

***Dirigentes, Diplogente, Indigentes, and Delincuentes:*  
Official Corruption and Underground Honesty in Today's Cuba**

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It bothered him that he had been ignorant of the true potential of that character who, without missing a beat, shifted from being a communist cadre to a private entrepreneur, from being incorruptible to being deeply corrupt, and who died with a single blow to the head, leaving him with so many unanswered questions.<sup>1</sup>

–Leonardo Padura, *Pasado perfecto*, 2000: 222

But to live outside the law, you must be honest.

–Bob Dylan, “Absolutely Sweet Marie,” *Blonde on Blonde*, 1966  
(quoted in Cluster 2004)

### **Introduction**

A Cuban joke popular in the 1980s mocked that the revolution had eradicated capitalism's three classes (upper, middle, and lower) only to replace them with three new socialist ones: the *dirigentes* (the few communist officials at the top), the *diplogente* (the fewer diplomats and foreigners in the middle), and the *indigentes* (the indigent masses at the bottom). The egalitarianism of socialism had made everyone equal by making them equally poor. Except, of course, that some were more equal than others. This joke changed with the advent of the special period and its concomitant dislocations and piecemeal reforms. A fourth group was added to the hierarchy, the *delincuentes* (delinquents, people who survived by breaking the law) (Cluster 2004). However, given the low salaries of most Cubans and the many tangible benefits to breaking the law, the joke concluded by wondering whether these “delinquents” should be placed at the bottom or the top of Cuba's new socialist class hierarchy.

All joking aside, people who live by breaking the law are nothing new to socialist Cuba. Given the chronic scarcities and structural constraints inherent to state socialism, such systems have always provoked thriving black markets and second economies. However, the economic crisis that began in the late 1980s, worsening precipitously after 1990, transformed a low-level, if chronic characteristic of the Cuban economy into a daily reality not just for Cuba's *delincuentes*, but also for most of its *indigentes*, *diplogente*, and *dirigentes* as well. In short, Cuba's second economy had gone “from behind the scenes to center stage” (Pérez-López 1995).

This brief chronicle of informal, off-the-books, and behind-the-scenes economic activity in today's Cuba focuses on two very different kinds of clandestine activity: official corruption within state enterprises and the everyday “inventions” of private Cuban citizens trying to *levantar cabeza* (“keep their heads above water”) (Valdés Hernández 2004). Since details of official corruption rarely make the news in Cuba, I will draw on a number of different sources that reveal the complex and contradictory world of the Cuban underground.

First, I will refer to a series of articles published in October, 2006, in the Cuban newspaper *Juventud Rebelde* that highlight some of the most common economic illegalities that

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<sup>1</sup> My translation from the original Spanish: Le molestaba haber desconocido las potencialidades verdaderas del aquel personaje que, sin perder la respiración, pasaba de dirigente a empresario particular, de impecable a pecador, y moría con un solo golpe, dejándolo con tantas preguntas como hubiera querido hacerle.

take place within state enterprises (Orta Rivera et al 2006a-d; Peters 2006a). Second, I will supplement these articles with a number of powerfully descriptive anecdotes culled from the now famous series of detective novels featuring Inspector Mario Conde by Cuban writer Leonardo Padura Fuentes (2000, 2005; Wilkinson 2005, 2006; Ferman 2006; de la Soledad 2006). Third, I will draw on some of my own ongoing research into the world of the self-employed, with a special focus on the owners of Cuba's speakeasy eateries. These famous family-run *paladar* restaurants have existed on the island for years, but began to multiply in 1990 with the onset of the special period, and were only first legalized in 1995 (Peters 2006b). During research visits to Cuba over the past seven years (2000-2007), I have been able to visit many of Havana's remaining *paladares* and will share some of my findings here in order to illustrate a number of the informal strategies that these Cuban impresarios employ either to remain open and semi-legal or, alternatively, to ensure their continued survival underground.

### **“The Big Old Swindle”**

On my first trip to Cuba back in the summer of 1997, I ventured out into the maze of streets in the Cayo Hueso section of Central Havana to find some dinner rolls. With my pocket full of pesos and completely ignorant of the proper etiquette of making food purchases in socialist Cuba, I spotted a small bakery and in the most Cuban Spanish I could muster, blurted out in a loud voice, “*Oye compañero, dame ocho panes por favor*” (Hey comrade, give me eight rolls please). While my Spanish was passable, the attendant looked at me as if I had been speaking Chinese. Quickly noting that I was indeed an ignorant foreigner, but also realizing that I had money to spend, the man motioned for me to move down the street out of sight. Within minutes, however, he sent a young runner to find me offering a plastic bag filled with eight freshly baked rolls. I happily handed over the eight pesos the boy demanded and, a bit confused by the whole odyssey, made my way back to the private apartment where I was renting a room. It wasn't until I recounted the whole episode to my hosts that I realized what had really gone down.

First, I learned that I had unknowingly made my purchase at a state bakery, which is legally restricted to selling just a single roll per day to each Cuban citizen and must do so strictly *por la libreta* (from the ration card). So, my demanding in a loud voice that I, a foreigner, wanted not one but eight rolls was tantamount to asking the baker to violate the law. However, I also learned from my hosts that the baker reacted in the way he did because, while wary of getting caught committing a crime, he also responded to a “higher” law, that of supply and demand. In short, my hosts explained that my baker accomplice, like most other workers in the food service sector and indeed throughout the state-run retail sector, routinely set aside a portion of their state allocations in order to have products to sell “out the back door,” thus, augmenting their meager incomes with some good old private enterprise.

Of course, the problem with this scenario, repeated systematically throughout the state enterprise system, is that this spontaneous, grass-roots privatization scheme has the result of reducing the size and quality of the rationed food stuffs, raising the prices on the black market, and socializing an unending chain of producers, vendors, and customers in everyday illegal, yet ostensibly necessary activity. At the same time, though I paid five times the established price of 20 cents for each of my eight rolls, I also got what I wanted at what I thought was a fair price (of course, not many Cubans have the luxury of thinking and earning in dollars). For his part, the baker was able to continue to perform a socially necessary service to the public while finding a material incentive to keep coming to work.

In short, I learned in the most vivid and elemental way the dilemma facing the efficient functioning of state socialism in an environment of chronic scarcity. While the ostensible aim of state ownership and fixed prices is to provide a needed good or service to all at a “fair” price, in practice such a system often has the effect of diminishing personal incentive, provoking frustrating inefficiencies, and socializing the entire country in systematic illegalities. As a result, many if not most workers in Cuba’s state enterprise sector see their jobs not as a means to earn an honest living, but as an access point for the theft and resale of state property. However, as one of these “criminals” pointed out to me, we would be wrong to simply attribute such behavior solely to insufficient control or the lack of proper revolutionary consciousness. “If indeed we are criminals,” said this anonymous Cuban, “*somos criminales de necesidad*” (we are criminals of necessity). Or, as Dylan might intone, if “to live outside the law, you must be honest”; then to work for the state, you’ve got to be a crook!

While relatively rare, journalistic exposés of petty corruption and even large scale scandals involving communist cadres and strategically-placed officials have periodically appeared in the Cuban press (Díaz-Briquets and Pérez-López 2006). Indeed, the entire 47 year history of the revolution can be characterized as a back-and-forth struggle between periods of relative openness toward the role of the market (and the law of supply and demand) and periods where strict socialist ideology reigns in market “abuses” leading to highly public crack-downs on black marketers, middlemen, and “profiteers” (often disparaged in the Cuban press as *macetas*) (Mesa-Lago 2000; Mesa-Lago and Pérez-López 2005). The most recent anti-market thrust in this recurring cycle began in the early 2000s and has been christened “the battle of ideas” by Castro (Anderson 2006). Reaching its peak in 2005, this ideological battle has manifest itself as a fight against the deepening corruption at all levels of the Cuban economy and the rising levels of economic inequality in Cuban society (Castro 2005).

For example, in a revealing, rambling speech given on November, 2005, President Castro announced an all out crackdown on corruption, theft, pilfering, and the “new rich.” In his 6-hour speech, delivered to students at the University of Havana, Castro called for a return to egalitarianism as part of a “total renewal” of Cuban society aimed at eliminating the rising differences between Cuba’s haves and have-nots. He also publicly disclosed the existence of a multi-pronged government “Death to Corruption Operation,” authorizing military intervention in the Port of Havana, where the embezzlement of merchandise from arriving container shipments had become pervasive. Most shockingly, he revealed that he had already moved to replace all of Havana’s gas station attendants over the previous month with as many as 28,000 young social workers in an effort to counteract the systematic pilfering and black market resale of fully half of the city’s gas. Similar government social worker takeovers were repeated in many of the city’s bakeries and bodegas (rationed goods stores). This fall offensive also included raids against farmer’s markets, illegal satellite TV access, and Old Havana’s ubiquitous private pedicabs (Castro 2005; Ritter 2006).

Given the Cuban press’ timidity in airing the revolution’s “dirty laundry” in public or in addressing any contentious economic policy issues, perhaps more surprising than the 2005 crackdown was the three-part series that appeared last fall in the newspaper *Juventud Rebelde* under the provocative title, “La vieja gran estafa” (The Big Old Swindle) (Orta Rivera et al 2006a-d; Peters 2006a). Essentially, the series of articles consisted of descriptions of what happened when a number of undercover journalists (often in the company of state inspectors) visited a series of state-run stores (including small, neighborhood bars and cafeterias) and sought out a number of basic services (such as having a pair of shoes resoled or catching a cab). What

they found is instructive and only reinforces the point made above in reference to my eight rolls. For example, in one bar the reporters found that the workers routinely shortchange customers by serving beer in glasses smaller than the stipulated size. As a result, each day they manage to pocket as much as 222 pesos, the equivalent of the average worker's salary for an entire month (Orta Rivera et al 2006a; Peters 2006a).

However, what made this exposé unique from many others like it to have appeared in the past was the fact that the article often allowed the “delinquent” workers to defend themselves. Most often they made the convincing argument that they were often forced to provide their own supplies in an effort to keep their state-run businesses open due to the government's chronic inability to provide them with raw materials. Thus, in charging more than the established price, they argued that they were only doing what was “just” and “natural”: recouping their original investment and having something “extra” to show after a hard day's work. In one shoemaker's words:

This bottle of glue cost me 150 pesos. The roll of string 50 more. The work implements that you see here on the table are also mine. I bought them all with my own money. The enterprise gives me nothing to work with. That is why I have to charge you 25 pesos to repair your shoes. If you don't like it, you can go to the corner where you will find a private shoemaker and you can see how much he will charge you. (Orta Rivera et al 2006c)<sup>2</sup>

The really extraordinary thing here is that we are witnessing what amounts to an internal, grassroots privatization of many ostensibly state-owned enterprises. The state cannot provide the necessary materials, so the workers gradually take control and run a private business (or a series of semi-private businesses) within the shell of an official, state socialist enterprise (Peters 2006a). However, when questioned about these practices, Jorge Almaguer, the general director of Havana's Trade and Food Service Administration, argued that such claims are only “a justification used by some in order to continue cheating and swindling the customers” (Orta Rivera et al 2006c).<sup>3</sup>

Even though these *Juventud Rebelde* reporters give frequent lip service to the idea that these “crimes” are the result of a rampant “lack of control, organization, and general demoralization in state enterprises [...] against the moral principles that the Revolution has always defended,” to their credit they also raise a number of important questions about what they call the “socioeconomic implications” of such widespread petty corruption in state enterprises (ibid). Specifically, the final article in the series goes beyond mere description and condemnation of delinquency and preaching of proper revolutionary morality, to include a discussion, however coded and tentative, of the chronic problems of overbearing economic centralization and bureaucracy, a lack of enterprise autonomy, little relationship between efficient performance of state jobs and proper material incentives, and the theory of socialist property itself (Orta Rivera et al 2006d; Peters 2006a).

Before describing some of the survival strategies utilized by entrepreneurs in Cuba's non-state, informal sector, I want to focus briefly focus on “cadre corruption” at the top of the state enterprise food chain. However, since this kind of malfeasance is much more embarrassing to the power structure of the Cuban government and, as such, almost never reported on in any detail

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<sup>2</sup> Este pomo de pegamento me costó 150 pesos. El cono de hilo 50 más. Los implementos de trabajo que usted ve en esta mesa, también son míos. Todos los compré con mi dinero. La empresa no me da nada para trabajar. Por eso es que tengo que cobrarle 25 pesos por coserle sus zapatos. Si no le conviene vaya a la esquina, allí trabaja un particular, verá cuánto le cobra.

<sup>3</sup> Eso es más bien una justificación utilizada por algunos para seguir inventando y estafando al pueblo.

in the official press, I turn to the “faux”-crime novels of Cuban writer Leonardo Padura to illustrate this phenomenon. One of contemporary Cuba’s leading novelists, Padura is most emblematic of the generation of Cuban writers who began to emerge in the 1980s and have openly expressed a deep skepticism, sadness, nostalgia, and flavor of defeat in their stories. According to Padura, his novels are in many ways an effort to leave a written testimony of a “generation [who] wanted to believe and did believe, but later discovered that they had worshipped false gods and that they had been deceived” (de la Soledad 2006). Ironically, the economic crisis of the 1990s had the unintended consequence of lessening the ability of the state to directly control the production and publication of Cuban writers, allowing many of them to carefully carve out a space in which to create works that are often critical of the current condition of Cuban socialism and society (Ferman 2006; Cancio Isla 2002).

For his part, Padura has accomplished this through his disillusioned detective Inspector Mario Conde (“the Count”) in his four-part series of crime novels (known collectively as “The Havana Quartet”). These four novels, written over a period of eight years, but all set in one of four successive seasons (winter, spring, summer, and fall) of a single year, 1989, are *Pasado perfecto*, 1991 (*Havana Blue*, 2007), *Vientos de cuaresma*, 1994 (*Havana Yellow*, 2008), *Mascaras*, 1997 (*Havana Red*, 2005), and *Paisaje de otoño*, 1998 (*Havana Black*, 2006). In these novels, as well as in the more recent follow-ups, *Adiós Hemingway* (2004) and *La neblina de ayer* (*Yesterday’s Fog*, 2005), Padura is able to speak quite honestly and openly (through Conde and the situations in which he finds himself) of the many social contradictions, political abuses, and economic illegalities that characterize life in contemporary Cuba.

In describing his intent in choosing the crime novel as his genre, Padura has said that one of his goals was to reinvent the simplistic, often opportunistic socialist crime novel of the past by shifting the focus away from the counter-revolutionary crooks, spies, and fall-guys of old onto normally untouchable and supposedly “incorruptible” characters such as the *dirigente* (communist cadre) described in the above epigraph from his first novel, *Pasado perfecto*. As he explains:

It is for that reason that you will find a whole series of characters who would never have appeared in that position. That is to say, playing the part of the “bad guys” in the previous crime novels: a business executive with the rank of vice minister [*Pasado perfecto*]; a professor of a distinguished high school, militant in the Union of Communist Youth, with a perfect biography [*Vientos de cuaresma*]; a communist official and Cuban diplomat with long career [*Mascaras*]; a man who has been a government minister and vice minister for a long time; a Cuban exile who had once had a high position making economic decisions for Cuba [*Paisaje de otoño*]. They all appear in the novels as the “difficult” sector, the “complex” sector in terms of their relationship with justice. (Ferman 2006)

Ironically and importantly, in many of these same novels Padura includes characters, who would have previously been the “bad guys,” in a sympathetic, even heroic light. This is especially true of homosexuals, *gusanos* (émigrés), and black marketers.

### **Living Underground: Survival Strategies of Cuba’s Self-Employed**

“You know I can’t go to that kind of place, Skinny. It’s illegal and if something happens...” [...]

“A few cold beers. Just for my birthday, right? And you’re practically not a policeman any more...” [...]

I'm still a policeman, he thought, as the temptation from those clandestine beers drew nearer, with the cool, delectable oblivion their consumption would deliver. [...]

"Come in, come in," she insisted, but her voice retained something of the hesitancy of the character in the soap: she refused to believe, and perhaps that was why she shouted into the room, and kept her eyes trained on the newcomers, "Candito, you've got visitors."

Like in a puppet theater, Red Candito's saffron-coloured head peered out from behind the curtains hiding the kitchen and the Count got the code: having visitors was different to having customers, and Candito should show himself cautiously. [...]

Candito [...] raised the curtain which hid the kitchen and opened the patio door: some six tables, all full, halted the Count in his tracks. Candito looked him in the eye and nodded: yes, he could go in. [...]

The ice-cold beer restored a degree of peace to the Count's over-heated spirit [... and he] decided to stop worrying when the blond guy replaced the empty bottle with a full one. Efficiency was returning to the island.

–Leonardo Padura, *Havana Red (Máscaras)*, 2005 (1997): 7-11

This extended passage from the most successful of Padura's novels to date illustrates a number of important points about contemporary world of Cuban informal enterprise. First, as mentioned above, the sympathetic portrayal given here ("Efficiency was returning to the island"), contrasts starkly with the negative light in which the same novel casts a supposedly upstanding member of the Cuban diplomatic corps, who turns out to be both a hypocrite (living in luxury with a slave-like maid) and a murderer (responsible for the death of his homosexual son) (Wilkinson 2006). Second, our flawed but essentially decent and honest protagonist, the Count, is a policeman who warily patronizes this speakeasy bar indicating its moral acceptability, even if it is an illegal business.

Finally, we get a brief glimpse of some of the strategies used by these clandestine micro-entrepreneurs to ensure their survival. Candito, the proprietor, has his wife sit in the living room acting as a sentinel as she watches her soap opera; he has set up a curtain strategically hiding the kitchen and patio where the bar's six full tables are arranged; he and his wife have worked out a code that allows her to distinguish "visitors" from "customers"; and finally, Candito looks to protect his business by ingratiating himself with his old high school chum, the Count, now a police officer who can appreciate a free round of cold beers on a hot summer day in Havana. Indeed, later in the novel, the Count returns to Candito's speakeasy oasis to warn him of an eminent police sweep of the area.

In my own research into the world of Havana's *paladares*, I have discovered a number of similar strategies. For example, the genesis of *Paladar "El Rinconcito"* (The Little Corner – a pseudonym), illustrates how some entrepreneurs creatively navigated the rapidly changing legal environment surrounding these establishments during the early years. Patricia, the affable, intelligent, and university educated woman who runs the operation, explained that she originally registered "*El Rinconcito*" under her mother's name in 1995 since she herself was not then retired (as was required). She also admitted that she had operated the *paladar* clandestinely in 1993 and 1994 prior to getting a license when they became available in 1995. She justified her clandestine activity by saying she needed to generate sufficient capital before taking the costly step of formalizing her business.

During our interview, Patricia also explained that her monthly taxes had risen drastically over the six years she had been in business. Upon obtaining her license in 1995 she was required

to pay just 500 pesos (\$23) a month. Six years later, in January of 2001 when our interview took place, she was paying a total of \$775 dollars a month to keep her license (almost 34 times her previous monthly rate of \$23). She also employed five people. However, only three of them were legally registered so as to avoid paying extra taxes. Furthermore, none of her employees actually lived with her, nor were any of them her relatives (as is required).

Patricia explained that part of the monthly \$775 tax was paid for the right to hire here three legal employees at \$97 per employee. She also paid each employee daily on a commission basis. At the same time, she voiced deep frustration having to pay a tax to employ another person and then not being free to choose whom she actually employs. “How dare they tell me who I can and cannot hire in my own business. I pay a tax, I should have the right to hire who I decide.” She also called the taxes plainly “abusive,” aimed at “choking *paladares* to death, along with constant fines, inspections, and restrictions. Some call it pressure, but I call it harassment (*hostagmiento*).”

When I asked Patricia how much she paid at the end of each year in income tax on top of her fixed monthly tax of \$775, she laughed, saying that she paid just \$15 on her 2000 tax return. Seeing my surprise, she explained, “Given the fact that the state has built so much aggressiveness into the laws for private enterprise, we have no alternative but to respond with the same aggressiveness when ‘complying with’ the law.” She went on to justify her routine dissimulation, misrepresentation, and cheating as her only options. For example, when I asked if she would characterize her *paladar* as a “family business,” she said simply, “No way. That’s false and absurd. The rule about not having more than 12 chairs is also absurd. But the system is set up such that it obliges us to lie in order to survive.”

She reasoned that the fact that there seems to be a law against everything has produced a climate where lawbreaking and cheating is commonplace and seen as part and parcel of doing business. “In order to survive, everyone is forced to become a ‘criminal’ leading to a generalized disrespect for law itself. As you can see, there are things that have no logic at all. Everyone is so accustomed to breaking the law that the law itself has become meaningless.”

As the above vignette indicates, for every unreasonable legal restriction placed on *paladares*, entrepreneurs have developed specific strategies to circumvent those restrictions. Quite literally, Cuba’s *paladar* operators have taken inspiration from the Brazilian soap opera “*Vale Todo*” (Anything Goes – the origin of the term *paladar*), despite (or perhaps precisely because of) the many legal restrictions. Limitations on self-employment are exacerbated by the fact that existing legal supplies of necessary materials are quite expensive. All items must be purchased at retail prices, either in state-run dollar stores with often arbitrary and exorbitant prices or in expensive farmer’s markets. No wholesale market exists for *paladar* operators in need of inexpensive inputs. Finally, taxes are set administratively and not based on earnings, forcing operators to cheat.

The most common strategies that micro-entrepreneurs have developed in the face of these onerous legal and fiscal requirements include the serving of forbidden foods, the use of hidden rooms with additional place-settings, and the increasingly common presence of *paladar* sites on the internet. Also, as indicated above, *paladares* make common use of intermediaries (to whom they pay illegal commissions), rely on black market goods, and purchase bogus receipts to account for illegally obtained supplies. Due to the high commissions charged by middle-men and to the prohibition against many foods, some *paladares* have designed two or three different menus. Diners are offered a distinct menu based on intermediary costs, “special” menu selections, and, sometimes, their nationality.

The availability of rooms for lodging, drastic underreporting of earnings, and special “arrangements” with the inspector corps, are salient features of some of the more high-end operations. One negative effect of the use of bribes is that it tends to push smaller operations that are unable to afford them out of business, resulting in the survival of a small number of lucrative and/or well-connected large-scale operations. Finally, in recent years two “last-resort” survival strategies seem to have become increasingly common in the food service sector. First, a number of entrepreneurs who have felt pressure to close their doors due to the impossibility of surviving under the maze of legal requirements put in place for *paladares* have decided to turn in their food service licenses and apply for the much less onerous license to rent rooms. However, having invested much time and capital in equipping their homes with the infrastructure necessary to provide quality meals, these clever operators continue to operate unofficial *paladares* behind the legal façade of a bed and breakfast. The second “last resort” strategy is that of turning in one’s license, but continuing to operate a *paladar* clandestinely.

Taken together, the common use of most of the above survival strategies by licensed *paladar* operators contradicts the assumption that illegality is the result of a lack of adequate top-down control, a deficiency in revolutionary consciousness, or the delinquency of a few individuals out to exploit the masses and “live off the work of others.” Undoubtedly, there are those who abuse the system for personal gain, but the vast majority of entrepreneurs bear the burden of Cuba’s extensive economic uncertainty, combine a variety of inputs while navigating complex regulations, engage in constant innovation, and make a notoriously inefficient system work effectively, all while providing jobs and licit goods and services to a population in need.

Instead of recognizing and encouraging the positive contribution that entrepreneurship could make to the country’s economic recovery, the state’s antagonistic legal framework creates an ideological environment where entrepreneurship, even when legal, is still not considered legitimate. As a result, *paladar* operators have found it necessary to rely on a host of informal strategies, including bribery, illicit networks of black market supplies, multiple income streams, and a flexible interpretation of self-employment laws to survive.

## **Conclusion**

Since 2001, internal Cuban economic policy has gradually shifted away from the market reforms of the early 1990s toward more centralized control of the economy. Self-employment, which was greatly expanded starting in 1993 aimed at allowing Cubans to begin to do legally what they had been doing in secret since at least 1990: resolve their own economic problems and make ends meet by opening up micro-enterprises across the island. However, after 2001, the granting of new self-employment licenses in many occupations has been discontinued and many licensed micro-enterprises have been forced out of business or underground by a predatory tax structure and stepped up public attacks on entrepreneurs as corrupt “new rich.” The three areas of self-employment most directly affected by this new offensive and most commonly criticized in the official Cuban press are private transport (taxis, cargo trucks, and pedicabs), bed and breakfast operations (*casas particulares*), and food service operations (especially *paladares*). The message could not be clearer: You may still be legal, but you are no longer legitimate (Jatar-Hausmann 1999).

In fact, since Cuba’s economy stabilized by the late 1990s and has since shown signs of incipient growth, the government has been able to gradually scale back the opening in the domestic economy by limiting or wholly eliminating many internal economic reforms. The fate of self-employment is the clearest example of this retrenchment. Many of Cuba’s entrepreneurs



have come to understand that self-employment was but a stop-gap measure grudgingly instituted by the government and “tied directly to the Special Period.” Thus, their implicit interpretation of their reversal of fortune since 2001 is that the government’s strategic, if contradictory gamble of using entrepreneurial capitalism to save state socialism has paid off, with the unavoidable conclusion: economic stabilization equals elimination (Jackiewicz and Bolster 2003: 375).

In 2004, the government announced a new set of self-employment restrictions that included the suspension of new licenses in 40 occupations, including licenses for such specific and seemingly innocuous occupations as magicians, children’s party clowns, used book sellers, makers of crowns of flowers, masseuses, and newspaper vendors. Also included on this list were the four food service occupations previously legalized in 1995: street vendors, cafeterias, caterers, and the well-known *paladares*. This change reduced from 158 to 118 the number of licensable occupations. Additionally, non-*paladar* food service operators were now prohibited from using potatoes in their products and required to hire (and pay taxes on) at least one family helper. *Paladar* operators were instructed that their required three family helpers must have been members of the family or co-residents in the home for at least the three preceding years (Resolución 11, 2004; Peters 2006b).

Harsher laws, stepped-up enforcement, and calls for vigilance against crime have paid off if measured by the precipitous drop in the number of registered *paladares*. Of the 1,562 *paladares* that had successfully become registered by 1996, there were just 416 by August 1998 (half in Havana). Of these, only 253 were still left in 2000 (two-thirds located in Havana). Recent articles in the international and independent Cuban press have confirmed this downward trend, recently reporting that over 200 *paladares* were closed down in the year 2000 alone. By 2003, various researchers and journalists have put the number of legally operating *paladares* at less than 200 in the entire country (Viño Zimmerman 2001; Vicent 2000; Duany 2001: 48; Escobal Rabeiro 2001; Jackiewicz and Bolster 2003). My own observations and interviews with *paladar* operators in Havana and Santiago between 2003 and 2007 confirm this. In fact, on a recent visit to Havana an anonymous government source confirmed that there were just 98 remaining licensed *paladares* in the capital city.

In my interviews with Cuba’s micro-entrepreneurs, I often heard them intone one of the two following old Cuban/Spanish sayings: “*El ojo del amo engorda el caballo*” (roughly translated as, “The eye of the owner fattens the horse”) and “*El que tenga tienda que la atienda (o si no que la venda)*” (He who has a store should tend to it, and if not then sell it). The first of these adages seeks to convey the wisdom that the quality and efficiency of a good or service naturally improve when the person performing the job enjoys a degree of autonomy and has a personal stake in the outcome. The second refrain warns the Cuban government that if it is unwilling or unable to “tend to its own store,” that is, provide quality goods and services to the population, then it has no right to punish Cubans for bettering their lives through their own efforts.

However, the recentralization and retrenchment that has taken place in the Cuban economy over the past five years indicate that the Cuban government, whether under Fidel or Raúl, continues to prefer a skinny socialist horse to a fat capitalist one. (Or to paraphrase Mao Tse-tung, it would rather eat socialist grass than capitalist wheat.) Because though the socialist horse may be a skinny one, he is easy to control and we all know who gets to ride in the saddle.

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