

Cuba and Raúl's Reforms: Power Grab, Public Relations or Change?

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Since formally acceding to the presidency on February 24, 2008, Cuban President Raúl Castro has launched a menu of reforms that, by their contrast to the stated positions of his brother, Fidel Castro, have sparked hope that a new era of change has begun in Cuba. Don't hold your breath. The reforms—from the loosening of agricultural markets, to greater freedom to purchase electronic equipment (including cell phones)—represent little more than an effort to relieve some pressures inside Cuba and to stoke international pressure for a reevaluation of US policy.

In terms of the structure of decision-making and economic realities (both of purchasing power of common Cubans and the real distribution of economic and political power in Cuba) these are not the beginnings of the political opening that many—except the most romantically inclined—were hoping for. Unfortunately, in the stale, traditional debate over Cuba, Raúl's so-called reforms are getting wrapped around the traditional axel of policy toward Cuba: the US embargo. That is a profound mistake, both in terms of understanding what is actually occurring in Cuba and the realities (and constraints) of the embargo to promote constructive engagement in genuine democratic change.

Tinkering Around the Edges

In the seven months since Raúl was officially anointed by the National Assembly to succeed his big brother, the former Vice President and Defense Minister has launched a number of meager reforms intended to boost agricultural production and worker productivity. At least in their rhetoric, the reforms were intended to loosen state control over a number of areas and establish incentives to spark productivity.

The first, and most anticipated of these changes, was in agriculture. In mid-July this year, the government granted private farmer cooperatives the right to cultivate up to 99 acres and individuals up to 33 acres of unused state land with the sale of the goods to be managed and controlled privately. The reform provides ten-year leases to the farmers, with an option to renew up to 25 years, and—in a break from the collectivist policies of the past—the right to determine what to sow and to retain the profits from its sale.

It's not hard to see why. At a time when global food prices have been on the rise, in 2007 Cuba imported almost 85 percent of its food and spent almost \$1.5 billion for agricultural imports. Ironically the number-one source of those imports was the United States

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through an exception to the embargo that allows US companies to sell food and drugs to the Cuban government, but only in cash-on-delivery. The decentralized, semi-private system of production and distribution envisioned in the July law officially sanctions and seeks to expand the underground economy that in the last decade had begun to fill in the gaps in production and provide employment.

The second area of change has been in the purchase of consumer goods. Shortly after reaching power, Raúl announced that Cuban citizens could purchase cell phones, DVDs and computers. This sounded great. Finally the government no longer restricted access to the tools of modern communication that exist in almost every corner of the modern (developed and developing) world, from Italy to Kenya.

But here's the rub: most citizens don't have the money to buy these accoutrements of modernity. The average salary of Cuban workers is under \$20 per month, placing these electronic gadgets well beyond the reach of most Cubans. The cost of a cell phone in the state stores where they are sold is between \$75 and \$280. Add to that the cost of activation—not to mention monthly service fees—of \$120 and suddenly this much-heralded right to cell phones costs at least ten months pay just to get started.

Even the promise of computers and the access to the Internet—for those who could afford them—was a ruse. There is no broadband access in Cuba, and the diffusion of telephone lines to citizens remains ten per 100 residents. Internet (or better put, Intranet) cafés, of which Cuba has close to 600, only provide access to sites inside Cuba. The government continues to block access to URLs outside Cuba, for all but the most connected and trusted.

On March 31, 2008, Raúl also decreed that Cubans could enter international hotels. That this was even considered a reform is mind-boggling. The granting of permission for local citizens to set foot in buildings in their own country as change speaks volumes about the nature of this regime for the past-near 50 years.

Last, in a public gesture of self-reflection and the supposed-renovation of the revolution, Raúl Castro announced a series of "*debates críticos*." The idea is to convene town-hall meetings with government leaders, the community and productive associations throughout the island for a frank, productive grassroots analysis of the challenges to the revolution. True, this is something that Fidel Castro, who preferred multi-hour harangues about the revolution and its benefits, would never have tolerated. But the forums have failed to result in a serious airing of complaints that have gone up the chain-of-command to the government for real reform. The reason? A legitimate and well-earned suspicion of the government has choked off popular participation. According to a Freedom House survey of citizen attitudes in Cuba conducted in April 2008, the "*debates críticos*" have not reached much beyond the capital, Havana, and those who have participated fear retribution from the government for expressing their real opinions or have little confidence that the government will respond meaningfully.

Going to the Core

In truth, these reforms have done little to improve the lot of average Cubans and have given little cause to reconsider US relations with Cuba. First the economics. Let's consider where Raúl Castro came from: the military and the creation of a vast military-industrial complex dominated by holding companies controlled by the armed forces, including Gaviota, Cubanacan, Etecsa, Cimex, and Omnivideo. Many of the economic adjustments in the 1990s devolved economic decision making and control to military-run holding companies that today account for close to 90 percent of exports, 66 percent of hard currency sales and employ 20 percent of state workers.

The transfer of these economic resources to the military, with all the discretion and possibilities for enrichment that they implied, was how Raúl purchased the acquiescence of the armed forces. Given the political weight of these groups—particularly as they relate to Raúl's power base—it is illogical that he would introduce reforms (such as more open investment regimes, privatization or reorganization along profit incentives) that would erode the economic and political leverage of these groups. And yet opening up the Cuban economy requires exactly that. Sure, tinkering around the margins of the agricultural markets and granting moot-rights to citizens to exercise liberty as consumers or domestic tourists sound nice, but they don't address the fundamental, perverse structural logic of the Cuban economy and the political system.

Politics also give little indication of short-term change. Despite the optimistic expectations of Cuba observers, the appointment of a leadership circle post-Fidel that resulted from the National Assembly resurrected and promoted Cuba's gerontocracy and tamped down a new generation of leaders. The average age of the new leadership that assumed control of the Council of Ministers as a result of the February 24 elections of the National Assembly was over 70 years old (not to sound ageist.) The National Assembly appointments included José Ramón Machado Ventura to be the Vice President—a man who fought alongside Fidel and Raúl in the mountains of Cuba, and who openly in the 1990s expressed his opposition to *perestroika*. In addition, three generals were appointed to high positions in government, consolidating the political-economic position of the armed forces in the new Raúl-era regime. The changes passed over a new generation of leaders and mavericks within the party that many hoped represented a more modern and forward-looking current within the party.¹

The group of young economists who had sparked hope in the 1990s for a modern process of economic reform, including Pedro Monreal and Julio Carranza, has remained in the shadows since being sidelined by the younger Castro brother. Recently, almost ten years after their virtual exile from decision-making, Pedro Monreal issued a paper indirectly taking aim at Raúl Castro's reforms. The paper—carefully worded and couched in technocratic jargon—asserted that the Cuban economy “needs a vast and profound

¹ For a more in-depth analysis of these changes, please see Gary Marx, “Cuba No Libre,” in Americas Quarterly, Spring 2008. New York: Americas Society/Council of the Americas, 2008, pp. 80-88.

restructuring that flips everything on its head.”² He’s right. Unfortunately neither he nor his cohorts are close to the corridors of power to affect change. And with the current anachronistic cabinet, they will probably remain there.

The reforms unveiled this year are really intended only to loosen a few screws of the economy to boost productivity to ameliorate popular frustration and address short-term bottlenecks. These are not reforms that challenge the economic basis or control of the government over the economy, nor do they—despite what many say—provide a seam that could split into a broader reform. Even promises to tie wages to productivity and to increase salaries to teachers, announced by Raúl earlier in the year, have been conditioned with a disclaimer that they will not undermine the egalitarian goals of the revolution. The younger generations, who understand modern economics and are less tied to the dogma of the regime, are marginalized.

The ability of the Cuban government to engage in these half measures and stave off popular and elite discontent is aided tremendously by the generosity and ideological solidarity of Venezuelan President Hugo Chávez. The self-proclaimed inheritor of the Cuban Revolution—soon to be re-branded the Bolivarian Revolution—provides up to 100,000 barrels of oil per day at rates discounted as much as 40 percent, much of which is sold on the international market to gain hard currency. Venezuela also has used its petrodollars to invest heavily in the decrepit Cuban economy. Not to be overlooked too: the resurgence of the hard left in Latin America has breathed new ideological life into the Cuban revolution and given them their greatest sense of purpose since the collapse of the Berlin Wall. But we should be clear here; many Cuban leaders have no desire to trade their relationship as a Soviet-client state to becoming a Venezuela-client state, and there are serious tensions within the regime on how much to cozy up to Venezuela’s Bolivarian embrace.

Too Early to Change, But Never Too Early to Prepare

Unfortunately, as with all things Cuban, these tinkering have launched a new debate about the embargo on when, how and under what conditions it should be lifted. The fact is, though, that the conditions for lifting the embargo are enshrined, in great detail, in the Cuban Liberty and Democracy Solidarity Act (Helms-Burton) approved by the US Congress in 1996. In what is now the law of the land, Helms-Burton requires Congressional approval for even a partial lifting of the embargo. The conditions outlined in Helms-Burton haven’t even begun to be met. There has been no improvement in human rights in Cuba. Over 200 political prisoners remain in prison. Temporary detentions, community denunciations (*actos de repudio*) continue and have even increased, bans on freedom of association and expression remain, and the regime refuses to allow its citizens free access to information and contact with the outside world.

The interpretation of Raúl’s tentative reforms as providing an economic seam that the United States should exploit by allowing international investment is also spurious. The Cuban state remains firmly in control of its economy and economic decision-making and

² Juan Tamayo, “Economist Pedro Monreal Back in the News,” *Miami Herald*, September 24, 2008.

for reasons of politics and self-survival will remain so under these tepid reforms. Currently there is no economic space to exploit for a broader opening.

The question remains, though, at what point will we see and respond to a genuine economic or political opening short of full democracy? Under current law, Helms-Burton, the embargo cannot be lifted until all political prisoners have been released and the government allows human rights investigations, the security apparatus is dissolved, all political activity is legalized, and there have been public commitments to organizing free and fair elections.

Admittedly, Cuba today is not Vietnam or China. In the latter countries there exists a space for genuine private investment that isn't negotiated through the state as a partner. No such space exists in Cuba now. But nor do these countries, with whom we have close economic and even diplomatic relations, meet the conditions laid out in Helms-Burton.

As in all matters of diplomacy, the issue in Cuba will be when to engage and how. The inflexible framework laid out in Helms-Burton gives US diplomats no latitude to reward genuine movement toward economic reform and political change. True, we're not there yet. Nevertheless, the presence of Venezuela and its willingness to throw a lifeline to the Cuban regime to prevent reform represent a threat to US interests. The United States needs to offer a less strident option for pockets of reformers in the government and to provide actual rewards for encouraging steps and the threat of sanction for back-tracking that goes beyond the absolutist framework we have today. The United States can't risk standing on the sidelines when real changes begin to occur, waiting until Cuba remains only a short step from a full democratic transition.

In short, in a desire for policy change, let's not embrace the current illusion of reform. But at the same time let's develop the legal and diplomatic latitude to support genuine half-steps that keep us in the game, engaged with reformers—even within the regime—in what promises to be an internal and highly negotiated process of change.