

The commodity-form in Cuba's telecom and wireless services: a Marxist Political Economy overview

A forma mercadoria nos serviços de telecomunicações e sem fio em Cuba: uma visão desde a Economia Política Marxista

La forma mercancía en los servicios móviles y de telecomunicaciones en Cuba: aproximaciones desde la Economía Política Marxista

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Abstract

In contemporary Cuba, there is a blatant contradiction between the high prices of telecom and wireless services, controlled by a state monopoly, and the weak purchasing power of the working class. This contradiction evidences a process of commodification that cannot be simply traced back to the partial privatizations that the Cuban telecom system experienced after the collapse of the Soviet bloc in the 1990s. Commodification is derived from a broader restructuring of the state socialist economy that started in the 1990s: the state-led appropriation of value in circulation when value is in the money form. In the context of a crisis in accumulation, obstacles against changing the conditions in production fostered transformations in the domain of circulation to appropriate value in the hands of the state. Within these transformations, partial privatizations and the commodification of the telecom and wireless services have played a key role for the national economy.

Keywords: Political Economy of Communication (PEC), State Socialism, Telecommunications, Wireless Communications, Marxism


Resumo

Na Cuba contemporânea, há uma flagrante contradição entre os altos preços dos serviços de telecomunicações e sem fio, controlados por um monopólio estadual e o fraco poder de compra da classe trabalhadora. Essa contradição evidencia um processo de mercantilização que não pode ser simplesmente remontado às privatizações parciais que o sistema cubano de telecomunicações experimentou após o colapso do bloco soviético na década de 1990. A commodificação é derivada de uma reestruturação mais ampla da economia socialista estadual que começou na década de 1990: a captura pelo Estado do valor em circulação quando este se encontra na forma dinheiro. No contexto de uma crise de acumulação, os obstáculos contra a mudança das condições de produção fomentaram as transformações no domínio da circulação para a captura do valor nas mãos do Estado. Nessas transformações, a privatização parcial e a mercantilização dos serviços de telecomunicações e sem fio têm desempenhado um papel fundamental para a economia nacional.

Palavras-chave: Economia Política de Comunicação (EPC), Socialismo de Estado, Telecomunicações, Marxismo

Resumen

En la Cuba contemporánea existe una notable contradicción entre los altos precios de los servicios de telecomunicaciones e inalámbricos, controlados por un monopó-



lio estatal, y el débil poder adquisitivo de la clase trabajadora. Esta contradicción evidencia procesos de mercantilización que no se explican solamente por la privatización parcial que experimentó el sistema de telecomunicaciones cubano después del colapso del bloque soviético en los años noventa. La mercantilización se deriva de una reestructuración más amplia de la economía socialista de estado que comenzó en los años noventa: la extracción de valor en la esfera de la circulación monetaria. En el contexto de una crisis de acumulación, la dificultad de cambiar condiciones de producción fomentó transformaciones en el dominio de la circulación hacia la captura de valor en manos del Estado. Dentro de estas transformaciones, la privatización parcial y la mercantilización de los servicios de telecomunicaciones e inalámbricos han jugado un papel clave para la economía nacional.

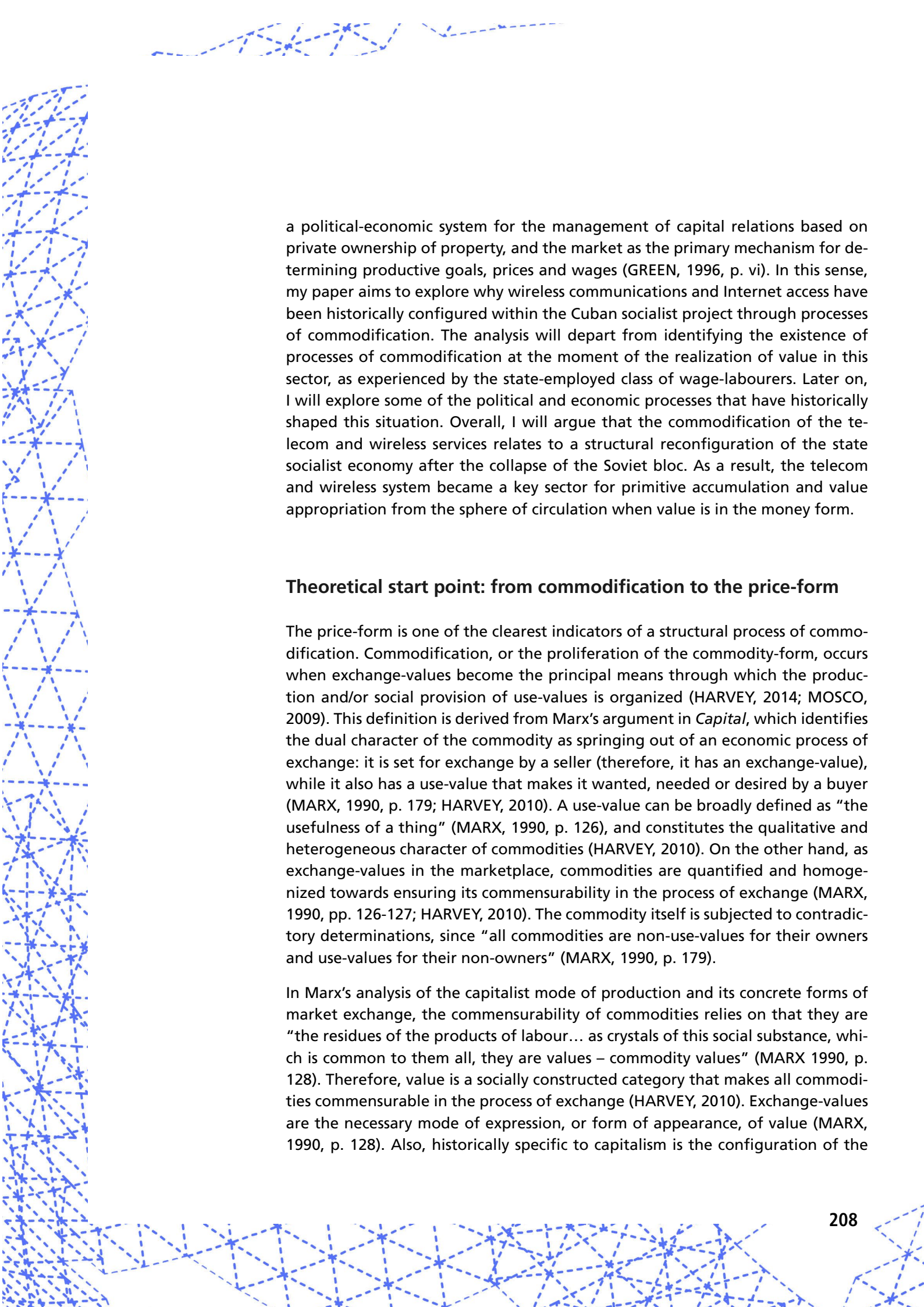
Palabras clave: Economía Política de la Comunicación (EPC), Socialismo de Estado, Telecomunicaciones, Marxismo

Introduction

This project started by questioning why is it that the prices of wireless and Internet services in contemporary Cuba are disproportionately high when compared to the median monthly nominal salary of the state-employed population. Hiring a cell phone line is almost double the median monthly nominal salary of this significant sector, which represents 71 percent of the overall employed population¹ (ETECSA, 2017a; ONEI, 2016, p. 11; 13). In theory, a state employed worker would have spent all the monthly pay after an hour and twenty-one minutes of mobile calling; and a similar situation would have happened after twenty hours of Internet connection (ETECSA, 2017a, 2017b; ONEI, 2016, p. 11, 13).

When analyzed through the lenses of a Marxist theoretical framework, this issue indicates some contradictions associated with an underlying process of commodification: exchange-values becoming the principal means by which the production of use-values is organized; the highly mediated and divergent relationship between the value-creation process through human labour and the actual realization of value through market exchange; and, as an overarching concern, the possibility of capital circulation determining this role and functioning of commodities and money within the telecom sector, and in the overall state socialist regime (MARX, 1990; HARVEY, 2010, 2014; MOSCO, 2009). Even though processes of commodification have been frequently analyzed in market capitalism (MARX, 1990; MOSCO, 2009; HARVEY, 2014), in the Cuban case they acquire particular historical forms because of their embeddedness in a state socialist mode of production. Revolutionary Cuba, as other historical experiences of state socialism, developed a post-market political-economic system for the management of capital relations based on state ownership of property, command mechanisms for surplus-value extraction, and a state-planned strategy for accumulation (GREEN, 1996; JAMES, 1986). Market capitalism, on the other hand, is broadly defined as

¹ Calculations referring the state employed population were done using the following official statistics (the figures express thousands of workers): Active population in 2015: 4 979,5. Of them, 4 860,5 are employed. Of the total of workers employed, 214,6 are identified as "Co-operativs" and 1 185,8 as "Private sector". Therefore, it can be calculated that the state employed population is 3460.1, which represents 71.1881 % of the total employed. (Oficina Nacional de Estadística e Información, 2016, p.11). As of the median monthly nominal salary, and the prices for Internet and Wireless services, they will be referred later in this paper.

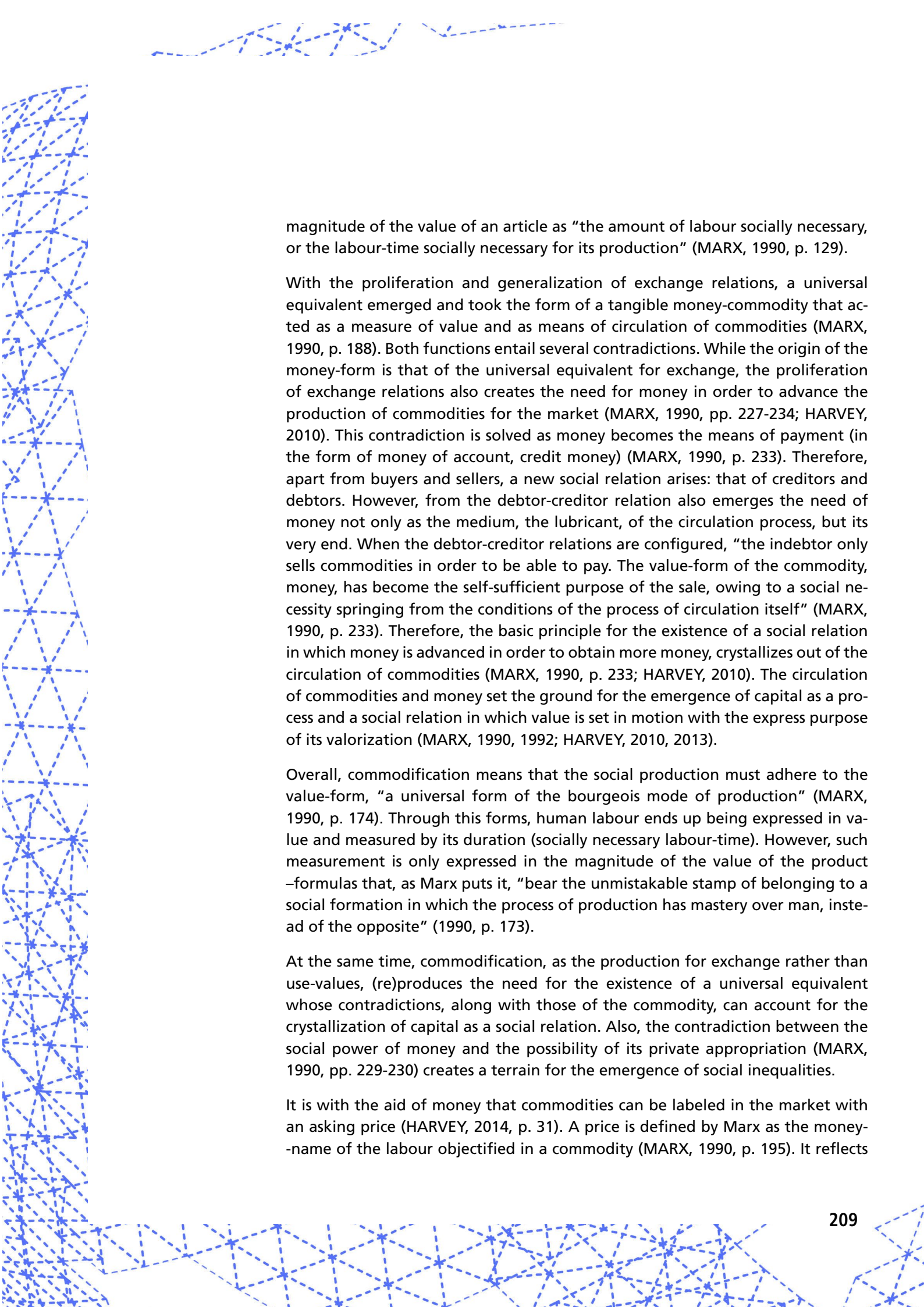


a political-economic system for the management of capital relations based on private ownership of property, and the market as the primary mechanism for determining productive goals, prices and wages (GREEN, 1996, p. vi). In this sense, my paper aims to explore why wireless communications and Internet access have been historically configured within the Cuban socialist project through processes of commodification. The analysis will depart from identifying the existence of processes of commodification at the moment of the realization of value in this sector, as experienced by the state-employed class of wage-labourers. Later on, I will explore some of the political and economic processes that have historically shaped this situation. Overall, I will argue that the commodification of the telecom and wireless services relates to a structural reconfiguration of the state socialist economy after the collapse of the Soviet bloc. As a result, the telecom and wireless system became a key sector for primitive accumulation and value appropriation from the sphere of circulation when value is in the money form.

Theoretical start point: from commodification to the price-form

The price-form is one of the clearest indicators of a structural process of commodification. Commodification, or the proliferation of the commodity-form, occurs when exchange-values become the principal means through which the production and/or social provision of use-values is organized (HARVEY, 2014; MOSCO, 2009). This definition is derived from Marx's argument in *Capital*, which identifies the dual character of the commodity as springing out of an economic process of exchange: it is set for exchange by a seller (therefore, it has an exchange-value), while it also has a use-value that makes it wanted, needed or desired by a buyer (MARX, 1990, p. 179; HARVEY, 2010). A use-value can be broadly defined as "the usefulness of a thing" (MARX, 1990, p. 126), and constitutes the qualitative and heterogeneous character of commodities (HARVEY, 2010). On the other hand, as exchange-values in the marketplace, commodities are quantified and homogenized towards ensuring its commensurability in the process of exchange (MARX, 1990, pp. 126-127; HARVEY, 2010). The commodity itself is subjected to contradictory determinations, since "all commodities are non-use-values for their owners and use-values for their non-owners" (MARX, 1990, p. 179).

In Marx's analysis of the capitalist mode of production and its concrete forms of market exchange, the commensurability of commodities relies on that they are "the residues of the products of labour... as crystals of this social substance, which is common to them all, they are values – commodity values" (MARX 1990, p. 128). Therefore, value is a socially constructed category that makes all commodities commensurable in the process of exchange (HARVEY, 2010). Exchange-values are the necessary mode of expression, or form of appearance, of value (MARX, 1990, p. 128). Also, historically specific to capitalism is the configuration of the



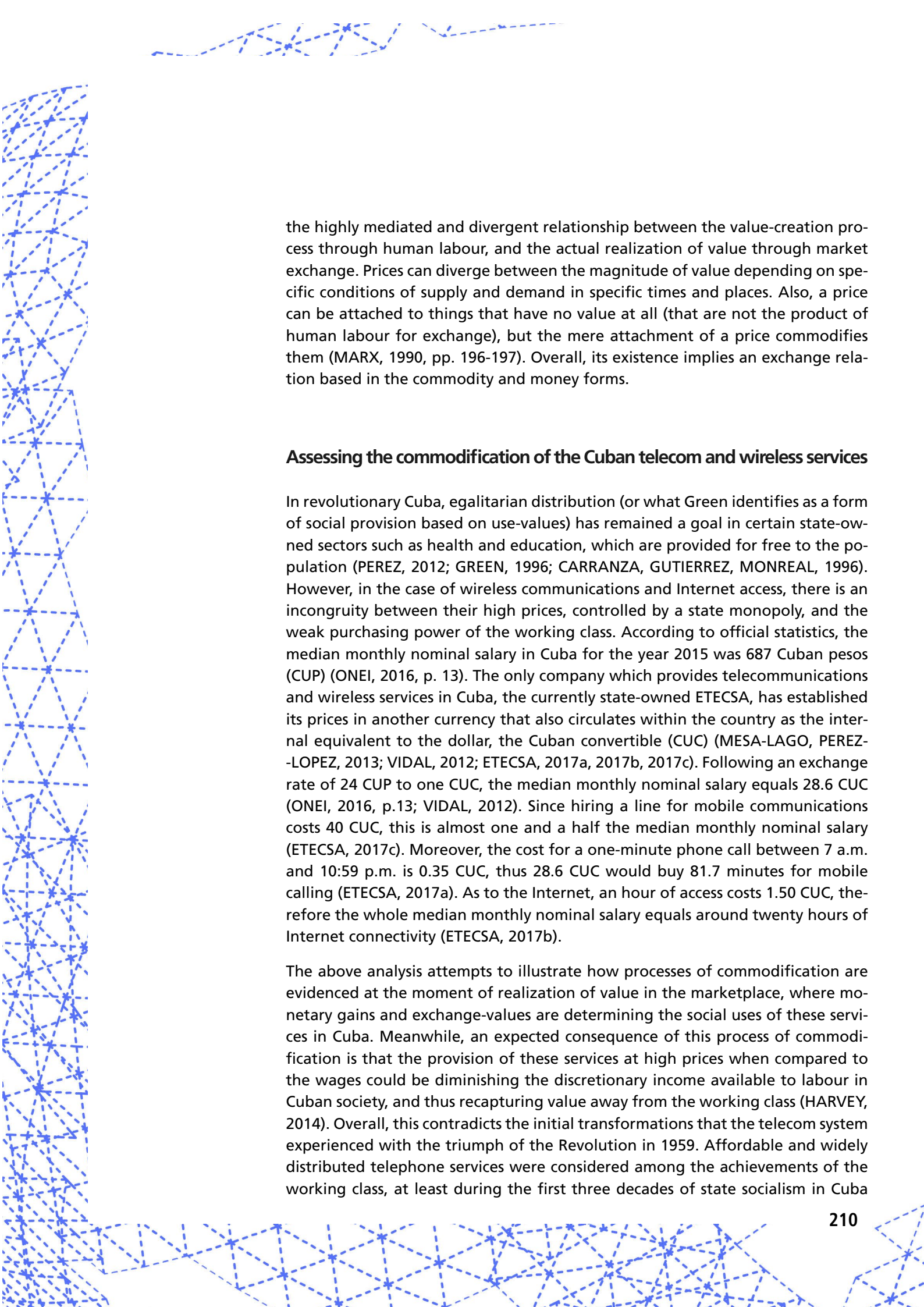
magnitude of the value of an article as “the amount of labour socially necessary, or the labour-time socially necessary for its production” (MARX, 1990, p. 129).

With the proliferation and generalization of exchange relations, a universal equivalent emerged and took the form of a tangible money-commodity that acted as a measure of value and as means of circulation of commodities (MARX, 1990, p. 188). Both functions entail several contradictions. While the origin of the money-form is that of the universal equivalent for exchange, the proliferation of exchange relations also creates the need for money in order to advance the production of commodities for the market (MARX, 1990, pp. 227-234; HARVEY, 2010). This contradiction is solved as money becomes the means of payment (in the form of money of account, credit money) (MARX, 1990, p. 233). Therefore, apart from buyers and sellers, a new social relation arises: that of creditors and debtors. However, from the debtor-creditor relation also emerges the need of money not only as the medium, the lubricant, of the circulation process, but its very end. When the debtor-creditor relations are configured, “the indebtor only sells commodities in order to be able to pay. The value-form of the commodity, money, has become the self-sufficient purpose of the sale, owing to a social necessity springing from the conditions of the process of circulation itself” (MARX, 1990, p. 233). Therefore, the basic principle for the existence of a social relation in which money is advanced in order to obtain more money, crystallizes out of the circulation of commodities (MARX, 1990, p. 233; HARVEY, 2010). The circulation of commodities and money set the ground for the emergence of capital as a process and a social relation in which value is set in motion with the express purpose of its valorization (MARX, 1990, 1992; HARVEY, 2010, 2013).

Overall, commodification means that the social production must adhere to the value-form, “a universal form of the bourgeois mode of production” (MARX, 1990, p. 174). Through this forms, human labour ends up being expressed in value and measured by its duration (socially necessary labour-time). However, such measurement is only expressed in the magnitude of the value of the product –formulas that, as Marx puts it, “bear the unmistakable stamp of belonging to a social formation in which the process of production has mastery over man, instead of the opposite” (1990, p. 173).

At the same time, commodification, as the production for exchange rather than use-values, (re)produces the need for the existence of a universal equivalent whose contradictions, along with those of the commodity, can account for the crystallization of capital as a social relation. Also, the contradiction between the social power of money and the possibility of its private appropriation (MARX, 1990, pp. 229-230) creates a terrain for the emergence of social inequalities.

It is with the aid of money that commodities can be labeled in the market with an asking price (HARVEY, 2014, p. 31). A price is defined by Marx as the money-name of the labour objectified in a commodity (MARX, 1990, p. 195). It reflects

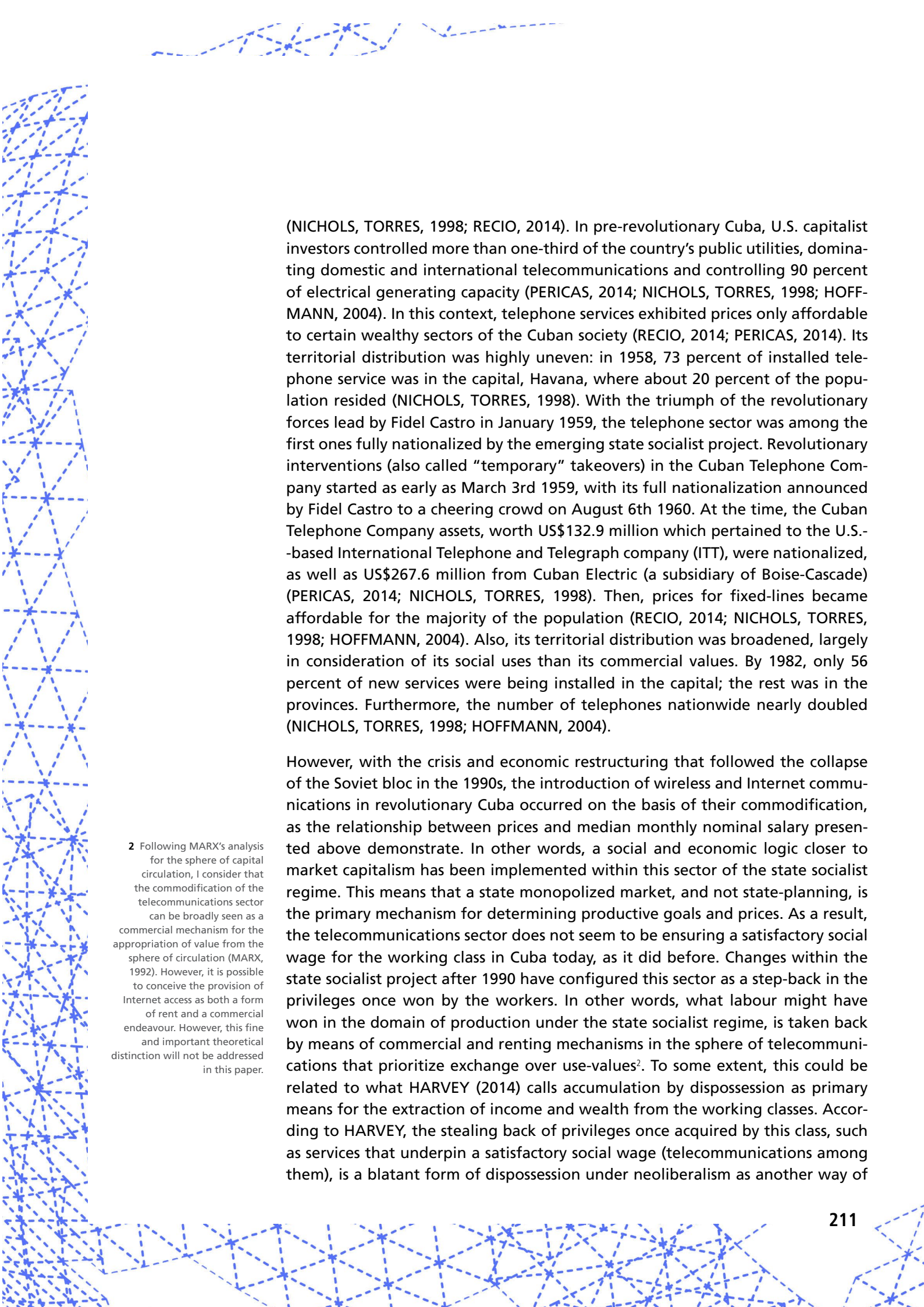


the highly mediated and divergent relationship between the value-creation process through human labour, and the actual realization of value through market exchange. Prices can diverge between the magnitude of value depending on specific conditions of supply and demand in specific times and places. Also, a price can be attached to things that have no value at all (that are not the product of human labour for exchange), but the mere attachment of a price commodifies them (MARX, 1990, pp. 196-197). Overall, its existence implies an exchange relation based in the commodity and money forms.

Assessing the commodification of the Cuban telecom and wireless services

In revolutionary Cuba, egalitarian distribution (or what Green identifies as a form of social provision based on use-values) has remained a goal in certain state-owned sectors such as health and education, which are provided for free to the population (PEREZ, 2012; GREEN, 1996; CARRANZA, GUTIERREZ, MONREAL, 1996). However, in the case of wireless communications and Internet access, there is an incongruity between their high prices, controlled by a state monopoly, and the weak purchasing power of the working class. According to official statistics, the median monthly nominal salary in Cuba for the year 2015 was 687 Cuban pesos (CUP) (ONEI, 2016, p. 13). The only company which provides telecommunications and wireless services in Cuba, the currently state-owned ETECSA, has established its prices in another currency that also circulates within the country as the internal equivalent to the dollar, the Cuban convertible (CUC) (MESA-LAGO, PEREZ-LOPEZ, 2013; VIDAL, 2012; ETECSA, 2017a, 2017b, 2017c). Following an exchange rate of 24 CUP to one CUC, the median monthly nominal salary equals 28.6 CUC (ONEI, 2016, p.13; VIDAL, 2012). Since hiring a line for mobile communications costs 40 CUC, this is almost one and a half the median monthly nominal salary (ETECSA, 2017c). Moreover, the cost for a one-minute phone call between 7 a.m. and 10:59 p.m. is 0.35 CUC, thus 28.6 CUC would buy 81.7 minutes for mobile calling (ETECSA, 2017a). As to the Internet, an hour of access costs 1.50 CUC, therefore the whole median monthly nominal salary equals around twenty hours of Internet connectivity (ETECSA, 2017b).

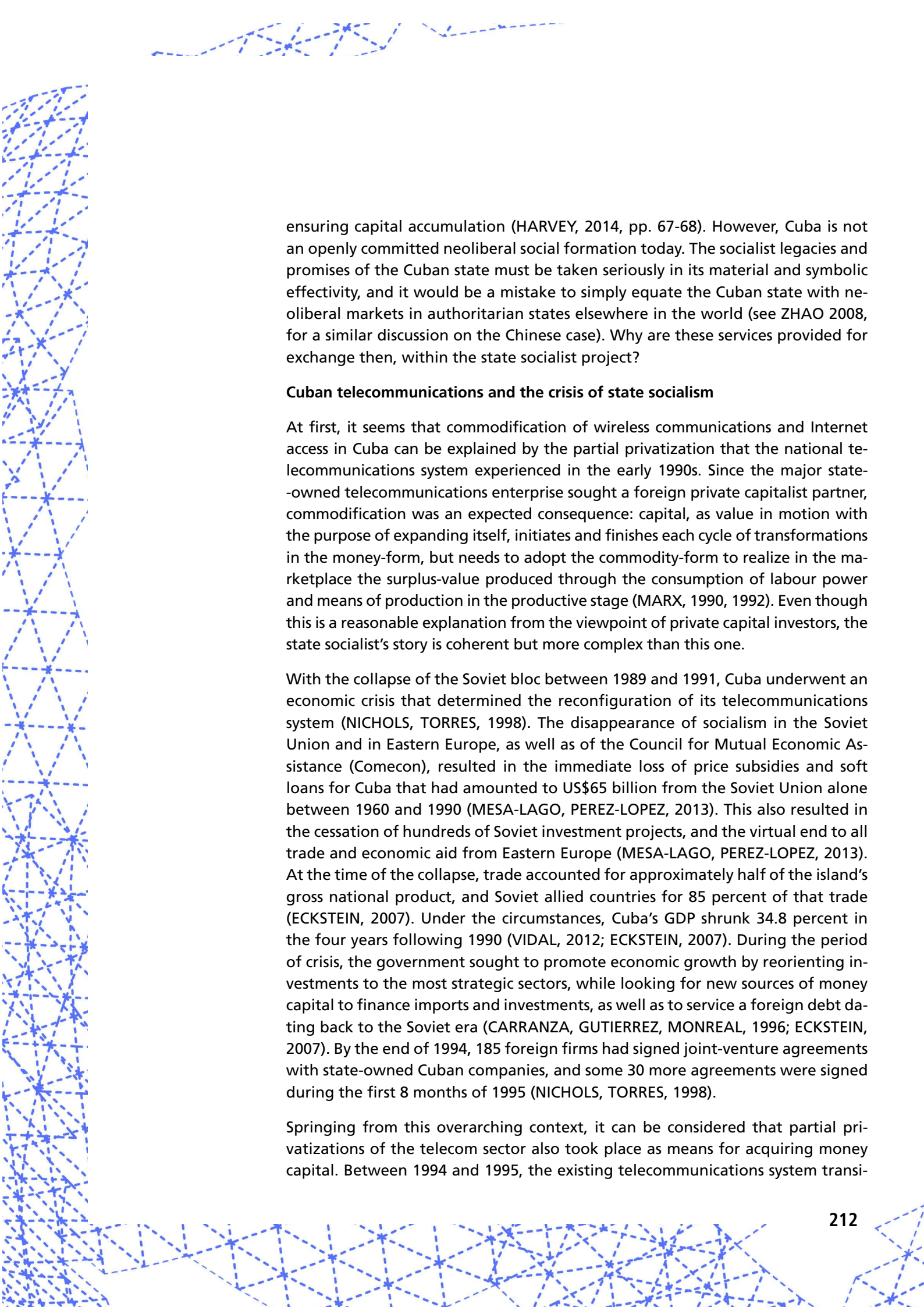
The above analysis attempts to illustrate how processes of commodification are evidenced at the moment of realization of value in the marketplace, where monetary gains and exchange-values are determining the social uses of these services in Cuba. Meanwhile, an expected consequence of this process of commodification is that the provision of these services at high prices when compared to the wages could be diminishing the discretionary income available to labour in Cuban society, and thus recapturing value away from the working class (HARVEY, 2014). Overall, this contradicts the initial transformations that the telecom system experienced with the triumph of the Revolution in 1959. Affordable and widely distributed telephone services were considered among the achievements of the working class, at least during the first three decades of state socialism in Cuba



(NICHOLS, TORRES, 1998; RECIO, 2014). In pre-revolutionary Cuba, U.S. capitalist investors controlled more than one-third of the country's public utilities, dominating domestic and international telecommunications and controlling 90 percent of electrical generating capacity (PERICAS, 2014; NICHOLS, TORRES, 1998; HOFFMANN, 2004). In this context, telephone services exhibited prices only affordable to certain wealthy sectors of the Cuban society (RECIO, 2014; PERICAS, 2014). Its territorial distribution was highly uneven: in 1958, 73 percent of installed telephone service was in the capital, Havana, where about 20 percent of the population resided (NICHOLS, TORRES, 1998). With the triumph of the revolutionary forces led by Fidel Castro in January 1959, the telephone sector was among the first ones fully nationalized by the emerging state socialist project. Revolutionary interventions (also called "temporary" takeovers) in the Cuban Telephone Company started as early as March 3rd 1959, with its full nationalization announced by Fidel Castro to a cheering crowd on August 6th 1960. At the time, the Cuban Telephone Company assets, worth US\$132.9 million which pertained to the U.S.-based International Telephone and Telegraph company (ITT), were nationalized, as well as US\$267.6 million from Cuban Electric (a subsidiary of Boise-Cascade) (PERICAS, 2014; NICHOLS, TORRES, 1998). Then, prices for fixed-lines became affordable for the majority of the population (RECIO, 2014; NICHOLS, TORRES, 1998; HOFFMANN, 2004). Also, its territorial distribution was broadened, largely in consideration of its social uses than its commercial values. By 1982, only 56 percent of new services were being installed in the capital; the rest was in the provinces. Furthermore, the number of telephones nationwide nearly doubled (NICHOLS, TORRES, 1998; HOFFMANN, 2004).

² Following MARX's analysis for the sphere of capital circulation, I consider that the commodification of the telecommunications sector can be broadly seen as a commercial mechanism for the appropriation of value from the sphere of circulation (MARX, 1992). However, it is possible to conceive the provision of Internet access as both a form of rent and a commercial endeavour. However, this fine and important theoretical distinction will not be addressed in this paper.

However, with the crisis and economic restructuring that followed the collapse of the Soviet bloc in the 1990s, the introduction of wireless and Internet communications in revolutionary Cuba occurred on the basis of their commodification, as the relationship between prices and median monthly nominal salary presented above demonstrate. In other words, a social and economic logic closer to market capitalism has been implemented within this sector of the state socialist regime. This means that a state monopolized market, and not state-planning, is the primary mechanism for determining productive goals and prices. As a result, the telecommunications sector does not seem to be ensuring a satisfactory social wage for the working class in Cuba today, as it did before. Changes within the state socialist project after 1990 have configured this sector as a step-back in the privileges once won by the workers. In other words, what labour might have won in the domain of production under the state socialist regime, is taken back by means of commercial and renting mechanisms in the sphere of telecommunications that prioritize exchange over use-values². To some extent, this could be related to what HARVEY (2014) calls accumulation by dispossession as primary means for the extraction of income and wealth from the working classes. According to HARVEY, the stealing back of privileges once acquired by this class, such as services that underpin a satisfactory social wage (telecommunications among them), is a blatant form of dispossession under neoliberalism as another way of



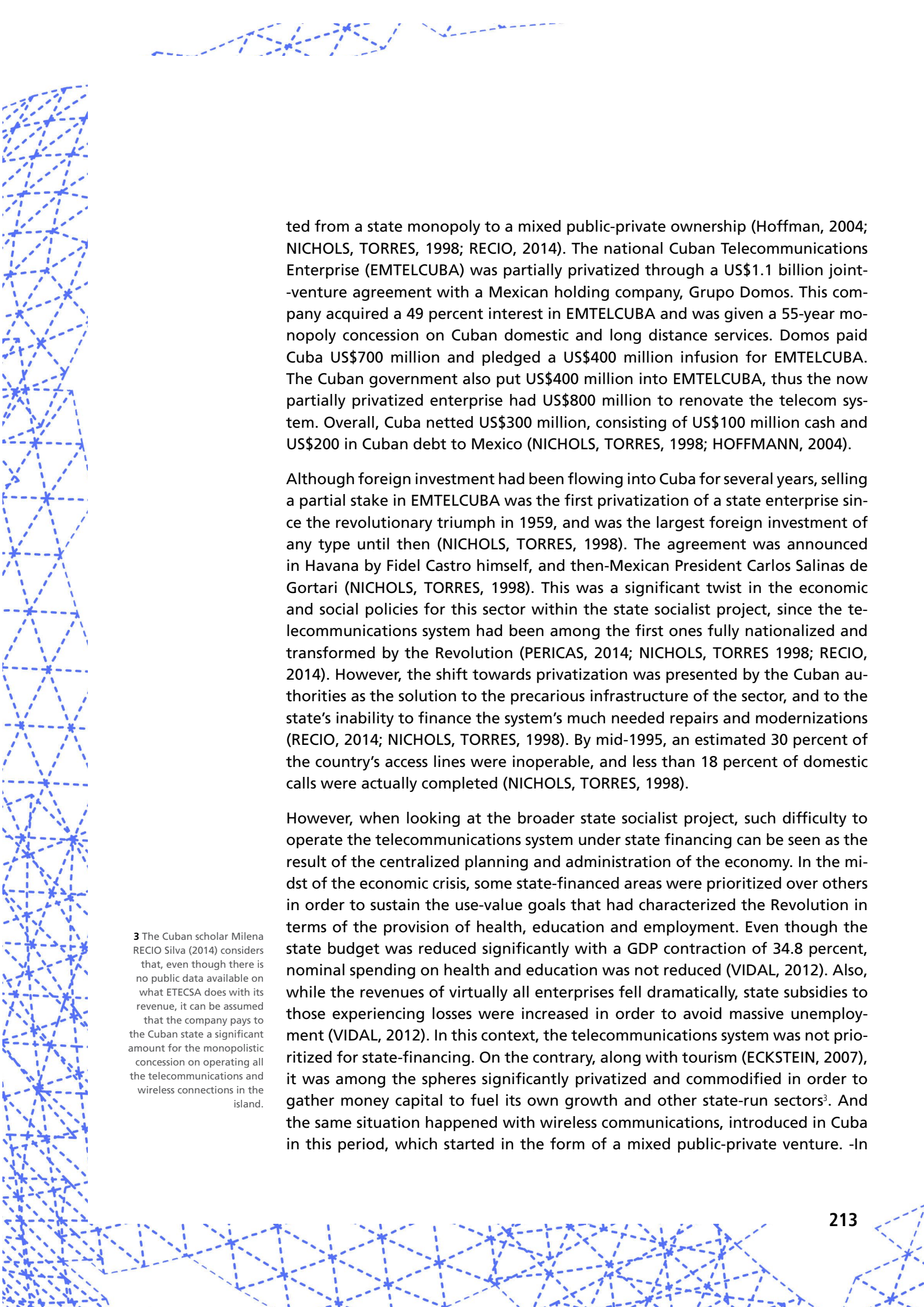
ensuring capital accumulation (HARVEY, 2014, pp. 67-68). However, Cuba is not an openly committed neoliberal social formation today. The socialist legacies and promises of the Cuban state must be taken seriously in its material and symbolic effectivity, and it would be a mistake to simply equate the Cuban state with neoliberal markets in authoritarian states elsewhere in the world (see ZHAO 2008, for a similar discussion on the Chinese case). Why are these services provided for exchange then, within the state socialist project?

Cuban telecommunications and the crisis of state socialism

At first, it seems that commodification of wireless communications and Internet access in Cuba can be explained by the partial privatization that the national telecommunications system experienced in the early 1990s. Since the major state-owned telecommunications enterprise sought a foreign private capitalist partner, commodification was an expected consequence: capital, as value in motion with the purpose of expanding itself, initiates and finishes each cycle of transformations in the money-form, but needs to adopt the commodity-form to realize in the marketplace the surplus-value produced through the consumption of labour power and means of production in the productive stage (MARX, 1990, 1992). Even though this is a reasonable explanation from the viewpoint of private capital investors, the state socialist's story is coherent but more complex than this one.

With the collapse of the Soviet bloc between 1989 and 1991, Cuba underwent an economic crisis that determined the reconfiguration of its telecommunications system (NICHOLS, TORRES, 1998). The disappearance of socialism in the Soviet Union and in Eastern Europe, as well as of the Council for Mutual Economic Assistance (Comecon), resulted in the immediate loss of price subsidies and soft loans for Cuba that had amounted to US\$65 billion from the Soviet Union alone between 1960 and 1990 (MESA-LAGO, PEREZ-LOPEZ, 2013). This also resulted in the cessation of hundreds of Soviet investment projects, and the virtual end to all trade and economic aid from Eastern Europe (MESA-LAGO, PEREZ-LOPEZ, 2013). At the time of the collapse, trade accounted for approximately half of the island's gross national product, and Soviet allied countries for 85 percent of that trade (ECKSTEIN, 2007). Under the circumstances, Cuba's GDP shrunk 34.8 percent in the four years following 1990 (VIDAL, 2012; ECKSTEIN, 2007). During the period of crisis, the government sought to promote economic growth by reorienting investments to the most strategic sectors, while looking for new sources of money capital to finance imports and investments, as well as to service a foreign debt dating back to the Soviet era (CARRANZA, GUTIERREZ, MONREAL, 1996; ECKSTEIN, 2007). By the end of 1994, 185 foreign firms had signed joint-venture agreements with state-owned Cuban companies, and some 30 more agreements were signed during the first 8 months of 1995 (NICHOLS, TORRES, 1998).

Springing from this overarching context, it can be considered that partial privatizations of the telecom sector also took place as means for acquiring money capital. Between 1994 and 1995, the existing telecommunications system transi-




ted from a state monopoly to a mixed public-private ownership (Hoffman, 2004; NICHOLS, TORRES, 1998; RECIO, 2014). The national Cuban Telecommunications Enterprise (EMTELCUBA) was partially privatized through a US\$1.1 billion joint-venture agreement with a Mexican holding company, Grupo Doms. This company acquired a 49 percent interest in EMTELCUBA and was given a 55-year monopoly concession on Cuban domestic and long distance services. Doms paid Cuba US\$700 million and pledged a US\$400 million infusion for EMTELCUBA. The Cuban government also put US\$400 million into EMTELCUBA, thus the now partially privatized enterprise had US\$800 million to renovate the telecom system. Overall, Cuba netted US\$300 million, consisting of US\$100 million cash and US\$200 in Cuban debt to Mexico (NICHOLS, TORRES, 1998; HOFFMANN, 2004).

Although foreign investment had been flowing into Cuba for several years, selling a partial stake in EMTELCUBA was the first privatization of a state enterprise since the revolutionary triumph in 1959, and was the largest foreign investment of any type until then (NICHOLS, TORRES, 1998). The agreement was announced in Havana by Fidel Castro himself, and then-Mexican President Carlos Salinas de Gortari (NICHOLS, TORRES, 1998). This was a significant twist in the economic and social policies for this sector within the state socialist project, since the telecommunications system had been among the first ones fully nationalized and transformed by the Revolution (PERICAS, 2014; NICHOLS, TORRES 1998; RECIO, 2014). However, the shift towards privatization was presented by the Cuban authorities as the solution to the precarious infrastructure of the sector, and to the state's inability to finance the system's much needed repairs and modernizations (RECIO, 2014; NICHOLS, TORRES, 1998). By mid-1995, an estimated 30 percent of the country's access lines were inoperable, and less than 18 percent of domestic calls were actually completed (NICHOLS, TORRES, 1998).

However, when looking at the broader state socialist project, such difficulty to operate the telecommunications system under state financing can be seen as the result of the centralized planning and administration of the economy. In the midst of the economic crisis, some state-financed areas were prioritized over others in order to sustain the use-value goals that had characterized the Revolution in terms of the provision of health, education and employment. Even though the state budget was reduced significantly with a GDP contraction of 34.8 percent, nominal spending on health and education was not reduced (VIDAL, 2012). Also, while the revenues of virtually all enterprises fell dramatically, state subsidies to those experiencing losses were increased in order to avoid massive unemployment (VIDAL, 2012). In this context, the telecommunications system was not prioritized for state-financing. On the contrary, along with tourism (ECKSTEIN, 2007), it was among the spheres significantly privatized and commodified in order to gather money capital to fuel its own growth and other state-run sectors³. And the same situation happened with wireless communications, introduced in Cuba in this period, which started in the form of a mixed public-private venture. -In

3 The Cuban scholar Milena RECIO Silva (2014) considers that, even though there is no public data available on what ETECSA does with its revenue, it can be assumed that the company pays to the Cuban state a significant amount for the monopolistic concession on operating all the telecommunications and wireless connections in the island.



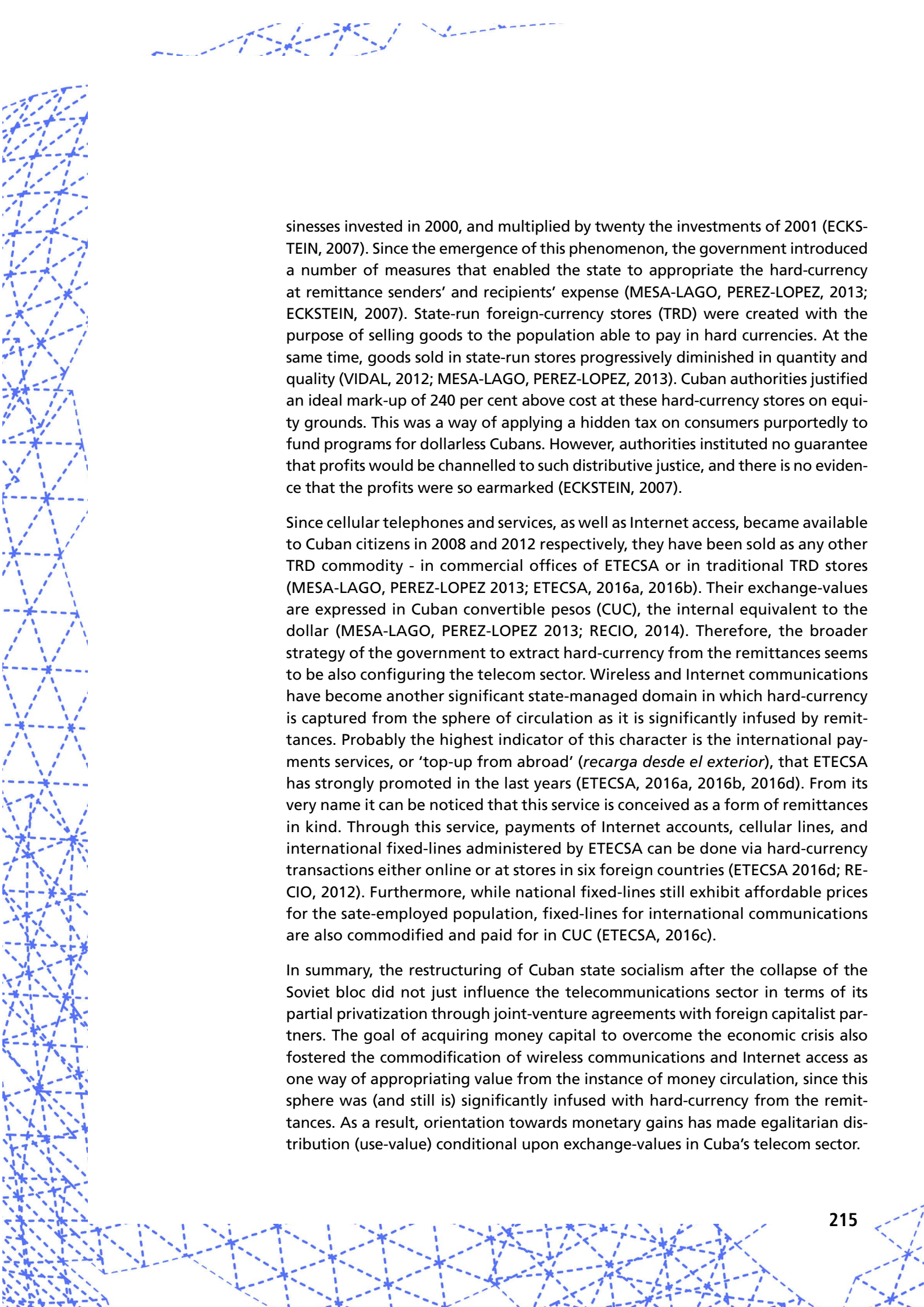
1992, Telecomunicaciones de Mexico SA (TIMSA) paid US\$8 million for a 50 per cent stake in the newly born Cellular Telephone Company of Cuba (CUBACEL) (NICHOLS, TORRES, 1998; RECIO, 2014).

The telecom joint-venture was formed as a *Sociedad Anonima* (stock company) named ETECSA, a new Spanish acronym for Cuban Telecommunications Enterprise S.A. Through the Decree 190 of the Executive Committee of the Council of Ministers signed in August 17th 1994, ETECSA was granted an administrative concession on all national and international telephone services, signals conduction, data transmission, telex and mobile communications. At present, ETECSA is still Cuba's full telecommunications service provider. The 1994's concession was renewed by Decree 275 of 2003 for 15 years, until 2018 (RECIO, 2014). In April 1995, Domos sold 25 percent of the ETECSA shares for US\$291.3 million to the Società Finanziaria Telefonica, a subsidiary of the Italian state-owned company STET (also known as Telecom Italia) (NICHOLS, TORRES, 1998; HOFFMANN, 2004). In the following months, Domos sold all of its remaining shares. By February 1997, STET owned 29.29 percent of ETECSA shares, the Cuban Communications Ministry 51 percent, and the rest was the hands of a consortium of Cuban parastatal financial entities (HOFFMANN, 2004; RECIO, 2014).

While the entrance of foreign private capital in the telecom sector could have influenced its further commodification, such explanation alone is weakened by the fact that the system became fully state-owned again in 2011. At the time, a state financial company, *Rafin*, bought the remaining 29.29 actions owned by Telecom Italia (RECIO, 2014; NICHOLS, TORRES 1998). Nevertheless, prices established by ETECSA for mobile and Internet services in contemporary Cuba (2016-2017) evidence processes of commodification, as argued previously in this paper. The fact that commodification has remained under state control reinforces the view that the generalization of the commodity-form in wireless and Internet communications cannot be plainly explained by the entrance of foreign private capital in the sector. It should be understood as part of a structural reconfiguration that has somehow contributed to the survival of the state socialist mode of production. This assumption is strengthened by another state-led strategy deployed to acquire money capital for the economy after 1990: the appropriation of value from the sphere of money circulation. This strategy emerged when the sphere of circulation started to be significantly infused by hard-currency entering the Cuban economy in the form of remittances, i.e. people-to-people cross-border income transfers (ECKSTEIN, 2007).

Commodification as a strategy for capturing hard-currency from the sphere of circulation


Remittances sent to Cubans from family or friends living overseas surged in early 1990 to the point of infusing more hard-currency into the island economy than any single island export. Remittances approximately doubled the amount foreign bu-



businesses invested in 2000, and multiplied by twenty the investments of 2001 (ECKSTEIN, 2007). Since the emergence of this phenomenon, the government introduced a number of measures that enabled the state to appropriate the hard-currency at remittance senders' and recipients' expense (MESA-LAGO, PEREZ-LOPEZ, 2013; ECKSTEIN, 2007). State-run foreign-currency stores (TRD) were created with the purpose of selling goods to the population able to pay in hard currencies. At the same time, goods sold in state-run stores progressively diminished in quantity and quality (VIDAL, 2012; MESA-LAGO, PEREZ-LOPEZ, 2013). Cuban authorities justified an ideal mark-up of 240 per cent above cost at these hard-currency stores on equity grounds. This was a way of applying a hidden tax on consumers purportedly to fund programs for dollarless Cubans. However, authorities instituted no guarantee that profits would be channelled to such distributive justice, and there is no evidence that the profits were so earmarked (ECKSTEIN, 2007).

Since cellular telephones and services, as well as Internet access, became available to Cuban citizens in 2008 and 2012 respectively, they have been sold as any other TRD commodity - in commercial offices of ETECSA or in traditional TRD stores (MESA-LAGO, PEREZ-LOPEZ 2013; ETECSA, 2016a, 2016b). Their exchange-values are expressed in Cuban convertible pesos (CUC), the internal equivalent to the dollar (MESA-LAGO, PEREZ-LOPEZ 2013; RECIO, 2014). Therefore, the broader strategy of the government to extract hard-currency from the remittances seems to be also configuring the telecom sector. Wireless and Internet communications have become another significant state-managed domain in which hard-currency is captured from the sphere of circulation as it is significantly infused by remittances. Probably the highest indicator of this character is the international payments services, or 'top-up from abroad' (*recarga desde el exterior*), that ETECSA has strongly promoted in the last years (ETECSA, 2016a, 2016b, 2016d). From its very name it can be noticed that this service is conceived as a form of remittances in kind. Through this service, payments of Internet accounts, cellular lines, and international fixed-lines administered by ETECSA can be done via hard-currency transactions either online or at stores in six foreign countries (ETECSA 2016d; RECIO, 2012). Furthermore, while national fixed-lines still exhibit affordable prices for the state-employed population, fixed-lines for international communications are also commodified and paid for in CUC (ETECSA, 2016c).

In summary, the restructuring of Cuban state socialism after the collapse of the Soviet bloc did not just influence the telecommunications sector in terms of its partial privatization through joint-venture agreements with foreign capitalist partners. The goal of acquiring money capital to overcome the economic crisis also fostered the commodification of wireless communications and Internet access as one way of appropriating value from the instance of money circulation, since this sphere was (and still is) significantly infused with hard-currency from the remittances. As a result, orientation towards monetary gains has made egalitarian distribution (use-value) conditional upon exchange-values in Cuba's telecom sector.



4 The capitalist mode of production is based on a specific set of social relations of production in which value, as socially necessary labour-time, and surplus-value, or unpaid labour-time, should be produced in an ever-expanding scale, implying the need for accumulation and growth. MARX analytically divides the process of capital in production and circulation (volume I and volumes II of *Capital*, respectively). Capital circulation refers to the moments in which money, commodities and even labour-power, as the functional forms assumed by capital, are being transformed as part of the valorization process that constitutes capital. However, surplus-value, or unpaid labour-time, which is the basis of the expansion of capital, is not created in the transformations that occur during circulation (MARX, 1990, 1992; HARVEY, 2010, 2013). Furthermore, in the circulation of capital, other economic activities become integrated into the circuits of capital to appropriate part of the circulating surplus-values, such as merchant (commercial and financial) and rent capitalists. MARX is very emphatic in that these economic activities do not create surplus-value; they only appropriate from the circulating surplus-value (MARX, 1990, 1992; HARVEY, 2010, 2013).

5 Changes in the socialist legislation accompanied the process of attracting new sources of money capital. A Constitutional Reform in July 1992 redefined the rule of socialist ownership and confined it to the *fundamental* means of production. In 1995, a more flexible foreign investment law was enacted, allowing for 100 percent of foreign participation and extending the arena for foreign investment to all sectors of the economy except public health, education and areas connected with national defence. However, the government held the right of case-by-case approval of every endeavor (CARRANZA, GUTIERREZ, MONREAL, 1996; ECKSTEIN 2007; MESA-LAGO, PEREZ-LOPEZ, 2013).

The underlying situation: Cuba's transformations in a neoliberal era

The commodification of the Cuban telecom and wireless system can be also understood as part of a wider restructuring of the state socialist regime around merchant and renting forms of value appropriation⁴ in the hands of the state that started after the collapse of the Soviet camp. Since 1990, the large decrease in the state socialist production initiated a process of decapitalization in the Cuban economy as a result of the forced paralysis of substantial parts of the national industry (CARRANZA, GUTIERREZ, MONREAL, 1996). To solve this crisis in accumulation, the government attempted to change some conditions in production. As mentioned before, national investments were reoriented to the most strategic sectors, while new sources of money capital tried to be attracted⁵ (CARRANZA, GUTIERREZ, MONREAL, 1996; ECKSTEIN, 2007). Nevertheless, the transformations of Cuban state socialism in this regard did not lead to its complete integration into the capitalist world market –at least not through ‘traditional’ articulations based on significant access to credit lines and foreign investments. In a post-Cold War move to suffocate the socialist regime, the U.S. government strengthened its economic blockade against the island. Established since early 1960s, the blockade limits Cuba’s ability to engage in trade and financial activities in the world market (CARRANZA, GUTIERREZ, MONREAL, 1996; ECKSTEIN, 2007). Moreover, because Cuba had stopped paying its Western debt in 1986, Western banks cut Cuba off from new credit lines, so the country only accessed short-term, high interest-bearing hard currency loans, and credit mainly to finance imports (ECKSTEIN, 2007). Meanwhile, the Cuban government guided the ‘openness’ to foreign investments so it still accounted for significant levels of state control, considering that the growth in this sector beyond certain limits could become a major obstacle to the control of the country’s basic resources and a threat to the social achievements of the Revolution (CARRANZA, GUTIERREZ, MONREAL, 1996).

While obstacles against solving the crisis by changing some conditions in production were manifesting, the government advanced several transformations in the sphere of circulation. These were mostly directed to capture value for the state-led economy (when value is in the money form). Hard currency was entering the country in the form of remittances through formal or informal channels, and also in the hands of a growing number of foreign tourists⁶. As mentioned in a previous section of this paper, an opportunity for increasing the state’s foreign exchange availability was found in the creation of hard-currency stores (TRD) and currency exchange agencies (CADECA) all over the island (ECKSTEIN 2007; CARRANZA, GUTIERREZ, MONREAL, 1996). Financial mechanisms became strongly relevant in the context of the dollarization (1993) and de-dollarization of the economy (2003-2004), the establishment of the Cuban convertible peso (CUC) as the internal equivalent to the dollar, and the application of a 10 percent tax for every U.S. dollar exchanged (PEARSON, 1996; VIDAL, 2012; ECKSTEIN, 2007). Overall, within the still highly centralized and state-planned economy, these forms of commercial and financial mechanisms started functioning as means of appro-



6 As a reinvigorated economic activity, tourism was the state-managed sector that maintained the most stable growth levels from 1990 to 1995, although with the highest degrees of involvement of foreign capital. Up to October 1994, 16,4 percent of all existing agreements with foreign partners were located in this area (CARRANZA, GUTIERREZ, MONREAL, 1996).

7 This shows that the appropriation of value in the sphere of money circulation usually results more convenient in order to transform it into money capital. If value is appropriated when it is congealed in the commodity-form, then it is necessary to engage in market exchange to transform it into money capital.

8 To a great extent, this adds to the debates on actually-existing socialism and its adoption of the forms of value production and circulation of the capitalist mode of production (JAMES, 1989; GREEN, 1996). Because of Cuba's need for engaging in global market exchange to satisfy social needs, it has not be exempted from what Harvey calls "the disciplinary effects that flow from commodity exchange across the world market" (2010, 81). It has been argued that historical experiences of state socialism did not transform the essential feature of capital, meaning the class relation between capital and labour in production to facilitate the systemic extraction of surplus-value, or unpaid labour time, to generate accumulation (JAMES, 1989; GREEN, 1996). These regimes transformed property relations, disinheriting the traditional capitalist class, and fusing capital with the state (JAMES, 1989; GREEN, 1996). Therefore, through the generalization of state ownership over the means of production, more egalitarian forms of distribution were attempted after the completion of each cycle of accumulation. Under capital's scheme for accumulation, labour, commodities and money are articulated so as to support a valorization process based on the subsumption of labour power in production (HARVEY, 2010, 2013).

priation of value from the sphere of money circulation⁷. It is interesting to note how the particular and contradictory insertion of the Cuban economy into the world market after the 1990s followed some patterns of the crisis in accumulation that fostered other forms of capitalist reproduction after 1970s, such as financial capitalism (MC NALLY, 2011; HARVEY, 2014)⁸. While somehow reflecting an adaptation to neoliberalism and to the transformations occurring in capital circulation after the 1970s, the uniqueness of the Cuban case lies on its weak integration into global financial capital (ECKSTEIN, 2007), while still deploying its own forms of financial and merchant mechanisms at the domestic level. To a great extent, this adds to the debates on actually-existing socialism and its adoption of the forms of value production and circulation of the capitalist mode of production (JAMES, 1989; GREEN, 1996). Because of Cuba's need for engaging in global market exchange to satisfy social needs, it has not be exempted from what Harvey calls "the disciplinary effects that flow from commodity exchange across the world market" (2010, 81). It has been argued that historical experiences of state socialism did not transform the essential feature of capital, meaning the class relation between capital and labour in production to facilitate the systemic extraction of surplus-value, or unpaid labour time, to generate accumulation (JAMES, 1989; GREEN, 1996). Nevertheless, it is still an essential difference that state socialist systems transformed property relations by disinheriting the traditional capitalist class structured around private property rights (GREEN, 1996; JAMES, 1989). The application of state ownership to the means of production avoids private accumulation and facilitates the achievement of more egalitarian forms of distribution via the state after the completion of each cycle of accumulation.

Conclusive notes

The restructuring of actually-existing socialism in Cuba after the collapse of the Soviet bloc was not guided by the pursuit of a traditional insertion into the capitalist world economy based on external credits and direct foreign investments. However, several instances within the state socialist regime were created and/or transformed so as to appropriate value from the sphere of circulation. Within the wider restructuring, the telecom and wireless system became a key sector to reinvigorate the national economy. Partial privatizations functioned as a form of primitive accumulation, granting money capital for this and other sectors of the state-managed realm. Meanwhile, until today, its commodification acts as a means for capturing value from the sphere of money circulation. While this is the often unnoticed deep structure behind the commodification of the state-run telecom sector in contemporary Cuba, this paper started by uncovering its most visible consequence: that the exchange-values of wireless communications and Internet access make of this a mechanism through which the income available to labour is diminished, and value is recaptured away from the population in Cuban society.



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