

**WHERE DOES CUBA STAND?**

Enrique A. Baloyra

January 14, 1994

\*\*\*\*\*

The views expressed in this report are those of the author and do not necessarily reflect the official policy or position of the Department of the Army, the Department of Defense, or the U.S. Government. This report is approved for public release; distribution is unlimited.

\*\*\*\*\*

Comments pertaining to this report are invited and should be forwarded to: Director, Strategic Studies Institute, U.S. Army War College, Carlisle Barracks, PA 17013-5050.

## FOREWORD

The crisis of the Cuban revolution has once again raised a number of security issues for the United States, along with important questions about the effectiveness and wisdom of the three-decade-old U.S. policy of containment and punishment. Many observers believe that the Castro regime is in its final hour, and that its passing may be accompanied by massive bloodshed and a new wave of refugees to southern Florida.

Given the potential explosiveness of the Cuban crisis and the possibility that it might lead to U.S. military involvement, it would seem appropriate to take a closer look at the Cuban situation. In particular, we need a better understanding of those forces promoting both political stability and instability. In this report, the distinguished Latin American scholar Enrique Baloyra argues that Castro's current policy of "re-equilibration" is unlikely to succeed and that his options will increasingly boil down to two choices: One, he can deepen the process of government-led reform, or, two, he can continue the current policy, with growing chances of violence and turmoil. Baloyra suggests that since the former might jeopardize his hegemonic position, the latter is the more probable option. The future, in short, is likely to be grim.

This report is an expanded and refined version of an earlier paper that was presented at an SSI roundtable on "Cuba and the Future," held at the U.S. Army War College. That session was organized by Dr. Donald E. Schulz and funded by the U.S. Army War College Strategic Outreach Program under the leadership of Colonel John D. Auger.

The Strategic Studies Institute is pleased to publish this report as a contribution to understanding events in this important region.

JOHN W. MOUNTCASTLE  
Colonel, U.S. Army  
Director, Strategic Studies Institute

### BIOGRAPHICAL SKETCH OF THE AUTHOR

ENRIQUE A. BALOYRA is a Professor of Political Science and former Dean of the Graduate School at the University of Miami. He has published widely on Central America and the Caribbean Basin. His best known book is *El Salvador in Transition* and his most recent is an edited volume which he organized with James A. Morris, *Conflict and Change in Cuba* (1993).

## WHERE DOES CUBA STAND?

### A Riddle.

Is Cuba different? Ever since the fall of the Berlin wall in November 1989, and particularly since the disintegration of the Soviet Union in summer 1991, predictions about the imminent collapse of the Castro regime have been more frequent.<sup>1</sup> Scholars and qualified analysts agree that the regime confronts its worst crisis ever and that it can not possibly escape it unscathed.<sup>2</sup> By this they do not mean that the regime will inevitably fall, only that to avoid more catastrophic alternatives, including widespread violence or outright civil war, the historic revolutionary leadership must innovate considerably more than it has ever been willing to. Indeed, it appeared that to prevent a complete national collapse that would destroy the regime, the leadership had already introduced changes that it would normally have refused to even consider.

If the Cuban leadership is acting under duress, why have we not witnessed more dramatic developments? If social and economic conditions are so harsh and growing worse, why have people not gone into the street to march and protest? Why are we yet to witness domestic political opposition effectively challenging the regime? Why have the leaders in the so-called left-wing of the Cuban Communist Party refrained from expressing their criticisms and disagreements in public? Why have the armed forces apparently remained loyal? Is Cuba unique?<sup>3</sup>

Some could argue that the Cuban system of domination is so perfect, so omnipresent and so omnipotent that, as many of the characters in the plays of Vaclav Havel claimed, "There is no alternative but to submit." Others would claim that the regime still enjoys a fair amount of foundational legitimacy and that the government is firmly in control of the situation and capable of experimenting with ad hoc strategies of re-equilibration. Which is actually the case?

### On Cuban Uniqueness.

For a long time, specialists have dealt with Cuba as a deviant, almost unique, case. We need to review the factors making Cuba different, not to drive home the point that it will remain so--that is, invulnerable to the changes that broke down other socialist regimes--but to understand how these factors are retarding the process of change. In very schematic fashion, here is how five of those factors seem to be operating in the early 1990s.

First, Cuba's insularity and proximity to the United States have always militated against regime change for a number of historical and political reasons. These are well-known and do not require additional elaboration except to point out that they have

allowed the *fidelistas* to play politics in terms of North-South (small versus large, independent versus neocolonial) oppositions and to isolate the Cuban public from external stimuli. In the Cuban case, North-South contradictions have very profound historical roots and become specific as a test of strength between nationalism and imperialism. The result has been that the more relevant contradiction of Cuban politics in the last four decades--pitting of an oppressive regime against a dominated society--has been overlooked and neglected.

Far too frequently, political actors in the United States address Cuba as a domestic U.S. issue, seek to project power and influence through American institutions, advance proposals that ignore the historical antecedents of U.S.-Cuban relations, or fail to incorporate the nuances of contemporary Cuban politics. Regardless of the intent, the result is the perception in Cuba that outside actors want to dictate solutions which, in many cases, run contrary to the explicit wishes or public positions of their would-be Cuban allies.

Second, none of the peaceful processes of regime transition has been determined by external factors. In the 1970s, military defeat abroad contributed to the deterioration of the Salazarist regime in Portugal and to the collapse of the colonels' regime in Greece. Similarly, the defeat in the Falklands unravelled the Argentine military regime, but only after General Galtieri committed his government to a gamble of his and his colleagues own choosing, rather than one that was imposed on them. In Central Europe, where the USSR instigated the removal of Erich Honecker in the GDR, helped plot the overthrow of Nicolae Ceaucescu in Romania, and orchestrated the ouster of Todor Zhikov in Bulgaria, the Soviets had to act through local intermediaries who had their own interests and priorities. The outcome of these interventions was far from uniform. Such intermediaries have not been available in the Cuban case, and potential local allies have been unwilling and/or unable to assist in this project. The United States lacks an effective domestic presence in Cuba and, for the reasons adduced before, an American connection would likely be a delegitimizing factor in the eyes of the majority of the Cuban population, rather than a factor that would increase the prestige and legitimacy of the opposition. In too many cases, opponents of the regime, particularly those operating in the United States, have chosen to highlight their closeness and support for the Cuba policies of the incumbent administration.

Third, Cuba was a model of national communism which, despite a heavy reliance and dependence on the Soviet Union, maintained a degree of independence and autonomy that could not have been predicted from a cursory inspection of the country's strategic assets and resource potential. Cuban willingness to experiment in the delivery of collective goods at home and aggressive pursuit of proletarian internationalism abroad--including programs of fraternal economic assistance--preserved the freshness of the revolutionary experience for a long time. The boredom and despair

of the disaffected coexisted side by side with the optimism and heightened sense of personal efficacy of the committed. That sense of efficacy was probably much more widespread in Cuba than in other socialist countries.

To be sure, the Cuban revolutionaries failed the test of creating wealth. Nevertheless, they have evolved a winning competitive ethos yet to be contradicted by military defeat or catastrophic political setbacks. This ethos stands behind the arrogance and self-sufficiency of the leading figures of the regime. In the final analysis, they have a point: They are yet to be defeated in the political arena. Castro and his closest associates publicly reacted to the collapse of the socialist regimes as something that Eastern European leaders had brought upon themselves.<sup>4</sup> They find no fault in their own policies and insist that they are not to be blamed for the mistakes of their former comrades.<sup>5</sup>

In a way, the worst foreign policy defeat, the collapse of the Soviet Union and its world system of political economy, which had major domestic political consequences for the Cuban regime, was not a complete political catastrophe for Castro. This defeat came precisely at a time of heightening tensions between a Soviet reformist cohort, younger than the Cuban historic leadership, who had mounted a major offensive along the lines of transparency in government (*glasnost*) and economic restructuring (*perestroika*). On their own, each of these objectives had profoundly destabilizing consequences for the Cuban regime, which not only resisted these changes but presented its own alternative policies of rectification.<sup>6</sup> Precisely at a time when he was in the uncomfortable situation of defending Stalinist positions against what Mikhail Gorbachev had presented as another effort at Leninist restoration, a worldwide crisis of Leninism ended this threat against Castro.<sup>7</sup>

Fourth, another element comes as a direct result of the effectiveness of the Cuban formula of political domination. Given the drawbacks of the "totalitarian model" and its shortcomings in describing the dynamics of life under Communist Party domination, using what appear to be the more accurate labels to describe this system is problematic. Basically, in a structural sense, the contemporary Cuban regime has resembled the Stalinist much more than any other variety of Leninist regimes. Unfortunately, Stalinism is a term laden with very strong ideological implications, linked to a particular worldview (Sovietology) that was neither a discipline nor scientific, and was at best a remnant of the cold war. Nevertheless, the absence of civil society in Cuba cannot be understood except in reference to this form of communist domination, at least in an institutional way.

As a result, there are no practically autonomous intermediary institutions in Cuban society. In Cuba, there is no Christian Church that can mobilize the masses as was the case in Poland or in the GDR. Despite one of the richest traditions of

unionism anywhere, an independent labor movement such as Solidarnosc is nowhere in sight in Cuba. In the same vein, in spite of a few well-publicized rows with the government, Cuban dissidents and intellectuals have been unable to come together into anything comparable to Charter 77, the Petofi Circle or the *samizdat* movement.<sup>8</sup>

Absent institutional sanctuaries and social spaces in which to evolve and camouflage political activity, the atomization that characterizes Stalinist forms of political control has been singularly effective in preventing the development of horizontal solidarities that normally precede the crystallization of organized forms of public protest. Without continued protest, the government has not been forced to engage in major exercises of public repression. The water cannon, the baton, the cattle prods, the gas canisters, and the gas masks are all ready to be utilized but they have been unnecessary. Thus far, the government has found it sufficient to deploy the so-called "rapid reaction brigades" against actual and suspected dissidents to prevent the massification of public protests.

This dominance can also be seen at the level of the political elite. Only three organizations have sufficient institutional strength to pose serious challenges to the leadership: the Communist Party of Cuba (PCC), the Revolutionary Armed Forces (FAR), and the Interior Ministry (MININT). In June 1989, the regime demonstrated its strength as it moved publicly to try to convict one of Cuba's most revered and decorated military heroes, Division General Arnaldo Ochoa Sánchez. Ochoa was found guilty and summarily executed along with three other officers, including Colonel Antonio de la Guardia, a MININT insider. This would have been inconceivable in most Latin American countries. Subsequently, a thorough purge gutted out the MININT, sending the interior minister, Division General José Abrantes, to jail for 20 years and meting out stiff sentences to a large number of his colleagues.<sup>9</sup> For all practical purposes, MININT was put under the receivership of the FAR which, as was the case in other socialist countries, seemed obedient to the party.<sup>10</sup>

As for the party itself, some of the worst and most sensational purges conducted in Cuba--in 1962, 1964, and 1968--were against elements who allegedly were trying to use the party organization to establish their own political base. More recently, during the 1980s, party leaders and professional cadre were under relentless pressure to make government policy work: Turnover rates in the Central Committee, provincial and municipal secretariats, and the party bureaucracy reached historic highs. In 1985, Humberto Perez, chief of the Central Planning Board (JUCEPLAN) and one of the prime defenders of economic reform, was demoted from his job and ultimately expelled from the Central Committee. In early 1992, a similar fate befell ideologist Carlos Aldana, whose position on change remained ambiguous and whose rising fortunes quickly faded as he was accused of corruption and



demoted to a menial job.

One final element of paradigmatic nature is uncertainty, both at the level of the elite and of the attentive public. In all previous cases of peaceful transition, elite agreements have paved the way for elections or for agreed-upon *rupturas* offering at least minimal guarantees to the those departing the scene. In a way, a process of transition is a process of managing uncertainty and, in the Cuban case, the last few years have been a period of increasing uncertainty. This has gone beyond the fear of and intimidation by official mechanisms of political control. Party elites that could have pronounced themselves against the present political course have yet to receive clear, unmistakable pledges of non-retribution. They are concerned that U.S. policies of economic denial through embargo and political ostracism are geared to bring down the entire apparatus, not just the diehard Stalinists. They read those policies as intending to destroy everyone ever associated with the regime. This, to say the least, has not been helpful. At the level of ordinary citizens, many are certainly fed up with Castro, with his foolhardy experiments, and with having to live in permanent dissimulation. But they are not looking forward to ending 30-odd years of revolution--bearing little personal freedom but accompanied by a number of tangible social benefits--only to fall prey to a group of extremists and *arrivistes* from the other end of the spectrum.

In short, Cubans are preoccupied about the alternatives to their present predicament. Elites and masses are deeply worried about the future. In the past, many had experienced considerable social mobility and/or had seen their children reach positions and distinctions that they could not have dreamed of. The rampant neoliberal rhetoric, the costs of changing economic models in Central Europe, and the continuing dire economic conditions of millions of Latin Americans are constantly being highlighted by official propaganda. In short, the public is not entirely convinced that life would be better under capitalism.

Why is this important? A generic argument, advanced by Adam Przeworski among others, is that a crisis of legitimacy does not change or make a regime.<sup>11</sup> There have to be alternative leadership, policies, and strategies available to mobilize people in favor of change.<sup>12</sup> And change can only come from two directions: from "above," that is from dissident factions of the leadership--or from "below," that is from within the ranks of ordinary Cubans. Once there are leaders willing to lead and masses available to be mobilized, there can be an alternative.

### **The Paradox Restated.**

To be sure, in the summer of 1993 the Cuban regime was being bruised by very dire conditions. Judging by historical and comparative standards, those conditions should at the very least have produced a deterioration, if not a near breakdown, of the

regime. But Cuban leaders continued formulating and implementing policy as if they were not confronting a terminal crisis.<sup>13</sup>

There are three ways of evaluating this paradox. The first is to consider chaos without breakdown as the normal order of things in revolutionary Cuba. This proposition rests on three assumptions: First, the historical continuity of the ruling group suggests that the Cuban regime has *never* changed.<sup>14</sup> Second, it has been argued that, except for 1975 through 1984, turmoil, crises, and experimentation have characterized the operational style of the Cuban regime. This has been variously described as *socialismo con pachanga* and wartime communism (for the 1960s), *sociolismo*, provisional institutions in perpetuity, or simply the "anti-model."<sup>15</sup> Third, as has been the case in the past, despite all the avatars, Fidel Castro and his closest associates may somehow find the means and opportunity to remain in power without changing the regime. Each of these statements clearly exaggerates what may have actually been or shall be the case. The bottom line of this first option asks: Where except in its depth is the novelty of this crisis? Are Cubans not accustomed to living in crisis?

The second option would be to reject the paradox altogether on grounds that the regime really is deteriorating and that it cannot possibly continue relying on traditional mechanisms for reproducing its legitimacy and control. This assumes that the vectors of change are already in place and that it is simply a matter of time before we witness regime breakdown. No matter how astute a leadership, how willing to rule, and how much support it may still have, it is hard to imagine that it can survive a complete economic collapse. In early summer 1993, the news from Cuba consisted of a steady staple of power outages, a generalized breakdown of transportation, increased scarcity and hunger, and the threat of epidemics of different sorts. Was a collapse anywhere near?

The third option anticipates change, but in more gradual fashion. It rejects unescapable economic determinism and posits that continued selective application of pragmatic macroeconomic policies and political repression (the lynchpin of the strategy of re-equilibration used by the leadership in the early 1990s), combined with the strategies used by ordinary Cubans to survive the crisis, may change the regime in a gradual and largely unanticipated way. It is conceivable that the same or a very similar ruling group could preserve the ethos of the revolutionary regime in a new structural configuration.<sup>16</sup>

Despite the official rhetoric and the supposedly diehard attitude of the historic leadership, which has vowed to uphold principle and resist until the end, re-equilibration is no revival of "Guevarism" but an attempt by the historic leaders to subordinate the scope and nature of change to their own political and physical survival. Stated in the language of transition analysis, this is a "re-equilibration without liberalization."

Therefore, the early 1990s are not simply a repetition of the late 1960s. Creeping capitalism, the loss of ideological referents, and deeper and more widespread popular resentment against the regime are pushing Cuba into uncharted territory. Cubans may not be ready to immolate themselves to improve matters, but this does not mean that they will respond enthusiastically to narrowly-defined policies of elite survival and regime continuity. In short, elite-guided re-equilibration and mass-based avoidance and disengagement are the stuff of the politics of transition in Cuba. What is yet to be determined is the outcome.

### **Change in the Cuba of the 1990s.**

All the different permutations and combinations of these three possibilities boil down to two interpretations. The difference between these interpretations is not whether change will occur, but whether it is going to be gradual and orderly, (even if it results in a new or drastically altered regime) or turbulent, and spin out of control. Which is likely to be the case?

In 1993, four years after the collapse of the socialist bloc and two years after its cliency relationship with the Soviet Union had come to an end, the Cuban regime remained in place. To be sure, a sense of urgency was palpable in much of the formulation and implementation of domestic policy. Levels and styles of citizen mobilization were more reminiscent of the turmoil and experimentation of the 1960s than of the more structured and predictable patterns of the late 1970s and early 1980s. Open massive unemployment and underemployment had become a reality. In its edition of April 2, 1992, the weekly *Bohemia* reported that, by that time, about 155,000 workers had been reassigned to chores in agriculture and construction. By January 1993, roughly 75 percent of Cuban factories had simply stopped producing anything because of the lack of raw materials. In agriculture, animal traction had all but replaced tractors and combines. Workers dining halls were shut down. In spring 1993, the quota of food that could actually be purchased through the official rationing system did not cover the entire month. All of these things seemed to be pulling the regime away from its blueprint for re-equilibration. Following a very violent storm in March 1993, the Cuban government broke precedent and asked for international donations to help repair the very extensive damages. From that point onward, Cuban officials pointed to adverse weather conditions as a major contributor to their inability to fulfill commercial contracts and meet their own production goals for the "special period." On June 3, 1993, Alberto Betancourt Roa, director of CUBAZUCAR, announced that due to *force majeure* Cuba would have to suspend its sugar deliveries and that sugar production would not surpass the 4.2 million metric ton mark. This was very bad news.

Externally, the regime had embarked in a worldwide campaign aimed at forcing an end to the U.S. economic embargo, first imposed in 1962. Passage of the Cuban Democracy Act, signed into law by President George Bush in Miami in October 1992, had tightened the provisions of the embargo on grounds that this would accelerate a transition to democracy.<sup>17</sup> Cuban officials were utilizing this stated purpose to denounce the United States. On their own, most of Cuba's traditional trading partners, including steadfast U.S. allies (members of NATO and the EEC) and countries not particularly sympathetic to the regime, denounced the Act and/or announced countermeasures of their own.<sup>18</sup> Even before final approval of the Act, on October 8th, the European Community filed a formal complaint with the U.S. Government on grounds that this violated international law. Canada and the United Kingdom issued orders imposing fines on any company complying with the Act. On November 24, 1992, the United Nations General Assembly approved a non-binding resolution condemning the expansion of the embargo; only the United States, Romania, and Israel voted against it. On December 2, 1992, the final declaration of a meeting of the Group of Eight in Buenos Aires included language criticizing "attempts to confer extraterritoriality to the laws of any country." International controversy about the Cuban Democracy Act put the Cuban problem back in the venue of the nationalism- imperialism debate, to the detriment of the reality of a besieged dictatorship steadfastly refusing to negotiate a reconciliation with its opposition and determined not to entertain any policy options except its own.

In terms of the relationship between rulers and ruled, there was a palpable estrangement between state and society, and the government was increasingly unable to provide services that the population had grown accustomed to. This, in no small measure, was a direct result of miscalculations and obstinacy on the part of the ruling elite, particularly Fidel Castro. But it would be hard to underestimate the very overwhelming impact of what was probably the worst economic crisis in the country's history. What had begun in the mid-1980s as a disguised program of economic austerity, the so-called "campaign to rectify errors and negative tendencies" (*rectificacion*), had evolved into a desperate struggle for survival which the government euphemistically described as "a special period in time of peace."

The population's response to these conditions was complex. On the one hand the kingdom of dissimulation that ordinary Cubans had built for themselves was giving way to increased social disorganization, open discontent, and some isolated instances of formal protest. The crime rate soared as Cubans found it impossible to make ends meet without engaging in petty thievery. Expressions of discontent were more open than ever before. For example, in the municipal elections of December 20, 1992, about 31 percent of the 7,546,194 voters invalidated their ballots or left them blank. There was increasing disbelief in the government's insistence that the United States might invade and that the economic depression that the country was experiencing

was a direct result of the U.S. embargo and the collapse of the Soviet system. But there was also considerable resentment at the United States for making things worse by tightening the embargo.

Dissidents ventured where they rarely had gone before, openly criticizing the regime on live interviews with Miami radio stations and in statements to international media. The Catholic Church became more openly critical. In October 1991, Archbishop Jaime Ortega Alamino asked Cuban Catholics not to join the rapid reaction brigades organized by the government to intimidate people and conduct acts of street violence against dissidents and protesters. In May 1992, Archbishop Ortega criticized the official media for openly espousing an attitude of "us versus them" when referring to Cuban Christians. He added,

When we seem to be marching towards a lay state, it is hardly convenient to continue talking about Marxism as a religion and about the encounter of Christians and Marxists as an ecumenical meeting between two churches.

In late October 1992, the Cuban Episcopal Conference issued a statement condemning the Cuban Democracy Act and reiterated the opposition of the Catholic hierarchy to the U.S. economic embargo.

Intra-elite relations seemed to be experiencing considerable turbulence. Despite official proclamations, the PCC was far from united. Disunity within the party had been a problem for the past 10 years. In December 1985, due to a lack of consensus on a number of issues, the last session of the Third Congress of the PCC had to be postponed. Shortly after concluding its delayed session, in February 1986, Castro went ahead on his own and launched the so-called process of rectification on April 19, 1986.

Moreover, there were very complicated maneuvers involving preparations for the Fourth Congress of the PCC in October 1991. A number of ad hoc procedures were put in place so that the top leadership would be able to control the process of delegate selection and, by implication, the agenda and the debate. On the one hand, many of the base leaders of the PCC elected by secret ballot earlier in the year were not considered completely reliable. But these did not reach the Congress in large numbers. On the other hand, the *llamamiento* process, which was the leadership's call for an open and sincere debate leading to the Congress produced far too many controversial suggestions. The Politburo had to issue a declaration clarifying that the revolutionary project and its historic leadership were beyond questioning.

Before the Congress ever took place, its organizing commission implemented a number of important changes on grounds that they would have been approved anyway.<sup>19</sup> Even so, the issue of the free peasant market, one of the first and most

controversial aspects of the policy of rectification, was hotly debated at the insistence of "the right," with many people openly calling for its restoration. For their part, "left" elements did not concede the point about the inclusion of believers in the party without a fight. Structural and personnel changes approved by the Congress--including the elimination of the Secretariat; the promotion of "safe" younger politicians (Maria de los Angeles Garcia, Alfredo Hondal Gonzalez, Alfredo Jordan Morales, Carlos Lage, Abel Prieto, Roberto Robaina, Nelson Torres Perez), technocrats, and trouble-shooters (Concepcion Campa Huergo, Yadira Garcia Vega, Candido Palmero Hernandez) to an expanded Politburo of 25 members; and the elimination of deputy positions up and down and across the entire party structure--were not trivial. If anything, these complex changes were put in place to help implement the strategy of re-equilibration with which the government intended to pull the regime out of its state of deterioration and prevent its breakdown. In addition, the Congress gave the Politburo carte blanche to rule the country through exceptional mechanisms for as long as this was made necessary by the "special period."

What this cursory review of the evidence seems to suggest is that there has been opposition in Cuba, but that it has not been able to establish and consolidate itself either at the level of the leadership or within the ranks of the mass public. Is this state of affairs likely to continue? Will the government strategy of re-equilibration somehow merge with or assimilate some of the demands of the opposition? Are the dynamics of officially-sponsored changes and of their unanticipated consequences likely to complement or collide with each other?

### **A Socialist Aperture Toward Capitalism.**

Changes in the configuration of international political blocs left the regime scurrying to find not only new trading partners but also ideological moorings. This posed a double-barreled threat to its legitimacy. Keeping a trading economy afloat was a tall order; managing the deepening contradiction between an official rhetoric of "socialism or death" and the everyday practice of state capitalism was no panacea. The top leadership strained to put the best possible face on this glaring contradiction. In September 1991, President Fidel Castro stated that Cuba could have both a socialist economy and society and wide cooperation with foreign capital. In a November 1992 interview which received national television and radio coverage, Carlos Lage, secretary of the executive committee of the Council of Ministers, described current economic policy as "a socialist opening to the capitalist world." This, he hastened to add, would not sacrifice the political, economic, and social project chosen by Cuba.

In short, government policy calls for a mixed economy of sorts, combining foreign capitalist enclaves, primarily in the

export sector, with socialist production and distribution predominating in the domestic sector.<sup>20</sup> This was an enclave-based economic restructuring, unaccompanied by political liberalization.<sup>21</sup> It is likely that any successful reorganization of Cuban political economy will require massive foreign investment and a reorientation to export-led growth in nontraditional sectors.<sup>22</sup> While this strategy is probably correct, it poses serious problems of legitimacy to a leadership that has made the rejection of capitalism and market economics a central tenet of its economic model.<sup>23</sup>

Two additional problems loom large. One is that, despite very generous terms and facilities offered to foreign capital, the latter has yet to take full advantage of them. While the amount of foreign investment received thus far is substantial, it is insufficient to pull the country out of its deep recession and to make the official strategy of re-equilibration successful. By spring 1993, there were close to 300 foreign firms already operating in Cuba, including giants like BASF, Bayer, CIBA-GEIGY, Komatsu, Nissei Sangyo, Rhone-Poulenc, Sandoz, and Volvo.<sup>24</sup> But many had yet to make an investment commitment, and new investment remained heavily concentrated. For example, in 1992, reports of a massive infusion of fresh Canadian capital used the figure of U.S. \$1.2 billion to describe what Sherrit Gordon intended to invest in modernizing nickel plants at Las Camariocas and Punta Gorda.

Linkages between these new resources/activities and Cuban foreign trade and domestic economic activity remained tenuous. One major factor was its enclave nature. Another was the collapse of the Council for Mutual Economic Assistance (CMEA), which took the lion's share of Cuba's trade. In 1984-89, Cuban exports to and imports from CMEA countries were roughly 70 percent of the total. (See Table 1.) In dollar terms, the amount of Cuban imports from the Soviet Union was U.S. \$5.2 billion in 1989. This dropped to \$1.7 in 1991. Accordingly, the Economic Commission for Latin America (ECLA) reported that, between 1989 and 1992, Cuban import capacity had declined by 73 percent.<sup>25</sup> As a result of this drastically reduced import capacity, Cuba's Gross Social Product fell precipitously as vital imports could not be purchased elsewhere because of a lack of foreign exchange and Cuba's low credit rating. (The latter was due to its unilateral moratorium on servicing its foreign debt with hard-currency countries in 1986.) Input shortages had a serious impact on all Cuban industry. Sugar production declined from 8.1 million metric tons in 1989-90 to 4.2 million in 1992-93.

Whatever trade this new investment is generating with the Western Hemisphere and Europe cannot come close to filling the void left by the Soviet Union and the CMEA. During 1984 to 1989, Cuban export trade with the Western hemisphere moved from 2 to 4.6 percent of total exports and from 4.4 to 6.3 percent of total imports. While these figures cover years preceding the vertiginous free fall of the Cuban economy, they show the

enormous gap left by the disappearance of the CMEA. This cannot be filled by new trading partners in a short period of time.



## EXPORTS

	1984	1985	1986	1987	1988	1989	84/89 TOTAL
Hemisphere	111.2	72.9	85.4	81.6	98.1	248.2	697.4
% of total	2.0	1.2	1.6	1.5	1.8	4.6	2.1
Canada	43.5	32.2	37.2	36.0	38.5	54.8	242.2
all other	67.7	40.7	48.2	45.6	59.6	193.4	455.2
Nicaragua	31.2	19.9	30.1	26.6	20.1	19.6	147.5
Venezuela	2.0	7.8	2.1	1.5	21.8	31.1	66.3
Mexico	10.7	1.9	1.7	2.0	4.9	17.8	39.0
rest	23.8	11.1	14.3	15.5	12.8	124.9	202.4
EEC	137.7	184.4	245.6	269.6	393.2	437.7	1668.2
Spain			88.2	84.9	81.5	86.0	
Eastern Europe	4686.4	5161.5	4627.2	4689.2	4518.2	4069.0	27751.5
USSR	3952.2	4481.6	3935.8	3868.7	3683.1	3231.2	23152.6
% of total	72.2	74.8	74.0	71.6	66.7	59.9	69.9
World Totals	5476.5	5991.5	5321.5	5402.1	5518.3	5392.0	33101.9

## IMPORTS

	1984	1985	1986	1987	1988	1989	84/89 TOTAL
Hemisphere	318.6	379.5	297.4	294.3	360.4	514.8	2165.0
% of total	4.4	4.7	3.9	3.9	4.8	6.3	4.7
Canada	56.5	58.8	53.4	33.0	28.5	37.1	267.3
all other	262.1	320.7	244.0	261.3	331.9	477.7	1897.7
Argentina	149.9	193.3	162.2	124.3	127.5	179.2	936.4
Mexico	72.7	77.1	29.7	72.0	108.0	80.0	439.5
Venezuela	7.5	5.8	10.2	19.1	28.9	56.5	128.0
Peru	4.7	3.0	3.7	3.6	8.4	19.1	42.5
rest	27.3	41.5	38.2	42.3	59.1	142.9	351.3
EEC	396.0	366.9	473.0	411.0	398.4	480.0	2525.3
Spain			147.4	165.4	146.1	184.9	
Eastern Europe	5784.8	6507.0	6297.4	6530.0	6432.5	6636.3	38188.0
USSR	4782.4	5418.9	5337.6	5446.0	5364.4	5522.4	31871.7
% of total	66.2	67.4	70.3	71.8	70.8	68.0	69.1
World Totals	7227.5	8035.0	7596.1	7583.7	7580.0	8124.2	46146.5

Source: Computed from Direccion General de Estadisticas, *Anuario Estadistico de Cuba, 1989*, pp. 253-261.

**Table 1. Cuban Foreign Trade, 1984-89 (millions of Cuban pesos).**

Second, the very generous terms offered by the Cuban government have two negative effects in the short term. One is that Cuban participation in profits is but a fraction of what it could be if the country did not find itself in such a weak position. While this varied somewhat from one sector to another, and from one joint venture to the next, in essence what prevailed was a buyer's market. Extensive concessions in taxation, profit repatriation, and the provision of infrastructure reduced national participation in the surplus generated by these activities and deflated the net diffusion effects of this investment in the domestic sector. For example, according to a March 1993 report by Cuba's Grupo de Turismo, tourism generated U.S. \$530 million in gross revenues in 1992. This compared favorably with the U.S. \$145 million generated by the sector in 1987 and the U.S. \$387 million in 1991. In addition, the sector accounted for roughly 62,000 jobs or 1.6 percent of total employment in 1992. These are all impressive numbers. But according to several estimates, Cuba only netted U.S. \$245 million in 1992 once profits, commissions, transportation expenses and direct imports into the sector were discounted.<sup>26</sup> What this means is that this high-priority sector, which seems to be performing fairly well, cannot be counted on to produce miracles or quick fixes. Major gains will require a sustained effort and adaptability to changing market conditions to remain competitive.

In summary, Canadian, Spanish, Mexican, Japanese, and other investors cannot save the regime. Something more is required. Consequently, following the inauguration of Bill Clinton in January 1993, the Cuban government launched a strong public relations campaign to shame his administration into easing the embargo or abrogating it altogether.

The other negative aspect of Cuba's generous concessions to new foreign investment is in the area of labor and community relations. Although these remained enclave operations, their social and political aspects posed a direct challenge to the legitimacy of the regime. The contrast between foreign capitalist affluence and domestic socialist mediocrity is just too strong at all levels. For example, concerning tourism, criticism has emerged from within the party itself over the system of apartheid created by the increasing number of foreign tourists visiting the island, which has resulted in the virtual exclusion of the *criollos* from the choice spots in the littoral, and has put extra pressure on the supply of food in the country. Cubans are practically excluded from the "dollar area," and ordinary citizens cannot make purchases in well-supplied stores reserved for foreign tourists, entrepreneurs, and diplomats. More ominously, prostitution, which Cuban officials had proudly declared extinct 30 years ago, has reappeared as a direct result of the upsurge in tourism and of the increasingly narrow employment opportunities available to a predominantly young and technically well-qualified labor force. In addition, hundreds of

young technicians and professionals are avidly seeking jobs in the dollarized sector of the economy. This is an internal "brain drain" of sorts.

But employment in the dollar sector entails having to adjust to more demanding conditions than many Cuban workers are accustomed to. The government's monopoly of the domestic labor market, and the fact that it acts as intermediary between foreign capitalists and Cuban workers, creates additional frictions. While some major irritants have been removed, most workers continue to be paid in Cuban pesos at a fraction of their nominal dollar salaries. They cannot engage in collective bargaining and, until recently, they could not use whatever dollars came into their hands to patronize restricted shops. Despite these annoyances and outright injustices, workers in the dollarized foreign enclaves are considered lucky by those excluded from them.

A recent study of the impact of this early onslaught of enclave capitalism concludes somewhat tentatively. According to this work, while direct foreign investment is undermining Castro in several ways, this is being countered by other effects that may actually help consolidate the system, particularly if foreign investment increases.<sup>27</sup> This and other sources are beginning to discover antagonisms between Cuban managers in joint enterprises, enjoying more autonomy, salaries, and working conditions, and those trying to run state enterprises under all kinds of vicissitudes.

### **Some Likely Scenarios.**

On the surface, it appears that the almost legendary adaptability of the historic revolutionary leaders has not deserted them. Through a combination of official policies, astute manipulation of certain factors specific to the Cuban situation, and the adroit turning of some unfavorable contingencies to their advantage, they have managed to disconnect potential links between would-be leaders and followers, and thereby prevent discontent from turning into political mobilization and massified opposition.

While these conditions prevail, Castro has no incentive to engage in serious bargaining and negotiation with his Cuban opponents. He can continue his present course hoping that he may finesse an accommodation with the United States, that his ad hoc economic policies will mature and bear full fruit, and that the number of imponderables shall remain a manageable few. Given the trends afoot in mid-1993, this is probably too much for him to ask. As suggested above, he needs major qualitative changes in terms of access to fresh credit and really major levels of direct foreign investment to jumpstart a restructured economy and put it in the path of self-sustained growth. This is unlikely without some major changes in the domestic configuration and

international relations of the regime.

While a relaxation of the U.S. embargo remained possible--particularly with respect to food, medicine, travel, and communications--there was very little to indicate that, short of drastic change in the nature of the regime, the United States would abrogate it altogether. Absent this, Castro's own idiosyncracies and concern for his own political survival are likely to prevent him from allowing the more drastic and rapid conversion to market mechanisms that the Cuban economy requires to be able to feed and employ the population, particularly in the absence of a new external patron. In either case, with or without a patron, and even barring any new complication, the vicious circle in which the Cuban economy is trapped is likely to get even worse. In other words, Castro will have to make some additional concessions on the economic front.

Elite and popular reactions to these concessions are hard to gauge. Dissent on economic policy alone is not likely to fracture the elite in a regime-threatening fashion, whether to demand or protest changes. However, the issue of repressing the population, which could arise if economic conditions continue to deteriorate unremittingly, would probably produce such a split. Absent a sustained dialogue with the opposition or a previous tacit elite agreement, this split may not bring about a crucial realignment of forces or the emergence of a new winning coalition capable of managing a transition. But it would force the regime to engage in continued repression of spontaneous, sustained popular protest. Ironically, given extant mechanisms of political control, spontaneous protest may be more likely and, with the absence of prior elite agreements and clearly formulated alternatives, the potential for violence and anarchy will increase.

In the short term, however, there are no likely candidates to play the role of connecting the elite and masses into a coherent opposition. Military officers are less likely to lead a dissenting faction and to play a prominent role in managing the transition than the party *apparatchiki*. The existence of only one party makes it easier for the politics of dissent to become the politics of opposition within that party, than for a military conspiracy to crystallize. A military coalition would require the active collaboration of the intelligence apparatus, which was effectively gutted and purged in the aftermath of the Ochoa affair. At present, the MININT is under the receivership of a trustee of FAR Minister Raul Castro, General Abelardo Colome Ibarra.

For the most part, the present leadership of the dissident movement has not made any decisive move to mobilize the population; those who have tried to recruit more aggressively, such as Yndamiro Restano of the Movimiento Armonia, have quickly found themselves in jail. Those who remain free do not seem to be contemplating a change of tactics; therefore, it does not appear that they will lead an active campaign of civil disobedience any

time soon.

Without a leadership willing to lead, there may not be a mass willing to follow. The strategies of survival evolved over the years are not likely to be revised at a time of extreme hardship and duress. People are just too preoccupied and busy with subsistence to engage in the kind of spontaneous combustion that might produce a massive blow up. Cubans have always worried about not becoming martyred in sterile causes; consequently, there is quite a lot of apprehension about "starting anything." On the other hand, Cubans are also known to mobilize by anger in the face of blatant injustice and abuse of power. It is not out of the question that we could witness incidents of looting *diplomercados*, hotel commissaries or even local groceries. It is also likely that mistreatment of ordinary citizens by an abusive official or mob could spark violence.

Castro may know more about the psychology of ordinary Cubans than the rest of us but, in the early 1990s, those Cubans posed a greater potential threat to him than anyone at the elite level. He demonstrated his concern by vigorously campaigning during the weeks leading up to the election of February 1993. He cannot rest on his laurels, however. He is spread too thin over too many projects and crises. Soon he may be confronted by the most difficult choice of his career: whether to preside over a more genuine process of change or eventually have to engage in massive repression of ordinary citizens.

In conclusion, given the very narrow margins for success of the present strategy of re-equilibration, the prospects for the future seem to cluster around two options. One is a deepening of the process of change, led by the government; the other is the continuation of current policy, with increasing chances of violence and turmoil. That Fidel Castro remained the key player in determining which of the two courses would prevail seemed to suggest which was more likely. That he has never put his supremacy on the auction block does not augur well for the future of his country.

#### **ENDNOTES**

1. For a recent, well-documented exercise in predicting change see, Andres Oppenheimer, *Castro's Final Hour*, New York: Simon and Schuster, 1992.

2. For a contrast, see, Edward Gonzalez, "The Beginning of the End for Castro?" in *Cuba Roundtable, Cuba in the Nineties*, New York: Freedom House, 1991, pp. 7-22; Susan Kaufman Purcell, "Collapsing Cuba," *Foreign Affairs*, Vol. LXXI, No. 1, 1992, pp. 131-145; and Andrew Zimbalist, "Teetering on the Brink," *Journal of Latin American Studies*, Vol. XXIV, No. 2, May 1992.

3. This question is addressed squarely elsewhere. See, "Introduction" in Enrique A. Baloyra and James A. Morris eds.,

*Conflict and Change in Cuba*, Albuquerque, NM: University of New Mexico Press, forthcoming, pp. 4-5.

4. For a sample of these reactions, see "Our Most Sacred Duty: Save the Fatherland, the Revolution, and Socialism," *Granma*, August 29, 1991. Consult any of Castro's speeches during this period--for example the September 5, 1992 anniversary speech delivered at the Juragua nuclear power plants in Cienfuegos.

5. For an expanded discussion on these points, see Marifeli Perez-Stable, "'We Are the Only Ones and There Is No Alternative': Vanguard Party Politics in Cuba, 1975-1991," in Baloyra and Morris, eds., *Conflict and Change in Cuba*, pp. 68-70, 76-84.

6. For description and discussion see, J. Richard Planas, "The Impact of Soviet Reforms on Cuban Socialism," in *ibid.*, pp. 246-256. Also see Jorge I. Dominguez, "The Political Impact on Cuba of the Reform and Collapse of Communist Regimes," in Carmelo Mesa-Lago, ed., *Cuba After the Cold War*, Pittsburgh, PA: University of Pittsburgh Press, forthcoming, chapter 4.

7. This was the first time in which, in a confrontation with the Soviet leadership, Castro had to defend his position explicitly on grounds that he was not favoring Stalinism. For details and discussion, see Enrique A. Baloyra, "Socialist Transitions and Prospects for Change in Cuba," in Baloyra and Morris, eds., *Conflict and Change in Cuba*, pp. 48-55.

8. For a more complete discussion on this topic, see Peter Johnson, "The Nuanced Lives of the Intelligentsia," in *ibid.*, especially pp. 140-148.

9. Abrantes died in jail later on, allegedly of a heart attack while he was exercising.

10. For more details on the Ochoa-de la Guardia-Abrantes case, see Enrique A. Baloyra, "The Cuban Armed Forces and the Crisis of Revolution," in Louis W. Goodman, et al., eds., *Civil-Military Relations in Latin America*, Lexington, MA: Lexington Books, forthcoming. For a discussion of political control of the Cuban military, see Phyllis Greene Walker, "Political-Military Relations Since 1959," in Baloyra and Morris, eds., *Conflict and Change in Cuba*, especially pp. 115-128.

11. Adam Przeworski, "Some Problems in the Study of the Transition to Democracy," in Guillermo O'Donnell, et al., eds., *Transitions from Authoritarian Rule, Part III, Comparative Perspectives*, Baltimore, MD: The Johns Hopkins University Press, 1986, pp. 50-53.

12. Leonardo Morlino, *Como Cambian los Regimenes Politicos*, Madrid: Centro de Estudios Constitucionales, 1985, pp. 245-273.

13. Jorge I. Dominguez, "Secrets of Castro's Staying Power," *Foreign Affairs*, Vol. 72, No. 21, Spring 1993; Samuel Farber, "Castro Under Siege," *World Policy Journal*, Vol. 9, No. 2, Spring 1992; Edward Gonzalez and David Ronfeldt, *Cuba Adrift in the World*, RAND-4231-USDP, Santa Monica, CA: Rand Corporation, 1992.

14. For a critique of this point of view, see Carollee Bengelsdorf, "Cubanology and Crisis: The Mainstream Looks at Institutionalization," and Nelson P. Valdes, "Revolution and Paradigms," in Andrew Zimbalist, ed., *Cuban Political Economy: Controversies in Cubanology*, Boulder, CO: Westview Press, 1988, pp. 212-223 and 196-206, respectively.

15. This was certainly the case until 1975. For discussion and description, see Frank T. Fitzgerald, *Managing Socialism: From Old Cadres to New Professionals in Revolutionary Cuba*, New York: Praeger, 1990, pp. 111-131; K. S. Karol, *Guerrillas in Power*, New York: Hill and Wang, 1970, pp. 451-476; Jose Luis Llovio, *Insider: My Hidden Life as a Revolutionary in Cuba*, New York: Bantam, 1988, pp. 206-213, 237-251; Rhoda Rabkin, *Cuban Politics: The Revolutionary Experiment*, New York: Praeger, 1991, pp. 50-52, 59-62, and 101-104; Sergio Roca, "The Comandante in His Economic Labyrinth," in Baloyra and Morris, eds., *Conflict and Change in Cuba*, pp. 89-91; Andres Suarez, *Cuba: Castroism or Communism?* Cambridge, MA: M.I.T. Press, 1967, pp. 237-241.

16. Cuba's revolution has frequently been compared to Mexico's. For a discussion of how the Mexican revolutionary regime preserved and improved on some of the key features of the *porfiriato*, see Lorenzo Meyer, "Historical Roots of the Authoritarian State in Mexico," in Jose Luis Reyna and Richard S. Weinert, eds., *Authoritarianism in Mexico*, Philadelphia, PA: ISHI, 1977, p. 4.

17. In its final form, the Act was included at Section 1701 *et seq.* of the National Defense Authorization Act of 1993 (H.R. 5006/S. 3114).

18. These included Argentina, Canada, France, Germany, Mexico, the United Kingdom, and Venezuela.

19. The Secretariat was abolished, as well as the positions of second secretaries and alternates. Party departments were cut down to nine and the party bureaucracy was reduced accordingly.

20. For a comprehensive discussion of those policies and of their probable outcome, see Carmelo Mesa-Lago, "Cuba's Economic Policies and Strategies for Confronting the Crisis," in Mesa-Lago, ed., *Cuba After the Cold War*, chapter 6.

21. I am aware of changes in the platform of the PCC and of the 1992 constitution, but neither of these represents a political liberalization.

22. "Nontraditional" is utilized here in reference to the revolutionary period during which tourism and non-sugar exports were neglected, and Cuba's insertion into the world economy relied very heavily on its participation in the now-defunct Council for Mutual Economic Assistance, which joined together the economies of the Soviet bloc. Cuba's role within that order was one of providing agricultural (sugar, citrus) and mining (nickel) products.

23. For discussion of adequate future strategies, see Jan Svejnar and Jorge Perez-Lopez, "A Strategy for the Economic Transformation of Cuba Based on the East European Experience," in Mesa-Lago, *Cuba After the Cold War*, chapter 9.

24. Taken from Amaya Altuna de Sanchez, "Cuba Mayo 1993, Analisis Informativo de la Realidad," paper delivered at the Annual Congress of the Partido Demócrata Cristiano de Cuba, Miami, June 4, 1993, pp. 19-23.

25. Naciones Unidas, Comisión Económica para América Latina y El Caribe, *Balance Preliminar de la Economía de América Latina y El Caribe*, LC/G.1751, 18 Diciembre 1992, p. 8.

26. "Bridging the Gap? Cuban Tourism in the 1990s," *La Sociedad Económica*, Bulletin No. 29 (London), April 19, 1993, p. 1. Also see Mesa-Lago, "Cuba's Economic Policies," in Mesa-Lago, ed., *Cuba After the Cold War*, p. 224.

27. Gillian Gunn, "The Sociological Impact of Rising Foreign Investment," Cuba Briefing Paper Series, No. 1, January 1993, p. 15.



U.S. ARMY WAR COLLEGE

Major General William A. Stofft  
Commandant

\*\*\*\*\*

STRATEGIC STUDIES INSTITUTE

Director  
Colonel John W. Mountcastle

Director of Research  
Dr. Earl H. Tilford, Jr.

Author  
Enrique A. Baloyra

Editor  
Mrs. Marianne P. Cowling

Secretaries  
Mrs. Deloris A. Hutchinson  
Ms. Rita A. Rummel

\*\*\*\*\*

Composition  
Daniel B. Barnett