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Economic Libertad? Cuba's Baby Steps Toward Liberty

For the most part, the economic transactions happen instantaneously, automatically sending market signals that organize production according to size and color, spontaneously determining losses, profits, wages and prices.

And so, if we want organic pomegranate granola with cherries, it'll be there, right on time for breakfast every day on the capitalist shelves. It's the same with red Corvettes or caramel ice cream with cinnamon bun dough and a streusel swirl.

It takes a little longer to get it right once the central controllers take charge of deciding things.



Starting on October 1, 2011, some 52 years after Fidel Castro shot his way to power in Cuba, it finally became legal for some poor guy in Cuba to sell the 1965 Russian-made Moskvich piece of junk he's had sitting up on blocks in his front yard for the better part of half a century.

Previously on this island of alleged power to the people, Cubans were permitted only to sell their own automobiles if they were manufactured before the 1959 revolution.

By some strange twist of collectivist logic, re-selling any car that was produced in the post-revolution period was viewed as an act of capitalist sabotage, a crass act of individualism and greed.

As a result, it paid to keep a legally-transferable '57 Chevy on the road, even if it was held together with coat hangers and duct tape. That's why the streets of Havana look like those shopping center parking lots in the U.S. on Sunday afternoons in the summer when the vintage car guys get together in their shined up '59 Impalas and '56 T-Birds to sit on lawn chairs, drink beer and listen to Chubby Checker.

But now things will be different in Cuba, more like a free market, according to President Raul Castro's speech to the National Assembly in December 2010, pushing his effort to cut bloated government payrolls and encourage private sector initiatives in Cuba's failed economy. "The state has no business getting involved in a matter between two individuals," he proclaimed, sounding more like Ron Paul than brother Fidel.

The new decree from the Cuban government allows someone to sell his own car from all years of production, even post-revolution models, and also permits, with a progressive tax penalty, the ownership of more than one car per person.

The Cuban government, additionally, wants 8 percent of the price of each car sold, with buyers and sellers each to pay a 4 percent tax. Try to cheat on that and you've got to worry about some neighbor on the Committee for the Defense of the Revolution getting a few extra pesos in his government paycheck for squealing.

New cars can be only sold in state-owned monopolistic dealerships. The state-established price on a



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new Hyundai runs around \$30,000, not counting the bribes that may be required to get the right color and a half-speedy delivery.

The average income in Cuba is \$20 a month, so a \$30,000 Hyundai is equal to the total income for 125 years of the typical Cuban worker. If the worker could manage to save 10% of his pay every month, he'll have the \$30,000 in 1,250 years.

Under the new rules, any buyers of a new car will be required to prove they made the money for the purchase in a government-approved occupation.

That might not be so easy. Under various government dictates, for instance, hundreds of occupations were disapproved for Cuban women, including the jobs of grave digger, house painter (unless the house was extra short) and deep sea diver.

It was legal under the government rules to open a restaurant, but anything bigger than 12 chairs for customers was prohibited, no matter how much the neighborhood liked the food.

Employees in a restaurant were also illegal — too hierarchical for the collectivist mindset — so someone seeking to be a restaurateur had to be like one of those multi-armed Hindu deities, able to simultaneously seat customers, clean tables, cook the food, serve drinks, pay the bills, play the bongos, and wash the dishes.

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