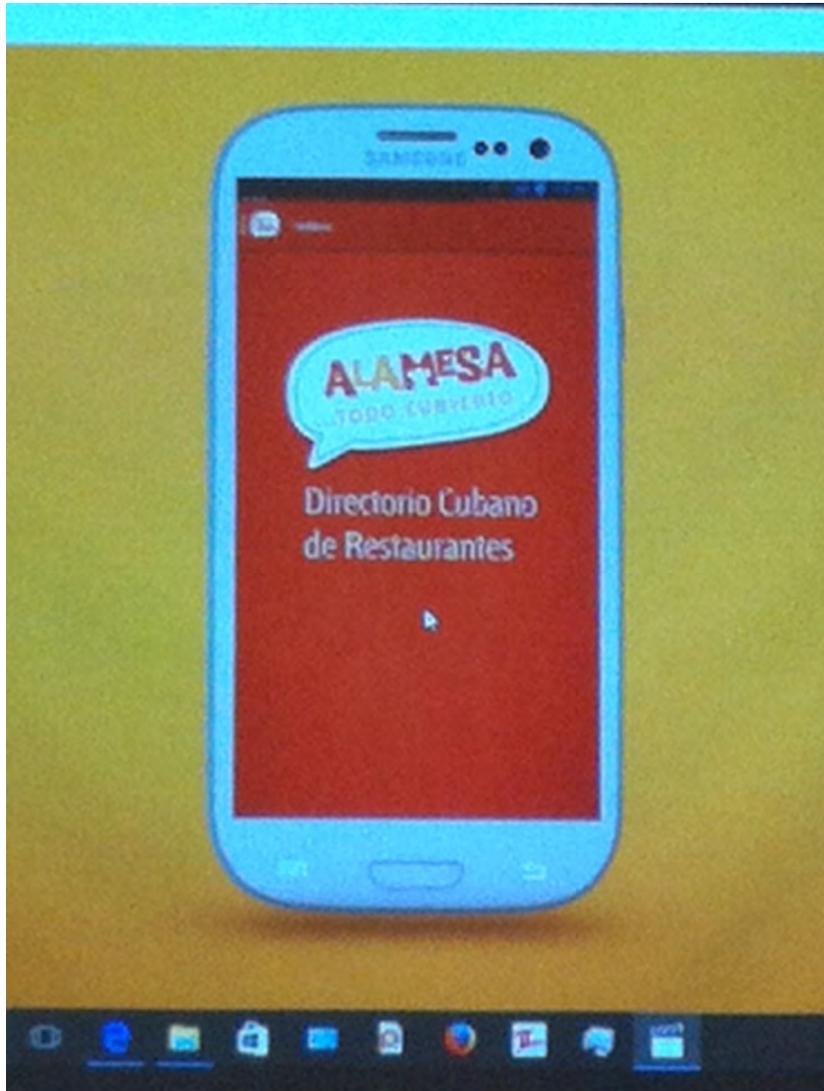


*<<El sueño se hace a mano,  
y sin permiso>>*

*“Dreams are made by hand,  
and without permission”*

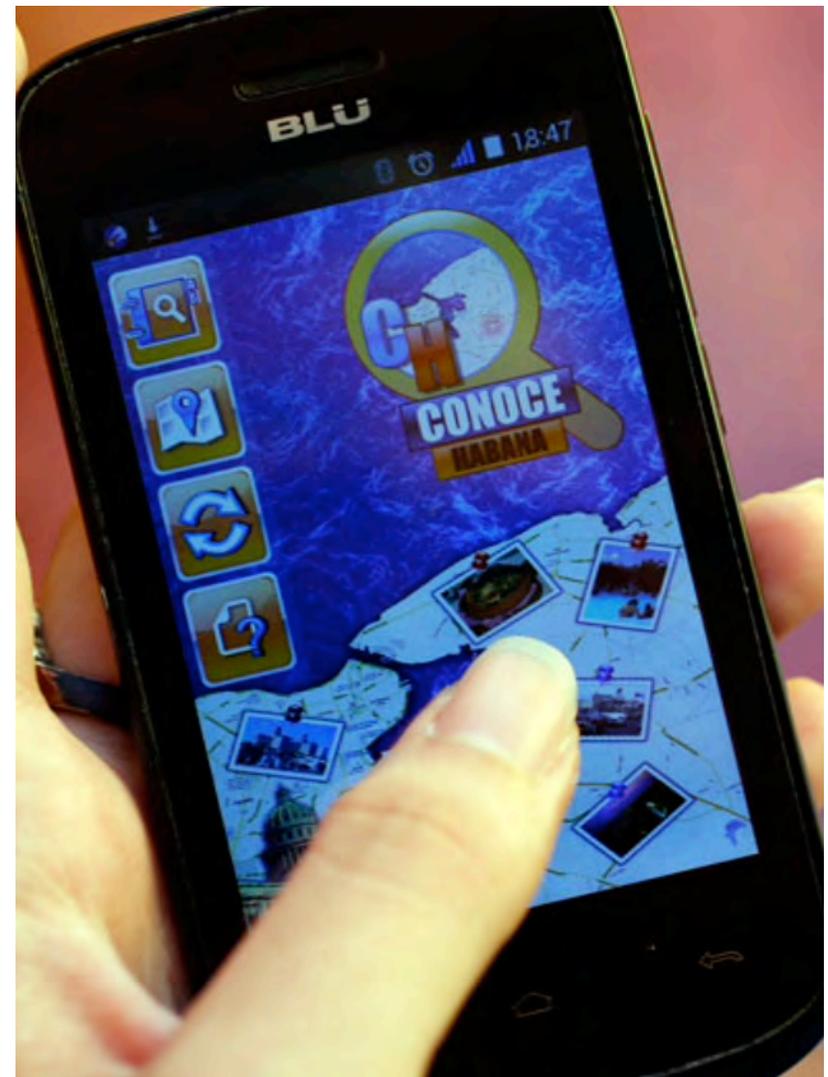
-Yondainer Gutiérrez,  
[@AlaMesaCuba](#)

## AlaMesa



<http://www.alamesacuba.com/es/productos/apps/>

## ConoceCuba



<https://plus.google.com/+ConoceHabana/posts>

*“Ser bueno es el único modo de ser dichoso.  
Ser culto es el único modo de ser libre.  
**Pero, en lo común de la naturaleza humana,  
se necesita ser próspero para ser bueno.”***

*-José Martí*



*“To be good is the only way to be happy.  
To be cultured is the only way to be free.  
**However, human nature dictates that  
you need to be prosperous in order to be good.”***

*-José Martí*