Cattle Cooperatives in Cuba: How Will Policy Changes Affect their Members?

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Introduction
In Cuba’s agricultural sector, a number of segments coexist with varying types of property and use rights over land, livestock and machinery. Each sector has different organization types, which range from non-organized smallholders, cooperatives and collectives, as well as state farms. The state-controlled collective sector has most of the agricultural land (38%), while the one that produces most of the food and other agricultural goods is the private sector, with only 27% of the land. The state collectives are called UBPCs (Basic Units of Cooperative Production), and are under tight state control, even if they are officially listed as non-state (Alvarez 2004; ONE 2006, 2007). They are at the core of recent reforms directed at increasing food production and land use efficiency.

A number of publications have appeared, both inside Cuba and internationally, analysing the problems of the UBPCs from different points of view. Little or no attention has been paid to the household level characteristics of this sector. Only few household level studies have been carried out in the last 15 years in Cuba’s agricultural sector (Deere et al 1995; Enríquez 2003). Nevertheless, these and other studies seem to point out that the worst-off sectors in terms of income are the salaried workers (Mesa-Lago 2003), such as the families of the UBPC workers.

In light of the little published information regarding the present status of the rural and agricultural households, as well as the factors that are related to their wellbeing, a study was planned in the eastern provinces of Cuba. The objectives of the study were:

- To describe the socio-economic characteristics of households of members of UBPCs, and explore variables associated with their poverty status
- To analyze the possible implications that policy changes could have on their poverty status, by relating it to UBPC variables such as production and economic performance, as well as other factors that will presumably be affected by the reforms

Methodology and data
The mainly descriptive study combined quantitative and qualitative data, and included 30 cattle UBPCs and 172 members’ households in the eastern part of the country. The provinces of Santiago de Cuba, Holguín and Las Tunas have the additional characteristic of being considered of the poorest and most food insecure of Cuban regions (PMA & IPF 2001). The collection of data was carried out with the help of standardized questionnaires focused on poverty indicators at household level (expenditures, dwelling and durable assets, after Henry et al 2003), semi-structured interviews with UBPC members and directives, and experts in the sector. Observation and participation in numerous meetings and activities, from October 2007 to March 2008, also
were an invaluable source of information on subtle but important rules of behaviour. The survey data and interviews were carried out during the first three months of 2008. The possible impacts that the changes in policy could have on this sector are analysed by relating the poverty benchmark (household incomes) with variables that will be affected by the reforms.

The restrictions to carry out household level studies in Cuba are enormous. Surveillance and control by the authorities included modifications to the original questionnaire, selection of the households to be interviewed and active participation during the data collection process. Therefore, the data presented cannot be trusted to be representative, as was the original idea. Nevertheless, the case study approach can give important insights on the UBPC sector, and the possible changes that their workers could experience with the reforms.

Results and discussion
It was found that households are generally small, consisting of an average of a little over 3 members. Many households do not have children, or their children live in boarding schools that are fully responsible for their nourishment and care. The educational level of the adults could be considered high, with less than 2% not having finished primary education and 47% having finished 12th year or having gone on to higher education.

In terms of occupation, it is worthwhile to notice a couple of things. First, it was not unusual to find several members of the same household belonging to the UBPC, and actually, it was observed that many of the interviewed households of any given UBPC were part of the same extended family. Other occupations that were relatively common were as salaried employees in the public sector (mostly education or agriculture). On the other hand, there is very little overlapping between different agricultural subsectors, meaning that very few of the households interviewed had members that consider themselves private farmers. This result contrasts strongly with the fact that around 80% of the interviewees produce food for home consumption. Mostly they keep small livestock, such as pigs and poultry, meaning they probably do not have land available for production. At the same time, during interviews it was observed that being considered a private farmer was something negative, and associated with being rich. Therefore, I would suppose that subsistence farmers do not consider themselves “farmers”, as this name is associated with marketing their produce. In any case, there seems to be little relationship between the UBPC members and private farmers or this relationship is hidden because it is perceived as negative.

Food consumption patterns included a high proportion of households consuming mostly foodstuffs provided through the rationing system, such as rice, bread and pulses, and in lower proportion, meat and eggs. Products not included in the rationing system, such as vegetables and tubers, were consumed relatively often, but not as much as the rationed ones. Other products not rationed, such as fruits or fish, were very seldom consumed. When asked about their life quality in general, food quality and quantity, as well the availability of cash to buy food were some of the most frequently mentioned problems. The fact that the UBPC sold them tubers and vegetables, or that they produced their own food, was seen as a positive aspect.

Household expenditures were calculated, and per capita expenditures were used as a poverty benchmark. The distribution of expenditures in some of the most important items can be observed in Table 1, where two groups of households according to their food production are compared. Households that produce their own food have a per capita value of food bought that is similar to those that do not produce, but they have the additional value of food produced that can be as high, or more, than the value bought. This means, that per capita values of food consumed in the household are approximately double for the ones that produce food for home consumption. One explanation could be that households with access to land or livestock have access to bigger quantities of food, or to more valuable foodstuffs, such as meat, eggs, roots and tubers. These foodstuffs are either not included in the rationing system, or only in a small amount (such as
eggs), and therefore have much higher prices, both in legal and illegal markets (ONE 2008). The differences in their total per capita expenditures are basically explained by food, with no other items showing significant differences. Other values not presented in the table include expenses for celebrations, remittances sent to family members, and others.

Table 1: Annual household expenditures of two groups of members of cattle UPBCs, Cuba 2008

<table>
<thead>
<tr>
<th>Per capita expenses in Cuban pesos</th>
<th>HH produces food</th>
<th>HH doesn’t produce food</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N=139</td>
<td>N=33</td>
</tr>
<tr>
<td><strong>Value of food bought</strong></td>
<td>1.744,31</td>
<td>1.709,91</td>
</tr>
<tr>
<td></td>
<td>1.196,53</td>
<td>1.258,31</td>
</tr>
<tr>
<td><strong>Value of food produced</strong></td>
<td>1.905,71</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>2.058,80</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total value of food</strong></td>
<td>3.650,01</td>
<td>1.709,91</td>
</tr>
<tr>
<td></td>
<td>2.652,47</td>
<td>1.258,31</td>
</tr>
<tr>
<td><strong>Clothes and shoes</strong></td>
<td>1.238,65</td>
<td>950,57</td>
</tr>
<tr>
<td></td>
<td>2.244,11</td>
<td>713,58</td>
</tr>
<tr>
<td><strong>Health, education and services</strong></td>
<td>233,39</td>
<td>248,30</td>
</tr>
<tr>
<td></td>
<td>214,06</td>
<td>141,29</td>
</tr>
<tr>
<td><strong>Housing, repairs, appliances</strong></td>
<td>728,46</td>
<td>461,37</td>
</tr>
<tr>
<td></td>
<td>1.257,33</td>
<td>709,41</td>
</tr>
<tr>
<td><strong>Transport</strong></td>
<td>275,65</td>
<td>204,53</td>
</tr>
<tr>
<td></td>
<td>362,38</td>
<td>320,92</td>
</tr>
<tr>
<td><strong>Total per capita annual</strong></td>
<td>6.787,91</td>
<td>3.954,80</td>
</tr>
<tr>
<td>expenditures** in Cuban pesos</td>
<td>4.878,26</td>
<td>2.407,52</td>
</tr>
<tr>
<td><strong>Total per capita annual</strong></td>
<td>271,52</td>
<td>158,19</td>
</tr>
<tr>
<td>expenditures** in US$</td>
<td>195,13</td>
<td>96,30</td>
</tr>
</tbody>
</table>

1 the stars ** show differences at the 95% of significance, according to the Mann-Whitney test
2 services include electricity, water, telephone and community fees
3 includes rent, repairs, and purchase of household appliances, such as refrigerators
4 using the official exchange rate of 25 Cuban pesos = 1 US$

As may be already guessed from the above presented results, per capita annual expenditures are strongly correlated mainly with food-related indicators such as the consumption of roots and tubers, or whether the family has livestock or plant production. Other variables related to the family structure, education level or occupation, for example the position that the household member has in the UBPC, are only weakly correlated, if at all, with the chosen poverty indicator. This probably reflects the homogeneous characteristics of the population, for example in terms of education, and the egalitarian policies of remuneration and social services. On the other hand, the accumulation and value of durable assets, for instance vehicles, transport animals or refrigerators, were also strongly correlated with expenditures, and indicate the long term income of the households. Curiously, the quality or repair status of the dwelling did not have any correlation with expenditures. It is possible that this is related with the general housing problem that Cubans face, including a lack of building materials, and the prohibition to sell or buy houses.

The relationship between household expenditures and the type of UBPC the members belong to was also explored. In general, it can be said that the researched UBPCs vary greatly in terms of size, be it land, number of workers or cattle herd size. For example, their area ranges from 350 to over 3.400 hectares. They also show marked differences in their production levels both of their main and secondary products. Primary production was milk and meat, and secondary activities ranged from vegetables, fruits and tubers for member consumption, to coal and wood. The UBPCs are forced to sell all their milk and beef to the State, while other production activities can be used for member consumption. However, the importance of these secondary activities was highly variable. The economic performance of the UBPC, expressed by their annual net benefit, ranged from losses of more than 100 thousand pesos, to profits of over half a million pesos.

Regardless of the huge disparity in all UBPC variables, the only ones that had any correlation with household level expenditures were the ones related to food production for member consumption. These results indicate that there is little, if any, connection between the economic
performance of the cooperative and the economic wellbeing of the members. It also points toward
the failure of the State to establish a performance-related salary system in the UBPCs, as was one
of the objectives of the creation of these collectives (Alvarez 2004, López 2007).

All these results, and especially the lack of a mechanism to transfer the benefits (or losses) of the
UBPC to their members, suggest that any reforms aimed at increasing production or profitability
at the UBPCs will have little or no impact at household level. This brings us to the question of
what kind of reforms have been announced. The reforms were announced in Cuba at the end of
2007 and beginning of 2008, but public information concerning their nature, extent and timing is
still sketchy. We had the exceptional opportunity of meeting with Agricultural Ministry
authorities, and of learning first-hand the main points of these reforms. They will try to tackle
production and land degradation problems by granting more autonomy to the UBPC sector, as
well as better access to markets and services, and by allocating unused state land to private
producers and cooperatives (López 2007, 2008 personal communication).

Whether these reforms will be deep and bold enough to solve production problems at UBPC level
is still to be seen. It is worrying that there seems to be no change towards the internal functioning
of the collective, and in particular, to their profit distribution mechanisms. These changes could
have several important consequences: first, it would not solve the possible incentive problems at
worker level, and it would not stimulate an increase in production or a better use of resources. On
the other hand, the population dependent on the UBPCs would not benefit from any
improvements, unless they are granted land for their private use. I believe that it is not very
probable that UBPC members will receive land, as very few of them are considered farmers. I
also think that authorities are not interested in promoting a competition between both sectors
(UBPC and private), because it would probably lead to a labour problem for the UBPCs.

Conclusions and outlook
We can conclude that food access seems to be the single most important determinant of poverty
of UBPC member households. Households that have subsistence production have better access to
food and higher household expenditures. The UBPCs can improve the access to food for their
members by producing vegetables, roots, tubers and other foodstuffs, but are apparently unable to
improve the families' cash availability. Reforms aimed at improving the production and
economic performance of the UBPCs will probably not influence the household welfare if the
internal functioning of the collective is not altered.

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