

# On the Cuban Economy

Speech delivered by Army General Raúl Castro Ruz, First Secretary of the Communist Party of Cuba Central Committee and President of the Councils of State and Ministers, during the closing of the 9th Ordinary Session of the People's Power National Assembly, in the International Convention Center, July 23, 2012, Year 54 of the Revolution.

Compañeras and compañeros:

The last few days have been intense. on Friday the 20th, we held an important Council of Ministers meeting, with a number of invited guests participating, and on Sunday, the 4th Plenum of the Party's Central Committee met.

Since last Thursday, parliamentary activities have been underway, prior to the 9th Ordinary Period of Sessions of the National Assembly of People's Power, during which deputies received ample information about the main issues of our current situation and discussed, in 12 permanent commissions, extensive agendas which covered the work undertaken over the course of the year during visits to workplaces and popular councils, and participating in local People's Power Assemblies, as well as during everyday interaction with constituents about our nation's most pressing problems.

Taking into consideration the aforementioned, I do not think I need to make extensive comments and will only address a few important questions.

Despite the tensions associated with the global economic and financial crisis, the effects of the U.S. blockade, along with our own shortcomings, we can see that the national economy has performed favorably during the first half of the year.

The Gross Domestic Product (GDP) grew by 2.1%, a rate two tenths greater than that of the same period last year, to which a significant increase in commerce and construction contributed.

Generally speaking, it was productive activity which generated economic growth, although progress in agriculture was modest. Despite having expanded production of rice, milk and beans, goals established in plans were not met. Shortfalls in the production of pork and citrus fruit limited gains in this sector.

The sugar harvest, while plagued by delays, a lack of organization and poor maintenance in the mills, continued to recover, with sugar production increasing by 17.1%.

Despite not reaching objectives in income from tourism, a 5.8% increase in the number of foreign visitors was achieved and the sector's principal indicators improved.

Exports increased in relation to imports, both in goods and services, which favors the country's trade balance and the repayment of financial obligations, as part of the process of restructuring debts with our principal creditors, thus contributing to the gradual, but sustained recovery of Cuba's economic credibility. Nevertheless, the tense situation in external financing continues and is aggravated by restrictions on the acquisition of new financing.

Domestic financial solvency has been maintained and supplies of construction materials for the population have increased, although insufficiently, in the first half of the year.

The state budget, as was reported, has been adequately implemented, leading to the projection that the year should end with the deficit not exceeding the approved level.

Abiding by agreements made at the 6th Congress, the process of implementation of the Economic and Social Policy Development Guidelines of the Party and the Revolution has progressed. While old prohibitions have been eliminated and additional flexibility established for the self-employed, the updating of the economic model has entered a qualitatively new phase with the drafting and approval of the 2012-2015 Strategic Plan for implementation of the Guidelines, with a corresponding timetable for comprehensive, step-by-step measures.

At the same time, initial steps were taken in the conceptualization of the country's economic model and the Party and government leadership has approved policies directed toward macro-economic reordering in the areas of credit, retail and wholesale prices, as well as fiscal policy. The latter has taken a step forward with the approval, during this Parliamentary session, of a new Tax Law.

The fundamental principals for a new monetary policy have also been studied. These lay the bases for more substantial changes in the country's economic system.

As for the reestablishment of discipline in domestic finances and the recuperation of the role of contracts in governing relations among different economic actors within the national economy, just as is stated in Guideline No.10, I can inform you that we have begun to see the first positive results, while acknowledging that the road ahead is a long, laborious one.

This battle, absolutely necessary to establishing order in the economy, will only be won with high expectations, rigor and systematicity on the part of each and every leader, administrative and enterprise functionary, with the Party's continual supervision.

Additionally, a policy for the experimental creation of cooperatives in non-agricultural activities was approved, in accordance with Guideline No.25. This will lay the basis for the drafting of a general law governing cooperatives, after a reasonable period of experimentation.

Likewise, authorization was given to apply the formula of renting facilities for restaurant services, with staffs of up to five workers, in a manner similar to that used, at one point, with other personal service providers such as barbers, hairdressers and shoe repairmen, to cite only a few.

This decision, along with the aforementioned experiments with non-agricultural cooperatives, will allow the state to withdraw from the administration of a number of productive and service activities of a secondary nature, in order to concentrate on perfecting the management of the fundamental means of production, maintained as socialist state enterprises, which, as is expressed in Guideline. No.2, are the principal elements of the national economy.

Toward this end, a group of enterprises has been selected to carry out an experiment in which they are granted sufficient

autonomy and ample authority in their economic and financial management, to establish a new system of relationships between enterprises and the state. This experience, of great complexity and magnitude, will facilitate the elimination of existing obstacles to the development of productive forces in the state sector and the design, and subsequent approval, of a new law governing socialist state enterprises.

Likewise, a draft new Labor Code has been developed, with the goal of adjusting the rights and responsibilities of workers to new conditions, taking into account the incorporation of new non-state forms of economic management. We plan to present this draft law to the National Assembly next June, after it is thoroughly, democratically discussed with workers and trade unions.

The creation of formulas which promote the production of food has also been analyzed within the framework of implementing the Guidelines. Thus, different measures will be adopted to eliminate restrictions on the functioning and administration of Basic Units of Cooperative Production – known as UBPC – so that all the forms of property currently existent in Cuban rural areas can function under the same conditions.

At the same time, in its initial implementation phase is the policy governing sales of agricultural products in the provinces of Havana, Artemisa and Mayabeque, with the objective of facilitating direct access to the market for different productive entities, allowing these to benefit to a greater degree from sales, based on the redesign of existing archaic distribution networks.

Four years after the entering into effect of Decree-Law 259, which allowed the granting of idle land in usufruct to producers, and taking into account the experience gained, in the next few days a new related decree-law will be promulgated which will increase to 67.10 hectares the area of land which can be awarded in usufruct to those linked to a state farm, UBPC or Agricultural Production Cooperative (CPA); authorize the construction of permanent dwellings by beneficiaries and assure continuing usufruct rights to families or other persons who work the land, among other provisions.

Amidst these changes, the Revolution's principle of not leaving anyone unable to work unprotected has been maintained. Proof of this are the 110 million pesos in subsidies awarded individuals to carry out construction projects on their dwellings.

At the same time, fulfilling Guidelines No.249 and 250, a set of measures was designed for the comprehensive solution of problems affecting Cuban families in relation to cooking food, starting from the premise of not modifying the national energy plan, based on prioritizing electricity for domestic use which, undoubtedly, is more rational for the country. These measures include stabilizing the repair and maintenance of electrical cooking appliances and implementing price and credit policies to cover their replacement or the acquisition of longer lasting items of higher quality and improved availability, including their national production.

In parallel, the experiment to specify the functions of assemblies and those of provincial and municipal administrative councils is ongoing in Artemisa and Mayabeque provinces, while improvements continue in relation to the structure of central state administrative bodies so that these are focused on state functions which are their responsibility and do not interfere in the management of the enterprise system.

In the context of updating the economic model, special attention has been given to the preparation of cadres, 2,500 of them having graduated with diplomas in Public and Business Administration.

The implementation of the guidelines also includes designing the bases for the country's economic and social

development program in the long term.

Compañeras and compañeros, in conjunction with updating the economic model, this is about leaving behind thinking (solely) about survival and moving on to projecting – with rationality, depth and optimism – the principal lines of development for the economy's sustainable development and the resources and infrastructure required for that.

You surely must have noticed in the different reports presented to the Assembly and in my own address, recurrent mention of the number of guidelines when aspects related to these are addressed. I have to say that this is not by chance, it is fully intended to firmly establish in our minds a determination to fulfill these and not to allow decisions of utmost importance for the future of our nation to, once again, become a dead letter.

We must not forget that these agreements are the fruit of one of the broadest and deepest democratic exercises the Revolution has undertaken in consulting the people.

I hold the conviction that you will also understand that a task of such magnitude cannot be fulfilled in a climate of indiscipline, lack of order and impunity. It is essential to overcome old habits and impose high expectations and rigor as the norm of our daily conduct. There is no need to be inventing anything new, what is required is, simply, that every day we demand of ourselves and subordinates the strict fulfillment of duty in the tasks of each and every one.

This constitutes one of the principal lines of my work in the positions of First Secretary of the Central Committee of the Party and President of the Councils of State and Minister, as an essential means of generating and consolidating the change of mentality required for fulfilling the agreements of the 6th Congress and the 1st National Party Conference.

Nor will we achieve success if we allow ourselves to be carried away by improvisation and pressure. Appeals – not always well-intentioned – to speed up the rate of changes have not been lacking, both within the country and from abroad.

In an issue of such significance, on which the socialist and independent future of the homeland depends, there will never be space for siren songs calling us to the immediate dismantling of socialism and with that, imposing so-called shock therapies on the population, or what is the same thing, endangering the stability of the nation and the indestructible unity of the people around the Party and the Revolution.

We shall continue advancing with decisiveness, serenity and boldness, without haste, but without pause, and avoiding committing errors of strategic significance.

In my last two speeches to this Parliament I addressed the updating of the migration policy, an issue which has not been in the least relegated; on the contrary, we have continued to closely study its gradual relaxation, taking into account associated effects and the international scenario.

I confirm today the will of the leadership of the Party and state to undertake the reformulation of current regulations in this sphere and proceed to their gradual implementation.

In the international order there has also been fertile activity. I have fresh in my memory the impressions of the recent official visits to China and Vietnam, in which we confirmed the excellent level of our bilateral links and the disposition to

continue reinforcing them in all areas. The occasion was also propitious for continuing exchanges of experience in relation to building socialism, on the basis of the characteristics of each country.

We then made a working visit to the Russian Federation, which allowed us to review the traditional friendly relations between the two nations and make new proposals for their subsequent strengthening.

A few days previously, we attended the Conference on Climate Change in Rio de Janeiro, 20 years after the first one, where the leader of our Revolution, compañero Fidel, made his resonant speech warning of the danger of the extinction of the human race, exposing the causes and contributing solutions.

On that occasion, we met with Brazilian President Dilma Rousseff, to whom we reiterated our satisfaction and pleasure at the magnificent state of bilateral relations and their prospects for development, and addressed the global economic crisis.

It was apparent at the Conference on Climate Change that next to nothing has been done to contain it, due to the industrialized countries' lack of political will. The patterns of production and consumption currently prevailing in these societies are even more unsustainable, while the destruction of conditions essential for life on the planet is accelerating.

At the same time, there is no indication whatsoever that the profound economic crisis resulting from egoism and injustice is on the way to be being resolved. The formulas implemented by the governments of the principal economic centers revolve around the salvation of the privileged classes while the terrible social consequences are being borne by workers, the unemployed, minorities and immigrants.

The fruit of the Revolution's policy of principles and its tradition of solidarity and friendship with the peoples of the world, our ties with countries on all continents are being extended and enriched.

Never before has the United States policy of hostility, economic warfare and subversion against Cuba been more repudiated. The reiterated and majority demands of the UN to end the blockade are joined by the unanimous position of Latin America and the Caribbean, expressed with exceptional force and unity at the so-called Summit of the Americas in Cartagena, Colombia.

The most recent events in North Africa and the Middle East demonstrate that the U.S. government, with the support of the its European allies, is overtly promoting the overthrow by force of sovereign governments, to which end it is arming, financing and training opposition groups, while still using mercenaries.

A few days ago, the firm opposition of Russia and China blocked a UN Security Council resolution which would have opened the way to military aggression against Syria. We have supported, and reaffirm today, the right of the Syrian people to the full exercise of self-determination and sovereignty, without foreign interference or intervention.

The violence, massacres and acts of terrorism costing innocent lives, the transfer of weapons and money to insurgent groups and media manipulations for political ends must all stop.

In our region, the United States is conspiring with national oligarchies against progressive governments committed to legitimate demands for social justice and sovereignty over natural resources. The recent parliamentary coup d'état in

Paraguay is evidence that this trend will continue, although new versions of classical military coups of the past are being added.

Destabilization plots against the Bolivarian Revolution are constantly being hatched in relation to the upcoming elections. I will take advantage of the occasion to proclaim in the name of the Cuban people our unshakeable solidarity with and support for the homeland of Bolívar and our brother, President Hugo Chávez Frías. (Applause)

There are also conspiracies against Cuba. The United States is not giving up its efforts to form a fifth column on our native soil and in utilizing new technologies for subversive ends.

The persecution of financial transactions is growing, as is the dispossession of Cuban assets, such as the recent case with the Havana Club label, and propaganda campaigns against the Revolution are increasing. The latest example is the disproportionate media treatment and distortion of the already controlled cholera outbreak in Granma province, designed to discredit the Cuban health system and its achievements, recognized at the global level.

In accordance with the precepts of the cadre policy agreed at the 6th Congress and the 1st National Party Conference, beginning today, a woman who represents the generation born after the revolutionary triumph, has been elected Vice President of our Parliament. I am referring to Ana María Mari Machado, member of the Central Committee and a deputy in this Assembly, formerly Vice President of the People's Supreme Court.

In this responsibility Ana Maria replaces Jaime Crombet, who asked to resign for health reasons and possesses a brilliant record of service to the Revolution, dating back to his years as a university student, first in the Union of University Students (FEU), the Association of Young Rebels, and then in the Union of Communist Youth, an organization through which he rose to the position of First Secretary of its National Committee and Chief of the Centenary Youth Column.

He held important Party positions, as First Secretary of the Provincial Committee in Havana and Pinar del Río, representative of the Party and Cuban ambassador to Angola and a member of the Central Committee and its Secretariat. As Chief of the Political Section of the North Front of Angola, he took part in actions by this military command against the interventionist forces of the dictator Mobutu of what was then the Republic of Zaire.

In the governmental sphere he was Vice President of the Council of Ministers.

Considering his outstanding merit, personal qualities and profound knowledge of the People's Power system of bodies, compañero Jaime is to work with me attending the commission which is to draft the modifications to be introduced into the Constitution of the Republic, in fulfillment of the agreement of the 6th Party Congress.

We are a just a few hours away from the commemoration in Guantánamo of the 59th anniversary of the assault on the Moncada and Carlos Manuel de Céspedes garrisons. Just like then, there are many challenges ahead of us, but also the energy and disposition, in this case of an entire people, to overcome them, under the direction of their sole Party, with the same courage and optimism of our Five Heroes, to whom we send a warm and fraternal embrace.

That's all for now.

Thank you very much.

Havana, Cuba

July 25, 2012