Published on *Adam Smith Institute* (http://www.adamsmith.org)

One small step for freedom in Cuba [1]

Written by **Dr Madsen Pirie** [2] | Thursday 21 April 2011

The Congress of the Communist Party of Cuba has just approved a raft of about 300 reforms aim at loosening up the sclerotic state-directed economy. Cubans will be allowed to buy and sell homes, a million jobs will be cut from government, and more self-employment will be encouraged. Foreign firms will be encouraged to invest in Cuba, and there is a plan to reduce state spending.

The obvious question is "Will it work?" and the answer to that is that it probably will, to some degree. In China and Vietnam the Communist governments chose to keep a tight grip on political power, but to allow considerable economic freedom. In both cases considerable growth and improved living standards have resulted, with the emergence of a substantial middle class which has prospered by taking advantage of the changes.

When a country wants to play 'catch-up' to the modern Western economic model, authoritarian government does not seem to be incompatible with economic progress. Some would argue that once a certain level of economic sophistication has been reached, authoritarian government will act as a damper on progress, but Cuba is nowhere near that stage.

Adam Smith's recipe of "peace, easy taxes, and a tolerable administration of justice" allows for much latitude, and different countries have enjoyed success while treading different roads. In general, the more economic freedom Cuba allows to its citizens seeking to better themselves, the more success they will enjoy. Cuba is full of entrepreneurs who have been forced to deal in the black markets. If the burdens of bureaucracy and taxes are made sufficiently light, and that talent is given opportunities, Cuba could rapidly turn itself into an economic showcase for Latin America.

Of course we could help be looking to investment opportunities there, and by stepping up our trade with Cuba. And the United States could help most of all by lifting the sanctions that do nothing to limit government power in Cuba, but instead help to keep its people impoverished. The best course would be for Cuba to replace Communist dictatorship by a representative democracy. But short of that, the second best is for as much economic liberalization as possible, with growth and prosperity following in its wake.

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