

'SOCIALISM AND THE SOCIAL SYSTEM ESTABLISHED IN THE CONSTITUTION ARE IRREVOCABLE AND CUBA WILL NEVER REVERT TO CAPITALISM'

Cuba: what will happen after Castro?

Tuesday 3 November 2009, by [HABEL Janette](#) (Date first published: June 2004).

President George Bush's latest restrictions on Cuba are intended to win Florida's Cuban vote in the November elections; they also express his obsession with ending the Castro regime rather than helping Cuba towards democracy. There are potentially dangerous contradictions within Cuban society and politics.

by Janette Habel

A DECADE ago the Cuban regime seemed on the point of collapse. The Soviet Union, the island's main sugar buyer and oil supplier, had disintegrated. Cuba needed to rebuild its economic strategy to adjust to the new balance of power and to do so in near-total isolation despite the wave of neo-liberalism then sweeping the globe. The 1990s were a dark era for Cuba and Cubans suffered.

The economic policy introduced in 1993 (a free agricultural market, legalisation of the dollar and more public-private companies) restored growth by the end of the decade. But it also triggered social upheaval and upended the values instilled by the revolution as the shift to a dual currency system widened the gap between dollar haves and have-nots.

Living standards have yet to reach 1989 levels and, although gross domestic product growth was 1.2% in 2002 and 2.6% in 2003, the generation who have worked through the "special period" for 14 years are exhausted. True, the import substitution policy of recent years has had significant successes. By using its own crude oil, Cuba is now nearly self-sufficient in electricity. Tourism is 70% supplied by domestic goods, which has reduced costs. And Cuba's advances in biotechnology, among other things, will enable it to help Nigeria and Namibia produce anti-Aids drugs.

Yet uncertainty persists. The restructuring of the sugar industry, decided in 2002 during a global price slump, threatens danger. Unable to compete, half of Cuba's mills have shut down; 500,000 jobs are threatened. The state is helping: 100,000 of the workers are being retrained and are still on full pay. But plans to send them back to agriculture have foundered because of a lack of money for seed, fertiliser and machinery and because of the disarray caused by the waning of the traditional sugar industry. People in the *bateys* [1] are living off their *libretas* (food ration books) and odd jobs. "It's like the Lorraine steel industry in the 1980s but without the European Union," says a French businessman.

The labour market is depressed. Although things have picked up with private sector and tourism growth, foreign direct investment has fallen since 2001 because of the Helms-Burton Act [2] and Havana's strict controls. In 2003 the number of public-private companies shrank by 15%. Tourism is still expanding, but it does not create enough jobs and has been affected by 11 September 2001 and the Iraq war.

Cuba is also short of foreign currency and its finances are a serious concern. Foreign debt rose to \$10.89bn in 2001, with Russia claiming \$20bn (a figure based on the old official peso-rouble parity) [3]. Cuba's debt to Venezuela was an estimated \$891m at the end of 2003 [4]; under a

cooperation agreement signed in 2000, Caracas supplies Cuba with crude oil and by-products on very favourable terms [5]. Havana pays for much of this in kind, sending many doctors, sports coaches and teachers to Venezuela and hosting Venezuelan scholarship students in its universities and patients in its hospitals.

This financial vulnerability explains the decision in 2003 to impose foreign exchange controls on Cuban companies. The measure was not universally hailed by Cuban economists: some saw it as another state blow, calling the reforms into question. They believe that the current trend of recentralisation runs counter to the need for companies to be self-financing. The economists ask how such companies can invest and make profits if their coffers are emptied to fund social projects.

These difficulties are prompting serious debate. Several economists think the reforms have run their course and that a new development strategy is needed. Pedro Monréal and Julio Carranza [6] observe that Cuba is a typical 21st century Caribbean island: it has tourism and *remesas* [7], sugar and mineral ores. Natural resources and the emigrant labour force plug Cuba into the global economy. They question this arrangement and propose a post-tourism transition.

They believe Cuba must aim for export-led re-industrialisation using highly qualified labour, with tourism only as a stepping stone. They advocate “a strategy based on technology-intensive exports that will radically alter the development model based on import substitution”. But the current policy has been re-endorsed by the foreign trade minister, Raúl de la Nuez.

China fascinates many Cuban officials. On 13 February the newspaper *Granma* ran a front-page headline, “Chinese experience shows there are alternatives” over an article celebrating “the growth of the Asian nation”, a success achieved “without privatisation, without capitalism, with a state-controlled banking system, strong leadership and harmonious social development”.

Monréal and Carranza criticise the ambivalence, even incoherence, of the official position, which promotes “the stable coexistence of different paths”. They think the Cuban government has to choose, reckoning that a successful shift in the economy is unlikely “without significant changes to its economic institutions and ownership relations”. They see a need for “political decision-making bodies outside the state machinery, which can effectively mediate between the different interests of society”.

Yet the government has forcefully reaffirmed the social purpose of its economic policy. Education is a national priority: its budget has risen from 6.3% of spending in 1998 to 9.1% in 2003: 700 schools have been fully refurbished and equipped with computers; thousands of teachers have been trained in order to keep class numbers below 20; 16,000 fine arts teachers are being trained in specialist schools. A hospital refurbishment programme is expected to follow.

Despite these efforts, from which most of Latin America’s “democratic” countries could draw inspiration, some Cubans risk their health living without any economic certainty. Some social categories - single mothers and their children, and the elderly - suffer severe food shortages. The monthly ration of a few staple foods is thought to cover only 10-15 days, so extra supplies have to be bought from expensive farmers’ markets.

The Cuban economist Angela Ferriol estimates that 20% of Cubans live on the poor urban fringes [8]. Many live from day to day and bartering, black-marketeering and stealing have become frequent. The Cuban sociologist Mayra Espina points to three factors that are aggravating inequality and spreading poverty: growing income differentials; an increasing disparity between the regions; and a new social hierarchy based on material wealth, the symbol of success [9].

With the reforms, income from public sector salaried work has fallen in relation to that from legal or illegal private sector activity. "Incomes have become more polarised and social provision has deteriorated in quantity and quality," notes Espina. She thinks the economic reforms and complex social and cultural changes have fragmented social awareness, marginalised the most vulnerable categories and rekindled tension between blacks and whites. Regional inequalities have worsened: in the east, an estimated 22% of people are short of healthcare and food; some local councils are struggling to cope.

Statistics reflect the trend: in 1988 the state employed 94% of the working population; today the figure is 75-80%. Household income stagnated or rose slowly between 1991 and 1999, but the income of families living off the underground economy quadrupled, reports Angela Ferriol. According to a report in the weekly *Bohemia* [10], between January and October 2003 the police found 181 illegal workshops, 525 clandestine factories and 315 spaces being used as warehouses. A government economist considers that "with the crisis, and in view of wage levels, little can be done to stop embezzlement and corruption".

Besides the rising wealth of some - small private sector farmers, the self-employed, the owners of *paladars* (private sector restaurants) and the beneficiaries of tourism - researcher Juana Conejero blames changes in class structure and the possibility of a new entrepreneurial class linked to the foreign investment sector [11].

Sociologist Haroldo Dilla has analysed this hypothesis in a hotly debated article about the new "comrade investors", the directors of public- private companies and market-led state firms, who have adopted market requirements and even its ideology. This new social class could arise from the fusion between the political elite and go-getting businessmen.

At present the public-private system and the private sector preclude the build-up of capital except through corruption. Though corruption is still limited, it has been fostered by shortages, the dual currency and the tourism companies' independence. The government has launched a major offensive against what it calls "this cancer which has corrupted the revolution from within and is more dangerous than an American bomb". Corruption could indeed foment far more formidable social unrest than any dissident group.

The main tourist operators have a heavy commercial and financial punch and run several hundred venues. Last year Juan José Vega del Valle, chairman of Cubanacan, was fired, along with other top executives, for "serious management errors". He rebutted allegations of embezzlement, supposedly uncovered after foreign exchange controls were set up for Cuban companies in 2003; but the tourism minister also stepped down. The Cubanacan executives were replaced by the military, who manage the state tourism business Gaviota.

The main Cuban economic power lies with the Revolutionary Armed Forces, increasingly involved in tourism, agriculture, industry, transport, communication and electronics. The military also hold key posts in the government and in the Cuban Communist party (PCC), where they sit on the political bureau. A military man, Colonel Rolando Alfonso, heads the ideological department of the party's central committee, and another, Colonel Ernesto López, runs the Cuban radio and television institute.

This generation of officers, who have had capitalism-inspired business training, are behind market reforms and the greater independence now given to state companies in the hope of boosting their profitability and efficiency.

In this increasingly diverse society, political sameness is becoming illusory. So how can they

reconcile respect for diversity and the imperative of equality, the tension between the individual and the group? The debate is not yet out in the open. In an article written "to stir up debate with [his] colleagues at Havana university", Armando Chaguaceda Noriega [12] refutes the idea that Cuba is inhabited by "genetically like-minded beings". He notes the continuing leftwing spirit of many but discerns two movements: the "anti-market, internationalist left, which is calling for freer debate and critical thought" and the "reforming left that emphasises economic development as part of a multi-class project". He stresses that the first is in danger of "losing touch with people's experience" while the second risks becoming "the champion of domestic capital accumulation". He proposes they join forces to confront "the resurgence of conservatism in the state machinery".

An amendment to Article 3 of the constitution, passed by 8,188,198 Cubans - 98% of the electorate - in June 2002, said that "socialism and the political and social system established in the constitution are irrevocable and Cuba will never revert to capitalism". That was the response to a call for economic and political reforms known as the Varela project and led by Oswaldo Paya, a Catholic activist. His project, which has 11,000 signatures, calls for free enterprise, the legalisation of private-sector activities, a labour market, general elections and multi-party politics.

By decreeing that socialism was irrevocable, the Cubans ended a debate they had yet to have. As a result, the market now exerts even more fascination on some social groups. For the past four years, since Elian was returned to Cuba [13], the battle of ideas (to use Fidel Castro's expression), the political campaigns, the incessant protests and the control over social organisations have been a substitute for real people power.

But the disparity between the bureaucratic cogs of these social organisations and Cubans' aspirations is widening - Noriega describes the space for political participation as "cramped" - while the market-led sectors and the most dynamic area of the economy (foreign investors and their domestic intermediaries, the embryonic private sector) are gaining speed. The PCC may be the backbone of the state and administration, but as a political party it seems atrophied. Its congress, due to be held two years ago, has not yet been scheduled.

Socio-political contradictions are acutely apparent at every level. Young people crave a fresh message and a political shake-up. The Catholic Church claims that for many, including top officials' sons, the only option is to leave the country. Despite their impressive education, young graduates rarely find a job to match. The stranglehold on the media and internet access restrictions are frustrating. Network deterioration and the scarcity of telephones (6.37 phones per 100 Cubans) make it hard to access the net.

The restrictions are not just technical [14], whatever the authorities say. The US is open about its aim of using the web to destabilise the regime. The Cuban government ensures that access is channelled via state agencies or workplaces and says it must adhere to regulations in force. The information and communications minister said the authorities were "determined to take firm action against illegals", by which he meant users of unregulated connections.

The artistic community is disillusioned, although the cultural explosion of the 1990s in literature, music, graphic arts and film under the aegis of the Cuban film institute fostered a more inclusive embrace of artists by the Cuban writers and artists union. A talented generation of writers arrived - Leonardo Padura, Senel Paz, Ena Lucia Portela, Abilio Estévez [15].

Estévez feels this generation is looking at society with "a gaze full of bitterness, full of scepticism". About his own work's nostalgia, he explains that the revolution was like Catholicism, "which sacrifices the present in the name of heaven and paradise; the revolution sacrifices the present in the name of the future, which doesn't interest me. What interests me is how I live today" [16]. It is a

sign of the times that several Cuban artists write in the anti-Castro magazine *Encuentro de la cultura cubana*. Its director, Rafael Rojas, wants it to be a cultural crossroads between exiles and islanders in search of a new "Cuban-ness".

Professionals and academics - economists, sociologists, political scientists, researchers - are under much tighter surveillance. Since the management of the Centre for American Studies was disbanded in 1996 [17], the magazine *Temas* has cautiously opened new lines of inquiry.

This was the background to the 2003 crackdown. "It pained me to have those people killed, but it had to be done," said Castro later in an interview filmed by Oliver Stone [18], acknowledging his personal responsibility and the lack of an independent judiciary. To save the revolution, "to stop the wave of terrorism, it was necessary to attack evil at its root".

The dissidents' trials also alarmed the Bush administration within a worrying international context. The threat against Cuba cannot be underestimated: only the naive could think that the US attitude - in Cuba as in Iraq or Afghanistan - is dictated by a desire to restore democracy in Cuba and not by economic, political and/or strategic interests. Threatening statements about Cuba and Miami protestors who shout "Today Iraq, tomorrow Cuba!" are both inspired by "global promotion of democracy and human rights". Didn't President George Bush call in January for a "rapid and peaceful transition to democracy in Cuba"? In May, in the name of democracy, he limited exiles' travel to Cuba, reduced money transfers to their families and increase dissident subsidies by \$35m; all the measures were deemed anti-democratic by the Mexican government and Cuban dissidents.

The democracy argument is flexible. The French government has cut off development funding to Cuba, yet Jacques Chirac and the national assembly gave a grand welcome to the Chinese president, whose doubtful position on human rights is well known. According to the US, Cuba is "the only undemocratic country in the [Western] hemisphere". But as long as a country's constitution guarantees multi-party politics and private ownership, it is acceptable to destabilise a "democracy" (Venezuela), shoot at crowds with impunity (Bolivia, the Dominican Republic and Haiti) and leave criminals at large, including Chile's former leader, Augusto Pinochet, and Guatemala's former dictator, Rios Montt.

An external threat to Cuba definitely exists. But have the in-camera trials, court-appointed lawyers, hasty judgments, executions and imprisonments defended Cuba or weakened it? On 3 May in Belgrade, the Unesco world press freedom prize was awarded to Raúl Rivero, a poet and journalist serving 20 years in prison. His imprisonment has given the regime a grim image and helped the anti-Cuba campaign.

Human rights cannot be identified with social rights - the real freedoms - by comparing them with formal freedoms derived from an exclusively legal vision of rights: 20th-century history concluded that old debate. Democratic freedoms are also a functional necessity, a condition of economic efficiency, a weapon against the confiscation of power. But in Cuba the topic is taboo. Yet its difficulties are both political and economic.

"Everyone wants economic change except Fidel," explains a senior Cuban civil servant. Like many other officials, he thinks socialism's mistakes are economic and that, when Castro is gone, such mistakes mean that it will be harder to make the requisite changes without losing power. So the post-Castro incumbents are getting ready.

The regime is ready to change guard. A collective leadership headed by Raúl Castro is expected to handle the transition with backing from the army, whose strengths are economic power and discipline. But political stability will depend on improvement in the economic and social climate. The

PCC's political bureau includes senior civil servants, party officials and military officers pushing for controlled economic liberalisation. When the founder of the revolution is gone, who will arbitrate?

Martha Frayde, of the expatriate opposition, says: "The country lacks a united opposition. The dissident movement is split" [19]. At present the Catholic Church does not wish to take on a political role, which puts it at odds with Paya, the Catholic activist from whom it discreetly lifts ideas. But the Catholic hierarchy could, in some circumstances, play a role in a phase of national reconciliation.

What will the US do? Once Castro dies, it will bank on re-employing the regime's elite to preserve stability in the region. Chaos is not in the interests of the US: the influx of hundred of thousands of refugees on the southern coast would create a national security problems.

Besides, the US agribusiness lobby, already the main beneficiary of Cuba's purchases [20], is pushing for the embargo to be lifted. But the radical wing of the expatriate community in Miami will demand the right to return and seek political revenge.

The people of Cuba, however, face a different challenge: defending Cuba's independence and culture while ensuring the changeover from revolutionary legitimacy to a new institutional legality "which will help develop the democratic mechanisms that the system so badly needs" [21].

P.S.

* From *Le Monde diplomatique*, English edition, June 2004.

* Janette Habel teaches at the Institut des hautes études d'Amérique latine (IHEAL) in Paris.

Footnotes

[1] A place where the sugar workers live at the mills.

[2] On 12 March 1996 the US Congress adopted a law of extraterritorial scope presented by Senator Jesse Helms and Representative Dan Burton, under which any country in the world trading with Cuba would incur sanctions.

[3] Country Profile, *Cuba*, Economist Intelligence Unit, London, 2003.

[4] *La Lettre de La Havane*, n° 33, Havana Economic Mission, January 2004.

[5] The conditions are the same as those that Caracas grants to other small countries in the Caribbean and Central America; the only difference is that Havana is now benefiting from them, having previously been left out of the agreement because of pressure from Washington.

[6] Pedro Monréal and Julio Carranza, *Hacia una nueva agenda de desarrollo en Cuba*, mimeograph, Havana, March 2003.

[7] Money sent home by US-based Cubans.

[8] Angela Ferriol, "Explorando nuevas estrategias para reducir la pobreza en el actual contexto internacional. Experiencias de Cuba", mimeograph, Havana, 2002.

[9] Mayra Espina, "Efectos sociales del reajuste económico: igualdad, desigualdad y procesos de

complejización en la sociedad cubana”, CIPS, Havana, March 2003.

[10] *El País*, Madrid, 7 March 2004.

[11] Juana Conejero “Una nueva clase social en Cuba?”, thesis, Université catholique de Louvain, 2001.

[12] “Cuba, el proyecto y las izquierdas”, *Rebelión* website, January 2004, published in *Cuba Sí*, n° 153, January- March 2004, Paris.

[13] Elian Gonzalez, a shipwrecked child whose mother died trying secretly to reach the US, was the subject of a battle between his maternal family in Miami and his father in Cuba. He was forcibly recovered by the US authorities and after a media circus lasting many weeks was finally returned to his father on 29 June 2000.

[14] Pedro Monréal, Julio Carranza, op cit.

[15] Estévez won France’s best foreign novel prize in 2000 for *Thine is the Kingdom*, Arcade, New York, 1999.

[16] *Encuentro de la cultura cubana*, issue 26/27, winter 2002/2003, Madrid.

[17] See Janette Habel, “Banking on the church to save the revolution”, *Le Monde diplomatique*, English language edition, February 1997. Available on ESSF: [Cuba: Banking on the church to save the revolution](#)

[18] Interview with Oliver Stone, *Paris Match*, Paris, 25 September 2003.

[19] Interview with Martha Frayde, *Politique Internationale*, Paris, winter 2003-04.

[20] Since 2001 Cuba has paid \$500m for US food products (*Country Report*, Economist Intelligence Unit, London, November 2003).

[21] Armando Chaguaceda Noriega, op cit.