Cuba, development, dependency, and structural heterogeneity

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Abstract:
This paper reexamines the prevailing development strategy in Cuba, observing the variables of dependency and structural heterogeneity. It aims to elucidate how, despite a political disconnect on the island, its socialist development strategy is encountering significant challenges driven by the degree of heterogeneity in its economy and the depth of its reliance on the global system of exchange. Some of the most significant challenges facing the prevailing development strategy are as follows: a) how to evaluate the effects of the incorporation of supranational actors into the frameworks of structural heterogeneity, due to the insufficiency of financing and capital; and b) how to achieve endogenous growth beginning with the incorporation of human capital achieved on the island.

Key Words: Structural heterogeneity, dependency, center-periphery, economic development, international relations

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INTRODUCTION

the end of the 1980s. In it, he warned, with a certain degree of axiomatic consternation, that the legacy of the age drawing to a close was a common global understanding of the lack of alternatives. And from his perspective, the price of failure, that is to say, the alternative to a changed society, would be darkness (Hobsbawm, 1994: 576).

To describe this new age, we might say that it displays the following characteristics: the growing importance of social representations of mobility and welfare associated with consumption, as well as the acquiescence of individual goals to the detriment of common societal goals. These features can be interpreted as the aftermath of such darkness, as described by the historian. In the widespread universal acceptance of these characteristics, technological development and communications both play a role.

By virtue of that, a stance that favors individual interests based on learned estimates of what welfare means, which circumvents the disruptive logics that other values promote, has become globalized.² Verifiably, unrest has progressively grown, as the expression of the dearth of a social push for inclusive strategies, governance, environmental responsibility, solidarity, and human welfare. The relatively universal concern with meeting immediate needs—as visualized by the subjects—without examining what socioeconomic and environmental consequences will result from them for future generations, entails a challenge to the social and economic development of nations.

In this new global configuration, social costs are rising due to the gap between: the systemic anomie that symbolizes the prevailing of profit-related interests in an institutional regulatory framework—which, internationally, exacerbates a type of utilitarian solidarity—, and political and economic alternatives that are effective in generating solutions that mitigate the effects of this particular characteristic. At the individual level, this could translate into the performance-oriented perspective individuals hold with respect to their own lives, which is crystallized in income and consumption, primarily.

Accordingly, poverty and a lack of welfare are the gaps that result from the relationship between profit-seeking interests and utilitarian solidarity worldwide. It is dependent nations and/or countries located at the periphery of global capitalism that display more exacerbated contradictions and human conflicts related to these phenomena. Even though poverty and welfare are concepts that allude primarily to endogenous or national dynamics when it comes to the concentration and distribution of wealth, the social gaps are widening, making evident social disintegration. As a consequence, when social stimuli are tied worldwide and inadequately to the realities of a country or nation, they do not back initiatives, or they do

so only partially, which implies a structural change with the direction of societal transformation.\(^3\)

This common sense of individual survival\(^4\) exposes the incapacity of institutions to solve welfare-related disputes. Moreover, it reflects the selective morality present in the political (institutional weakness), which makes use of social consequences without attenuating the problems related to inequality, capacity-building, and access to basic services and income.

One particular case in the Latin America region, which currently reflects the contradiction of, on the one hand, the *systemic anomie* defined by exogenous social stimuli and, on the other, the subsistence of a political and social strategy that proposes "other" values. We are talking, of course, about Cuba. In the current Cuban reality, there is a crisis in which Human Development (HD) achievements are confronted by reasoning that bases its welfare expectations on performance measured by consumption capacity and income. The causes of this crisis are expressed through the persistence of *Structural Heterogeneity* (SH) and *dependence* on the global system.

This latter statement helps elucidate what could be classified as the principal paradox of the strategy still prevailing in Cuba: in other words, having built social capacities \((C_s)\)—the sum of HD indicators and public policy—which have not found, in either the regulatory frameworks, political processes, or economy, opportunities to develop the skills and competencies acquired.\(^5\)


\(^4\) Hobsbawm (1994) calls it the "values of an absolute a-social individualism, both in official and unofficial ideology," in which individuals disconnected from one another predominate, who each pursue their own personal gratification as the social trend.

\(^5\) Social capacity \((C_s)\) as a concept is grounded in the logic of Human Development (HD), which emphasizes human capacities and the relationship between them and opportunities to have or develop a decent living. The Social Capacity Index in any given context can be measured through the gap between \(a\) level of hD \((B_h)\) plus social aspects, like public policy, vulnerable population, access to services, and other indicators \((S_0)\), and \(b\) the sum of the Economy \((E_c)\) production chains and distribution of goods, productive linkages, value chains, consumption, income, percentages of private and state-owned enterprises, employment, intensity in the use of raw materials, intensity in the use of material resources, transportation, technology usage, productivity, innovation, and more indicators; plus Policy \((P_0)\), regulatory frameworks, decentralization, inclusion in decision-making, and more indicators, plus Environmental \((A_m)\), including resources, the environmental and ecological features of a nation that can be used to raise the quality of living of its inhabitants, forest area or natural reserves, cultivated area, soil quality, air quality, erosion, pollution levels,
This contradiction refers to a tacit error that the SH has perpetuated on the island and has also exacerbated the scope of dependence on the global surroundings. This is understood as the main cause, because there was an effect of policy disassociation in regard to the predominance of profitability-related interests at the global scale for more than half a century—also containing a political conflict with the United States.

In synthesis, in this particular case, by failing to harness social capacities—which translate not only into formal education and the health of the labor force, but also into innovation capacity, capacity of social reproduction, and entrepreneurship—, a peripheral productive structure was maintained, which historically has constrained socioeconomic reproduction in the country, with inefficient productive linkages and the presence of a relative constraint on consumption, which is the cause behind the systemic anomie manifest in the prevailing political strategy, with the migration of the labor force being one visible consequence of this.

The current process by which the process is rejoining the global system of exchange legitimizes questions like the following. How efficient was the political alternative that the island represents in generating efficient endogenous solutions that diminished, one the one hand, the interest of profit-seeking interests and utilitarian solidarity and, on the other, in generating development strategies that overcame SH and dependence? In the Cuban case, the following is of special significance: a) the absence of economic groups with capitalist logics domestically; b) the closing of social gaps with reduced inequality and poverty; and c) the scope of HD was not a factor that permitted the country to emerge from its peripheral position in the global system.

Accordingly, some of Cuba's current challenges include: a) evaluating the affects of the addition of supranational actors—which reproduce a certain type of geopolitics—in the frameworks of SH, in light of the need to find financing and capital; and, on the other hand, b) achieving endogenous development with productivity and technological progress by incorporating the social capacities accomplished on the island. This latter aspect will be especially relevant in dealing with the social stimuli that will reshape the logics of disarticulation, such as: growing inequality and poverty and declining income, in a global context where the perception of social mobility is tied to consumption. All of this in an HD environment.

solid waste, access to public spaces, technology substitution, and other indicators. Although not the main subject of this paper, the preliminary formula used with the indicators would be: \( IC_s = \frac{\sum (B_h, S_o)}{\sum (E_c, P_o, A_m)} \)

§ Which could be understood as a relative privation by having an impact on Cuban society, standards, and values of consumption related to global capitalism more focused on the consumption of goods and less on access to services and food.
The challenges Cuba is currently facing lead to a few theoretical discussions contained in the contributions of Latin American social sciences. As such, beginning with a determination of the differences and similarities when it comes to how SH has been maintained and dependency in Cuba, as well as the objectives of development and the stakeholders involved in it, this analysis aims to rethink the Cuban present through the contributions of Latin American theory. This is part of the need to overcome SH and dependency, both of which are verifiable on the island, as well as in some peripheral states that comprise the region.

THE HERESY OF SOCIALISM OR THE PROPOSED SOLUTION

Through a heterodox lens, it could be stated that the conception of development assumed by Cuba in 1961 was conditioned by exogenous and endogenous conflicts. This can be explained by the historical context in which the Cuban Revolution surged, as it developed as a process resulting from a nationalist movement that had been gestating since 1930, which challenged the rearrangement of traditional forms of power into a modern conception of change, and subsequently took a Marxist stance to explain the contradiction between capitalism and labor and the exploitation of the labor force, but not without excluding the Leninist and Stalinist gnosiological transformation of Marxism (Martínez Heredia, 2005 and 2008).

As is known, Cuba was the object of capitalist expansion in 1898. This process, which accentuated the typical forms of economic subordination in a peripheral nation, reproduced to a certain degree the rearrangement of the elite and the productive system that had been shaped under the aegis of the Spanish colony. The forms of incorporating a central actor like the United States gnosiological—which came in to consolidate productive specialization, subordination to global trade, and the mechanisms through which SH and dependence are reproduced—gave rise to the formation of a nationalist trend. Within it, a few sectors of the national bourgeoisie sought economic growth alternative to the production of primary goods. In the genesis of the Revolution this trend coexisted as a modern conception of transformation, where industrialization, agrarian reform, income,
inequality, and the defense of private ownership were arguments that brought together different social forces in a process of subversion.\(^7\)

Even so, this subversive process emerged in an era marked internationally by the Cold War conflict in which the external actor that had perpetuated the peripheral condition or state of coloniality\(^8\) up until that time—read here the United States—perceived the subversive process as a loss of an area of influence that it had historically considered its natural backyard.\(^9\) As such, the historical dilemma of Cuban economic dependence in the 1960s was the partnership with the main counterpart of the Cold War conflict. With it, at the same time as Cuba became a benchmark for Latin America, beginning with its break with dependent relations in the political realm, economic dependence was being readapted to forms exchange with the so-called real socialism. Forms that SH perpetuated through the organization of production in which the State held control over processes.

A consequence of the foregoing in the island's development strategy was that beginning with the Leninist metamorphosis of Marxism an exclusive perception emerged as to domestic actors who, for their very nature, needed to be added in order to generate ostensible achievements in the growth of endogenous productivity. The perception of bourgeois opportunism discriminated between the elite and the non-elite and conceived of planned and centralized development strategies, with a special impact on the reach of agencies with individual interests in the breadth of the economy. This attitude, which at the same time validated a disconnect with the geopolitical growth models by breaking the rise of social groups with profit-seeking interests domestically, entailed a slowdown of endogenous capacities to generate own production strategies. The gradual elimination of the operational capacities of individual agencies and private ownership in the formation of inter-sectoral connections or productive linkages was a political process that had economic consequences for the island's development strategy. The individual or own management capacity in productivity growth is one of the most debated matters in the current Cuban state of affairs.

\(^7\) These discussions were contained in the debate of the age. See Portell Vilá (1943, 1943a) and Sánchez Arango (1960).

\(^8\) In Latin America, the coloniality of power is assumed as a way to transfer forms of power from traditional groups to others with which common interests are maintained. See Quijano (2000).

\(^9\) The explanation of this type of international relationships is grounded in elements such as the Monroe Doctrine, the Platt Amendment, the Good Neighbor Policy, and the Big Stick. See opinions from Lowenthal (1991).
Of course, socialism implied for the heterogeneous and dependent Cuban economy a change from the prevailing structures; what's more, that transformation did not entirely entail a rearrangement to meet the country's development needs, which were: lay the endogenous groundwork to break with SH and dependency, including actors whose potential could make the change more efficient. The development strategies rather responded to and were sustained by the interests of other supranational actors. Those actors, in the realm of the so-called real socialism—under another logic of geopolitical expansion—, engendered the perpetuation of dependence through the transfer of resources, intermediate production goods, and technology, instituting the illusion of development. With these resources, Cuba progressed to eliminating social inequalities and creating one of the indicators of social capacities: human capital.

One controversial aspect in all of this is that the centralized economic decisions marked by political conflict and the scant participation of different economic and social stakeholders generated an inefficient productive scheme, of which one of the consequences was that the satisfaction of human needs domestically depended on external compensation processes.

One questionable affirmation is as follows: although the socialist development strategy, through social policy, generated HD with the potential to promote technological changes and productivity—measureable in the incremental growth of capacities in the population—this type of development did not contribute to efficiently overcoming disarticulation in productive sectors. This is because the innovation potential had not further incentives than those of the income associated with a full employment policy in a low productivity environment.

Seen from another angle, pursuant to the logic of socialist exchange, the sustaiment of productive and economic strategies that nourished the exportation of primary goods with no added value evidenced how the capacity to innovate that was part of HD and the incentives for innovation were sidelined, in this way perpetuating the weak linkages between sectors.10

One consequence of that is that currently, which is tautologically ironic, entrapped in the disarticulation between the traditional sector of the economy and the modern, it is HD indicators that, in effect, were affected by the condition of heterogeneity. This contradiction resulting from another contradiction is expressed through the existence of wide-ranging public or social policies, with universal access to basic services to meet human needs and ensure a decent living, while at the same time inequality and poverty grew as a result of this heterogeneity. In other words, constraints on the growth of real and indirect income in light of the lack of productivity. With this, an impact on consumption, in an international context

10 Currently, the biotechnology sector is highly developed but does not articulate efficient linkages with other sectors in a centralized business system that has been characteristic of the productive system. See Vidal (2008 and 2009).
win which the general notion of social mobility is associated precisely to the ability to access the forms of consumption coming from central countries, as well as access to technology.

The heresy of socialism, speaking in terms of development, was to overvalue the role of the State and show disdain for the scope of national and individual interests, the role of the market under a concept of regulation, the reach of small and medium-sized enterprises and private property, and the interconnections between: a) the growth capacity of modern sectors and their connection to traditional, b) productive linkages, income, and the formation of human capital, c) productivity and innovation for structural change.

The error in the Cuban development path evident in the present entails a circumvention of past experiences, insofar as the alternatives are sought that seem to redeem the incorporation of external actors who display profit-seeking interests and influence in diverse degrees of utilitarian solidarity throughout the entire Latin America region. Actors that could indeed be suppliers of financing, which would expand foreign debt, exacerbating already-shrinking domestic savings; which would improve specific sectors through technology transfer, but without interest in creating linkages to other realms of the economy; which could result in suppliers of goods with added value for an economy with a chronic trade deficit.

Like in the rest of Latin America, this continues to be a solution postponed by the emergence of an economic, endogenous, efficient, depository, and competitive development strategy before supranational actors. This postponement would seem to be an important reason behind why the SH has been maintained alongside dependence. Ironically, under independent political performance when it comes to the interests of the dominant countries.

**HISTORY REPEATING ITSELF?**

Two aspects seem to be a constant in the past and present of the island, and lend overtones to the future evolution of the prevailing development strategy. These are dependence on imports and vulnerability when it comes to terms of exchange. These two elements have obliged Cuba to: one, rethink the incorporation of external actors in the present, some of which have even been the object of the political configuration of the prevailing system on the island. Second, overvalue the role of foreign investment in keeping up the domestic
consumption of goods and production. As in the rest of the Latin America region, the import capacity continues to preclude an effective endogenous development strategy.

This need for import capacity has generated growing foreign debt. In the case of Cuba, without access to the majority of international credit institutions, contextual solutions have been designed to help overcome the trade deficit and the consequences of SH to sustain the capacity to import. Some of these solutions include: a) the growing use of remittances through migration exacerbated in recent decades; b) the arrangement of beneficial forms of exchange with other nations that are still compensatory—like the case of Venezuela—, and c) the exportation of intensive services which entails failure to harness social capacities in endogenous development, as it is exported as a profitable asset for the economy.11

Beyond the fact that these solutions are imperative and there is a notorious lack of endogenous productive solutions, it is necessary to note that along the same lines of what happened in other countries in the region, foreign debt has prompted the stagnation of the prevailing development strategy on the island. However, even when it comes to renegotiation of debt, the most significant cases have been those of Russia and Mexico.

While stagnation in the region led to macroeconomic adjustment policies that set the continent in general on the path to neoliberalism, tinged by renegotiations with the International Monetary Fund (IMF), in the case of Cuba, the Update to the Socialist Economic Model was launched, which, among other things, led to changes in public policy to more efficient forms of wealth distribution and implied the outflow of resources used in public policy to overall society, although within a socialist logic.

Here it is essential to note that stagnation entailed a break with autonomy. Both in Cuba and in Latin America, in the new age represented by the twenty-first century, the situation when it comes to the profitability of capital (or surplus) has been negative, which strengthens dependency on exogenous actors. In the case of Cuba, this situation revealed a tacit contradiction, related to those who have been the actors that have historically played a central role in sustaining the peripheral condition of the country and the way in which the island must deal with them in its reinsertion process. A contradiction which, in the light of recent agreements with the United States, seems to challenge the Manichaean conception of imperialism12 upon which socialism on the island was built.

11 The fact that the economy displays the deficiencies described by Human Capital on the island is still a contradiction. As an example, there is food insecurity, which does not mean famine, but rather limitations on the production of food, even as the country as agronomists, engineers, and biotechnologists able to develop efficient productive strategies.

12 Fundamentally referring to Leninist theses. See Lenin (1902).
The geopolitical dilemma of the differential appropriation of wealth or the heteronomous forces that led to dependency appeared overcome. This dilemma also seems to question the degree of social representations, the strengths of a socialist conception, which defines welfare as the access to decent living conditions and capacity-building; to confront what Scribano (2008) asserted was a "metamorphosis of power at the level of social relations." In other words, social stimuli that represent social mobility and welfare through a sensation of access to consumption coming from central countries, with social action subjected to heteronomous forces, not entirely palpable (Scribano, 2008), that reproduce utilitarian solidarity in the absence of classes or groups that concentrate income as the result of productive activities.

In this way, it is feasible to foresee a likely devaluation of what political independence represents as a palpable cost in the common sense and the social representations of the youngest generations on the island, as systems of social interaction intervene that perceive as valid those values or meanings related to consumption and associated with capitalism.

The dilemma of independence, as in Latin America, in the Cuban case, is intertwined with the issue of how to boost endogenous accumulation from the periphery, in the face of new modes of imperialism around the globe. New modes that, in the age of globalization, contain indeterminate forms of action (Scribano, 2008). From a structuralist point of view, this translates into what changes are necessary to diminish the influence of the center (Prebisch, 1949 and 1963). This puts on the table the relevance—or necessary emergence—of an economic sector in socialism whose interests are priority over the exogenous. An aspect that collides with state hegemony—and the institutionalized mindset—in productive processes. This is an idea that is difficult to assimilate in a context that is estranged from entrepreneurship, with a tendency to view as anathema private ownership and with a relative absence of agencies or companies with a self-owned logic.

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13 It is unclear in the development strategy hatched from the reinsertion of the island into the international system of exchange which are the endogenous paths to critically achieve the dissociation of heteronomous forces that influence its peripheral condition.

14 See Galeano (1971).

15 Raúl Prebisch, in his text *The Economic Development of Latin America and its Principal Problems* challenges the prevailing assumptions about international trade from a structuralist perspective and the insertion of Latin America in the terms of exchange of primary goods. The paper, paradoxically, was presented at the Havana Conference of 1949. It questioned the international division of labor and urged more active participation of the State in the industrialization process to in this way do away with dependency and generate an anti-cyclical policy that entailed the displacement of productive factors, not always easy to make reality. The growth the population at productive age was one of the factors that could attenuate stagnation.
This necessary emergence, unfailingly, questions the historical exclusion of private ownership or the suppression of agencies with their own logic in the Cuban economic model. Moreover, it leads to foreseeing a plausible solution in the incorporation of national actors with knowledge capital—especially within the island—and with capital to finance economic change—especially the Cuban migratory component located outside of the island as a whole.  

What happens in practice is that, unlike in Latin America, in the Cuban present there are no clear classes or social groups that benefit from, accumulate, and enrich themselves off of alliances with the dominant countries, as is described by the Dependency Theory. In fact, it is a country where these ties were broken with the Revolution. As such, it would be interesting to look at how virtuous economic relationships have been shaped, with regulatory frameworks that made the interests of central countries and the Cuban state converge when it comes to the profitability of capital on the island.

Another no less relevant question is how the peripheral socialist strategy has had to overcome its inability to provide financing sources through foreign investment, without it meaning processes for the gradual exploitation of the labor force. This also alludes to a challenge of the principles of the classist contradiction that legitimize the socialist choice.

Financial, macroeconomic, and monetary imbalances have been disassociated from social policies and support for unprotected social sectors. At the same time, the island survives its need for investment and industrialization with the support of supranational actors that tend to reinforce the acquiescence of the market as regulatory. A formula that in a broad sense is one of the most important causes behind the social problems in the region.

16 It is likely that this last question refers to discussions about migration and development, and the evaluation of what the role of migrants is in development strategies. Without going too deep here, this is a solution that is defined in frameworks of co-governance, social integration, and the participatory inclusion of actors, without denying the responsibility and role of the State in a socialist development strategy.

17 Those who assume in Dependency Theory external factors as drivers of underdevelopment and dependency are: Andrés G. Frank, Osvaldo Sunkel, and Celso Furtado. Dos Santos defines "external conditions" and internal determinants. Fernando H. Cardoso, on the other hand, favors domestic relations as determinants to understand dependent development. To a great extent ideological and class conflicts underpin these visions and the elements the different authors consider predominant, the social relations of production and class conflict being the issues that generate discussion and controversy within the dependency itself. See Kay (1989 to 1991).

18 See Marini (1977).
As a summary of this complex scenario, there is the dilemma still of how to accomplish, sustain, and even improve the building of social capacities in a context of economic crisis and widespread expectations of consumption on the island. This is a complex reality that requires solutions that should allude to what the advent of modernity has meant for the Caribbean nation. An important precursor to this is the cautionary vision of José Martí.

THE CUBAN PRESENT IN THE PAST AND THE FUTURE OF LATIN AMERICAN STRUCTURAL HETEROGENEITY

In understanding Latin American development dynamics, the Latin American social sciences have made visible contributions: structuralism and Dependency Theory. The structuralist approach\(^{19}\) underscores that the insertion of countries in an area entails the exportation of raw materials at prices that perpetuate a disadvantage in international exchange and, with it, dependency. In this way, from the structuralist approach, there is a distance between central and peripheral countries. The latter, with heterogeneous sectors that condition development strategies.\(^{20}\)

The dependency approach, on the other hand, has delved deeper into the study of the economic and social structures that perpetuate SH, and some of the most discussed aspects of governance, social integration, and the participatory inclusion of actors, without denying the responsibility and role of the State in a socialist development strategy. are: the role of external debt in the accumulation capacity of national development strategies; the internationalization of capital and rising foreign investment; differences in productivity and innovation and how they influence the industrialization process and social relations, with the exacerbation of vulnerability of unprotected groups in light of less competitive accumulation processes.

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\(^{19}\) Which emerged questioning the Rostow Theory of Modernization and within which R. Prebisch's contribution is notable.

\(^{20}\) Under this approach, the global economy is composed of the links existing between heterogeneous sectors of the peripheral countries, each of which has a specific role in the profitability of capital worldwide.
When it comes to analyzing the evolution of SH and dependency—and the causes that originate it—there are perspectives that evaluate the particularities of these processes and, in relation to current economic and political events that are tinged by neoliberalism. By way of example, López and Belloni (2014) define that in current Latin America, there is an articulation between the restructuring trends of the logics of capital accumulation worldwide and national development projects. The rearticulation has generated a "new process" of economic dependence in South American countries and diverse national development models. Some of the variable that demonstrate this statement include Foreign Direct Investment (FDI), which has risen in the region, after 2000 and to date.\(^{21}\)

According to López and Belloni (2014: 50), post-neoliberal development projects in Latin America have "been built on the foundation created by neoliberalism." These include: the transnational character of capital that hegemonizes the accumulation process in the majority of countries in the region and the new dependency associated with the production of commodities for export.

Looking at the evolution of SH and dependency in the region, this idea from López and Belloni is questionable (2014). Questionable, because the transnationalization of capital is a phenomenon that reached its peak in the recent age, but which has existed as a necessary constant for capitalist accumulation and is, in this region, a space where this process has been even more clearly present since the end of the Second World War.

In this way, we cannot verify a "new dependency" that translates into the expansion of FDI or productive specialization associated with the production of primary goods, or commodities. Rather, what is verifiable is a process of the expansion and growth of causes that condition SH, also in a transnational sense between peripheral countries, rather than only in a vertical sense towards central countries; Cuba is an example of this.

In this context, economic reprimarization does not allude to a process of abandoning the production of primary goods as a trend in the region. As Svampa (2013) asserted, the overexploitation of natural resources and the labor force in the area is a *longstanding* phenomenon that has been embodied in diverse ways in recent years, through the profitability of investments in exploiting natural resources and high raw materials prices.\(^{22}\)

\(^{21}\) Cepal (2013).

\(^{22}\) A debatable question here is that the evolution of heterogeneity and dependency in Latin America is a continuous process that has tinged international relations and development strategies, in particular. It turns out that historical ages are classified based on the particularities that predominate, omitting a certain degree of concatenation between the various processes taking place. One example, a post-neoliberal age in Latin America, reveals the consequences of this political and economic trend worldwide for the region, but
Accordingly, for example, the center-peripheral thesis that contains the analysis of the scope of the deteriorating prices of exchange (Prebisch, 1949 and 1963) is useful to discovering the latent distortions of an insular productive system, which was not overcome by the independent existence of the nation-state. Above all, if this deterioration is linked to current constraints on the development of technologies, innovation, and productivity, and with the process of producing raw materials with no added value.

In this case, the reading from Cuba helps elucidate that the assumption of the State as an agency for development did not lead to an incentive for producing high value added goods that would permit the country to compete in a balanced fashion in international trade. In such a way that, from the heterogeneous condition, the peripheral condition of the country in socialism, due to the isolation that preferential exchange with the so-called real socialism entailed, was perpetuated—and influenced in the postponement of the search for incentives for productivity, even when human capital was generated. Moreover, due to the non-incorporation of knowledge capital in the materialization of competitive production in the exchange or import substitution.

This latter statement does not leave to a precipitated conclusion of the condition of underdevelopment as a development stage (as in Rostow's model\(^{23}\)) or, in another sense, to understanding development as economic growth. Rather the statement reveals that there is a visible feature of peripheral countries, which is: understanding SH as a specific structural condition that is the result of the evolution of capitalism worldwide. A condition that, as evidenced today in the Cuban case, cannot be overcome only with breaks at the political level exclusively—socialism or the so-called dictatorship of the proletariat did not entirely break this structural condition—and what is necessary to overcome it (or achieve structural change) is to break with the causes that perpetuate and reproduce external dependency and SH.

In Cuba, in the opposite sense of what Furtado (1964, 1966, 1984, 1993) recognized as a process of the spread of growth to other sectors of the economy and society, social development was achieved as evidence of structural change, although not sustained, endogenously. In fact, understanding development as a category that implies an ostensible

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the concept itself necessarily entails a description of the historical ties between the processes that determine dependency as a recurring phenomenon. By way of example: the existence of groups that favor global accumulation perpetuates the enunciation of national policies that back that interest; technological delay and scarce development of knowledge generates dependency on external innovation; incapacity to save or accumulate due to external debts perpetuates the need for FDI; the social consequences of concentrated accumulation extend social stratification and inequality.

\(^{23}\) See Rostow (1960).
scope in satisfying human needs, from an endogenous and equitable sense, it is necessary to deduce that this concept includes a balance between economic growth and social progress. In Cuba, in the absence of said balance, structural change did not materialize as the result of the intervention of the State as a development agency under specific conditions in terms of financing and usage of resources.

When it comes to particular problems, what is questionable—and could be understood as a lesson—is not the strategy to modify the capitalist structures on the island, whose aim was to achieve industrialization and welfare, but rather the way in which it was done. By way of example, State planning to develop industrialization was based on the importation of intermediate goods for production and technology that produced isolate effects for processes that determine dependency as a recurring phenomenon. By way of example: the existence of groups that favor global accumulation perpetuates the enunciation of national policies that back that interest; technological delay and scarce development of knowledge generates dependency on external innovation; incapacity to save or accumulate due to external debts perpetuates the need for FDI; the social consequences of concentrated accumulation extend social stratification and inequality.

Moreover, there was a complete lack of institutional flexibility beginning with borders that entailed an ideological framework of international political confrontation. In such a sense that, as explained before, the ideological horizon defined the exclusion of relevant endogenous actors in the organization of the economy and modification of institutions or structures. Actors, who were none other than those with the economic and ideological capacity to come up with their own development alternatives although individual—which stopped being the subjects of history due to the political and economic conflict surrounding private property, even when there was social progress for the majority of the population in terms of income distribution.

From the preceding it can be deduced that the concept of socialist development produced as characteristics on the island the existence of social progress and cultural change but without deeply modifying economic structures. Human needs were met on the basis of relatively low productivity and innovation. Differentiation in the productive system and innovation are two aspects that Furtado (1964) deemed necessary to engender structural change.

Also, from these particular conditions of exchange that predominated under the socialist exchange, it is possible to recognize a process related to income and the domestic market, which generated stagnation in the economy in a way differentiated from the rest of the

24 "Economic development could be defined as a process of social change by which a growing number of human needs, pre-existing or created by change itself, are met through the differentiation of the productive system generated by the introduction of technological innovations" (Furtado, 1964: 39-40).
Although there was no concentration of income in the domestic economic elite in such a way that it resulted in consumption patterns dissociated from the degree of development of productive forces, there was deviation from the accumulation potential, even with exchange at preferential prices. This was related to the existence of full employment policies, with relatively equal income, which failed to give productivity the momentum it needed or stimulate the domestic market.

Because the full employment of workers is a condition of socialism, without adjusting income to match productive contributions or the technological contributions of the workforce, the capacity to increase productivity was constrained and, with it, income. The vicious cycle is expressed as follows: by not having productivity, surpluses do not increase, which in turn reduces the accumulation capacity or the investment rate. Productivity improvements were not transferred to the producer in the socialist enterprise and surpluses were redirected to the external sustenance of productive capacity and the domestic sustenance of wide-ranging social policies. The consequence of this was the tacit maintenance of structural incapacity which emerged when the island began to rejoin international trade in the 1990s.

One question that has not been thoroughly addressed in this complex process is the changing patterns of Cuban consumption. This has had a notorious influence on revealing productivity gaps and accumulation or profit rate gaps. Consumption standards, which in no small measure are tinged by migration from the island and accumulation strategies sustained by the state by way of remittances, in the absence of transnational companies, up until now.

This structural incapacity can be viewed, from a different angle, as a process similar to what Furtado (1964) described in the *Dialectic of Underdevelopment*: a deficit in the effective realization of investment for economic development beginning with high dependency on imports. The savings effort entailed a limitation on growth and became an obstacle in overcoming the importation barrier in conditions of relative equality when it comes to income for the entire wage dependent population. This implied relatively low demand, based on income that did not differentiate between productivity and innovation contributions. Overall, this explains limitations on growth in productive surpluses, which made endogenous financing difficult (Tavares and Serra, 1971).

This complex panorama puts on the table a discussion that has been longstanding in the Latin America region: what role should internal savings play in financing development? Despite this, in the Cuban present, there is a process to search for foreign investment as a

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25 The Foreign Investment Law (Law 118 of April 16, 2014) aims to "expand the exportation markets, access to advanced technologies, import substitution, prioritizing that of food. In the same way, obtain foreign financing, create new sources of jobs, integrate
motor of economic development, in a Latin American context where FDI is reinforcing productive specialization and, with it, social and economic imbalances (Cepal, 2015)

Because there is no domestic savings to develop investment capacity in Cuba, the country is turning to international creditors whose investment tendencies are tied to reprimarization or the expansion of dual economies in the entire region (López and Belloni, 2014). The new FDI law of 2014 opens up space for investment that matches the aforementioned trend. Under the new FDI policy, there is too much weight given to investment in tourism and mining. One important factor here is that the new law seems to be oriented primarily towards the foreign market, using a labor force whose income is protected by state actions. The same law stipulates that "there shall be no free hiring of the labor force." Moreover, wages are conditioned to efficiency and added value that companies generate; the payment of the labor force shall be subject to negotiations between the employer entity and the foreign capital company pursuant to the terms set by the Ministry of Labor and Social Security.

The fact that investments are tied principally to primary sectors without added value, which defines the incorporation of the labor force in a competitive manner to this process, influences innovation and productivity. As it has been inefficient in creating stimuli for innovation and productivity, it is precisely the wage factor that has historically determined management methods, and link them with the development of productive linkages, and change the country's energy grid by harnessing renewable energy sources" (Gaceta Oficial de la República de Cuba, 2014).

Among the 246 projects proposed in the new Cuban FDI law, with an investment amount of 8.7 billion dollars (Sánchez and Castro, 2014) there are demands oriented towards the primary sector of the economy, as well as the development of industry and services. However, the proposals in place are not balancing the necessary linkages between sectors but rather reflect the trend to revive primary production in areas such as: a) agriculture—sugar and meat and food production—; b) oil exploitation and extraction; and c) mining—extending it to central and eastern areas of the country and including such minerals as copper, nickel, sulfurs located in essentially carbonated sediments (Irish type), orogenic deposits and precious metals, base metals (copper, lead, zinc). In the tertiary sector there are notable demands for technology, engineering, production of biopharmaceuticals, technology projects, and the tourist sector—including proposals for real estate development with golf courses and hotel infrastructure, which are visibly gambling on the United States market—. Some of the projects looking for external financing and avoiding domestic undertakings include transportation, construction, and industry—tire production, aluminum packaging, glass containers, and an integrated solid waste processing system (see Granma, 2015).
low performance in creating surpluses and savings for investment. For all of these reasons, it is a relevant matter to look at how foreign capital investment will either reinforce accumulation or internal savings and in what sense it will expand or not the weight of foreign debt in development.

THE CONFLICT OF ACTORS IN DEVELOPMENT

In light of laxity in the integration of in dispute actors in Cuban development, in the face of the conflicts experienced in countries like Venezuela, Bolivia, Ecuador, and Brazil, and in spite of cooperation agreements determined by new contexts of collaboration, including the Bolivarian Alliance for America (ALBA) and the Caribbean Community (CARICOM), in Cuba, there seems to persist the question of how to strengthen internal saving and endogenous development based on international exchange, with a major role given to the perspective of incorporating foreign actors to the detriment of domestic actors. There is yet to be a consensus at the political level as to which actors are essential to overcoming heterogeneity or how to develop innovation and productivity grounded in domestic capacities and skills.

López and Belloni (2014) define the development projects in recent years in the region pursuant to their compatibility with neoliberal strategies. As such, they define nations as: a) neoliberal countries those which reproduce formulas coupled with trade, economic, and financial policies coming from the United States, fundamentally, among others: Chile, Peru, Colombia, and Paraguay; b) neo-developmentalists, countries that formulate development strategies to a certain degree that run contrary to international financial capital, including: Argentina, Brazil, and Uruguay; and c) countries with development projects that are in dispute, which maintain anti-imperialist and anti-systemic development strategies, including: Bolivia, Ecuador, and Venezuela.

To explain the previous statements, it is necessary to make a brief parenthetical statement about the statistical data on HD, which corroborates prior assertions. In 2014—the year in which the Foreign Investment Law was enacted on the island—Cuba was on the list of countries worldwide with high HD standards (ranked 67th on the Human Development Index, see UNDP, 2015). This in and of itself determines the existence of a healthy and educated labor force, with capacities. By way of example, in terms of education and training the fields proposed by the Foreign Investment Law, there is a labor force with innovation skills and qualifications. In 2014, the following technicians graduated: 474 in
The uncertainty entailed by the short-term extension of a macroeconomic balance leads to a context in which international relations are being reshaped. Thus the inclusion of an actors that has historically perpetuated heterogeneity in the entire region and which, in the case of Cuba, implies the reproduction of the political relations contained in the island's past, becomes very relevant. Read what happened in 1898, or afterwards, with the Good Neighbor policy of 1930, or after that, in 1959. This, before a State that confronts the question of its historical continuity, also due to particular causes.

The inclusion of the new—old enemy—actor in the development schemes of the peripheral country—a United States with new policy reach into Latin America which could ell be explained by the acquiescence achieved in recent years by anti-systemic and neo-developmentalist governments in the region (López and Belloni, 2014)—, contains a sort of "comprehensive" tacit transition from the Leninist approach to imperialism (class conflicts and the expansion of accumulation, once exclusive in an endogenous sense) to one—if the reader will be so tolerant—that is Schumpeterian,29 in which, the prevailing international relations have been digested as the result of a context in which the diminishment of arbitrary forces has shaped conflict into dialogue positions. From a theoretical perspective, this last point might seem to be an explanation for the bloated political and historical conflict in a country whose dependent and heterogeneous structures are also the result of the geopolitical actions of the same "new" actor—which is not Norway and which now, returns to the illusion of good neighborliness—.

In the face of this historical echo, all that is left is to understand what are the "new" strategies that the peripheral country intends to undertake to counteract the dependency and heterogeneity it displays and which give rise to the systemic crisis it contains, such that the experiences of the first five decades of the twentieth century will not be repeated with the same "new" actor. Or those related to the experience with real socialism. There is a sort of evident correlation between a recent past and a contradictory present. The Cuban popular imagination, still with its Martian alert on, admits the new actor as a solution to its daily problems. Which, could also been seen as a failure in terms of development but not connecting past experiences with a foreseeable future.

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29 See Schumpeter (1965)
CONCLUSIONS

The current conflicts involved in the Cuban development strategy to rejoin the international capitalist system are the result of a tacit avoidance of the factors that reproduce SH and dependency. The continuity of this condition will entail in the future a relative institutional paralysis in resolving conflicts related to welfare, due to the disarticulation of economic sectors, which will mean that the gaps between expectations for social mobility and the heteronomous forces that condition them will persist.

In a historical sense, the persistence of this dependent and heterogeneous nature is due in large part to an underestimation of the role of the State and overestimation of the role of supranational actors in economic development. (ONEI, 2015b). The average monthly wage nationwide was 584 Cuban pesos, which, needless to say, is not enough to cover needs related to livelihood in society (ONEI, 2015a).

This, to the detriment of endogenous actors who currently have the social capacities as an economic resource in Cuban society.

With the approach of including external actors, the island faces the dilemma of how to restrict the geopolitics of differential appropriation of wealth and, with that, limit the influence of the center on its peripheral condition. Socialism also faces the challenge of mitigating the exacerbation of contradictions and social disintegration and human conflicts related to the growth of poverty and the reduction of welfare in light of limitations on productivity and innovation, even with a workforce able to achieve goals in both dimensions. One relevant question in this sense, is how to achieve production with added value that would gradually reduce the need for importation, to compete in this way advantageously even in the face of deteriorating international prices of exchange, reinforcing saving and limiting the tendency towards productive specialization.

The State, as a development agency, needs to consolidate a structural change that subverts financing deficits, achieve internal saving, and the efficient use of resources. Economic development in this case must seek the integration of the productive system, upon which social changes could be sustained, which have previously met human needs.

However, in light of the need for importation, accumulation, and financing, and the growing potential of external debt generated by these limitations, a circumstance arises in
which historical processes that already have antecedents on the island are being debated. In other words, the incorporation of foreign agents, as is the case of the United States—a nation that has conditioned the expansion of neoliberal policies in the region. All of which brings with it an examination of what the historical consequences of that process might be in maintaining the social progress made in human development and fairness on the island after the economic transition.

The political disconnect between socialism and the global system, raging for over half a decade, even when it became a paradigm for leftist forces in the Latin America region, does not *per se* entail overcoming SH and the peripheral condition. This fact in and of itself challenges the theoretical references of the conception of Cuban development, and reinforces some theoretical notions crafted in the realm of Latin America to explain the characteristics of development. These include notions related to center-periphery and SH coming from structuralism and dependency theory.

The depth of Cuban *dependency* on the global system of exchange, at present, entails the challenge of designing a plausible strategy that limits the profit-seeking interests of international capital and protects the labor force from the most recurring dynamics verifiably present in the sphere of globalization. On way to protect the labor force is to incorporate agencies and undertakings that, in the framework of governance, include sectors and Cuban actors both within and outside of the island to create new opportunities for development, but especially when it comes to internal or endogenous alliances based on innovation and productivity.

For various generations of Cubans in the current situation, this entails a process of reshaping social norms that have until now been assimilated. With that, a change in common sense, with implies transforming the norms that condition the processes of interaction and solidarity, in the face of growing phenomena, such as inequality, poverty, and foreign investment. A process that also will need to call on historical references, insofar as an explanation of the present should not be grounded in a destruction of the post, or on the social mechanisms that tie the contemporary experiences of individuals with those of previous generations.

The surge of stigmas and symbologies about welfare and social mobility associated with consumption supposes the growth of goals associated with the individual, which, if they do not change track, will lead to the prevalence of concern for satisfying immediate needs, without examining the consequences of it for future generations. Whether a sort of reshaped socialism or within the scheme of capitalist development, a potential rupture between the present and the past of the island will transcend as a random regression in development. A setback that will articulate differentiated levels of failure.


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