**Capitalism versus Socialism: The Cuban Quandary**

**Speaker**
After World War II ended in 1945, America’s top enemy for 50 years was an economic system that seemed unstoppable. Communism, the extreme form of socialism, its chief champion Russia, head of the Union of Soviet Socialist Republics.

**Male**
One country of nine million square miles, that is our own country, three times over or all of North America in a million square miles to boot.

**Speaker**
The USSR threatened to export its system worldwide and had nuclear weapons to back up the threat. The US risked Russian attack in the name of freedom, democracy instead of dictatorship. The economic freedom of a free market filled with choices instead of a command economy where government does the choosing. The idea of socialism or communism though, can be quite appealing.  An economy based on sharing, collective effort for the common good. In the 1930’s, this economic system actually seemed an alternative to the risky free market capitalism of Europe and the US then suffering a great depression with unemployment of 25%. By contrast, Russian workers was said to be fully employed, happy, equal. Why even orchestras said the propaganda films had no conductor, no boss.

**Male**
There is no leader. You will notice that the eye of the musician is all his own, his music.

**Speaker**
But the image was a charade since bureaucrats, not the market set prices and production quotas, supply and demand never met. Since everyone got paid the same, there was scant incentive to make good products. Command non-market economies eventually collapsed in Russia and elsewhere. And yet a few countries still swear by socialism, among the most extreme, Cuba, just 90 miles from Florida. No longer supported by Russia, Cuba is now struggling with the tensions between free market capitalism and government controlled socialism.

For the economic tourist, Cuba and especially its main city Havana is a surprise. Yes, there are plenty of the expected third word vignettes, the make work jobs, the make shift travel arrangements, a public transportation system bursting at the scenes. When the Soviet Union collapsed and its subsidies vanished, people were nearly starving here. But in recent years, a major makeover has been in progress.

Cuba decided to sell its culture, its climate, and its beaches to foreigners. And so tourist poured in all over the country from all over the world. Hotels now abound, especially in Havana and new ones are going up, built by everyone from the Spanish, to the Chinese. The US forbids doing business with Cuba, but Cuban joint ventures with the Japanese and Koreans have brought in household gear you might see at any American shopping mall. And supermarkets offer on almost all Cuban clientele, everything from Brazilian diet gelo to Jack Daniels and Jonny Walker red. This year’s sales at the super Mercado?

**Male**
Up to this moment, they are $ 6,324,000.00. The average bill per customer is $17.36.

**Speaker**
That is right. Here you pay not in Cuban Pesos, but in US dollars encouraged after the Russians pulled out. Tourism and foreign investment helped dollars now reached it is estimated more than half the Cuban population. In short, it seems like capitalism is taking root.  On the other hand, many Cubans still think capitalists are pigs.  Business is dirty, and that all production should be sold to and through the state, as these real pigs will be as soon as they fatten up.

**Male**
The state gives me everything I need, the grain, the breeding stock. So my commitment is to them. Sometimes the private guy show up, but I do not trust their scale. With the state, I always have confidence.

**Speaker**
The government still issues family a monthly ration book for enough food to survive. Dictator Fidel Castro has banned billboard advertising in favor political propaganda featuring revolutionary martyr Che Guevara and slogans like, “This is the socialist revolution right under the nose of the US.” And when we try to interview a-would be immigrant, the police stopped us, took our documents, and wanted to take us downtown. We sneak these shots from our van. The government did let us interview prominent dissidents. At least those who were not in jail like Elizardo Sanchez. But they said Cuba is as un-free as ever.

**Elizardo Sanchez**
What we have here is closer to the Soviet Totalitarian system and absolute state monopoly that controls virtually everything down to the barber shops.

**Speaker**
In Cuba then, an economics reporter can feel totally confused. At some moments, you think Castro has saved that the command economy and right under Uncle Sam’s nose. At other times, it seems clear the free market is burrowing irresistibly from within.

The elite Lenin High School we figured might be one place to sort things out. Since this is Cuba’s training ground for the next generation. A group of English speakers was waiting for us.

**Female**
My schoolmates, I tell you, you are welcome and I hope you get satisfied with our school, with our students, with us. Thank you.

**Male**
Well thank you.

**Speaker**
We have got the red carpet treatment and it kept getting redder.

**Female**
We do not want capitalist, we have -- we want socialist.

**Female**
We are the same people. We have the same clothes, the same things. It is not that the other country, that you are better than me because you had a new Adidas and I do not.

**Speaker**
The kids at Lenin High seemed determined to sustain socialist equality even if it means no Adidas. And as for the market changes, Cuba’s made --

**Female**
We do not want those changes. We have to put them there because we need them. When we do not, if we do not need them anymore, we will fade it.

**Male**
Fade it?

**Speaker**
They will fade it. That is phase out the free market experiment that Cuba has had to conduct. Now maybe these market changes are temporary and schools like these will restore Cuba’s purest past. Or maybe instead, Cuba’s many private markets are already beyond the point where anyone can fade them. Food production is exported for instance because of free market incentives that let farmers sell privately some of what they produce. So incentives work.

**Male**
Clearly yes, it is obvious. That is the way it works everywhere.

**Speaker**
Incentives not only mean more food, more available without long waiting lines. They also mean better food at the private markets.

**Male**
It is better quality. This is what people are looking for. There is less fat, there is less bone you understand?

**Speaker**
You even see Socialism versus Capitalism at the old ball game. Omar Linares is a slugging superstar who has had million dollar offers from US teams but turned them all down. Why?

**Omar Linares**
I prefer to stay in Cuba because this is my country. Everything I have accomplished, I owe to the revolution.

**Speaker**
On the field, the Socialist party line. In the stands, however entrepreneurship runs rampant.

**Male**
$5.00, Omar Linares no, this does not say Linares. It says a different name.

**Male**
It is the way he signs, he does it real fast.

**Male**
He signs with another name?

**Male**
I do not know, maybe he was in a hurry.

**Speaker**
The question is, can social equality hold out as the market marches in? A question so much in the air, it is the punch line of Cuba’s top joke. Judging by how often we heard it, the Hotel Nacional gag. A girl dumps her boyfriend the joke goes, because he pretended to be a hot shot at Havana’s richest tourist hotel. He swore he was a doorman at the Nacional, the girlfriend fumes. In fact, you know what he does? He was just another damn Cuban neurosurgeon. In other words, there are Cubans paid by the state, Cubans paid by the market and less and less do their wages meet. It was no joke to economist in Cuban exile, Antonio Morales-Pita.

**Antonio Morales-Pita**
For me to become a professor, I had to study. Twenty years, I have to work very hard. I have to sacrifice part of my youth, part of my marriage in order to become qualified. And then these are the person, has finished eighth grade or ninth grade in grade school. How is it possible that you are going to make ten times more than I make? I mean does it make any sense.

**Male**
Because you are undervalued.

**Antonio Morales-Pita**
You are undervalued.

**Male**
And eventually, they are not going to be very many bright people become professor.

**Antonio Morales-Pita**
Of course not, of course not, of course not.

**Speaker**
In Cuba, the struggle between market freedom and non-market rules rides on. You see it in sugar mills in the country side, parking lots in the city, and the streets of downtown Havana. The question is, can socialism hold out here in the face of a global market economy?