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Cuban entrepreneurs dream big, but the government is in their way

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Like entrepreneurs in any country, Cuban entrepreneurs want more access to resources and fewer bureaucratic obstacles to expand and reinvest in their businesses, according to a new study based on interviews conducted on the island.

“I would like those who govern to begin to think more about how to make life simpler for citizens and less how to preserve the [government] precepts that have been proven to offer only hardship,” says a private real estate agent, who was among the 80 Cubans interviewed for *Voces del cambio en el sector no estatal cubano* (Voices of Change in the Cuban Non-State Sector).

The study, spearheaded by Cuban-born economist Carmelo Mesa Lago, includes interviews from Havana and surrounding provinces that were done without government approval. It is focused on four segments that are part of the so-called “non-state sector” of the Cuban economy, still highly centralized and controlled by the state: the self-employed; farmers who use state-owned parcels; *corredores* (brokers) of home sales as well as buyers and sellers of private homes; and workers of non-farm production and service cooperatives.

Among those interviewed are coffee shop owners and hairdressers; sellers of religious products for *Santería*; a chauffeur for rental cars used for weddings; massage therapists; photographers; and homeowners who rent to tourists. Absent from the study, however, are the owners of private restaurants known as *paladares*, which Mesa Lago attributed to the difficulty of accessing these entrepreneurs who, in many cases, function on the edge of legal bounds and do not want to attract attention to their business.

One of the great surprises of the interviews, he said, “was discovering the very high level of reinvestment that the self-employed engage in. Most, including those renting apartments and houses, reinvest.”

Another interesting section of the study, published in book form by the Ibero-American publishing house and which is expected to have an edition available in Cuba, summarizes the main problems and aspirations of those interviewed: “One of the main barriers that they mention, and there was an impressive unanimity in this, is the level of state interference,” Mesa Lago said.

The prospects for a booming private sector have not changed much since a similar study, conducted by professors Ted Henken and Archibald Ritter, found that high prices for supplies,

the absence of a wholesale market, high taxes and over-regulation hindered the development of Cuban entrepreneurship.

The overwhelming majority of respondents in the *Voces* study also expressed their frustration with obstacles to moving their business or work forward — from high prices of raw materials and supplies, low wages and bureaucracy, to poor access to the internet.

The so-called *cuentapropistas* were at the center of policy changes toward Cuba by former President Barack Obama. He met with them in Havana during an unprecedented visit to the island last year and issued executive orders to promote the export of their products to the United States and for them to import products from the U.S. But the Cuban government put up roadblocks, Mesa Lago opined, because it sees the development of *cuentapropistas* with “reluctance,” which is why the private sector is becoming “stagnant.” The absence of further reforms during the Communist Party Congress in April filled the self-employed with disappointment.

“The way of thinking has to change — not just our own, but of the people who govern us,” said a cooperative partner interviewed in the study. “They have to give us more freedom to grow, to continue to cooperate.”

Another unexpected result of the study was the high degree of satisfaction expressed by those who have decided to start a private business in Cuba, which has allowed them to gain autonomy and live better than those who depend on state wages.

Mesa Lago warned that the study has limitations and is not intended to be scientific. The sample, the economist said, is small and not fully representative of a private sector comprised of the self-employed and other workers. By including both entrepreneurs and other workers in the non-state sector and even home buyers, the survey could not be homogeneous and not all respondents answered the same questions. So any quantification or statistical analysis should not be taken as conclusive but as a starting point to gather more information on the subject.

The Cuban government has drawn up surveys for the self-employed, but their results have not been published, Mesa Lago said, so the book “fills gaps in information about issues we did not know about, such as the characteristics of race and gender” in these sectors. Of those interviewed, 76 percent were state workers before launching their own business, 80 percent of all respondents were white, and 74 percent were men.

Although the sample is predominantly white, the quantitative analysis in the study found no significant relationship between skin color and other variables. Other scholars, such as Alejandro de la Fuente, have pointed out that the Afro-Cuban population is at a disadvantage in the emerging private sector compared with whites, who receive more remittances and support from abroad.

However, the same characteristics of the *Voces* survey — the under-representation of blacks and mulattoes in the official census and the absence of official data on race in relation to the labor market — make it difficult to draw definitive conclusions on the subject.

Still, Mesa Lago emphasized the informative value of the study in a context where gathering this information independently of the State is extremely difficult and people are reluctant to provide personal information.

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“We tried to see if we could do a survey with 200 people and it was impossible,” he said. “Even among the cooperatives we could not do the 25 interviews we planned. Nobody wanted to talk because the cooperatives depend on the state.

“The state decides that they will become cooperatives and workers have no choice,” he added. “If they do not agree, they are fired, then they do not dare to speak.”

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