

## **CUBA, PUERTO RICO Y COSTA RICA: DESARROLLO SOCIO-ECONÓMICO COMPARATIVO 1960-90**

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### **RESUMEN**

Las islas de Cuba y Puerto Rico son muy parecidas en muchos aspectos, p.ej., situación geográfica, rasgos del ambiente físico, historia colonial, y composición étnica. Aunque las dos son relativamente pequeñas en extensión, hay diferencias significantes en superficie y población, topografía, y recursos minerales. Ambos países han pasado por transformaciones notables desde la década del 1950 y fueron sostenidas por una de las dos superpotencias. Sin embargo, ambas han seguido diferentes vías hacia el desarrollo, el mejoramiento de condiciones socioeconómicas, y libertad política. Costa Rica tiene características distintas y fue independiente casi un siglo antes de Cuba. El país es también pequeño pero parte del continente en la América Central y la población en tamaño comparable a Puerto Rico pero con mezcla de indios en vez de negros como en Cuba y Puerto Rico. En contraste, mucha de la población de Costa Rica reside en los bolsones de la sierra y la influencia extranjera ha sido menor. Su desarrollo, económico y político, también ha sido distinto a las islas. Los tres países de este estudio generalmente son considerados entre los mas avanzados en la América Latina. Los tres se estudian y se comparan en el nivel de desarrollo desde 1960 hasta el presente utilizando varios índices de desarrollo.

**Palabras clave:** Desarrollo económico, subdesarrollo, mesoamérica.

Cuba and Puerto Rico have a considerable number of characteristics in common: insular location in the Antilles, the general physical landscape, although Cuba is favored by considerably more level or gently rolling terrain, and historical background. Both emerged from Spanish colonial control in 1898 and Cuba attained formal independence within a few years (1899-1902) while Puerto Rico has remained a territory within the US system and attained internal autonomy as a «commonwealth» or associated free state in 1952. Their populations are ethnically quite similar and their economies, that evolved out of the Spanish colonial period and until the early post-World War II period, were also quite comparable, based essentially on sugar. There are also some differences with regard to areal size and mineral resources, notably that Cuba is considerably larger and does

possess some mineral wealth (especially ferroalloys) in contrast to Puerto Rico. Furthermore, both countries have been under the very strong influence of one of the two competing superpowers and were the largest recipients of external aid in the hemisphere. Puerto Rico remains so.

Costa Rica has somewhat different characteristics and attained independence three-quarters of a century before Cuba and Puerto Rico became free of Spanish control. The country is also small but is part of the Central American mainland and its relatively small population also has a large European component but the majority there is mestizo rather than Negroid as on the islands of Cuba and Puerto Rico. At least three-quarters of the population of Costa Rica resides in the tropical highland zones while highland populations are minimal in the Antilles. The economy that evolved in Costa Rica was not dominated by sugar, as in Cuba and Puerto Rico, but centered around coffee and bananas. As in Cuba and Puerto Rico, American economic interests were important in the economy, although in Costa Rica they were more confined to the banana industry. External powers have virtually never intervened in Costa Rica and the country has been a functioning democracy for a century.

All three countries included in this study are generally considered among the most advanced in Latin America and have followed different paths toward development. In the period 1960-90, essentially the span of the Cuban Revolution, Cuba has followed a pattern of state control and ownership of the means of production and distribution, while Puerto Rico, especially, and Costa Rica have relied to a greater degree on private enterprise, including foreign investment. At the time of World War II the economy of these countries were dominated by monocultural agriculture controlled essentially by large plantations, frequently US-owned.

There was also a pattern of minifundia and widespread rural poverty, limited and poor social services, and prevailing low incomes. Nevertheless, these countries were considered among the better off countries of the region, especially Cuba and Puerto Rico. All three have undergone profound transformations over the last several decades.

## **GENERAL LATIN AMERICAN DEVELOPMENT (1960-90)**

The decade of the 1970s in Latin America, as with the 3rd World in general, stands in marked contrast to the preceding decade as well as to that which followed. The 1960s was a hopeful period of rising expectations. That decade represented part of the longest sustained general worldwide economic boom and overall Latin America enjoyed relatively rapid economic growth. Furthermore, there were significant improvements in incomes (despite its very uneven distribution), diet, health, and education. President Kennedy initiated the Alliance for Progress program in order to significantly improve the levels of living within Latin America and the Peace Corps was also founded. A major stimulant for these measures occurred in 1959 when Fidel Castro overthrew the dictatorship of Fulgencio Batista and the radical left also was given hope that drastic transformations of Latin American society could be achieved by revolutionary means. There was a pattern of governments reverting to democratic elections and civilian rule, but an even greater reaction of the imposition of authoritarian rule by military coup.

The 1960s was a traumatic decade for Cuba as it was undergoing transformation from a traditional underdeveloped economy and society into a communist system. Both Puerto Rico (especially) and Costa Rica had very significant economic growth during the decade.

During the 1970s, a period of disillusionment set in among 3rd World countries as the economic boom began to falter. The oil price shock of 1973 followed by inflation and worldwide economic retrenchment and recession caused severe strains within Latin America. The pronounced recession of 1974-75 in the industrial world followed by protectionist sentiments in the industrialized countries further threatened the economic well-being and stability of Latin America and the remainder of the 3rd World. There was a significant recovery toward the end of the 1970s but this was brusquely halted by the oil price increase of 1979 and the following period of even more severe inflation, high interest rates, world economic recession, and the debt crisis.

After 1970 Cuba had settled into a planned economic system and material conditions improved. During this decade, in contrast to the preceding one, Cuba's level of socio-economic development improved faster than the Latin American average, according to the index used in this study. Both Puerto Rico and Costa Rica continued overall economic growth during the decade but at a reduced pace from the 1960s and both were probably exceeded by Cuba.

During the 1970s the number of governments that imposed authoritarian rule was about comparable to those that reverted to democratic elections and civilian rule. Overall, there was relatively little difference in the degree of freedom from the early 1970s to the end of the decade.<sup>1</sup> Despite the more unstable economic times of the 1970s, economic growth overall in Latin America was virtually identical to that of the 1960s.<sup>2</sup> But because population growth was slower in the 1970s, due to declining fertility (family planning programs), the improvement in terms of Gross Domestic (or National) Product (GDP/ GNP) per capita was even greater in the 1970s than in the preceding decade. Nevertheless, the Alliance for Progress, as well as national development programs, generally were not considered successful because of the perception that (1) countries were not able to expand economic production fast enough in terms of population growth to match rising expectations, (2) much of the overall improvements did not filter downward sufficiently to affect large sectors of the poor masses in most countries, and (3) the increasing impatience of many to close the widening gap with the ever-improving industrial world.

The annual average of national growth of GDP per capita (based on constant dollars) increased by 2.82% during the 1960-70 decade. All countries increased their real per capita incomes, except Haiti, despite a 2.69% annual population growth rate.<sup>3</sup> In the 1970-80 decade per capita GDP increased by 3.55% annually overall, but there were decreases in Jamaica and Nicaragua (the Sandinista revolution and civil war against Somoza). Population grew by 2.46% during the decade of the 1970s. Cuba's Gross Social Product (GSP) improved from an annual per capita increase of approximately 0.85% in the 1960s

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1 Based on evaluations in *Freedom at Issue* (various annual surveys), (New York) Freedom House.

2 Based on data from *International Financial Statistics 1987*, International Monetary Fund, pp. 160-161.

3 Based on data from *Economic and Social Progress of Latin America: 1987 Report*, Inter-American Development Bank, and *Demographic Yearbook 1986*, United Nations.

to 4.45% in the 1970s.<sup>4</sup> Cuba's population growth rate also decreased from 2.02% annually in the 1960s to 1.28% in the 1970s, thereby contributing slightly to improved per capita output.<sup>5</sup>

During the 1960s the economy of Puerto Rico expanded annually by 5.8% per capita and Costa Rica by 3.2%.<sup>6</sup> During the 1970s the economy of Puerto Rico did not change on a per capita basis and that of Costa Rica's increased annually by 2.6% per capita. Population in Puerto Rico in the 1960s increased by 1.42% annually (slower than Cuba's) and then in the 1970s by 1.64% per year. Puerto Rico's population growth is much more subject to migration fluctuations than the others. Costa Rica's population growth, always above the Latin American average in contrast to both Cuba and Puerto Rico, was 2.69% in the 1960s and 2.46% in the 1970s. Therefore, its economy has had to compensate more than the others for the factor of population growth in order to improve living conditions.

The second oil price increase shock closed the decade of the 1970s and ushered in the period of inflation, high interest rates, the severest economic recession since World War II, and the debt crisis that marked the 1980s. Many countries of the region and the 3rd World in general, sustained serious economic losses during much of the decade. In terms of economic growth, Cuba seemed to have fared better than most (until 1989) while Puerto Rico and Costa Rica were able to prevent an overall decline in per capita income. However, economic conditions generally improved in the later half of the decade. Despite the severe economic hardships over much of the region, the overwhelming political trend was toward a return to civilian and democratic governments. In the 1980s more than a dozen changes to democratic elections and civilian rule occurred while there were only five relapses into authoritarian rule (Suriname and Bolivia in 1980, Panama in 1982 and 1985, and Haiti in 1988).

During the 1990s (through 1993), there were six changes toward democratic/civilian rule in Latin America (Chile and Nicaragua in 1990, Haiti and Suriname in 1991, and Guatemala and Peru in 1993), but also four changes to more authoritarian rule (Suriname in 1990, Haiti in 1991, Peru in 1992, and Guatemala in 1993). However, the difficult economic situation that continued in the 1990s, presents a hazard to the democratically installed governments that are besieged by a host of problems.

Population *rates* of growth have been declining overall since the 1950s or 1960s although the annual numerical increase continues to expand into the 1990s. During the 1960s less than seven million persons were added annually to Latin America's population.

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4 Mesa-Lago, C. «Cuba's Centrally Planned Economy: An Equity Tradeoff for Growth» in Horowitz, I. L. (ed.), *Cuban Communism*, 6th ed. (1987), Chapt. 9, p. 164. In the communist bloc countries the conventional terms for the aggregate national product is generally the gross (or net) material (or social) product. Although these are not precisely comparable to GNP or GDP they do approximate each other and in this study they are used interchangeably.

5 Population data are generally based on various editions of the Population Reference Bureau *World Data Sheet*, the *Demographic Yearbook* of the United Nations, the *Britannica Book of the Year*, and the Food & Agriculture Organization *Production Yearbook*.

6 Economic growth figures for Puerto Rico and Costa Rica are generally based on various editions of the publications of the World Bank (*World Development Report* and *World Bank Atlas*) and the *Britannica Book of the Year*.

By the 1970s the annual increase was more than seven and a half million and it is currently at more than eight million. Although a slight increase in the population growth rate occurred in Cuba with the Revolution it has been declining since about the mid-1960s. The net annual increase of Cuba's population has now declined to less than 100 thousand. Puerto Rico's annual growth of population apparently continues to fluctuate and during the early 1990s thirty thousand people were being added annually. Costa Rica's rate of population growth has been declining, like Latin America's, since the 1950s and is slightly above the Latin American average. The number added annually to that country's population during the 1980s and early 1990s has been seventy to eighty thousand.

Income redistribution appears to be a cardinal principle of Marxist regimes upon attaining power. This has occurred dramatically in Cuba. In 1953 the top 10% strata in income accounted for 38.8% of total national income while the poorest 20% received only 2.1%.<sup>7</sup> Cuba then was typical of most Latin American countries and little different from Costa Rica even in 1971 when the top 10% received 39.5% (34.1% in 1989) of total income while the bottom 20% accounted for only 3.3% (4.0% in 1989) of national income. Income redistribution was drastic immediately after the revolution and into the 1970s. By 1986 the top 10% strata in Cuba accounted for 20.1% of income while the bottom 20% had 11.3% of national income. Latin America, along with Sub-Saharan Africa, has the most uneven distribution of income on earth. The average of the 13 Latin American countries for which the World Bank provides data, indicates that the top 10% would average 42% of total income while the bottom 20% would account for only 3% of income. Both Costa Rica and Puerto Rico appear to be among the more even in terms of income distribution among the countries of Latin America, with more evenly distributed incomes than the extremes in Brasil, Chile, or Honduras (among the world leaders in unevenness of income) but fairly comparable to Venezuela and Argentina. Since the 1960s, almost assuredly, the most even distribution of income in Latin America has occurred in Cuba.

## COMPARISON OF CHANGES IN THE LEVEL OF DEVELOPMENT

The level of development of the countries of Latin America can be compared for the period from 1960 to 1990/92 by The SocioEconomic Development Index (SEDI) (devised by the author). (Table 1)<sup>8</sup>.

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7 Income distribution data for Cuba based on Zimbalist, A. & Brundenius, C.: *The Cuban Economy: Measurement & Analysis of Socialist Performance* (1989), data for Latin America (13 countries) and other regions based on *World Development Report* (1993 and earlier editions) and data for Puerto Rico based on *Statistical Abstract of the U.S.* (1992 and earlier editions).

8 González, A. in Norwine, J. & Gonzalez, A. (eds.): *The Third World: States of Mind and Being* (1988). The Socio-Economic Development Index (SEDI) contains four major components (income, diet, health, and education), all except income (i.e., GNP/capita), comprising two measures each. The measures of diet are kilocalories and protein consumption daily per capita; health is measured by infant mortality and life expectancy at birth; and education consists of literacy and the proportion of the population in higher (third-level) education. The world leader among major countries in each of the measures for each of the four components obtains a level of 100 and individual countries are given a score based on the percentage their performance in each measure compares with that of the world leader.

Table 1  
SOCIO-ECONOMIC DEVELOPMENT INDEX

	1960	1970	1980	1987	1990	1992
CUBA	51.4	54.2	58.9	61.8	57.5	57.0
PUERTO RICO	58.7	65.6	65.0	69.1	63.8	63.4
COSTA RICA	44.4	50.7	56.8	58.2	55.2	55.5
Mexico	42.2	48.7	52.6	52.7	52.4	52.9
Guatemala	31.0	34.5	37.1	39.1	37.5	37.8
Salvador	35.9	38.7	40.2	41.9	41.9	41.6
Honduras	29.6	32.2	34.8	37.8	39.1	39.3
Nicaragua	33.8	39.2	37.5	43.0	44.2	43.0
Panama	46.7	50.0	53.1	56.1	51.9	52.3
Belize	42.6	46.6	52.7	49.5	49.5	50.9
Dominican Rep	34.6	35.3	40.5	41.9	41.3	43.1
Haiti	24.6	23.6	25.0	26.3	28.2	27.4
Jamaica	48.9	54.6	53.2	51.9	52.0	51.7
Trinidad/Tob	53.6	54.2	61.0	57.7	53.1	54.8
Bahamas	54.9	52.3	58.5	62.6	62.5	62.5
Guyana	46.4	48.0	47.7	46.1	45.4	44.9
Suriname	47.3	47.1	50.8	50.5	48.7	49.7
Venezuela	43.9	52.2	57.1	55.6	52.5	54.2
Colombia	36.5	39.7	45.0	46.8	46.6	47.2
Ecuador	35.1	39.9	45.8	46.7	44.0	44.3
Peru	37.1	40.2	40.9	46.1	44.8	43.3
Bolivia	28.6	30.3	34.2	34.9	36.9	37.5
Paraguay	42.4	44.2	50.1	49.5	49.8	47.8
Chile	45.8	50.7	54.6	55.5	54.9	55.9
Argentina	65.0	62.9	61.7	65.7	63.4	66.3
Uruguay	61.1	60.0	58.2	63.4	59.5	60.0
Brasil	37.2	40.3	45.5	45.4	45.2	44.4
LATIN AMERICA	42.9	45.8	48.8	57.2	49.5	48.5
Spain	53.7	59.1	66.6	71.9	72.6	73.9
Canada	80.0	86.2	82.4	87.8	86.8	87.0
U S A	95.6	97.3	89.2	94.0	86.5	86.8

*1960-70.* During the decade of the 1960s there was a modest improvement in Cuba's level of development, about comparable to the average of the countries of Latin America. There was a relative decline in the GNP/capita so that Cuba's rank among Latin American countries fell from 8th in 1960 to 13th in 1970 (total of 27 Latin American countries included in the study). However, there was improvement in diet so that Cuba increased from 12th to 7th among Latin American countries. In the two measures of health, infant mortality and life expectancy birth, Cuba has consistently improved and has remained in first or second place from 1960 until the present. Usually Puerto Rico has been the other country vying with Cuba for the best health record in the region.

Cuba had a significant improvement in both literacy and higher education but the improvements in most Latin American countries was so dramatic that Cuba actually declined from 8th place to 12th in the region during the decade. So that in overall socio-economic development in the decade, Cuba improved from 6th in the region to 5th.

Puerto Rico in 1960 was second (after the Bahamas) in Latin America in GNP/capita and continued there in 1970. There are no comparable data for Puerto Rico for diet but it would seem that it would rank very near the top in the region. In the health measures, Puerto Rico improved from 5th to first and has generally remained at or near the top along with Cuba. In education, Puerto Rico has throughout the period of this study remained the regional leader. Overall, Puerto Rico like Costa Rica improved significantly during the 1960s. Puerto Rico went from third to first in overall development (according to the SEDI) from 1960 to 1970 while Costa Rica improved from 12th to 9th. During the decade Costa Rica improved marginally (13th to 12th) in GNP/capita, with somewhat greater improvement in rank in diet (from 15th to 13th), health (from 11th to 9th), and education (from 5th to 3rd).

*1970-80.* During the 1970s when generally the material conditions of life improved in Cuba, the level of socio-economic development showed a marked improvement. Overall Latin America also continued to improve but during this decade regional improvement was below that attained in Cuba. Cuba improved in GNP/capita only slightly and by 1980 was 11th in the region. Diet and health both continued to improve but it was in education that the most dramatic improvement by Cuba occurred. By 1980 it was about first in literacy and in higher education it had an impressive increase from 19th to 9th. Overall, Cuba by the end of the decade ranked 6th in the region by the measures of education. In the 1970s Puerto Rico remained overall little changed since it was by then the leader in most of the measures being utilized in this study. However, it was not closing the gap with the industrial world.-During the decade it did decline to fourth place in GNP/capita due to petroleum price increases and the dramatic increases in Trinidad/Tobago and Venezuela.

During the decade Costa Rica continued its impressive performance, despite a relative decline in GNP/capita from 12th to 14th. In diet it improved to 10th (from 13th) and in health to 5th (from 9th). It remained third in education and improved from 9th to 8th overall in the region.

*1980-90/92.* The severe economic difficulties of this decade has most profoundly affected Latin America overall, based on the measures in the index used in this study and in economic growth. For the region as a whole GNP/capita actually declined somewhat in terms of real growth. Apparently this was not the case with Cuba where economic growth

was quite good until 1989 and disastrous since then. The net result is that Cuba climbed to fourth place in Latin America in GNP/capita (or its near equivalent in centrally planned economies) by 1987 but down to about 10th by 1990. In the other components of socio-economic development, diet, health, and education, Cuba continued to improve in absolute terms, until perhaps very recently and to generally maintain its high ranking among Latin American countries. Puerto Rico remained as the regional leader generally and Costa Rica continued to improve in absolute terms and maintain a high ranking. In 1990/92 Puerto Rico would rank first or second (with Argentina), Cuba is fifth (also behind Bahamas and Uruguay), with Costa Rica 6th or 7th (with Chile).

### COMPARATIVE DEVELOPMENT UTILIZING OTHER INDEXES

There are a number of other indexes that can be used to compare the level of development in Cuba with that of other Latin American countries (Table 2; see footnote). Probably the two most popular measures were the gross national (or domestic) product (GNP or GDP) and the Physical Quality of Life Index (PQLI).<sup>9</sup>

The GNP per capita continues to be the most common method used to classify countries on a socioeconomic basis. As indicated it was included as one of the major four components in the SEDI (above). This measure has been utilized and popularized notably by the World Bank. The PQLI was devised by Morris David Morris and the Overseas Development Council to measure the level of living on a scale of 0 to 100 and consists of a composite of three components (infant mortality, life expectancy at age 1, and literacy).

Another measure is the Index of Social Progress (ISP) developed by Richard J. Estes.<sup>10</sup> The ISP consists of 11 subindexes containing a total of 44 social, economic, physical, and political components. The 11 subindexes include education, health, women, defense, economic, demographic, geographic, political stability, political participation, cultural diversity, and welfare effort components. This index, therefore, is considerably more complex than the above two measures.

In order to ascertain the level of socioeconomic development, or the level of living, this author felt the need to devise a comparative index.<sup>11</sup> This Socio-Economic Development Index (SEDI) is used in this study. However, two interesting indexes appeared later in the 1980s (these are also included in the Table 2). The (International) Human Suffering Index (HSI) was devised in 1987 by the Population Crisis Committee.<sup>12</sup> There are 10 components in this index: GNP/capita, rate of inflation, growth of the labor force and of the urban population, infant mortality, food calories, drinking water, energy consumption/capita, literacy, and freedom. In contrast to the five other indexes included in Table 2, the lower

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9 *World Bank Atlas*. Washington: World Bank. 1994 and earlier editions. *World Development Report*. Washington: World Bank. 1993 and earlier editions. Morris, M. D. *Measuring the Condition of the World's Poor*. Washington: Overseas Development Council. Pergamon Press: 1979. Belize is not included in this index (PQLI).

10 Estes, R. J. *The Social Progress of Nations*. New York: Praeger Publishers. 1984. Puerto Rico, Guyana, and Suriname are not included in this index (ISP).

11 González, A. «A Measure of the Level of Living or the Quality of Life». Unpublished paper. Association of American Geographers, San Antonio, Texas. 1982.



Table 2

	(\$) GNP/cap	PQLI	ISP	SEDI	HSI	QOL
CUBA	1476	84	141	58	31	26
PUERTO RICO	3220	90		65		
COSTA RICA	1390	85	152	57	40	43
Mexico	1980	73	121	52	47	29
Guatemala	1080	54	72	38	64	22
Salvador	670	64	109	40	65	21
Honduras	560	51	80	35	62	25
Nicaragua	760	54	87	37	67	18
Panama	1730	80	122	53	47	28
Belize	980			52		39
Dominican Rep	1190	64	118	40	53	37
Haiti	280	36	77	24	74	18
Jamaica	1090	84	132	52	40	32
Trinidad/Tobago	5010	85	126	60	21	37
Guyana	690	85		46	42	20
Suriname	2770	83		51		22
Venezuela	3910	79	137	57	44	37
Colombia	1260	71	130	45	44	27
Ecuador	1100	68	105	45	54	31
Peru	1080	62	76	41	61	27
Bolivia	570	43	92	34	66	26
Paraguay	1410	75	125	50	53	27
Chile	2290	77	90	54	46	27
Argentina	2590	85	124	61	38	39
Uruguay	2620	87	140	58	37	35
Brasil	2160	68	137	45	50	34
<b>LATIN AMERICA</b>	1687	71	113	48	50	29
Spain	5230	91	129	67	25	50
Canada	10180	95	170	83	9	64
U S A	11590	94	116	91	8	68

GNP/cap 1980: World Bank Atlas 1983.

PQLI: Physical Quality of Life Index. Morris, MD: Measuring the Condition of Social Progress. Estes, RJ: The Social Progress of Nations. SEDI: Socio-Economic Development Index. González, A: A Measure of the Level of Human Suffering. Population Crisis Committee. | QOL: Quality of Life. International Living. 1987.

the score in the HSI the greater the degree of development or the higher the level of living, i.e., the lower the human suffering.

Another measure is the Quality of Life Index (QOL) devised by *International Living* apparently in 1983, although the 1987 edition is used in Table 2.<sup>13</sup> There are seven subindexes, each containing a number of components. The subindexes include recreation and environment, culture (including subjective qualitative perceptions), services and infrastructure, health, freedom, economic stability, and the cost of living.

Utilizing the above six indexes in Table 2 one can compare the relative status of the degree of development in the early 1980s in Cuba, Costa Rica, and, to a lesser degree, Puerto Rico, with the other countries of Latin America as well as to Spain, Canada, and the USA. In the ISP and HSI Cuba ranks second or third in Latin America and fourth (in 1980) in the SEDI (Table 3). In the PQLI Cuba ranks about 7th or 8th and 11th in the GNP/cap. However, in the QOL Cuba ranks a distant 17th or 18th. Costa Rica is ranked first in Latin America by the ISP and the QOL and third in the PQLI. In the HSI and SEDI it is ranked sixth, but by GNP/cap (in 1980) it would have ranked 13th. Puerto Rico is classified only in the PQLI and SEDI (first in both) and third in GNP/capita.

Therefore, with regard to Cuba there is some controversy as to where it would have ranked among the countries of Latin America. There are also other countries, viz., Guyana, Suriname, Chile, and Brasil, that vary considerably in their ranking according to these indexes. The measures that are utilized, of course, will determine the level at which the country will be placed.

Table 2, therefore, provides some comparative measures of development in the early 1980s. However, most of the above indexes are now rarely used, in part, because most are not revised annually. In 1990 the UN Development Programme devised a new index, the Human Development Index (HDI) that comprises life expectancy at birth, adult literacy, mean years of schooling, and GNP per capita based on real purchasing power.<sup>14</sup> This index has been revised and updated annually since 1990 and is included in Table 4, where it is compared with GNP per capita and the SEDI for the early 1990s. Cuba ranks highest (5th in Latin America) in the SEDI and lower in the other two measures, as low as about 16th in GNP/capita. Costa Rica ranks highest (5th) in the HDI and as low as 13th in GNP per capita. Obviously both countries have placed greater emphasis on education and health than on income generation. Puerto Rico is not included in the HDI and ranks 2nd in Latin America in both GNP/capita (after Bahamas) and the SEDI (after Argentina).

## SOME FACTORS INFLUENCING SOCIO-ECONOMIC DEVELOPMENT

Cuba obviously has placed a great deal of emphasis on the expansion of social services since the Revolution. There has been a general increase, on a per capita basis, in expenditures

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12 *The International Human Suffering Index*. Washington: Population Crisis Committee. 1987. Puerto Rico and Suriname are not included in this index.

13 «International Living's 1987 Quality of Life Report.» *International Living* January 1987. Puerto Rico is not included in this index.

14 *Human Development Report* 1990 (1st issue) to 1993. United Nations Development Programme. New York: Oxford University Press: 1990-1993.

Table 3  
MODIFIED RANKINGS (accounting for missing entries)

	GNP	PQLI	ISP	SEDI	HSI	QOL	AVERAGE
CUBA	11	7.3	2.4	4	2.3	17.7	7.4
PUERTO RICO	3	1.0		1			1.7
COSTA RICA	13	3.1	1.2	6	5.7	1.0	5.0
Mexico	9	14.6	14.2	10	12.4	11.4	11.9
Guatemala	18	21.8	26.0	22	21.5	20.8	21.7
Salvador	23	18.7	16.5	20	22.6	22.9	20.6
Honduras	25	23.9	22.5	24	20.3	19.8	22.6
Nicaragua	21	21.8	21.3	23	24.9	25.0	22.8
Panama	10	10.4	13.0	9	12.4	12.5	11.2
Belize	20			10		2.1	10.7
Dominican Rep	15	18.7	15.4	20	15.8	4.2	14.8
Haiti	26	26.0	23.6	26	26.0	25.0	25.4
Jamaica	17	7.3	7.1	10	5.7	9.4	9.4
Trinidad/Tobago	1	3.1	9.5	3	1.1	4.2	3.6
Guyana	22	3.1		15	7.9	23.9	14.4
Suriname	4	9.4		13		20.8	11.8
Venezuela	2	11.4	4.7	6	9.0	4.2	6.2
Colombia	14	15.6	8.3	16	9.0	13.5	12.7
Ecuador	16	16.6	17.7	16	18.1	10.4	15.8
Peru	18	20.8	24.8	19	19.2	13.5	19.2
Bolivia	24	25.0	18.9	25	23.7	17.7	22~4
Paraguay	12	13.5	10.6	14	15.8	13.5	13.3
Chile	7	12.5	20.1	8	11.3	13.5	12.1
Argentina	6	3.1	11.8	2	4.5	2.1	4.9
Uruguay	5	2.1	3.5	4	3.4	7.3	4.2
Brasil	8	16.6	4.7	16	14.7	8.3	11.4

on both education and health.<sup>15</sup> This has been the pattern in most 3rd World countries as they endeavor to improve social conditions and establish a foundation for further economic development. This has also been the case in Costa Rica and Puerto Rico. However, a decrease in per capita expenditures for education has occurred in the 1980s in Cuba as in some other countries, including Costa Rica. For comparative purposes, Canada spends more on education than all of Latin America combined and more than twice as much on health services.

The proportion of the national product that Cuba has devoted to gross fixed capital investment has been consistently below the Latin American average except for the mid-1980s.<sup>16</sup> This undoubtedly has contributed to the relatively slow rate of economic expansion, especially during the early phases of the Revolution. This despite the fact that Cuba had been the largest recipient of external economic aid in Latin America and the largest importer of armaments. During these three decades Puerto Rico has gradually decreased its proportion of GDP devoted to gross fixed capital investment and its economic growth has also suffered. By the 1980s this investment dropped below the Latin American average. Puerto Rico has also benefited in large measure due to extensive financial assistance provided by the US. On the contrary, Costa Rica has always been slightly above the Latin American average in gross fixed capital investment. Costa Rica has not had the access to external assistance available to both Cuba and Puerto Rico although it does receive significant, mostly US, economic aid.

Large expenditures are utilized by the military in Cuba and, since the Revolution, more of its national product has been spent on the military than any country of Latin America until the mid-1980s when it was surpassed by Nicaragua. Cuba has even exceeded the proportion of the national product that the US spends on the military since 1980, the year of Ronald Reagan's election and the subsequent military buildup in the US. Only in the 1970s has education received greater resources than the military and health services have never equaled military expenditures in post-revolutionary Cuba. Obviously, the situation in both Puerto Rico and Costa Rica are very different with regard to the military. Puerto Rico actually benefits economically from the presence of US military and naval bases and its national guard is sustained in large measure by the US Defense Department. Costa Rica abolished its military in 1948 and its security expenditures are minimal.

## SUMMARY AND CONCLUSIONS

Overall Latin America (the most advanced of the underdeveloped regions) is very slowly closing the gap with the industrial world. This is notably true in diet, health, and education measures but the income gap certainly appears to be the most difficult for Latin America (or the underdeveloped world in general) to close with the industrialized world. There was an overall relative improvement in income in Latin America during the 1960s and 1970s but in absolute terms the gap continues to widen. Surely it appears that it will be many decades for Latin America overall to attain the level of the less advanced

<sup>15</sup> Based on data from Sivard, R. L. *World Military and Social Expenditures*. Washington: World Priorities, 1993 and earlier editions. Comparable data for Puerto Rico is not provided by this study.

<sup>16</sup> Based on data from *National Accounts Statistics: Main Aggregates and Detailed Tables*. New York: United Nations, 1991 and earlier editions.

Table 4

	MEASURES OF DEVELOPMENT			COUNTRY RANKINGS		
	GNP/cap 1992	UDI 1990	SEDI 1992	GNP/cap	HDI	SEDI
CUBA	1290	0.711	57.0	16	14	5
PUERTO RICO	6610		63.4	2		2
COSTA RICA	2000	0.852	55.5	13	5	7
Mexico	3470	0.805	52.9	6	8	10
Guatemala	980	0.489	37.8	21	23	25
Salvador	1170	0.503	41.6	18	21	23
Honduras	580	0.472	39.3	24	24	24
Nicaragua	410	0.500	43.0	25	22	22
Panama	2440	0.738	52.3	11	11	11
Belize	2210	0.689	50.9	12	15	13
Dominican Rep	1040	0.586	43.1	20	19	21
Haiti	342	0.275	27.4	26	26	27
Jamaica	1340	0.736	51.7	14	12	12
Trinidad/Tob	3940	0.877	54.8	4	2	8
Bahamas	12020	0.875	62.5	1	3	3
Guyana	330	0.541	44.9	27	20	17
Suriname	3700	0.751	49.7	5	10	14
Venezuela	2900	0.824	54.2	8	7	9
Colombia	1290	0.770	47.2	16	9	16
Ecuador	1070	0.646	44.3	19	16	19
Peru	950	0.592	43.3	22	18	20
Bolivia	680	0.398	37.5	23	25	26
Paraguay	1340	0.641	47.8	14	17	15
Chile	2730	0.864	55.9	10	4	6
Argentina	6050	0.832	66.3	3	6	1
Uruguay	3340	0.881	60.0	7	1	4
Brasil	2770	0.730	44.4	9	13	18
<b>LATIN AMERICA</b>	2379	0.667	48.0			
Spain	14020	0.923	73.9			
Canada	20320	0.982	87.0			
U S A	23120	0.976	86.8			

GNP/cap: based on World Bank Atlas 1994, with estimates for Cuba & Haiti.

HDI: (Human Development Index) based on Human Development Report 1993.

(Puerto Rico is not included in the Human Development Index)

industrialized countries. Therefore, the 1970s, constitutes a time between the period of relatively rapid economic expansion and high expectations of the 1960s and the dismal economic recession and severe national and international crises of the 1980s. The decade of the 1970s as indicated, was hardly without major events that deeply affected Latin America's well-being, but perhaps it does provide some perspective as to what can be expected in terms of economic growth and socioeconomic development in the period following the current world economic recession.

In the 1980s with a severe worldwide economic recession and actual contraction of economic performance in at least one-fifth of the countries of Latin America, reaching about one-half in 1982-83, real incomes declined and living conditions, especially for the poor undoubtedly deteriorated. However, the comparative level of development of Latin America overall, except for some small countries, did not decline as measured by the SEDI. The debt crisis aroused considerable concern about the socio-political stability of the region during the 1980s. However, almost all the changes of government in the 1980s resulted in the displacement of authoritarian regimes (mostly military) by more democratic administrations. The net result has been a very significant improvement in the degree of freedom enjoyed by Latin Americans, despite the economic difficulties, during the 1980s. This pattern is most pronounced in Latin America but is not unique to the region and has to lesser degrees characterized most of the other regions of the 3rd World. Nevertheless, this may only represent another cycle in Latin America's recent political history and repression could very easily be imposed again (as occurred recently in Peru and Haiti), especially in view of the continuing economic hardships.

Cuba since the Revolution has demonstrated an impressive improvement in its level of socio-economic development, as measured by the SEDI. In the period 1960-85/87 Cuba improved its GNP/capita from 7th in Latin America to 4th, but by 1992 had declined probably to about 16th. Puerto Rico has generally been close to the regional leader and Costa Rica now in 13th place. In diet both Cuba and Costa Rica have improved (data for Puerto Rico is not available) while in health all three countries comprise the regional leaders, and in education Cuba and Costa Rica rank close to the top while Puerto Rico continues as the regional leader. Therefore, overall, Cuba was the sixth ranked country in the region in 1960 and is presently fifth, while Puerto Rico has gone from third to second, and Costa Rica from 12th to seventh. There is some question as to whether Cuba can maintain a relatively high status if the economy continues to decline markedly.

This improvement in Cuba has occurred through all three decades since the Revolution, except from the late 1980s, and only three other countries have improved their situation more, viz., Costa Rica, Venezuela, and Ecuador. However, utilizing other indicators the conditions of life in Cuba appear to diminish its performance in the measures utilized by the SEDI in this study. In housing, consumer goods, and, especially, political freedom, Cuba has not significantly improved its situation. Utilizing the measure of freedom applied by Freedom House, since 1972 (when the index was first used) Cuba has been among the least free countries of the hemisphere while Costa Rica and Puerto Rico have been among the most free.<sup>17</sup>

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17 Gastil, Raymond D.: *Freedom in the World: Political Rights & Civil Liberties*. New York: Freedom House. 1992-93 and earlier editions. *Freedom at Issue*. New York: Freedom House. January/February 1994 and earlier issues of January-February.