

CHANGE AND CONTINUITY IN CUBA TODAY

By Edward Gonzalez

Following the collapse of the Soviet Union in 1991, the government of Fidel Castro was confronted with an acute crisis—the loss of its international patron and principal economic partner

What I want to do first is examine the crisis that engulfed Cuba in the 1990s and the government's response to it. Here I'll present two underlying themes:

- One is the extent to which Fidel Castro's Cuba changed during the 1990s compared to its totalitarian past because of the crisis and the introduction of liberalizing economic reforms.
- The other theme is that, despite change, there nevertheless is continuity with the past in that Cuba has become a post-totalitarian state in which Castro's leadership remains central to the preservation of his regime, the liberalizing reforms remain limited, and democracy and pluralism remain absent.

Next, I'll identify several challenges that remain unresolved, which suggest that the crisis for the current government or its successor is by no means over. Finally, I'll touch on what I consider will be the principle "drivers" that are most likely to influence Cuban outcomes over the next five to ten years, when Fidel presumably is no longer around..

The Crisis of the 1990s and the Government's Response

The crisis. The disintegration of communism in Eastern Europe in 1989, and especially the collapse of the Soviet Union two years later, were seismic events for the Cuban leadership. As Castro lamented at the Fourth Party Congress in October 1991, "To speak of the Soviet Union's collapse is to speak of the sun not rising." The Cuban leader had reason to be alarmed due to the fact that the island's increasing economic integration with the Soviet Union during the 1970s and 1980s:

- For example, Cuba greatly expanded its sugar milling capacity to produce sugar harvests of upwards of 8 million metric tons in the 1980s under barter agreements with the Soviet Union whereby Cuba obtained Soviet oil, manufactured goods, and raw materials in exchange for Cuban sugar.

- The total resource flows from the USSR to Cuba in the 1986-90 period reached a staggering \$4.3 billion per annum, accounting for over 21 percent of the Cuban GDP.¹

As a result, once the economic ties to the former Soviet Union and Eastern bloc countries were drastically reduced or severed, the impact on Cuba's economy was severe: As seen by Table I, Cuba's GDP contracted by nearly 32 percent in 1993 compared to 1989. (The contraction in absolute terms was almost as great in 1994 and 1995.) In turn, the per capita growth dropped by 14.2 percent in 1993. Though the economic free-fall was arrested by 1996, Cuba's GDP in 1998 was still more than 21 percent below that of 1989 GDP figure.²

The response. Faced with a severe disruption in the import of oil, machinery, raw materials, and foodstuffs, the Cuban government declared a "Special Period" of austerity starting in 1990. But the continued decline in critical imports led to a sharp deterioration in food rationing, agricultural production, electricity, public transportation, and Cuba's vaunted public health system through the mid-1990s. Meanwhile, the Cuban people began to take matters into their own hands by resorting to the growing black market, pilfering state warehouses and enterprises, and engaging in prostitution and other anti-social activities, in order to survive. Some even took to the streets to vent their anger against the government, with disturbances occurring in Cojimar and Regla in summer 1993, with a potentially more explosive riot breaking out on the Havana waterfront in August 1994.

To replace the loss of Soviet largess, and thereby arrest the economy's free-fall, the Cuban government reached out to foreign investors from Europe and Canada. Beginning in 1992, it allowed state property to be transferred to joint ventures formed between the state (or designated Cuban companies) and foreign partners, while also clarifying the concept of private property. These steps spurred foreign investments particularly in the tourist industry and nickel. Four years later, a new mining law was also passed to attract foreign investments in petroleum and mining exploration (Table 2).

¹ See Jorge Perez-Lopez, "Waiting for God: Cuba's Stalled Reforms and Continuing Economic Crisis," *Problems of Post-Communism*, November-December 2001, pp. 44-45. .

² *Ibid.*, p. 45.

On the domestic economic front, as seen by Table 2, the mounting economic and political crisis finally forced the regime to enact a limited number of stabilizing and liberalizing reforms in 1993 and 1994. The most notable were

a.) *The dollarization of the economy (mid-1993)*. This permitted Cubans to legally hold hard currency. This measure was aimed at stemming the burgeoning black market, and at capturing the growing dollar remittances from Cuban exiles to their families and friends on the island.

b.) *The self-employment decree (Sept. 1993)*. This legalized small private entrepreneurs in over 100 trades, services, and crafts—later increased to 160. Through legalization, the government gained control over activities already rampant on the black market. The decree also provided new employment opportunities outside the public sector and sought to ease the plight of consumers.

c.) *The creation of agricultural cooperatives (Sept. 1993)*. This measure broke up large state farms into basic units of cooperative production and gave the cooperatives use of the land for an indefinite period of time. The cooperatives owned the output they produced and are required to sell it to the state through the state procurement system (*acopio*). This measure aimed at giving coop workers a greater incentive to increase production under lower costs.

d.) *The creation of farmers markets (Sept. 1994)*. This measure allowed farmers to sell selected products at market prices provided they first fulfilled their production quotas to the state and pay taxes. This measure sought to ease widespread food shortages by giving small farmers an incentive to produce more.

The limits of reform. It needs to be emphasized that these liberalizing reforms did not signify that the Cuban government was adopting a market-based economic *system*, only that it was turning to market *mechanisms*. In fact, some ninety-percent of the economy remained—and still remains—under state control. Moreover, most of the reforms worked at cross-purposes due to all kinds of government restrictions and conditions designed to stem the rise of a new middle class. Under the self-employment decree, for example, small entrepreneurs can only employ relatives, and they cannot become self-employed in the profession in which they were trained. They are further subject to high taxes and license fees, government inspectors, and strict rules as to what

they can provide. Home restaurants or *paladares*, for example, can only seat a maximum of 12 people. As a result, the number of self-employed fell from 210,000 in 1997, to between 130,000 and 150,000 by 1999 or 2000.³

In sum, the economic reforms were half-hearted, revealing the ambivalence of the government toward measures designed to improve the economy, but which were ideologically and politically unpalatable to the leadership.

The Post-Totalitarian Order

Cuba's totalitarian system emerged in the 1960s at the height of the regime's ideological zeal, when it nationalized most the economy, imposed one-party rule, and eliminated most of the vestiges of a civil society.⁴ Saw The State Security apparatus with its network of informers, the ubiquitous Committees for the Defense of the Revolution (CDRs) and other mass organizations, and the Communist Party cadres, all penetrated deeply into society. The boundaries of the revolutionary state thus became coterminous with those of society, enabling the Castro government to mobilize the population for the defense of the revolution and for the carrying out of economic and other tasks, including creating Cuba's "new man" along lines espoused by Che Guevara.

The 1970s saw the so-called "institutionalization of the revolution" internally, the routinization of Cuba's relationship with Moscow, and the dispatch of Cuban combat troops to Angola and the Ogaden in the Horn of Africa. Meanwhile, the regime's totalitarian structures remained intact through the 1980s and were even expanded through the 1.2 million member Territorial Troop Militia that was ostensibly organized for national defense because of the Reagan Administration's policies.

As the crisis of the 1990s unfolded, however, the old order could no longer be sustained:

³ For an indictment of the government's policies toward small business establishment, as well as foreign investments, see Andrew Zimbalist, "The Cuban Economy at the Millennium," *U.S. Policy Toward Cuba, Congressional Report*, First Conference, The Aspen Institute, April 17-21, 2000, esp. pp. 19-23. A left-wing American economist, Zimbalist was previously a staunch supporter of Cuba's planned economy

⁴ The discussion of Cuba's totalitarian system is informed by J. Linz, "Totalitarian and Authoritarian Regimes," in *Handbook of Political Science*, Vol. 3, Fred J. Greenstein and Nelson Polsby, (Addison-Wesley, 1975. Linz notes that totalitarianism differs from authoritarianism because it is ideologically-driven, has high rates of political mobilization, is intolerant of even limited pluralism, and demands a high level citizen involvement and participation in the political system..

- Marxist ideology ceased as a source of legitimacy and inspiration for the Cuban leadership; instead, regime survival assumed uppermost importance.
- The mechanisms of societal control lost much of their effectiveness as corruption set in, as CDR members and the police looked out for themselves rather than the state, and as Cubans began losing their fear.
- The boundaries of the state shrank further as Cubans had to fend for themselves once the state could not provide employment, or guarantee adequate living standards and sufficient food rations, or deliver quality health care, as in the past.
- As the boundaries of the State receded, elements of economic pluralism reemerged as Cubans worked the black market, became employed in the external, foreign investment sector of the economy, or became self-employed, whether legally or illegally.
- Elements of social pluralism also reemerged as Afro-Cuban sects, Protestant churches, the Catholic Church, and newly formed non-governmental organizations (NGOs) began to occupy the social, religious and cultural space vacated by the weakened state.⁵

Thus, a *post*-totalitarian order emerged in the Cuba of the 1990s, which was characterized by less ideological zeal, a weakened state, and greater economic and social pluralism. But what was and is not permitted is *political* pluralism. The regime will not tolerate open, organized opposition to and public criticism of its policies, even if peaceful or framed in terms of achieving democratic socialism.

Hence, it is here on political issues that the regime frequently reverted to its totalitarian impulse, employing the old repressive apparatus to intimidate, harass, exile or jail the regime's opponents and critics. This is seen in:

- The crushing of the peaceful coalition group, the *Concilio Cubano*, in February 1996, by Cuban State Security, after the group had requested permission to convene a public meeting in Havana.

⁵ On the ways in which Cuban society changed in the 1990s, see Susan Eckstein, "The Quiet Transformation of Cuba, in *U.S. Policy Toward Cuba, Congressional Program*, Second Conference, The Aspen Institute, January 12-16, 2001, pp.25-31.

- The harsh attack by Raúl Castro at the Central Committee plenum the following April against regime reformers, who were then ousted from the government- and Party-sponsored research institutes for having advocated greater liberalization of the economy, and for having foreign ties.
- The on-going crackdown by State Security over the past three years of independent trade unionists, journalists, dissidents, and human rights activists, some of whom are facing trial and prison terms.
- The repeated closures by State Security of independent, home-based libraries run by Protestant lay-leaders and others throughout the island.

The one independent institution that so far has had some success in fighting for greater social space within Cuba's post-totalitarian order is the Catholic Church. The Church initially gained followers among young people following the demise of communism, and then was revitalized with the Pope's visit in January 1998. Meanwhile, Caritas, the Catholic Church's international charity organization, and other Church-related lay organizations, became active in the social welfare area, providing food, medicine, and other social services. But Caritas and the Church have had to fight the government every step of the way in engaging in these activities. The Party has criticized the Church for providing social welfare services, while summoning its cadres to stem any further erosion of the State's presence in this area.⁶

Additionally, the totalitarian impulse could be seen in the regime's resurrection of the mobilization politics of the 1960s during the Elián González affair. Thus, mass demonstrations were organized against the Cuban-American "mafia" in Miami, and the appeals of nationalism were employed to rally popular support behind the regime.

Fidel Castro: Still the Regime's Lynchpin

Fidel Castro is now more than 75 years of age. Yet, despite signs that he was suffering from a life-threatening disease in the mid-1990s, he remains Cuba's Great Helmsman; his continued, charismatic presence helps legitimize and bolster his regime.. As Eusebio Mujal-León and Joshua W. Busby point out, "The revolutionary founder still

⁶ Eusebio Mujal-Leon and Joshua W. Busby, "Much Ado About Something? Regime Change in Cuba," *Problems of Post-Communism*, November-December 2001, p. 14.

has the capacity to limit change, mobilize the population, and affirm the validity of his egalitarian ideology to elites and society alike.”⁷

Reportedly, for reasons of health and age, Fidel has had to delegate more decision-making authority to subordinates in recent years. But major domestic and foreign policy issues are still his to decide or at least they require his consent if they are to go forward and become public policy. Key instruments of power like the Party, the Ministry of Interior, and the Revolutionary Armed Forces are either controlled by him or his brother, and serve to buttress his rule. Lacking their own sources of independent institutional or popular support, other Party, government, or military leaders dare not stray too far from, much less oppose, his policy preferences. Those who have done so were either shot (Division General Arnaldo Ochoa) or purged from office (Party Secretary Carlos Aldana, and Foreign Minister Roberto Robaina).

Though his resourcefulness and leadership skills proved indispensable in enabling his regime to ride out the crises of the past decade, Fidel nevertheless has been more like Mao, the “lord of misrule,” than a Deng Xiao Ping. The Chinese leader, after all, dramatically transformed his country by chartering a new economic course starting in 1978. In contrast, as can be seen by Tables I and 2, Fidel put the brakes on further reforms after 1996 when Cuba’s economic free-fall finally bottomed out following the infusion of foreign investments and tourists, and exile remittances.⁸ However, Fidel resembles Deng in one important respect: He is no democrat. Time and again he has made it clear that Cuba will not choose the path of liberal democracy, even going so far as to extol the virtues of what he called Cuba’s “totalitarianism” in a 1999 speech.⁹

Seen in this light, it becomes understandable why the pace of reforms slackened after they had succeeded in stabilizing the economy and defusing popular discontent: Fidel and his hard-line followers remain totalitarians at heart; and they are committed to a radical Marxist vision. Indeed, Fidel most of all has too much at stake historically to

⁷ Mujal-León and Busby, p. 11.

⁸ See Jorge F. Perez-Lopez, “Waiting for Godot: Cuba’s Stalled Reforms and Continuing Economic Crisis,” in *Problems of Post-Communism*, November-December 2001, pp. 43-55..

⁹ On November 12, 1999, before an audience of Latin American journalists in Havana, Castro declared that, “We prefer our socialism with all its imperfections; we prefer the totalitarianism of truth, justice, sincerity, authenticity’ the totalitarianism of truly humanitarian feelings, the totalitarianism of the type of multi-party system we practiced.” Cited in Mujal-Leon and Busby, fn. 30, p. 18.

reverse course and, by so doing, implicitly acknowledge to the world at large that he had been pursuing the wrong policies for the past four decades.

Thus, Fidel and hard-liners like him see that liberalizing economic measures undermine the power of the state, contradict the revolution's socialist and egalitarian principles, and erode everything they fought and stood for. On a purely political, pragmatic level, they are also aware that such reforms as dollarization, self-employment, and farmers' markets, produce social and economic inequalities that hurt people in the Party, government bureaucracy, military and security organs, and state enterprises, etc. These core constituencies of the government live on fixed incomes denominated in Cuban pesos; they are also less likely to have access to hard-currency sent to them by relatives living abroad. Hence, Fidel and other hard-liners are virtually certain to remain staunchly opposed to deepening the reform process, no matter if the economic situation worsens as a result.¹⁰

Steps Not Taken: Compounding Cuba's Looming Crisis

The failure by the Castro leadership to further deepen reforms bodes ill for the future. After reportedly reaching a 6.0 percent growth rate in GDP in 1999 (compared to the previous year of 1.2 percent), the Cuban economy has been slowing down. In 2001, the economic growth slowed from a targeted 5.0 percent to 3.0 percent due to the slowdown of the world economy, soft prices for the island's main export commodities of sugar and nickel, the ravages of Hurricane Michelle, and the drop in tourism following 9/11. The Russian pullout from Lourdes also deprives Cuba of a reported \$200 million per year that it had received for the electronic listening facility. The Cuban leadership may thus be faced with a Hobson's choice of either deepening and accelerating needed reforms that undermine the leadership's socialist and egalitarian commitments, or relying instead on increased state repression to ensure fulfillment of those revolutionary values.

In the meantime, the leadership has failed to address a number of critical issues that compound the problems facing the current government or its successor:

¹⁰ "...Castro and the Cuban leadership are unwilling to accept the political consequences of economic reform. They are willing to accept economic stagnation, falling standards of living, and slower economic growth in order to preserve their overwhelming influence over the island's polity. A new rectification

One step not taken has been the government's failure to promote a much needed Cuban-owned private sector with which to revitalize the economy and provide new employment opportunities for a labor force of 4.3 million.¹¹ In the meantime, the government has shelved measures that would close or scale down inefficient state enterprises for fear that laying off or transferring upwards of 400,000 workers would greatly worsen the unemployment situation and cause a political backlash. But again, without a dynamic private sector of small and medium-size entrepreneurs to soak up unemployment, this problem looms as a ticking time-bomb for either the current government or its successor

Another policy issue that has been postponed is what to do with Cuba's ailing sugar industry. In 2001, the industry suffered still another in a recent series of setbacks as total sugar output dropped to 3.53 million metric tons, down from 3.76 million in 2000, and less than half the size of the harvest levels achieved during most of the 1980s. Capital is needed to renovate aging sugar mills, and greater wage incentives are needed to motivate the work force. But Cuba doesn't have the resources to undertake either of these steps on its own. The only way to salvage the industry is to bring in foreign investors—provided they are interested—but the government has so far rejected that option. On the other hand, if the sugar industry is phased out, the unemployment problem will be greatly worsened because the industry employs 420,000 workers. This means that the livelihood of over a million people will be affected if the industry is phased out, triggering mass migration to the cities, which is already a problem.

Another challenge that looms ahead is demographics: Cuba has an aging population. As seen by Table 5, the percentage of the population age 60 or over will increase from 13.7 percent in 2000, to 21.0 percent by 2020. In the meantime, the economically active population as seen by Table 7 will decline from 52.1 percent to 49.7 over the same period. The question becomes whether any government that follows Castro will be able to maintain Cuba's present entitlement program under which women may retire with pensions at age 50, and men at age 55. As indicated by Table 11,

process to reverse the meager liberalization and restructuring measures implement in the 1990s is not out of the question." Pérez-López, p. 50.

¹¹ In 1996, fully 44 percent of the labor force over the age of 20 was not formally employed. Presumably many were plying the black market or working illegally.

government pensions as a percentage of social expenditures are projected to jump from 18.3 percent in 2000, to 29.9 percent in 2020 based on the year 2000 budget. Between now and then, there are certain to be competing demands for government expenditures on economic reconstruction and other national priorities that will make it very difficult for any government to continue with the present entitlement program. .

Finally, the Castro leadership has done nothing to mitigate the polarization that exists in society between supporters of the regime and those who hate it, while thwarting the rise of a civil society that could help to mitigate conflict between Cubans. As occurred with East Europeans, the targets of popular vengeance are not likely to be limited to prison guards and State Security agents if the present regime goes. They will be broadened to include ordinary Cubans who snitched on their co-workers, neighbors, and even relatives, or who otherwise are seen as accomplices of a repressive regime.

The Key Drivers in Cuba's Future

If Fidel is no longer on the scene five or ten years hence, the current regime will be faced with its greatest challenge — to perpetuate itself without the presence of its founding leader. But irrespective of whether a successor regime under the Communist Party takes over, or the military has to step in to preserve order, or a democratic transition regime manages to assume power, seven key factors likely to drive Cuba's future.

1. *The civilian political leadership.* If the regime succeeds itself, will the hard-liners takeover, or will the reformers gain power and enact liberalizing reforms along lines of China or Vietnam? Or if there is a transition regime, will there emerge a Nelson Mandela-type leader capable of promoting national reconciliation and democracy?

2. *The military and security apparatus.* Virtually all Cuba watchers agree that the Revolutionary Armed Forces (FAR) will be the pivotal player in a future Cuba, not only because of its armed might, but also because it remains Cuba's most respected public institution. The fact that the FAR has not fired on civilians and has accepted civilian authority under Castro's leadership could bode well for the future. On the hand, unlike the FAR, the Ministry of Interior (MININT) has a strong stake in the existing order and its members are likely to fight to preserve it because their very lives may depend on the regime's survival. So, the question becomes whether the military will throw its weight

behind the hard-liners in a succession regime and avoid a confrontation with the Ministry of Interior and its Special Troops. Or will it instead support the reformers and move against MININT? Or will the FAR directly assume power as did the army in Poland if a successor regime—whether under the control of hard-liners or reformers—falters? And finally, will the FAR support a democratic transition regime, if the opportunity presents itself, by moving against MININT?

3. *The state of the economy.* Whatever regime follows Fidel's demise, it must move swiftly to jump-start the economy if it is to gain popular legitimacy. The hard-liners are certain to oppose an economic strategy based on market principles, preferring instead a state-controlled economy, and reliance on security measures and anti-Americanism to keep the lid on. In contrast, both the reformers and the military have proven themselves more receptive to market reforms and probably would move to open up the island's economy to Cuban entrepreneurs as well as to foreign capital. On the other hand, a transition regime would probably be most inclined to adopt a market-based economic strategy to spur the reconstruction and revitalization of the economy.

4. *The racial issue.* Today, Afro-Cubans represent between 33 and 60 percent of the population—we may have a better fix on the actual percentage after the scheduled 2002 census. Blacks and mulattos benefited from the anti-discriminatory policies of the Castro government during the early years of the revolution, and they evidently are among the most nationalistic and patriotic segments of the population. During the 1990s, however, they have not gained a proportionate share of jobs in the lucrative tourist industry, nor have they shared proportionately in remittances from abroad and high level positions in the Party and government. So, the question is where will blacks and mulattos position themselves with respect to a new government? What kind of political and economic demands are they likely to make in exchange for their political support for the new government? Will they expect a new government to continue a militant, nationalist posture toward the United States?

5. *The status of civil society.* Civil society, which was weak before the revolution, and then decimated during most of the Castro years, is only now beginning to reemerge in embryonic form. If it remains weak, it will be unable to counter the rise of a successor or military regime to power, nor buttress a transition regime. If, on the

other hand, the Catholic Church and other civil society actors begin to thrive and become more assertive, then there is chance that there will be constraints placed on the power of the state, whatever the regime-type.

6. *The posture of the Cuban-American community.* The exile community is certain to play either a constructive economic and political role in the rebuilding of Cuba, or a divisive, polarizing one that makes national reconciliation even more difficult. One determining factor here may be time: The longer the succession question is delayed, the less likely the older generation of bitter, intransigent Cuban-Americans will be around to continue the civil war.

7. *The policy of the United States.* Washington's policy toward a Cuba after Castro could well be a decisive force that influences political outcomes on the island in terms of whether there is stability or unrest, dictatorship or democracy, economic deprivation or reconstruction, etc. The lifting of the embargo, if it is still in force, could well provide the U.S. with leverage with which to try to influence the policies of the new government. So would the promise of new investment, economic, technical assistance, and trade flows from the U.S., and the settlement of the compensation issue for the \$1.8 billion in claims for nationalized properties. Symbolically, too, Washington would need to signal its readiness to enter into a new relationship with Cuba that respects the island's sovereignty, independence, and dignity. For example, if a transition regime is in power, the U.S. could offer to renegotiate the terms of the treaty governing the status of the Guantanamo Naval Base as part of a new deal for a Cuba after Castro.