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Cuba, Poverty and Data

While these vagueness remains unexplained to the public, the measures announced by the government are described as inflationary by different economists; If this is the case, there will be a further fall in real wages and pensions, and its consequences. Meanwhile, poverty is on the rise.



A ghost haunts the Cuba of soy mince and eggs awaited in the neighborhoods, like a Messiah of immediate salvation. His name is [Eduardo Chibás](#)." This is what this journalist pointed out in November 1995, in his first published article.

Only that 28 years later, the almost legendary picadillo is not consumed in Cuba – nor is it produced – and the long-awaited eggs have been reduced to five per month per capita, distributed by the so-called basic basket and at subsidized prices; Beyond that, the thirty eggs go for 2,500 pesos in the free markets, in a country where the last average salary reported was 4,219 pesos per month and the average pension of about 2,000, but more than half of the estimated 1,600,000 retirees would earn less than that figure.

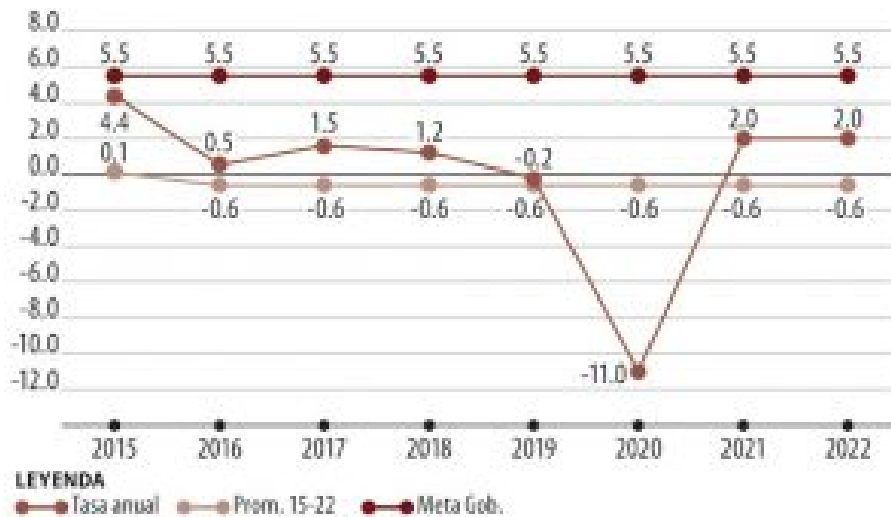


Cuban Peasants

Meanwhile, today's specter is called poverty, a word that is beginning to become more prevalent among academics than is desirable.

Months earlier, in his "[Cuba in the Face of Its Poverty?](#)", this author had already warned about the growth of this scourge in a country subject to harsh unilateral coercive measures by the United States (blockade), but also with serious problems of economic model, policy and performance that have been going on for a long time, marked by a virtual stagnation of the Gross Domestic Product (GDP) since more or less 2013.

Evolution of the Gross Domestic Product



Source: Carlos Lage Codorniú and Karina Cruz Simón.

Also, a drop in the Human Development Index (HDI) from 53rd place in 2007 to 83rd in 2022; and an increase in social inequality, estimated by the [National Prize for Economics José Luis Rodríguez](#) in an increase in the [Gini Coefficient](#) from 0.22 in 1989 to more than 0.45 in 2022; This data is a warning that social polarization in Cuba is an old issue, as well as the growth of the most vulnerable and situations associated with poverty, understood as

a situation in which it is not possible to satisfy the basic physical and psychological needs of a person, due to lack of resources such as food, housing, education, health care, clean water or electricity.

Evolution of the Human Development Index (HDI)

Años	Valor IDH	Lugar Mundial
1990	0,680	53
1995	0,659	70
2007	0,784	55
2018	0,783	74
2021	0,764	83
2022	0,764	83

Elaboration: María Pérez and author, based on UNDP Human Development reports.

Rodriguez recalled that "A study called The Economic Situation of Households, which was made public in the 1980s and 1990s, and which is now being revisited, revealed the most common difficulties faced by people: from not having enough money, to problems with food, housing and transportation. in that order. This indicates that these are cross-cutting issues and unresolved debts over the years."

Many years, many data that are coming to the fore even though the press associated with the Union of Journalists of Cuba (UPEC) does not publish or comment on them, in this scenario of the Internet and social networks.

Many years, a lot of data, but these are already insufficient and even not current in comprehensiveness, since a much-needed [Population and Housing Census](#), to be carried out in 2022, was postponed to 2025; It is the second time that it has been delayed, it is said that due to economic shortages.



Cuba, politics, business

How, governance without information? Are the shortages – basically fuel, according to reports – really that serious? Has it been forgotten that a census was carried out in the summer of 1970 – the first since 1953 – when Cuba had not recovered from the national trauma that was the failed [Ten Million Harvest](#), and that even so it was carried out with a genuine popular mobilization, at a time when the current computer development was not available? What is missing, resources or priorities?

There has been, but necessary, an assumption: if it is assumed that a minimum but decent income for Creole conditions would be 100 dollars per month per capita, at the exchange rate of the street, that would represent, given the inflation that "gallops" in Cuba, 29,500 pesos... and counting, because the growing depreciation of the peso and a supply deficit that would already be a shock, increases that minimum; From this, about 2,500 would have to be deducted from the beginning to consume one egg per day per capita, almost 9% of that income, which is the minimum for an adequate protein intake.

Expenses such as electricity should be abstracted, although this is subsidized; as well as housing, with an estimated deficit of more than 800,000 and a multitude of pending renovations – including collapses and deaths – in a country where some researchers [estimate](#) that around a third of the Cuban population lives with income poverty and unsatisfied basic needs, and have warned of an increase in precariousness indicators of the standard of living of families... In this regard, the former Minister of Economy and Planning Alejandro Gil pointed out that 66,626 families in vulnerable situations received mattresses, furniture, clothing, footwear and kitchen utensils in the year (2023).

Is it understood that we are dealing with elementary needs and that in a quick calculation they would be 2% of Creole families, perhaps some 600,000 Cubans? Is it just those?

Cuban-style poverty?



Cuban-style poverty: A man holds a bill with his mouth in Havana, Jan. 30, 2024. (Photo by YAMIL LAGE / AFP) (Photo by YAMIL LAGE/AFP via Getty Images)

Since the revolutionary triumph of 1959, Cuba has made great efforts to deal with poverty and its progress has been remarkable, seen from a perspective of the South, despite the U.S. blockade, the loss of its alliance with the extinct so-called socialist camp, the worsening of the international situation and mistakes in economic matters.

But efforts aside, the numbers are relentless: according to economist and demographer [Dr. Juan Carlos Albizu-Campos et. al.](#), in recent years Cuba has been declining in its life expectancy at birth, its access to education and work, and income, all of which would explain its drop of 30 places in the Human Development Index and create the possibility that it will cease to be a country of high quality. Human Development to move to a middle one.

For this reason, Cuban poverty is sui generis: difficult to measure with "classical" indicators; almost impossible, given the complexity of the scenario.

According to economists [Dr. Silvia Odriozola and Dr. Ileana Díaz](#), *"In the case of Cuba, it is a very controversial issue. In our country there is no consensus on a concept of poverty. Although its form of manifestation in Cuba may be similar to that of other countries, its causes are diverse... There are different ways of conceptualizing poverty and also of measuring it... The truth is that the notion of 'poverty' refers to a complex and multidimensional phenomenon, of unsatisfied basic needs, which can be multicausal. In the case of Cuba, we speak of multidimensional poverty and it is analyzed by the intensity of the deprivations..."*

Based on the above, the [Multidimensional Poverty Index](#) would be appropriate for Cuba; But based on the data mentioned here, it is difficult to accept that it appears as the [second country in the world with the lowest index of it](#); it is not coherent, as simple as that, when

a drop of 30 places in the HDI between 2007-22 – perhaps greater in the future – warns otherwise; it is not the only clue: among others, there is the disturbing sign that the decline occurred between 2007 and 2022, while between 1990 and 2007, the HDI did not have large resulting variations, although there were intermediate ones, undoubtedly marked by the vicissitudes of the so-called Special Period, especially between 1990 and 1995.



Cuba: Row of Cars Without Fuel

Therefore, something does not add up, if one considers that the period 1990-2007 coincides at least a decade with the years of the so-called Special Period (1991-95) and its aftermath, and a greater decline in the HDI occurs when Cuba would supposedly be in a better position from the economic point of view with respect to that period.

In addition, between 2007-16 the country experienced good moments of its alliance with Venezuela and the so-called Obama thaw, a moment of détente between the United States and Cuba.

How can we explain the fact that since 2013 GDP has practically stagnated, calculated at constant 1997 prices? How can we explain the fall in the HDI in the period when Cuba had two favorable international scenarios?

Neither the U.S. blockade tightened after Donald Trump's presidency, nor Joe Biden's passivity regarding an "Obama-style" détente, nor the worsening of the international situation, are necessary and sufficient causes to attribute to them the origin of a poverty that is becoming growing. Cuba should have maintained a relatively constant, minimal HDI, not declining to the extent that it has.

Thus, "Cuban-style poverty," without neglecting very real external factors, points to the internal, which in the end is that what is in Cuba's possibilities is at least to palliate, at least to recover the HDI it had. The other skirts the border between reality and justifications, amplified by propaganda?

Poverty: rummaging, rummaging...



Cuba, poverty.

Several economists and journalists have repeatedly pointed out several factors that are causing the rise in poverty, namely:

1) economic reforms that are much needed but too late or yet to be implemented; As an anecdote, the purpose of creating non-agricultural cooperatives dates back to 1985! and it was raised at the Third Congress of the Communist Party of Cuba; The same is true of micro, small and medium-sized enterprises (MSMEs), whose proposal by different economists dates back to the early 2000s; Both came to be authorized in 2021, and their deployment - already relevant for its results - takes place in a hostile climate, with extremists from the right and left "adding fuel to the inquisitorial bonfire".

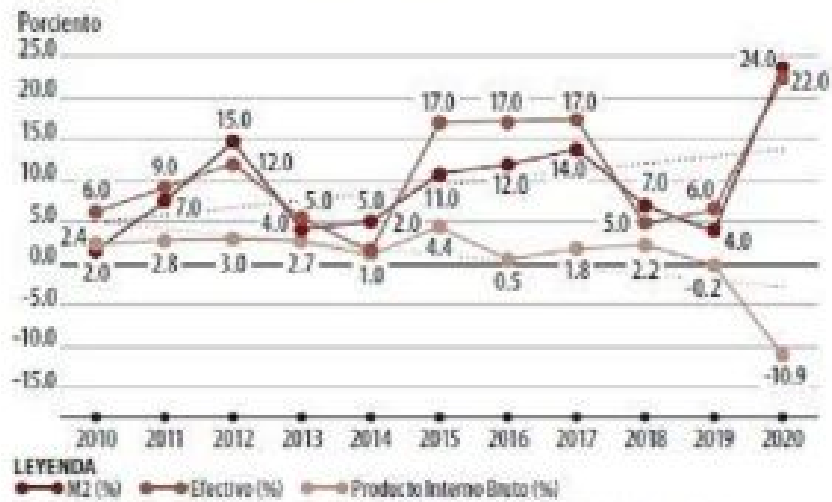
For its part, although the state-owned company is proclaimed as the main economic actor, it inexplicably delays the enactment of a [Companies Law](#) that regulates its management; there is a bill whose discussion and approval has been postponed more than once;

2) An investment policy of more than five years, of great disproportion in favor of tourism that is far from being minimally profitable - or there is no information on it - and to the detriment of investments in agriculture, education, health and science and technological innovation.

This policy is causing, from the outset, a severe deficit in the supply of food and the subsequent inflation, which is recognized as the main cause of the galloping rise in prices, without prejudice to the impacts caused in the other sectors and the effects on the real value of wages and pensions, which have long been below 1989!

Evolution of GDP and cash in circulation

Ilustración 1. Crecimiento interanual (%) del PIB, el Efectivo en circulación y el Agregado monetario M2: 2010-2020



Fuente: Elaboración propia a partir de datos obtenidos de la ONEI y Cruz (2021).

"Textbook": such growth in cash in circulation, well above the evolution of GDP, is flatly inflationary and goes against real wages and pensions. Source: Carlos Lage Codorníu and Karina Cruz Simón.

3) following Albizu-Campos et.al., a neglect of public policies in the social sphere and in favor of a purported economic sustainability, the impact of which is being reflected in the reduction of life expectancy at birth, access to higher education, the construction and repair of housing and other sectors, all of which are key factors in the fall of the HDI;

4) monetary and exchange rate unification ([Task of Ordering](#)) that is very late, poorly carried out and even counterproductive; The sovereignty of the Cuban peso was aspired to and three currencies and two units of accounts are circulating, with a logical impact on inflation and other aspects, among which is the impoverishment caused by the fall in real wages and pensions without due indexation.



Cuba, poverty.

Thus, according to a [study](#) by economist Tamarys L. Bahamonde, "the nominal wage of 3,854 (pesos) per month in 2021 was equivalent to 1,117.19 in real wages (1989), less than half of the nominal wage... Now, the most revealing data on the impact of rising inflation on consumption is extracted from 2022. The nominal wage of 4,219 (pesos) in 2022 was only equivalent to 174.72 in terms of real salary."

The four factors, plus others, come together in a sort of explosive cocktail that is undermining the credibility of the Cuban socialist project; none are directly related to the aforementioned external factors; These are problems of domestic policy. Point...

The government is implementing a program to correct what it calls "errors and distortions," although so far it has not stated what it means by such; an error deserves explanation and debugging; in economics, a distortion is, roughly speaking, a deviation from the allocation of economic resources by the state in which each agent maximizes its own utility. So, what deviations occurred and why?

While this vagueness remains unexplained to the public, the measures announced by the government are described as inflationary by different economists; If this is the case, there will be a further fall in real wages and pensions, and its consequences.

Meanwhile, poverty is on the rise.

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Source: [SURySUR](#), February 13, 2024

Edited by Maria [Piedad Ossaba](#)

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