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Cuban Government Raises Prices On 25 Vegetables

by Barbara Khol

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On Feb. 14, the Communist Party's official newspaper Granma reported that the government had raised prices for 25 staple vegetables. The move was justified as a means to reduce government subsidies and offset the rising cost of fertilizer, pesticide, herbicide and seed imports. Prices on potatoes, tomatoes, carrots, beetroot and bananas, among others, were doubled. Price hikes were less for cabbage, lettuce and onions, and higher for peppers and malanga, a tuber similar to a potato. For a pound of potatoes, the price went from about US\$0.20 to US\$0.40. Monthly income of an average Cuban household is around US\$220. According to Granma, food subsidies in 1991 cost the government over US\$500 million at the official exchange rate (approximately 1 peso per US dollar). Spending on imported potato seeds alone costs Cuba between US\$8 million and US\$10 million per year. Unidentified observers cited by the Agence France-Presse said the new official prices will have little effect on most households since most foodstuffs are purchased in the black market. In Havana, the black market price for malanga, for instance, is 10 pesos per pound. The government's price on malanga was raised from 12-15 centavos to 60-70. (There are 100 centavos per peso. In black market trade, the US dollar is selling for 25 pesos.) (Basic data from Reuter, Agence France-Presse, Spanish news service EFE, 02/14/92)

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