

Covid-19, the economy, and the case of Cuba



Covid-19, the economy, and the case of Cuba

By Charles McKelvey

May 13, 2020

I continue reflections on an article by Georgi Marinov, entitled “Coronavirus: Scientific Realities vs. Economic Fallacies,” published on May 5 in LeftEast. The first part of these reflection are found in my commentary of May 11, “Covid-19 realities and the case of Cuba,” which focused primarily on scientific characteristics of the virus. Today we focus on the economic and social policies that the pandemic implies.

Marinov maintains that since effective quarantine measures had not been imposed in time in many countries, long months of quarantine measures are now necessary. However, given the way that most economics are structured, long quarantine would create a situation of desperation, since many people are not able to live for months without salary. If states do not intervene with economic and social measures, they will have no option

but to permit people to go back to work before the quarantine has eliminated the virus from the population, which would give rise to a resurgence of infections, with a case fatality rate of 2% or more, which in turn would lead to a new closing of the economy.

Marinov maintains that the question we should be asking now is not how to open the economy, but how to restructure the economic system so that it does not collapse when it has to pause for a while. Restructuring would have to be done on an emergency basis in the context of the present crisis, because the majority of nations were not prepared adequately. Emergency interventions would include: the imposition of a long quarantine, testing practically everyone; measures to ensure a universal basic income; suspension of rent, mortgage, and debt payments; centralized control of the production and distribution of food; and isolation of workers in the essential sectors of agriculture, food processing, energy, and water.

Marinov maintains that a permanent restructuring of the economic system should occur following the pandemic. It is inevitable that there will be new pandemics, because of the growth of the world population and increasing urbanization, resulting in more human contact with such species as bats, rodents, pigs, and birds.

Marinov believes that the world-economy is based on an irrational foundation of infinite economic growth, an absurd premise in the context of a finite planet. Marinov sees endless growth as the false premise of capitalism, an absurdity that has been exacerbated in the last four decades with neoliberalism and market fundamentalism. The irrationality of the world's economies has implications not only for pandemics, but also for other disasters derived from environmental degradation.

Against this irrationality, Marinov advocates a non-market economy, like that of his native Bulgaria thirty years ago. A non-market economy is not brought to crisis by periodic shocks. Most people own their own homes or pay rent to the state, which can suspend rent payments. There are not small and medium sized businesses to collapse and leave their people without income. Food production and distribution is centralized and controlled by the government. In any emergency, people can stay in their home, and the state can distribute food to them. Such an economic system is not driven by endless growth, and if does not immediately collapse when there is a disruption in commerce.

Marinov does not mention Cuba, but the Cuban socialist economy illustrates the manner in which nations with structures different from the capitalist world-economy are able to respond more effectively to such challenges as that posed by the Covid-19 pandemic. Cuba has a state directed economy, in which most companies are state-owned, but there also is space for private self-employment, small scale private capital, and joint ventures with foreign capital. Although Cuba has suspended tourism, which is its principal industry, the economy is sustaining itself during the pandemic by maintaining production in necessary goods and services, including health care, agriculture, food processing and distribution, energy, water, and important export industries like pharmaceuticals, nickel, and sugar. Companies in these areas are getting by with a minimum of workers and by arranging for some employees to work from home. Since public transportation has been suspended, the companies arrange for bus transportation for their workers with the Ministry of Transportation. Workers in the necessary sectors follow strict hygiene and social distancing measures.

There are various structures that provide social support to the people during the pandemic. Those who are not working because of the pandemic receive full salaries for the first month and sixty percent of salaries after thirty days. More than 90% of the people own their homes, and bank loan payments are suspended. Utilities are subsidized and inexpensive, and payments have been extended. The state is attentive to the distribution of necessary goods in the retail market, and it is taking necessary measures to ensure the distribution of necessary goods and services, including the transfer of certain items from the retail market to the system of state distribution of goods. All of this means that, even though many will have lower income during the period, the people can sustain themselves in isolation for as long as it takes for the measures to defeat the virus.

The health measures of hygiene, social distancing, and physical isolation in the home, except for essential work and necessary purchases, have been successful in getting the virus under control. The government had a plan in place before the arrival of the virus, developed with the support of an advisory team of scientists, researchers, and health administrators. The Covid-19 cycle in Cuba began with the first case on March 11, peaked on April 24, and is projected to be completed around June 19. Since April 24, the daily number of confirmed cases has steadily declined. From March 11 to May 11, it has accumulated 1,804 confirmed cases, for a ratio of 16 per 100,000 population, roughly comparable to China and far, far less than the United States, Germany, and Sweden. Cuba has had 78 deaths related to COVID-19, which is less than 1 death per 100,000 people, like China, and in contrast to 25 deaths per 100,000 people in the United States, 9 in Germany, and 32 in Sweden.

Even though in Cuba the number of new cases has been declining for the past fifteen days, the health emergency measures remain in place, in order to prevent a possible resurgence. The people accept the continuation of the health restrictions, because they are not placed in a position in which they have to decide between risks to their health and the need to obtain food, and they see the chaotic and tragic situation unfolding in many nations. Nor does there exist in Cuba an ideological current that has a limited concept of freedom as the exercise of individual liberties at the expense of the common good. There is not, therefore, talk of “reopening the economy.” Reasoned discussion is beginning with respect to the relaxation of measures, in anticipation of the moment when it would be possible, and decisions will be guided by a scientific point of view and a priority on containing the virus.

We who are here in Cuba in this historic moment are witnessing a nation and a people responding with responsibility to a health crisis that has the world in convulsion and division. We are seeing firsthand what is possible, if a foundation has been laid, a foundation that consists in the creation of a political structures that responds to the interests of the people and not to the elite, and as a consequence, includes the formation of scientists, researchers, and medical professionals who are integrated into a system of universal public health. We are witnessing a process in which political leaders demonstrate responsibility, and joined with researchers and health professionals, call the people to the support of a coherent and integral plan; and in which the people, with respect for the leadership and the institutions of the nation, respond to the call.

Marinov does not mention Cuba, but Cuba is important as an example of possibilities for the future of humanity.

<https://www.radiohc.cu/index.php/en/especiales/comentarios/222598-covid-19-the-economy-and-the-case-of-cuba>



Radio Habana Cuba