

# Cuba Loosens Restrictions on Private Businesses to Battle COVID-19

Over the past decade, Cuba's private sector has experienced slow-but-steady growth thanks to a mix of [entrepreneurial grit](#) and [incremental policy changes](#). Although the Communist government [continues to waffle](#) on the scope and duration of various restrictions, the number of self-employed Cubans has risen from 150,000 to 600,000 since 2010 – that is, until the outbreak of the global health pandemic.

COVID-19 has brought new challenges to the Cuban economy. Declines in travel and tourism have meant less commerce and less hard currency for the government, as [NPR reports](#). By early summer, an estimated 139,000 private businesses had returned their business licenses, according to the [Associated Press](#). “It’s become common to find ‘closed’ signs on private cafes, bars, restaurants and lodging houses,” writes the AP’s [Andrea Rodriguez](#), “to say nothing of the paralyzed taxi and car services ... that accounted for some 50,000 of those private business licenses.”

Now, with the country's coronavirus caseload [finally in decline](#), the Cuban government is easing a range of restrictions against private businesses, hoping to reignite the economy and spur a return of needed services and foreign trade. After a [series of economic reforms](#) made throughout July, Labor Minister Marta Elena Feito announced that government's approach had proven “too restrictive” and changes were needed. “We cannot continue doing the same thing,” she said on [state television](#), “because the current economic model isn't producing results that Cuba needs.”

Rodriguez summarizes the [latest policy changes](#) as follows:

*The government last month announced that it would allow private restaurants to buy wholesale for the first time. Ministers also announced that private business people could sign contracts to import and export goods through dozens of state-run companies with import/export licenses.*

*Within four days of its opening to private business, 213 restaurant owners signed up to buy beer, flour, yeast, shrimp, sugar, rum and cooking oil at a 20 percent discount off retail at the Mercabal wholesale market in Havana, state media reported. A similar market has been opened to entrepreneurs in the eastern city of Holguin, according to state media. ...*

*Along with limited wholesale, importing and exporting, the government has promised to allow the formation of small and mid-sized private business. Until now, the only legal category of private work has been a license for self-employed people, even though in many cases the self-employed are in fact owners of flourishing businesses with numerous employees. The government also said it would allow extensive business between private and state-run enterprises, allowing private business to buy and sell from state companies.*

Earlier this summer, some business owners had hoped for such an outcome. For Cuban entrepreneur Gregory Bliniowsky, whose restaurant closed due to the economic crisis, the pressures of the pandemic could have positive implications for economic liberalization. "This crisis could shake the state and decision-makers to be more open and to make changes within Cuba that help entrepreneurs, such as permitting us to import raw materials," he said. "They can't permit themselves the luxury that the non-state sector collapses."

While Bliniowsky's predictions seem to have merit, many remain skeptical about the government's willingness to follow through. "Many of these measures have been announced before

several times, so the proof will be in the speed and efficiency and implementation of these measures," [says](#) economist Richard Feinberg. "Of course, there is no transparency; it's hard to know," said Feinberg, "but perhaps the reformers have gained the upper hand with the support of President [Miguel] Díaz-Canel."

In aligning our expectations, it's worth remembering that Cuba's Communist government still regularly reverts to its ideological origins. In a recent [Acton lecture](#), John Suarez explains this ongoing struggle which is manifest, for example, in the continued funneling of the country's resources not to the Cuban people, but to such ideological allies as Venezuela, Columbia, North Korea, and Iran.

The government's "top priority is maintaining power, spreading their revolution in the hemisphere, creating more Cubas, and building coalitions around the world to advance their revolutionary Communist agenda," Suarez explains.

Even with those qualifiers in mind, the latest developments still give us plenty of reasons to celebrate, however cautiously. As Suarez concludes, lasting regime change and liberalization is likely to come not from policy tweaks or personnel changes at the top, but from amplifying the struggles of dissidents and breaking Cuba's "information monopoly" at the levels of institutional engagement and everyday life.

Although this is surely not the goal of Cuba's latest economic reforms, even the smallest seeds of liberty are likely to bear fruit, spreading to Cuba's rising class of entrepreneurs, independent creators, and consumers.

"This is positive," [says](#) 59-year-old cafeteria owner Elba Zaldívar. "I think there will be more products in the future. ... In the end, it's the Cuban people who win."

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