

Aid: Cuba counted out

CLOSELY questioned on conditions in Cuba by South African Communist Party economist Essop Pahad, Brazilian economist Eliana Cardoso warned against relying on foreign subsidies and loans.

She said that in 1989 Cuba was still as dependent on sugar production as it had been in 1959.

This situation had arisen because of the vast loans and subsidies Cuba had received from the Soviet Union, which had made it possible for a country with a poor economy to enjoy social indicators (health and education systems) that were among the best in the Western hemisphere.

The problem was that in 1992, following the collapse of the Soviet Union and the withdrawal of Soviet subsidies, there were now food queues and children were going blind as a result of vitamin shortages.

Asked whether present conditions in Cuba were not the result of the continued United States blockade of the island, rather than the withdrawal of subsidies, Cardoso adamantly demurred.

She acknowledged that the excellent health and education system in Cuba was the product not only of communist bloc aid, but also the implementation of a socialist system which favoured equality and a good distribution of social benefits.

However, she stressed that 'the system worked well to provide an equal and minimum standard of living, as long as it could rely on the Soviet Union'. As a production system it did not work. The economy was totally dependent on sugar and there was no incentive to work. Absenteeism was a huge problem in Cuba.

She said in 1992 Cuba was an economy 'living off spare parts'. All the education that had been built up could sustain neither people nor their high ideals.

She said the US blockade had been in force for 30 years but the USSR subsidies had made it possible for Cuba to survive. 'The moment the subsidies disappeared, the whole system collapsed.'

Anxious not to be misunderstood, Cardoso stressed the importance of social programmes. 'We want social programmes,' she said, 'but we want social programmes that subsidise themselves.'



Dave Lewis and Dave Kaplan, both of the Development Policy Research Unit at UCT.



PAC president Clarence Makwetu and Helen Suzman.

given the evidence that women's education has a strong positive effect in reducing fertility rates and child mortality.

'Best way to help the poor is not through manipulation of prices and wages'

The debate on poverty programmes remains open. The questions revolve around two issues: firstly, the interpretation of various social indicators and secondly, how to understand the change in indicators - were

they driven by macro-economic developments or by social policies?

Poverty programmes may be a way of significantly improving the situation of the poor. The Brazilian example shows that education can account for much of the income disparity, while Bolivia, Mexico and Chile demonstrate that health and income generation are other important areas for policy focus.

In order to take the first step in alleviating poverty, these examples show that South Africa will need to combine aggressive poverty programmes with conservative macro-economic policies.